ANNUAL REPORT 2015

CGD Reports

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Index

1. BOARD OF DIRECTORS' REPORT

1.1. On this Report

In due recognition of the importance of sustainability issues for the comprehensive understanding of a company's circumstances, CGD has, for the first time, adopted an integrated reporting model, including relevant sustainability-related information, in its Annual Report.

This evolution is aligned with best corporate reporting practice and non-financial reporting regulatory trends, including Directive 2014/95/EU on the non-financial reporting of public interest entities, scheduled to come into force in 2017.

This reports therefore aims to improve the quality of information available to the various groups of stakeholders, in addition to adopting a more cohesive, efficient approach, providing information on factors having a material effect on the Bank's capacity to generate value over time.

Sustainability-related issues have been approached in accordance with version GRI 4.0 of the Global Reporting Initiative (GRI), including the financial supplement, for the "comprehensive" option. To provide for these directives and select the issues to be included in the report, CGD has developed a materiality analysis based on the results of a consultation process to internal and external stakeholders' during the year and on the internal classification of these topics' impact.

The sustainability-related information in this report has been certified by an external entity in conformity with the declarations issued by Deloitte & Associados, SROC, SA, set out in the subchapter 2.7 "Declaration of verification of the non-financial information".

Such verification examined the level of compliance of the information provided with that requested under GRI G4, including the financial supplement, and also validated the reliability of the information associated with those items (strategies, profile and performance indicators), in order to ensure that it appropriately reflects the actual reality of CGD.

Although the sustainability-related information particularly refers to CGD's activities in Portugal, information has also been reported on the sustainability performance of the following CGD Group entities:

- CGD Group companies: Caixa - Banco de Investimento, SA; Caixa Gestão de Activos, SGPS; Complementary Corporate Groupings: Sogrupo Compras e Serviços Partilhados, ACE and Sogrupo Sistema de Informação, ACE;
- Affiliate banks – Banco Interatlântico, SA; Banco Comercial do Atlântico, SARL – both in Cape Verde; Banco Caixa Geral Brasil, SA and, this year, including Mercantile Bank Holdings Limited in South Africa.

The scope of the report is, in the case of CGD, SA, aligned with the results of the materiality obtained, whereas the affiliate banks report several indicators in accordance with their monitoring capacity, duly identified in the 2015 GRI Table, available at https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx.

CGD is interested in receiving feedback from its readers to enable it continue to make continuous improvements to its corporate report and can be contacted at the following email address: investor.relations@cgd.pt.

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

2015, a challenging year

On an international level, 2015 was marked by a series of events posing challenges to peace and sustainable economic development.

A series of terrorist attacks took place across the year in a large number of locations on various continents and Europe faced a crisis of refugees coming from the Middle East, in a totally unexpected proportion which laid bare its failings to deal with this problem.

At the same time as greater expectations of economic recovery in Europe, coming after years of weak growth and the European Central Bank's highly accommodative policy, China strongly devalued its currency against the US dollar, fuelling fears of a Chinese economic slowdown leading to sharp drops in China's equity market, spreading to other international equity markets.

The situation in the European Union (EU) continued without any favourable developments for the Greek economy, in spite of its referendum and subsequent elections. Even at the time of writing, the political situation in Spain remains difficult and there is the possibility of a UK exit from the EU. On a more positive note, reference should be made to the agreement on climate change between 195 countries reached in Paris, that, albeit still requiring greater detail and the effective implementation of many of the forecast crucial measures, at least maps out the road necessary to reduce the current problems of climate change.

Caixa in 2015, solid progress

2015 was an important year for Caixa Geral de Depósitos Group which achieved a level of return before tax and non-controlling interests of close to zero. This signified a significant recovery over the preceding year and marks an important phase in the gradual improvement of CGD's operating conditions. This trajectory, benefiting from initiatives already in progress, will make a positive contribution to its solvency and continued support for the Portuguese economy.

CGD also continued to enjoy an excellent liquidity position this year, owing to a balance sheet worth more than €100 billion, in which customer resources, comprising 78% of its liabilities, unequivocally illustrate its characteristics as a bank geared to the domestic retail market, at the service of households and companies and particularly focusing on small, national medium and micro-sized enterprises.

Its international presence, an integrated platform able to add value to the services it provides to customers with international businesses, continued to back exports and the internationalisation of Portuguese companies, translating into this business area's highly positive contribution to the Group's consolidated results.

Trust as the basis for loyalty

Notwithstanding CGD's many strategic advantages in the form of its wealth of knowledge on customers, the strength of its brand, its balanced capital position, a prudent approach to risk, allowing us to successfully compete in various markets, the uniting element in all of these competitive advantages is undoubtedly trust which was, once again, confirmed in 2015 as a year in which retail customers' balance sheet resources were up €1.7 billion to €74.5 billion, reflecting CGD's strong capacity to attract customers' investments, even in an environment of low interest rates on deposits.

Our business is built on the relationship with our customers. As we develop such relationships, we grow by attracting new business with already existing customers while, at the same time, finding new customers with whom we establish relationships, building more bridges of trust which will bear additional fruit in the future. Only this has made it possible to achieve total operating income of €2,042 million, in 2015, up 17.5% over the preceding year and clearly reflecting the road travelled and such a significant recovery achieved over the last few years, by Caixa.

Sustainability is part of our DNA

The Corporate Sustainability Programme is currently considered to be an operating priority, enabling environmental and social objectives to be aligned with financial objectives, achieving the desired contributions to the societies in which we operate.

Our Sustainability Strategy for the three year period 2015-2017 was revised, in 2015, to strengthen CGD's commitment to responsible business areas, the community and environment.

The voluntary transition to integrated reporting, combining the Annual, Sustainability and Corporate Governance Reports in this document, in advance of mandatory reporting which is only required in 2017, also evidences our commitment to the sustainability of our performance.

As a subscriber to the 10 Global Compact Principles, Caixa has cooperated with the Global Compact Network Portugal. More recently, on 2 March 2016, CGD was appointed a member of the Portuguese Coordinating Committee for the Alliance with SDGs – Sustainable Development Goals of the United Nations. This represents a considerable step, permitting a greater scope of the values and principles recommended for the Group. Caixa is therefore positioned to play an active role in building a more inclusive, fairer and enduring future.

Thank you

By way of conclusion we particularly wish to thank our more than 4 million worldwide customers for their trust and CGD Group's employees for their day-to-day work which enables us to earn and maintain this trust on a day-to-day basis, helping our customers to achieve their objectives. We are proud of our team and confident of CGD's future.

Álvaro Barrigas do Nascimento

José Agostinho de Matos

CGD Group – consolidated operations

1.3. Highlights in 2015

RESULTS [1]

CGD achieved net interest income of €1,187.9 million in 2015, up 14.4% over 2014.

This growth was essentially the result of a sharp 21.5% reduction of €506.1 million in funding costs which more than offset the 11.4% reduction of €381.2 million in interest on lending activities.

Accompanying the growth of net interest income was a significant 22.0% increase of €154.0 million in non-interest income, which benefited from the marked 73.6% increase of €148.4 million in income from financial operations to €350.0 million.

Total operating income was up 17.5% over the preceding year to €2,042.0 million.

Operating costs in the administrative expenditure (down 4.3% by €21.0 million) and depreciation and amortisation (down 4.3% by €4.8 million) components were contained. Employee costs, were up 12.4% by €90.5 million, essentially owing to the effects of the provisioning of the *Plano Horizonte* in addition to the reduction of the discount rate on pension fund liabilities, in 2015.

Excluding those two impacts, operating costs would have decreased 1.7% in consolidated activity and 4.2% in CGD Portugal.

CGD's net operating income before impairments, in 2015, was up 58.2% by €238.9 million to €649.7 million.

Provisions and impairments were down 24.6% by €233.1 million to €716.5 million.

Combining all of the above effects, CGD's net income before tax and non-controlling interests amounted to a slightly negative €-21.3 million although this was an improvement of €490.3 million over 2014, considering the adjustments for the disposal of the insurance companies.

The negative level of net income for the year of €-171.5 million was an improvement of €454.7 million over 2014, taking the said adjustments into account.

However, with the elimination of the amount of €65.0 million for the provisioning of the *Plano Horizonte* from the costs for 2015, net income before tax and non-controlling interests would have been €43.7 million with negative net income of €-106.5 million.

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[1] For comparability purposes, the amounts of net income and net income before tax and non-controlling interests at 31 December 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.

BALANCE SHEET

CGD Group's consolidated balance sheet at the end of December was up 0.7% over the preceding year to €100,901 million.

Customer resources of €73,426 million at the end of December, up €2,292 million over the same date of the preceding year, reflected CGD's strong capacity to attract customers' investments, even in an environment of reduced (and falling) interest on deposits.

The fact that customer resources at the end of 2015 made up 77.5% of Caixa's total liabilities, is clearly indicative of the characteristics of a bank geared to the Portuguese retail market, operating on behalf of households and companies.

The loans and advances to customers portfolio (including assets with repo agreements), of €66,178 million in December last, reflected the sharp increase of new loans in 2015 in comparison to 2014, but was insufficient to counteract portfolio maturities.

Whereas new mortgage loans in 2015 were up 94% year-on-year to €1,045.3 million, lending to micro companies and SMEs totalled €3,218 million in 2015, €247 million in excess of annual repayments.

Credit at risk ratio was down from 12.2% in 2014 to 11.5% in 2015, with impairment coverage of 63.9% in consolidated activity. In Portugal, the level of coverage of credit at risk on individuals loans was 46.4% and 71.8% in the case of corporate loans.

The loans-to-deposit ratio of 90.1% reflected CGD's strong resource-taking capacity, as well as still limited recovery of credit demand.

LIQUIDITY

CGD Group continued to reduce its borrowings from the Eurosystem to an end of year total of €2,766 million (down €344 million over 2014). This comprised 2.7% of its total assets at the said date.

The value of assets available for the ECB pool remained practically unchanged at €8,837 million last December.

The liquidity coverage ratio (LCR) achieved a comfortable 146.4% (103.6% at the end of December 2014), significantly higher than the minimum requirements and confirming CGD's excellent liquidity position.

The net stable funding ratio (NSFR) at the end of December was 135.9% against the preceding year's 126.0%.

SOLVENCY

The common equity tier 1 (CET 1) phased-in and fully implemented ratios calculated under CRD IV/CRR rules, at 10.9% and 10.0% respectively, in December 2015, confirmed the equilibrium of CGD's current capital position.

The fully implemented leverage ratio was 5.7% at the end of December against the preceding year's 6.1%.

ECONOMIC PERFORMANCE

(EUR million)

INCOME STATEMENT	2012	2013	2014	2015
Net interest income incl. income equity instrum.	1,357	931	1,038	1,188
Non-interest income	942	770	700	854
Total Operating Income	2,303	1,704	1,738	2,042
Operating costs	1,350	1,394	1,328	1,392
Net Operating Income before Impairments	954	310	411	650
Income before tax and non-controlling interests	-422	-674	-234	-21
Net income	-395	-576	-348	-171
BALANCE SHEET				
Net assets	119,280	112,963	100,152	100,901
Securities investments (1)	19,611	19,502	19,562	19,649
Loans and advances to customers (gross) (2)	78,950	74,587	72,785	71,376
Customer resources	66,985	67,824	71,134	73,426
Debt securities	11,799	8,791	7,174	6,700
Shareholders' equity	7,280	6,821	6,493	6,184
PROFIT AND EFFICIENCY RATIOS				
Gross return on equity - ROE (3)	-6.5%	-9.4%	-3.2%	-0.3%
Net return on equity - ROE (3)	-5.3%	-7.1%	-3.6%	-1.3%
Gross return on assets - ROA (3)	-0.4%	-0.6%	-0.2%	0.0%
Net return on assets - ROA (3)	-0.3%	-0.4%	-0.3%	-0.1%
Cost-to-income (3)	58.5%	81.5%	75.5%	66.6%
Total Operating Income / Average net assets (3)	2.0%	1.5%	1.7%	2.1%
CREDIT QUALITY AND COVER LEVELS				
Overdue credit / Total credit	5.7%	6.6%	7.7%	7.6%
Credit more than 90 days overdue / Total credit	5.3%	6.1%	7.1%	7.2%
Non-performing credit / Total credit (3)	6.4%	7.5%	8.9%	9.3%
Credit at risk / Total credit (3)	9.4%	11.3%	12.2%	11.5%
Restructured credit / Total credit (3)	n.a.	8.0%	10.6%	10.0%
Restr. crd. not incl. in crd. at risk / Total crd. (3)	n.a.	4.8%	6.3%	5.6%
Credit more than 90 days overdue coverage	100.5%	99.9%	102.3%	102.2%
Crd. Imp. (P&L) / Loans & adv. custom. (aver.)	1.24%	1.06%	1.18%	0.78%

Note: The amounts relating to 2012 are pro forma as they include Caixa Seguros e Saúde, SGPS subsidiaries (Fidelidade, Multicare and Cares) as noncurrent assets held for sale, with the integration of jointly owned entities using the equity accounting method.
(1) Includes assets with repo agreements and trading derivatives.
(2) Includes assets with repo agreements.
(3) Ratios defined by the Bank of Portugal.

STRUCTURE RATIOS	2012	2013	2014	2015
Loans & adv. custom. (net) / Custom. dep. (3)	112.0%	112.0%	94.5%	90.1%
SOLVENCY RATIOS (CRD IV/CRR)(4)				
Common equity tier 1 - com DTA *(phased-in)*	n.a.	n.a.	11.1%	10.9%
Tier 1 - considering DTA *(phased-in)*	n.a.	n.a.	11.1%	10.9%
Total - considering DTA *(phased-in)*	n.a.	n.a.	12.9%	12.3%
Common equity tier 1 - considering DTA (fully implemented)	n.a.	n.a.	10.2%	10.0%
LEVERAGE AND LIQUIDITY RATIOS (CRD IV/CRR)				
Leverage ratio (fully implemented)	n.a.	4.6%	6.1%	5.7%
Liquidity coverage ratio	n.a.	112.9%	103.6%	146.4%
Net stable funding ratio	n.a.	110.0%	126.0%	135.9%
BRANCH OFFICE NETWORK AND HUMAN RESOURCES				
Number of branches - CGD Group	1,311	1,277	1,247	1,253
Number of branches - CGD Portugal	848	805	787	764
Representative offices	12	12	12	12
Number of employees - CGD Group (5)	21 974	19 608	15,896	16,058
Number of employees - CGD Portugal (5)	9,401	9,049	8,858	8,410
RATINGS (LONG/SHORT TERM)				
Moody's	Ba3/NP	Ba3/NP	Ba3/NP	B1/NP
Standard & Poor's	BB-/B	BB-/B	BB-/B	BB-/B
FitchRatings	BB+/B	BB+/B	BB+/B	BB-/B
DBRS	BBB (low) /R-2 (mid)	BBB (low) /R-2 (mid)	BBB (low) /R-2 (mid)	BBB (low) /R-2 (mid)

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

(3) Ratios defined by the Bank of Portugal.

(4) Considering the Special Regime applicable to DTA – Deferred Tax Assets (according to IAS). December 2014 figures are pro forma.

(5) Effective staff.

SUSTAINABILITY

In 2015, CGD revised its sustainability strategy around the 10 areas included in the Group's vision of sustainability for the three year period 2015-2017.

Caixa continued to commit to its employees' advancement, considering them to be one of its fundamental assets. However, owing to the economic-financial context, it continued to adjust its employee complement downwards by around 5% in CGD Portugal in comparison to the preceding year. It also continued to implement its Internships Programme, with the overall maintenance of the number of internships in question.

Caixa continue to invest in various thematic areas in furthering its Involvement with the Community Policy. On a level of its Financial Literacy Programme, Caixa continued to play a relevant role in backing the financial literacy of Portuguese citizens, in which the *Saldo Positivo* portal achieved a more than 100% increase in its number of individual and corporate visitors over 2014.

SOCIAL PERFORMANCE*

	2012	2013	2014	2015
No. of employees (1)	10,392	9,892	9,649	9,135
No. of apprenticeships granted	287	323	307	306
Investments in the community (thousand €)	5.747 (2)	14,467	13,393	13,027
No. of Visitors Positive Balance (million)	0.5	0.8	2.8	5.7

(*) Refers to the operations of CGD, SA.
(1) CGD employees.
(2) Does not include the amounts invested in knowledge promotion.

In continuing to commit to the environment, and owing to its implementation of energy efficiency measures over the last few years, Caixa achieved a 3% reduction of its energy associated with the fuel consumption of its buildings and vehicle fleet.

ENVIRONMENTAL PERFORMANCE*

	2012	2013	2014	2015
Fuel consumption in buildings and vehicle fleet (GJ)	58,411	58,415	57,932	56,149
Electricity consumption (GJ)	299,624	291,643	267,555	275,282
Costs with energy and water consumption per employee (thousand €/employee)	1.71	1.61	1.66	1.68

(*) Refer to CGD, SA.'s operations in Portugal.

1.4. Group Overview

1.4.1. EQUITY STRUCTURE

Caixa Geral de Depósitos' capital is owned by the Portuguese State as its sole shareholder. Share capital, at 31 December 2015 totalled €5,900 million.

1.4.2. MILESTONES

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

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

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

1918 CGD starts to perform general credit operations.

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

1975 Formation of Paris branch.

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

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

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

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

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

1995 Acquisition of Banco Simeón in Spain.

1997 Formation of new Banco Comercial de Investimentos de Moçambique.

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

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

2001 Opening of East Timor Branch.

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

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

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

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

2006 Banco Simeón changes its name to Banco Caixa Geral.

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

Creation of Caixa Geral de Depósitos Foundation – Culturgest.

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

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

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

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

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

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

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

2014 Disposal of 80% of the equity capital of Fidelidade - Companhia de Seguros, CARES - Companhia de Seguros and Multicare - Seguros de Saúde, to the Chinese Fosun Group in the sphere of the privatisation of CGD’s insurance activity.

2015 Exercising of the put option by Banco Santander Totta and Santotta - Internacional SGPS, on their equity investment of 49% in Partang, SGPS, with CGD now having 100% of the share capital of this company, which, in turn, has a 51% equity stake in Banco Caixa Geral Angola (BCGA).

1.4.3. DIMENSION AND RANKING OF GROUP

CGD Group continued to lead the domestic market, in 2015, both on a level of deposit-taking as in lending.

CGD had a 21.8% market share of loans and advances to customers, in December 2015, in comparison to the preceding year’s 22.0%, with corporate and individual customer shares of 17.7% and 23.5%, respectively and a 26.5% market share of mortgage loans.

Its market share of customer deposits was 28.2%, with special reference being made to the individual customers’ segment with 31.8%.

CGD Group, through Caixa Banco de Investimento (CaixaBI), was involved in the main investment banking operations in the domestic market, in 2015, consolidating its leading position in the main sector rankings and having been awarded several important distinctions.

Caixa Leasing e Factoring (CLF) performed very favourably in commercial terms in all of the business segments in which it operates, in the financial leasing area. Its market shares of sales in the equipment and property leasing market were 16.1% and 16.7% respectively. Its factoring business was up 10.2%.

Locarent, which specialises in renting, has succeeded in retaining second position both in sales as on a portfolio level with market shares of 16% and 17%, respectively, notwithstanding the existence of a highly competitive market.

The Group is in a leading position in the unit trust investment funds management activity, with a 4.2 pp increase in Caixagest's market share over 2014 to 35.1%. CGD Pensões achieved a market share of 18.9%, in its management of pension funds, retaining second position in the ranking. Lastly, Caixagest strengthened its lead of the portfolio management market which is geared to the mandates of major institutional customers, with a market share of 37.4%.

The Group enjoys a leading position in the international sphere, both on account of the major relevance of its market share (Cape Verde, Mozambique, São Tomé e Príncipe and Timor), and the status and recognition of its brand (Macau, Cape Verde, Timor, São Tomé e Príncipe, Mozambique and Angola).

BCI confirmed its leading position in November 2015, as a major bank in Mozambique's financial system, in achieving the market lead in loans and advances to customers (30.0%), customer deposits (29.0%) and assets (27.9%). BCI took pole position in December 2014 on a level of its market share of loans and advances to customers, having, in September 2015, achieved its long awaited historical milestone of being the leader of Mozambique's banking market in the three referred to dimensions.

BCA was chosen as the Trustworthy Brand by Cape Verdeans for the 6th consecutive time. BCA considers this distinction as an incentive to increase its commitment to the economy of Cape Verde and a challenge to maintain and strengthen its acquired status and is increasingly endeavouring to be a benchmark operator in the country's financial system.

The Timor branch has a market share of around 30% of deposits and 42% of credit, as well as leading the ATM and POS networks, with a market share of more than 80% in this supply segment.

1.4.4. CGD GROUP'S STRUCTURE – RECENT DEVELOPMENTS

Reference should be made to the following developments in the structure of CGD Group in 2015:

- On 8 January 2015, Caixa Seguros e Saúde, SGPS, SA sold the shares of Fidelidade - Companhia de Seguros, SA which had not been purchased by workers from the tranches reserved for them, to Fosun Group, in the sphere of the privatisation of CGD Group's insurance Group. The said disposal gave Caixa Seguros e Saúde a 15% equity investment in Fidelidade;

- On 16 April 2015 the settlement accounts of Gerbanca, SGPS, SA were approved and its assets, including the investment in Caixa – Banco de Investimento, SA, delivered to its two shareholders Caixa Geral de Depósitos, S.A. and Caixa-Participações, SGPS, SA. The referred to liquidation was registered at the Conservatory of the Commercial Registry of Lisbon on 23 April;

- In June 2015, Banco Comercial e de Investimentos SA, increased its share capital to 6,808,799,060 meticais. The increase took the form of an incorporation of reserves for the amount of 3,081,274,880 meticais and new shares for the amount of 727,524,180 meticais, subscribed for by CGD, through Parbanca SGPS, on a *pro rata* basis;

- On 6 July 2015 Caixa Seguros e Saúde, SGPS, SA disposed of its 100% equity stake in LCS - Linha de Cuidados de Saúde, SA;
- On 8 July 2015, the exercising of the put option by Banco Santander Totta, SA and Santotta - Internacional SGPS, Sociedade Unipessoal, Lda of their 49% equity stake in Partang, SGPS, SA – currently being liquidated under the terms of an agreement entered into between the three entities in July 2009, gave Caixa Geral de Depósitos SA 100% of the equity of Partang SGPS, SA – which, in turn, has a 51% equity stake in Banco Caixa Geral Angola, SA.

CAIXA GERAL DE DEPÓSITOS GROUP (Percentage of effective participating interest)

	DOMESTIC		INTERNATIONAL	
COMMERCIAL BANKING	Caixa Geral de Depósitos		Banco Caixa Geral (Spain)	99.8%
			Banco Caixa Geral (Brazil)	100.0%
			Banco Nacional Ultramarino (Macau)	100.0%
			B. Comercial do Atlântico (Cape Verde)*	57.9%
			B. Interatlântico (Cape Verde)	70.0%
			Mercantile Bank Hold. (South Africa)	100.0%
			Parbanca, SGPS	100.0%
			B. Com. Invest. (Mozambique)	51.3%
			Partang, SGPS	100.0%
			Banco Caixa Geral (Angola)	51.0%
ASSET MANAGEMENT	Caixa Gestão de Activos, SGPS	100.0%		
	CaixaGest	100.0%		
	CGD Pensões	100.0%		
	Fundger	100.0%		
SPECIALISED CREDIT	Caixa Leasing e Factoring IFIC	51.0%	Promoleasing (Cape Verde)*	28.4%
	Locarent	50.0%		
INVESTMENT BANKING AND VENTURE CAPITAL	Caixa Banco de Investimento	99.7%	A Promotora (Cape Verde)*	45.3%
	Caixa Capital	99.7%	CGD Investimentos CVC (Brazil)	99.9%
	Caixa Desenvolvimento, SGPS	99.7%		
AUXILIARY SERVICES	Caixatec- Tecnologias de Informação	100.0%	Inmobiliaria Caixa Geral (Spain)	100.0%
	Caixanet	80.0%	Imobci (Mozambique)	45.1%
	Imocaixa	100.0%		
	Esegur	50.0%		
	Sogrupo Sistemas Informação ACE	80.0%		
	Sogrupo Compras e Serviços Partilhados ACE	90.0%		
	Sogrupo IV Gestão de Imóveis ACE	82.0%		
	Caixa Imobiliário	100.0%		
OTHER PARTICIPATIONS	Parcaixa, SGPS	51.0%	Banco Internacional São Tomé e Príncipe	27.0%
	Caixa Seguros e Saúde, SGPS	100.0%		
	Caixa Participações, SGPS	100.0%		
	Wolfpart, SGPS	100.0%		
	SIBS	21.6%		
	Cibergradual	100.0%		
	Yunit	33.3%		

(*)Includes percentage equity stake held by entities consolidated by the equity accounting method.

1.4.5. BRANCH OFFICE NETWORK

CGD Group's branch office network, at the end of the year, comprised 1,253 branches (up 6 over the preceding year) to 765 in Portugal and 488 abroad.

CGD continued to streamline its branch office network in Portugal, across 2015, closing 22 branches. It now has 695 branches with face-to-face services, 43 self-service branches and 26 Corporate Offices.

CGD GROUP BRANCHES

	2014-12	2015-12
CGD (Portugal)	786	764
Physical branches	720	695
Self-service branches	39	43
Corporate offices	27	26
Caixa - Banco de Investimento (Lisbon+Madrid)	2	2
France Branch	48	48
Banco Caixa Geral (Spain)	110	110
Banco Nacional Ultramarino (Macau)	18	18
B. Comercial e de Investimentos (Mozambique)	168	191
Banco Interatlântico (Cape Verde)	9	9
Banco Comercial Atlântico (Cape Verde)	33	34
Mercantile Lisbon Bank Holdings (South Africa)	15	14
Banco Caixa Geral Brasil (Brazil)	2	1
Banco Caixa Geral Angola	35	40
Other CGD branch offices	21	22
Total	**1,247**	**1,253**
Representative offices (*)	**12**	**12**

(*) Includes presence in Algeria, at approval stage.

CGD continued its international expansion, opening a further 28 branches in comparison to 2014, originating in BCI Moçambique and Banco Caixa Geral Angola with an additional 23 and 5 branch offices, respectively.

INTERNATIONAL BRANCH OFFICE NETWORK

Europe			
Spain		**Germany**	
Banco Caixa Geral	110	CGD – Representative Office	1
Caixa Banco de Investimento	1	**United Kingdom**	
CGD – Spain Branch	1	CGD – London Branch	1
Inmobiliaria Caixa Geral	1	**Luxemburg**	
France		CGD – Luxembourg Branch	2
CGD – France Branch	48	**Switzerland**	
Belgium		CGD – Representative Office	1
CGD – Representative Office	1	BCG – Representative Office	1
América			
United States		**Venezuela**	
CGD – New York Branch	1	CGD – Representative Office	1
Mexico		BCG – Representative Office	1
BCG – Representative Office	1	**Canada**	
Brazil		CGD – Representative Office	1
Banco Caixa Geral Brasil	1	**Cayman Islands**	
CGD Investimentos	1	CGD – Cayman Islands Branch	1
Africa			
Cape Verde		**São Tomé e Príncipe**	
Banco Comercial do Atlântico	34	Banco Intern. S. Tomé e Príncipe	12
Banco Interatlântico	9	**Mozambique**	
A Promotora	1	Banco Comercial e de Investimentos	191
Angola		**Algeria**	
Banco Caixa Geral Totta Angola	40	CGD – Representative Office (*)	1
South Africa			
Mercantile Bank	14		
Asia			
China – Macau		**China**	
Banco Nacional Ultramarino,SA	18	CGD – Zhuhai Branch	1
Macau Offshore Subsidiary	1	CGD – Xangai Representative Office	1
India		**East Timor**	
CGD – Representative Office	2	CGD – East Timor Branch	14

(*) waiting for approval.

1.4.6. INSTITUTIONAL COMMUNICATION AND CAIXA BRAND

CGD Group's communication policy and institutional image, in addition to the development, promotion and operationalisation of its communication strategy derive from a global strategy, designed to:

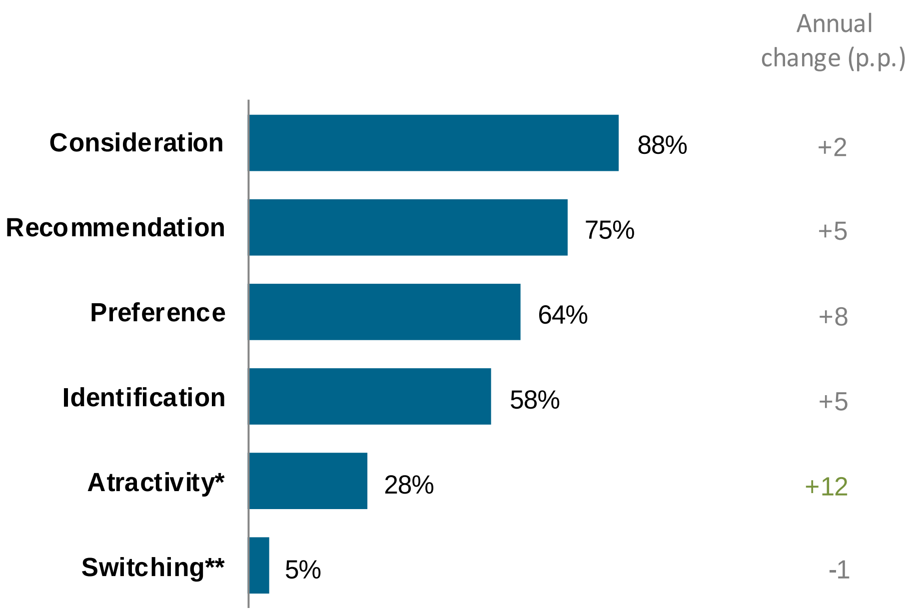
- Permanently characterise CGD's activity as being in the national interest;
- Exploit the value of CGD's image, as an emblem of ethics, strength, competence, agility and competitiveness;
- Associate Caixa with values of social responsibility, sustainability and compliance with the law.

In a highly demanding context of change in the financial system, Caixa has endeavoured to innovate and commit to new formats and a new tone to make contact with customers and non-customers, without forfeiting the focus on its already consolidated attributes of trust and strength, always based on its consolidation as a corporate bank and internationalisation.

In 2015, according to BrandScore, Caixa increased the percentage of its customers which attribute the highest image rating to Caixa as a 'Bank with a good offer and competitive rates' (+10%), 'Governance and ethics' (+10%), 'Bank having relevance and making a contribution to sectors and companies' (+12%), 'Social and environmental sustainability' (+17%) as well as for the 'Image of a dynamic, iterative and attractive brand' (+9%).

Caixa's improved image strengthened the brand's relationship with its customers. 88% of its current customers consider that they will continue to be Bank customers, with a particularly strong increase in Recommendation, Preference and Identification with the Bank. Caixa is still the most attractive brand for non-customers, with 28% of non-customers opting for Caixa as their bank of choice in the event of changing their present bank, up 12% over 2014.

RELATIONSHIP WITH BRAND (EQUITY)

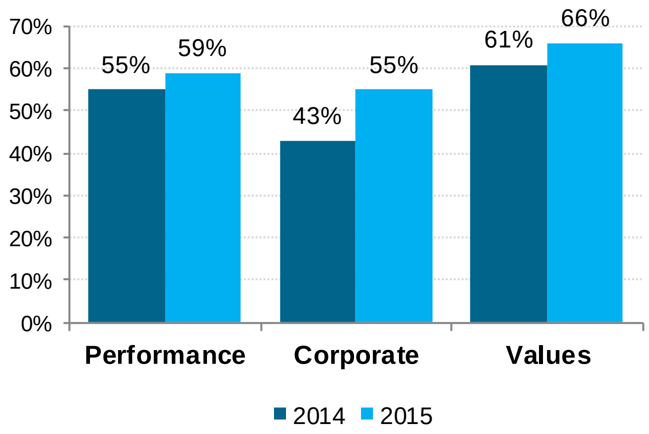


Source: brandScore
* Probability of new customers.
** Probability of customers dropout.

The implementation of the communication and media strategy, in 2015, permitted other recall gains in comparison to the preceding year, up 1.6 pp. In the "Spontaneous Recall Index" and up 2.4 pp on a level of "Declared Total Recall", owing to the constancy of our presence in the communications media.

Reference should also be made to the increased percentage of customers who give the brand top score in the 3 image dimensions with the most significant being 'Corporate Image" (+12%) (Governance and Ethics; Relevance of Support for Strategic Sectors; Support for Companies/SMEs; Support for Universities, R&D and Sustainability).

GLOBAL BRAND IMAGE SCORE



Source: BrandScore

Caixa embarked upon a debranding process in 2014, simplifying and enhancing the value of its symbol and respective significance.

Caixa's debranding process began with a phased evolution of the whole of its organisation (including CGD Group companies) in respect of processes and procedures to optimise resources and reduce costs, while simultaneously enhancing the value of its brand communication, both on an institutional and commercial level, with greater efficiency and a brand sustained by a common symbol of unquestionable nationwide recognisability.

The implementation of this project on a corporate level was intensified in 2015.

- New visual identity at www.cgd.pt and banking channels;
- Standardisation of institutional and corporate bank cards;
- Start-up of branch office expansion project;
- Start-up process for changing the image of branch offices in Portugal;
- Continuation of migration of physical/digital stationery.

Reference should be made to the rebranding process of Banco Caixa Geral Angola (previously Banco Caixa Geral Totta Angola). The new Banco Caixa Geral Angola brand has assumed the brand architecture and visual identity defined for the corporate area, adopting the parent company's visual codes and expanding the visual identity of Caixa Group in the world and capitalising upon the Group's strength in countries with strategic markets.

Institutional Communication - Culture

CGD's support for culture, in the most varied arts and letters areas has been publicly recognised. Particular reference should be made to CGD's own or partnership projects in 2015:

- CGD's "Orchestras" project on traditional and classical fusion music. Launched in 2001. The project currently comprises 6 orchestras: the Northern Orchestra, the Classical Orchestra of Central Portugal, the Beiras Philharmonic Orchestra, the Lisbon Metropolitan Orchestra, the Southern Orchestra and Orchestra XXI;
- 3rd Caixa Alfama Festival – with Caixa as *Name Sponsor*;
- 1st Caixa Ribeira Festival – First markedly successful edition of the Caixa festival model in Lisbon;

- Presence at the *NOS Primavera Sound, MEO Marés Vivas, NOS Alive, SBSR, MEO Sudoeste, EDP Cool Jazz Fest* and Vodafone Paredes de Coura summer festivals;

Caixa is traditionally the “top of mind” banking brand with its attributes of transparency and strength. It is, however, necessary to improve brand perception in respect of attributes such as modernity, attractiveness, dynamism and innovation in comparison to its competitors. Caixa strengthened its association with the music festivals, with this in mind, in 2014, expanding its number of festivals from 5 to 9, in 2015 and ranging from those such as *NOS Alive* which are targeted at a younger audience to those such as *Super Bock Super Rock* which are intended for a more adult, urban audience.

Digital Communication - Social Networks

Reference should be made to the major focus on digital communication with the objective of improving Caixa brand’s performance on social networks, in 2015, in achieving the growth of its “A nossa Caixa” facebook page by a total number of 39,524 new fans, a number that far outpaced the defined objective of achieving 10,000 new fans and growth of 200% over 2014.

Prizes and Distinctions

- Portuguese banking Brand with the Best Reputation - Ranking Reputation Institute

  CGD continues to be the benchmark operator in the Portuguese financial sector, guaranteeing its lead of the bank ranking with consumers in general. These results assess 4 behavioural/sensorial areas that a company should promote in its relationship with stakeholders: admiration, respect, trust and esteem.

- CDP - Carbon Disclosure Project – with a maximum score of 100 points for “Disclosure” and a member of the Iberia Climate Disclosure Leadership Index (CDLI)
- *ACEPI Navegantes XXI* prize - Innovation prize for Digital Marketing, Caixa Summer Festivals 2014
- Marketeer prizes in the banking category
- *Clube dos Criativos* prize
  - Silver: Digital/Web campaigns with Caixa Plim
- Comunicação Meios e Publicidade prizes
  - Silver: advertising format with Caixa Plim
  - Silver: best use of digital with Caixa Plim
  - Bronze: social networks with Caixa Plim
- Criatividade Meios e Publicidade prize
  - Events prize: Caixa Alfama Festival
  - Honourable mention: Social Engagement at NOS Alive Festivals
- SAPO prizes
  - Bronze: financial sector with Caixa at the Festivals

1.4.7. HUMAN CAPITAL

CGD maintained its Corporate Operating Model strategy, in 2015, designed to improve its global performance by promoting a Group culture.

Therefore, as regards human capital, Caixa continued to implement the guidelines of the last few years, giving continuity to its support for business areas and other entities, recognition of merit, management of potential, development of skills, implementation of good practice and non-discrimination and social responsibility, in the defence of high ethical standards and values of trust, balance and harmony between its employees' personal and professional lives.

CGD had a global employee complement of 9,135[1], at the end of 2015, 514 fewer employees than in the preceding year.

69.5% of employees had individual employment contracts, 28.6% were administrative appointees and 1.8% had fixed-term employment contracts, reflecting stability in terms of contract types. Reference should also be made to the fact that 99% of employees work on a full time basis in Portugal.

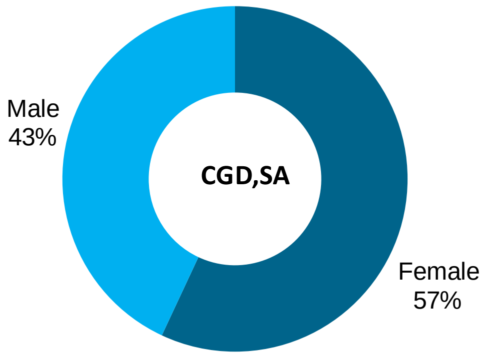
CGD does not differentiate between gender either at the recruitment and selection stage, whose procedures are exclusively based on assessments of CVs and skill profiles or at the professional career advancement stage, which is analysed in accordance with internally defined merit and skill criteria.

In compliance with the furtherance of its social responsibility policies, in 2015, Caixa had 131 physically handicapped employees.

DISTRIBUTION BY GENDER AND AGE

(%)

	Male	Female
<= 30	5%	7%
30-50	59%	72%
>= 50	36%	21%



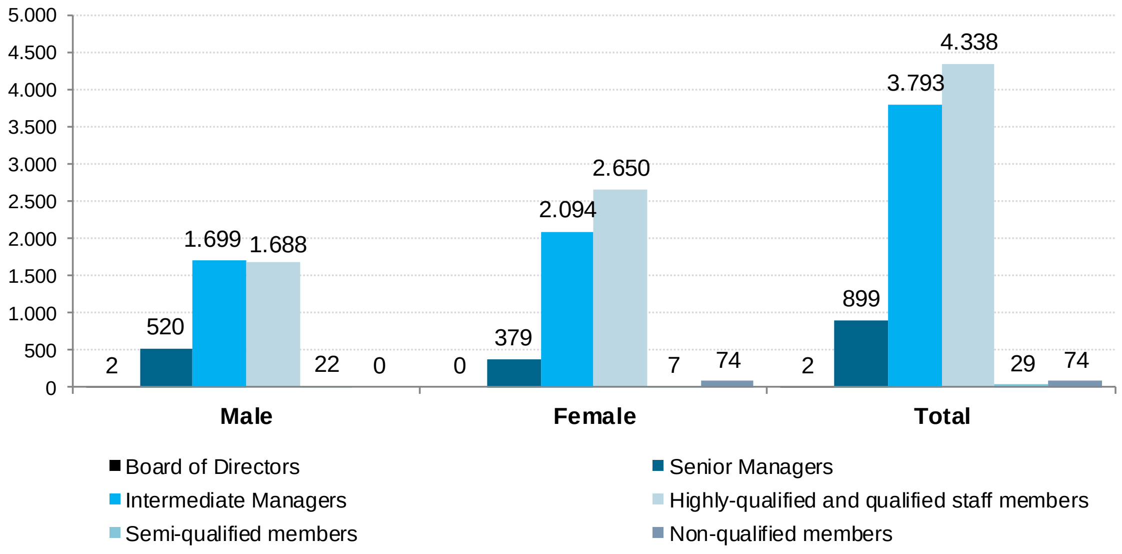
DISTRIBUTION BY ACADEMIC QUALIFICATIONS

	Male	Female	Total
Higher	1,746	2,871	**4,617**
Polytechnic Higher	247	533	**780**
Secondary	1,449	1,403	**2,852**
Less than Secondary	489	397	**886**
Total	**3,931**	**5,204**	**9,135**

[1] CGD, SA employees.

DISTRIBUTION BY GENDER AND PROFESSIONAL CATEGORY

(Employees)



CGD Group had 16,058 employees at the end of 2015, up 162 over 2014.

EVOLUTION IN THE NUMBER OF CGD GROUP EMPLOYEES

			Change	
	2014-12	2015-12	Total	(%)
Banking operations (CGD Portugal) (1)	8,858	8,410	-448	-5.1%
Other	7,038	7,648	610	8.7%
Total	**15,896**	**16,058**	**162**	**1.0%**

(1) Effective staff, includes employees from other Group companies.

The number of CGD Portugal employees was down 5.1% by 448 over 2014, influenced by the “Plano Horizonte”. This programme, first introduced in 2015, defined a collection of conditions enabling eligible employees to apply for pre or voluntary retirement status, with the aim of adjusting the employee complement to the business environment and achieve rationalisation in accordance with the needs of the Bank’s different structures.

International activity, in turn, continued to trend to expansion with a 10.6% increase of 624 employees, particularly in BCI Moçambique, from 2,458 in employees in 2014 to 3,013 in 2015 (up 22.6%).

PROFESSIONAL DEVELOPMENT

Corporate management of human resources based on policies aiming to promote the Group’s values and culture, involving all employees in the strategic and guideline objectives for the advancement of human capital.

Internships

Caixa continued its Internships Programme, in 2015, as a means of optimising its employee complement. The programme brings a twofold benefit: as an instrument for attracting talent and strengthening the CGD brand as well as social responsibility by integrating young university students in the workplace.

The policy herein followed was to recruit the best and lay the groundwork for their development, with a rigorous selection process, generating personal and professional development opportunities.

Caixa’s internships programme, in 2015, included:

- Curricular internships – forming a part of university or secondary educational courses, with preference being afforded to those whose curricular programmes are more related with the banking area or considered to be of advantage to CGD at any time.

  Reference should be made to the existence of agreements with various universities across the country, in which internships often play an important role in leveraging commercial and business activity.

  Also herein included are the IFB’s (Bank Training Institute’s) Alternate Training Courses in the sphere of the agreement entered into with the APB (Association of Portuguese Banks).

- Professional internships – with the complementary objective of consolidating the skills acquired in academic training, to develop trainees’ skills and improve employment prospects. This type of placement is presently the Bank’s main source of recruitment, with the trainees having the best assessments being selected to supply the Bank’s present or foreseeable hiring needs.

- Summer Academy – very short term internships designed to provide graduate or masters university students with their first contact with the world of banking.

  2015 witnessed the 7th edition of the Summer Academy, with a new welcoming and training model emphasising the development of trainees’ skills in professional aspects and their involvement with Caixa.

Caixa mentored 306 internships in Portugal - 173 curricular and 133 professional of which 60 were in the sphere of the Summer Academies. CGD, SA had an end of year total of 41 trainees.

External Recruitment

Caixa posted a new hirings rate of 3% in the external recruitment sphere in 2015 with a turnover rate of 9%.

Caixa's continued to give preference to the qualification and rejuvenation of its staff. Its proximity strategy with universities, namely those lecturing courses in areas of banking interest has been crucial. Also and as in past years, Caixa continues to be present at employment fairs promoted by professional recruitment offices and the student associations of diverse universities (8 employment fairs over the country as a whole, in Lisbon, Porto, Coimbra, Trás-os-Montes and Alto Douro), strengthening the CGD brand in the eyes of the university population and providing a unique opportunity to promote knowledge of the Caixa universe in all aspects (branch office network and Central Divisions).

Reference should also be made to recruitment and selection for temporary projects in 2015:

- Seasonal support 112
- New university academic year 109
- Temporary replacements 50

Internal Recruitment Pool

Information on diverse mobility opportunities (national and international) was published, permitting the career advancement of employees and translating investment in their career development, enabling them to achieve their expectations in alignment with the Institution's strategy.

Skills Management

Caixa took several steps to strengthen its knowledge and skills management area, in 2015.

Diverse skills recycling and professional retraining support and restructuring actions were therefore organised with the aim of responding to new business challenges, helping to improve operational efficiency.

Reference should, herein, be made to a set of new skills training and development actions for employees involved in mobility and reconversion processes such as their integration in new structural bodies (Individual and Corporate Customers Oversight, Real Estate Management Business, Operational Centre, Marketing Division) and alignment actions, strengthening cohesion and communication between teams made up of members from different areas and a huge diversity of organisation and labour cultures and practices.

Knowledge Management – Training and *Caixa Academia*

With the objective of strengthening an inclusive and ongoing employee training policy in key skills (technical and behavioural) for the different business and support areas, in addition to providing for the diverse requirements deriving from the certification processes in progress, reference should be made to:

- Initiatives to improve transversal skills: foreign languages, use of *Office* and other software that, in some cases, were more geographically decentralised;
- Strengthening of critical business skills, namely customer oversight and credit recovery;
- Basic skills training programmes for employees chosen for new functions. It should be noted that the sphere of these programmes underwent highly significant expansion to include a larger set of functions involving 397 employees in 2015;
- Certification of 116 employees appointed to manager, deputy manager, Caixazul manager and Caixa Empresas functions, at the end of the training process, as a decision-making support element in the functions' confirmation process;
- Strengthening of the on-the-job training aspect, in the sphere of the above referred to training programmes, comprising a schedule of training visits for each employee to previously defined business units and departments on the basis of background and skills to be developed. These initiatives make it possible to promote mutual knowledge, strengthen contact networks, create procedural synergies, share good practice and better understand the contribution of each individual and department to the value chain and service provided to Caixa's customers.

Reference should be made, in the knowledge management area, to the creation of an Academy making it possible to expand intervention beyond the sphere of regular activity, providing for individual and functional training needs, in two major areas: on the one hand, improving the training and ongoing development of employees and, on the other, strengthening the role of training in the areas of culture, leadership and innovation. Reference should, herein, be made to the following initiatives:

- Management functions: two Executive Training programmes, geared to management and middle management functions – the Advanced Management Programme and Management and Leadership Development Programme, respectively, were designed and initiated in partnership with INDEG/ISCTE, with the objective of introducing and strengthening skills in the sphere of team leadership and management, knowledge of sector trends and their strategic interpretation and contact with new management support models and tools;
- Commercial area: two Postgraduate Programmes – CaixAzul Customer Management and Corporate Customer Management were also designed and initiated in partnership with INDEG/ISCTE. These programmes dealt with the strengthening of commercial effectiveness and relational skills, improvement of technical knowledge and contact with best portfolio management practice.

The 4 above referred to programmes, whose design and customised contents benefited from contributions and internal validation, included 120 Caixa staff members and lasted for approximately one academic year. They are expected to continue and be expanded over the next few years.

Culture and Innovation

Aligned with the concern to strengthen a culture geared to quality, compliance with standards and duties and the sustainability of activity, work began on an Ethical Business Programme for CGD Group managers, at various times and using methodologies based on the consideration of ethical dilemmas. A seminar, attended by 275 managers, was held in 2015. The programme will continue through 2016, in the form of various workshops and a final seminar.

Participations in Training Actions

The following was recorded in 2015:

- 83,136 training action attendances of which 64% (52,950) involved classroom training, 16% (13,307) e-learning and 20% (16,879) other training methodologies.
- Participants' level of satisfaction with the training was 4.46, on a scale of 1 to 5.
- Based on a questionnaire submitted to Caixa’s divisional management surveying satisfaction over the efficacy of training and the strategic alignment thereof, the average assessment of the responses given was 4 (Good), on a scale of 1 to 6.

CGD's training area initiated a restructuring process, in 2015, which has still not been completed, leading to a decrease in the number of training hours given in comparison to 2014. Considering the situation at 31 December 2015, on average, employees received 20 training hours across the year, with an average 19.5 hours for men and 20.6 hours for women.

Assessment of Effectiveness of Training

The scope and improvement of the Effectiveness of Training process were enhanced across 2015. The process was designed to assess the return from diverse training programmes, on a level of employee satisfaction/reaction, acquisition of knowledge and behavioural change, reflected in an improvement of individual and team performance.

Internal Trainers Pool

Caixa has continued to strengthen the internal sharing and dissemination of knowledge and good practice:

- through employee involvement in the construction of training contents;
- by strengthening and refreshing the Internal Trainers Pool, together with the identification of occasional trainers and their respective preparation and pedagogical oversight;
- by developing cascade training initiatives through the launch of new local promotional campaigns.

Caixa's Internal Trainers Pool had 209 employees at the end of 2015.

Performance Management System

CGD makes an annual assessment of all eligible employees, in terms of skills, attitude and compliance with objectives, through its Performance Management System.

In 2015 and with the aim of continuing to align behaviour with the goals to be achieved, it was decided to further adjust the proportion of the Compliance with Objectives component for the calculation of the Final Assessment, bringing the support functions assessment model more into line with the commercial functions assessment model.

In light of the time having elapsed since the present Performance Management Model came into effect, an update was considered opportune in order to incorporate the new trends and best market practice on this issue into the model.

Therefore, in collaboration with a consultancy company, a new Performance Management Model was developed across 2015 and is expected to be implemented in the assessment process for 2016.

Caixa, herein, continues to implement a policy which rewards commercial performance on its branch office network and which, each year, takes the form of a half yearly incentives and a quarterly points process.

The Incentives System aims to reward outstanding branches and/or managers as measured by their achievement of targets, with the award of prizes indexed to remuneration.

The Points System rewards all branch office network employees who commercialise or find buyers for quarterly campaign products, with the award of cash prizes which can be used to purchase products commercialised by a partner company in this process.

These two systems are part of a remuneration and incentives policy designed to motivate and improve commercial performance.

Conciliation between professional and personal lives

CGD's social and family responsibility policy reflects management which is centred on the human factor and socially responsible leadership, involving all of the Company's management levels in the creation of an inclusive environment, backing people's integration and permanent development and preventing the most diverse problems.

Given the context of social and economic crisis over the last few years, with its transversal impact on many households, further endeavours were made to find sustainable solutions to prevent risk and support solvency, with the articulated implementation of environmental measures involving financial support and stimulating savings, benefiting from psychosocial and budget advisory support.

Several of the measures having an impact on the balance between family and professional lives in CGD, far in excess of legal obligations, particularly include the following: psychosocial support, socioeconomic support, healthcare, flexibility and socioprofessional support policies, sociofamily support, cultural and sporting dynamics and social solidarity.

The Corporate Governance Report provides more detailed information on the implementation of these measures and policies.

Social Climate Survey

Caixa carried out a Social Climate Survey, in 2015, based on a questionnaire to gauge employee satisfaction and, consequently, identify opportunities for the improvement of a motivating organisational environment. Out of a total universe of 9,343 employees in Caixa and its European Interest Groupings, the Social Climate Survey enjoyed a response rate of 64%. The results show that around 99% of the members of this universe are proud to belong to CGD Group and around 95% hope to continue working with the Group over the next few years.

HEALTH AND SAFETY

Occupational health

CGD continued to take various initiatives in terms of its employees' health and safety in 2015.

The Medicine in the Workplace team as a multidisciplinary team of doctors, nurses, psychologists and administrative staff, provides a personal, proximity-based service, characterising situations in great detail, issuing guidelines, whenever necessary involving rehabilitation and professional reintegration. Its initiatives therefore aim to:

- Ensure the existence of working conditions to protect workers' safety and health;
- Perform a careful analysis of the environmental and organisational factors and the human and individual characteristics that influence behaviour in the workplace;
- Adapt the workplace to the worker particularly as regards workstation ergonomics, choice of equipment and working methods;
- Accompany rehabilitation and return to work in the event of work-related illnesses and accidents in the workplace and take preventative measures;
- Assess work-related risk (biological, chemical, physical and psychosocial) and put the respective preventative measures into practice with the aim of eliminating/decreasing damages;

- Raise employees' and employers' awareness in order to create a true culture of prevention;
- Inform and train employees in the health and safety in the workplace domain.

In addition to compliance with its legal obligations and based on a global health perspective CGD's Medicine in the Workplace, which operates in close collaboration with the Safety in the Workplace Area and Social Action Area, includes routine diagnostic examinations and specialised consultations such as advice on how to stop smoking, nutrition, support for workers who travel on the job and breastfeeding support.

There was a total number of 8,400 medical examinations (CGD and CGD Group companies) in 2015, in due compliance with legal requirements 89% were periodic, 7% interviews, 3% occasional and 2% at the time of initial recruitment.

Although not required by law, the following was carried out in terms of the prevention of illness:

- Nutritional advice - 313 weekly appointments with a nutritionist;
- Advice on how to stop smoking - 27 medical appointments and 35 nursing sessions for 7 workers;
- Support for workers who travel on the job - 68 appointments for 41 travellers;
- Breastfeeding support – with the supply of a "Breastfeeding Area".

The main thrust in the psychology area, in 2015, continued to be the characterisation and oversight of:

- All situations of extended illness-based absenteeism (355 situations involving absences of more than 60 days);
- All problematical situations identified – intermittent absenteeism, presenteeism, interpersonal conflicts, dissatisfaction, lack of motivation; (524 situations characterised and accompanied);
- Psychosocial intervention in all crisis situations (10 cases).

Safety in the workplace

Caixa was active in diverse activities in the safety in the workplace area, aligned with best practice, in 2015:

- Health and Safety in the workplace technical audits – Risk assessments were carried out in the workplace, based on a three year plan, involving proposals for preventative/corrective measures whenever applicable. 269 audits on the branch office network were performed, in 2015, corresponding to 34% of the total and 4 audits on central departments corresponding to 14% of the total;
- Analysis and management of accidents in the workplace – the circumstances in which 90 labour accidents occurred in 2015 were analysed and reports containing proposals for preventive/corrective measures produced in applicable cases;
- Incident analysis and management – the circumstances of the occurrence of reported incidents were analysed, with the necessary actions having been taken to reduce the impact of the occurrence and prevent future incidents;
- Promotion of the oversight of the implementation of measures resulting from previous ergonomic studies giving rise to correction proposals with the aim of eliminating/reducing the source of the risk and interventions designed to improve

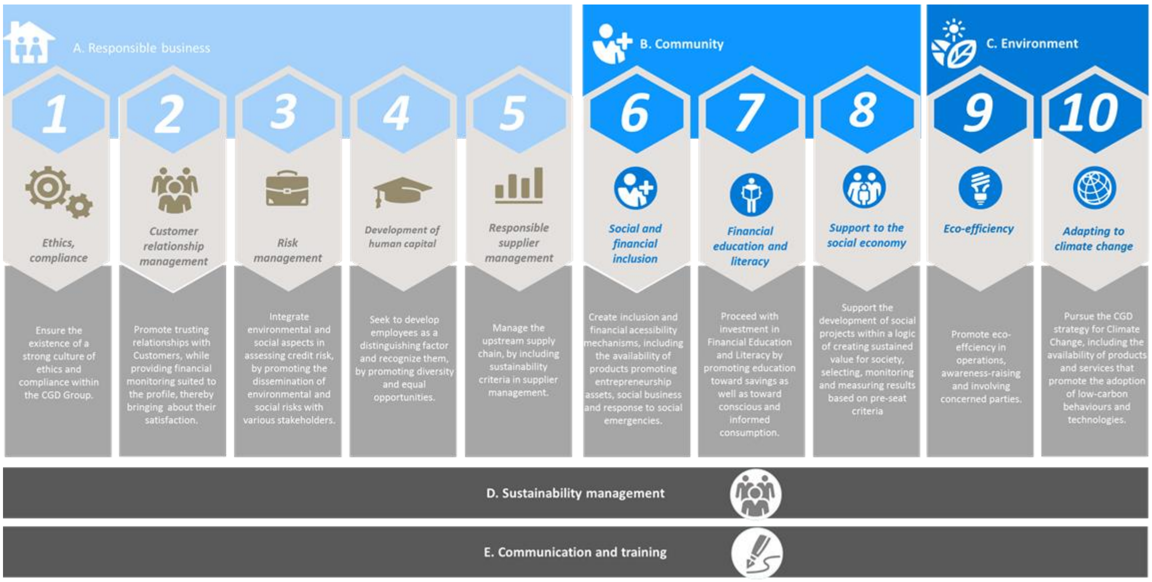
working conditions. In 2015, following the work carried out in past years (2013/2014), ergonomic corrections were made to 2 branch office customer service areas referred to as "islands", with significant improvements for users (critical cases identified in conjunction with Medicine in the Workplace); and various infrastructures/improvements of canteens on the branch office network with the objective of guaranteeing adequate meal facilities;

- Health and Safety in the Workplace classroom training actions for new employees: 4 actions for professional internships and 1 action in the sphere of the New University Academic Year;
- Promotion of on-the-job training actions at the time of the technical audits and/or whenever justified.

1.4.8. SUSTAINABILITY

1.4.8.1. SUSTAINABILITY STRATEGY

CGD furthered its Corporate Sustainability Programme in line with its organisational strategy, in 2015, through the implementation of its sustainability strategy for the three year period 2013-2015, approved by CDSU (Sustainability Board). The CDSU is an Executive Committee decision-making body which is responsible for consideration, decisions, discussions and monitoring of the implementation of the sustainability strategy of CGD and CGD Group branches and subsidiaries, including the maintenance of its environmental management system, on the basis of a corporate approach.



This strategy is based on 5 strategic thrusts which include CGD's sustainability vision – 3 thematic and 2 transversal in 10 activity areas for which several voluntary initiatives and objectives, in excess of CGD's legal and compliance obligations, have been defined. The defined initiatives are aligned with relevant material issues for CGD's various stakeholder groups, in addition to sustainability, environmental, product and service and involvement with the community policy objectives, information on which is available at www.cgd.pt. A report on the current development status of these initiatives is provided in the Sustainability Report 2015.

1.4.8.2. INTERACTION WITH STAKEHOLDERS

1.4.8.2.1. DIALOGUE WITH STAKEHOLDERS

CGD considers continuous dialogue with stakeholders to be fundamental to the sustainable development of its activity. Diverse relationship channels with stakeholders, in order to ensure continuous, effective dialogue with the various groups, were maintained in 2015.

CHANNELS FOR DIALOGUE WITH STAKEHOLDERS

Group of Stakeholders	Types of Relationship	Frequency
Shareholder / State	General Assembly	Annual
	Report	Quarterly
	Sustainability Survey	Biannual
Private Customers	Satisfaction Surveys	Half yearly
	Cx Magazine	Quarterly
	WebSite CGD	Ongoing
	Micro-site Customers Residing Abroad	Ongoing
	Portal Caixa Advantages	Ongoing
	Social networks	Ongoing
	Customer Area - Suggestions and Complaints Service	Ongoing
	Commercial Network	Ongoing
	Communication Campaigns	Where appropriate
	Sustainability Survey	Biannual
Corporate Customers	Satisfaction Surveys	Half yearly
	Caixa Empresas Magazine (for companies)	Bimonthly
	Cx Magazine	Quarterly
	WebSite CGD	Ongoing
	Portal Caixa Advantages	Ongoing
	Social networks	Ongoing
	Sustainability Survey	Biannual
Regulators	Specific instructions from regulators	Ongoing
	Clarification requests	Ongoing
	Participation in Working Groups	Ongoing
	Face-to-face monitoring initiatives	Ongoing
	Public Consultations	Ongoing
	Production of reports	Ongoing
	Sustainability Survey	Biannual
Suppliers	Regular meetings and contacts	Quarterly
	Sustainability Survey	Biannual
Employees	Employees Committee	Monthly
	Intranet	Ongoing
	Portal Caixapessoal	Ongoing
	Newsletter Caixa Notícias	Monthly
	Training Initiatives	Where appropriate
	Performance Assessment	Annual
	Organizational Climate surveys	Where appropriate
	Sustainability Survey	Biannual
	Competition Caixa de Ideias (Box of ideas)	Annual
	Nós Caixa (internal magazine)	Quarterly
	Microsite Nós Caixa	Ongoing
	Caixa Info	Where appropriate
	Cx Magazine	Quarterly
	"De Nós para Nós" Program	Where appropriate
	Internal publications (brochures, guides, manuals, leaflets and posters)	Where appropriate
Community	Foundation CGD Culturgest	Ongoing
	Protocols with Higher Education Institutions	Annual
	Sustainability Survey	Biannual
Media	Press advisory	Ongoing
	Website CGD	Ongoing
	Sustainability Survey	Biannual

Listening to stakeholders

Work began on the periodic process of listening to our internal and external stakeholders on sustainability-related issues, at the end of 2015, based on a questionnaire with the main objectives of identifying stakeholders' expectations, opportunities to improve performance in economic, environmental and social aspects and assessing the adequacy of the communication channels used.

The process involved consultations with a total number of 9,223 internal stakeholders (employees) and 148 external stakeholders - shareholder, customers (corporate and individual), government bodies, regulatory bodies/sector associations, suppliers, NGOs and various "social solidarity" (i.e. charitable) organisations, higher and intermediate level educational institutions. An internal response rate of 35% (employees) and an external rate of 51% (external stakeholders) were achieved.

Based on the results of this process, Caixa has produced a "materiality matrix" to identify the material issues to be included in this report. This table illustrates the importance attached to the various issues of the economic, environmental and social pillars by the various stakeholders, *vis-à-vis* the level of the impact of such issues to CGD.

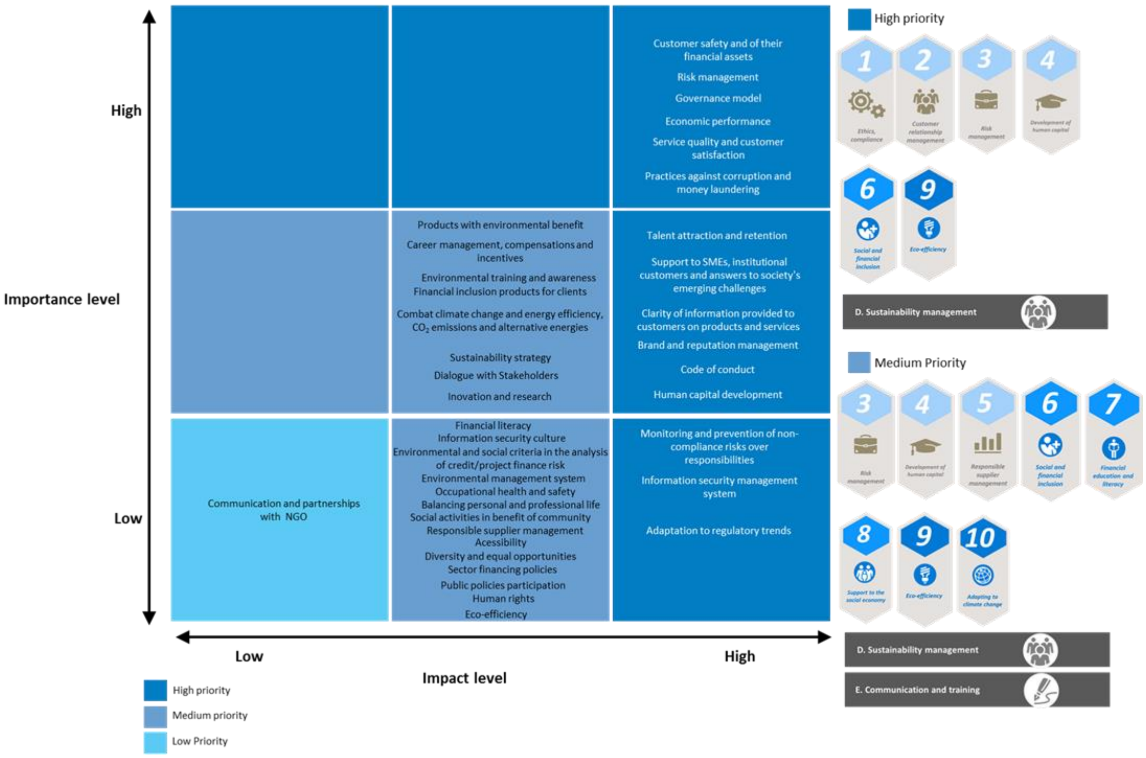
Materiality analysis

Whereas CGD, SA reports in conformity with the result of the materiality analysis, for the "comprehensive" option, its affiliate banks only report several indicators in accordance with their reporting and monitoring capacity, duly identified in the 2015 GRI Table, available at www.cgd.pt.

The information obtained in the sphere of this consultation, in addition to being processed and included as part of management by CGD's competent structural bodies, is also included in the structures allocated to the implementation of the Corporate Sustainability Programme and the fulfilment of the sustainability strategy for the period 2015-2017, taking into account the continuous improvement of CGD's performance on this matter.

Accordingly, all relevant material issues are included in the Sustainability Strategy 2015-2017. The Economic Performance issue is considered to be transversal to the various strategic areas.

MATERIALITY MATRIX



The relevant material issues have been reported in the body of this management report, particularly in the chapter on the Corporate Governance Report in addition to the 2015 Sustainability Report which is available at: www.cgd.pt.

1.4.8.2.2. RESPONSIBLE MANAGEMENT OF SUPPLIERS

Caixa has transparent procedures on its acquisition of goods and services, geared to principles of effectiveness and which play an extremely relevant role in the development of the domestic economy, going beyond its contribution to the creation of direct employment and the payment of wages and taxes. 91% of Caixa's suppliers are domestic and comprise 97% of the expenses with suppliers.

The management of suppliers is a component part of CGD's sustainability strategy. Many of CGD's environmental and social impacts, indirectly evidenced through the actions of its suppliers may be significant. CGD, accordingly, acts as an agent of change in the value chain, promoting upstream sustainability principles as a means of mitigating environmental and social risks in its supply chain.

Caixa has gradually continued to include sustainability criteria in its selection of suppliers, in addition to sharing information on performance and good practice.

Caixa, through Sogrupo Compras e Serviços Partilhados, ACE, selected and contracted 166 suppliers, in 2015. At the end of 2015, 92% of Caixa's new suppliers had contractual clauses related with labour practice, 89% of new suppliers had environmental-type clauses, 74% had clauses related to human rights and 75% had clauses related with impact on society.

9 of CGD's suppliers were subject to environmental assessments across the year of which 89% were audited and visited in the sphere of the maintenance of its Environmental Performance System in its HQ offices, to ISO 14001 and in the sphere of the process for expanding this certification to the branch office network.

With the objective of promoting the sustainable development of its suppliers' chain, creating instruments to formalise its suppliers' ethical management, in order to ensure that its objectives are fully achieved as well to avoid reputational risks deriving from deviations from this conduct, Caixa, in more than 75% of the contracts entered into with suppliers and service providers, in 2015, included contractual clauses related with sustainability in the form of compliance with ethical principles and good practice, aligned with Global Compact principles and the obligations contained in the manual of good environmental practice and safety and health, as appended to the contracts regarding the type of service.

1.4.8.2.3. QUALITY MANAGEMENT

Based on a customer-centric approach and in an endeavour to optimise profitability, Caixa increasingly recognises the principles of quality as one of its operating pillars, in which the creation of value is the key to a competitive advantage and improvement of the service provided.

It is in this context that, through its Quality Area, which is responsible for the definition and monitoring of service levels in business processes and the implementation of the systems management methodology, that the culture of quality in Caixa has been intensifying over the past few years.

2015 was marked by the consolidation and maintenance of ISO 9001 certification (seven certified areas), with the additional provision of the infrastructures service, as well as the extending of the methodology to other management systems and standards

Caixa maintained the certification of its Environmental Management System at its HQ building.

Special attention is, herein, paid, in alignment with international requirements and the Bank of Portugal, to the implementation of the Business Continuity Management System to ISO 22301 as well as the implementation of the Information Integrity Management System to ISO 27001.

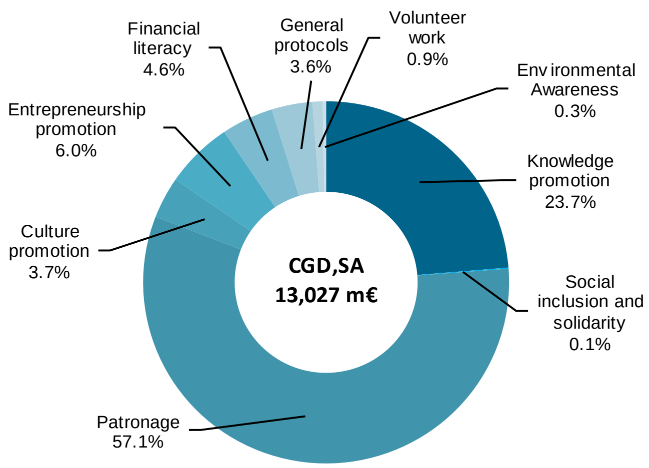
Training continued to be one of our operating considerations and this year, reference should be made to the investment made in the sphere of ISO 27001, ISO 22301 as well as the year 2015 version of ISO 9001, encompassing 48 employees.

As regards issues of levels of service and the performance of business processes, reference should be made to the work performed in the sphere of corporate lending operations and mortgage loans with regular reports and the promotion of improvement initiatives. The measurement and assessment of the level of service, provides information on the real performance of processes, encourages improvement and, consequently, their increased efficiency.

1.4.8.3. INVESTMENT IN THE COMMUNITY

CGD monitors investment in the community in order to understand its social impact and improve the efficiency of its support. In 2015, a triage tool was implemented on the support to be provided, information on which is available at www.cgd.pt, in order to bring the support more into line with the strategic areas of its activity's social pillar. During the course of the year, Caixa made a direct investment of around €13,027 thousand in the community in various operating areas. Caixa also donated 244 items of computer equipment to 6 institutions.

DIRECT INVESTMENT IN THE COMMUNITY



1.4.8.3.1. VOLUNTARY WORK

Young VolunTeam Programme

This voluntary work programme, geared to young people and involving 125 schools over the whole of the country, was launched in 2009 in partnership with Entrajuda and Sair da Casca. The 2014-2015 edition once again relied on the support of the DGE (Directorate General for Education) which was joined by IPDJ (Portuguese Sports and Youth Institute), the European Commission's Youth in Action Programme and *SEA - Agência de Empreendedores Sociais*. During the course of the year, the programme merited the award of the high patronage of the President of the Republic.

The main objective of the YVT (Young VolunTeam) is to promote voluntary work in primary and secondary schools as a means of expressing active citizenship. It aims to stress the importance of voluntary work for the development of young people's fundamental skills, raising their awareness of society's currently pressing issues such as social inclusion, entrepreneurship, education and employment.

1,500 young people in secondary education volunteered for the 2014/2015 edition of the YVT and were trained in voluntary work, with 638 YVT ambassadors, extending the programme to another 57,786 students. 495 projects, actions and voluntary campaigns were therefore implemented, in partnerships with parents' associations, other schools in the locality, NGOs, parish councils, care homes and day-care centres *inter alia.* A total number of 312 entities benefited from this initiative, which collected 61,457 kg of food, 104 kg of toiletries, 1,115 kg of clothing, 11,779 kg of paper for recycling and 3,205 kg of other material for recycling.

Projects once again tended to concentrate on food collections, recycling campaigns, tutorials, planting sessions, cleaning up operations involving beaches and forests, visits to old people's homes and day-care centres and other inter-generational projects.

Partnership with ENTRAJUDA

Caixa, in the last quarter of the year, in furthering its social responsibility and promoting good practice in the domain of citizenship, renewed its partnership with ENTRAJUDA, that, in addition to the Young Volunteam Programme, also included the Volunteers' Pool project, undertaking to provide its employees and customers with information on the projects in the pool with the aim of promoting voluntary work. This was also complemented by an undertaking to back the annual *IPSS* ("social welfare") management training programme by providing classrooms and logistical support, having mentored the holding of 137 training hours in 2015. Caixa broadened the scope of this partnership by including the *Donated Goods Pool*, with gifts of second hand goods and equipment to social institutions benefiting from ENTRAJUDA support.

Junior Achievement Portugal – education for entrepreneurship

Caixa is an associate member of Junior Achievement Portugal and participates in various programmes dedicated to teaching diverse financial literacy and entrepreneurship concepts.

53 Caixa volunteers were involved in Junior Achievement programmes, in the 2014/2015 academic year, sharing their experience with 817 students in 40 schools, comprising a total number of 613 hours of business volunteerism.

Environmental voluntary work

Life Biodiscoveries project

CGD participated in the Municipality of Barreiro's Life Biodiscoveries project which was cofinanced by the LIFE programme, to combat invasive species (vegetal plagues) which damage natural spaces.

CGD organised a voluntary action involving 15 employees, with intervention on various species of trees encompassing an area of 1,200 sqm.

Tapada Nacional de Mafra

As part of the *Floresta Caixa* project, the Bank and Tapada Nacional de Mafra mentored a voluntary action for employees and their families, with the participation of the "Plant a Tree" association involving around 60 volunteers. This initiative was part of the commemorations of Autochthonous Forest Day on 23 November in which 284 trees were planted (oaks, stone pines and arbutus (strawberry) trees), *in lieu* of an area of eucalyptus trees on the slopes of Alto do Assobio/Barroca, with an area of around 5 hectares.

Initiatives to promote solidarity

Books with a new lease-of-life

A second hand book campaign was organised in partnership with Entrajuda, in which hundreds of Caixa employees took part. This action collected all types of books ranging from school textbooks, children's books and literature in general and were sorted and classified by the voluntary actions of student nurses at *Universidade Católica.*

The results obtained enabled an exchange of paper for 135 litres of milk to be distributed to social welfare institutions together with the delivery of more than 2,500 books to libraries in prisons, children's and young people's homes, kindergartens, children's playgrounds and leisure-time activities and libraries at social centres.

Cape Verde - assistance to Fogo island

With the aim of helping to rebuild Fogo island following the major eruptions which swept across the island at the start of the year, Caixa, in partnership with the Portuguese Red Cross, launched a "Give more to Cape Verde" fundraising campaign, which succeeded in collecting a total amount of €28,627. At the end of the campaign, the full amount of the collection was sent to Cape Verde's Red Cross organisation.

Emojis Christmas action

Caixa's "Solidarity at Christmas Mission" was held between 1 December 2015 and 8 January 2016. This fundraising initiative assisted the education of underprivileged children. The amount of €15,805 raised at the end of the year was passed on to private social welfare institutions identified by Entrajuda, for the purposes of providing family assistance, combating absenteeism and school failure and the development and acquisition of personal and social skills leading to autonomy and well-being.

1.4.8.3.2. FINANCIAL LITERACY

Caixa has examined and invested in the issue of financial literacy for many years with its own projects such as *Saldo Positivo* and initiatives based on the establishing of multidisciplinary partnerships with various academies and its participation, in 2015, in the commemorations of European Money Week, in the financial sector context, as a member of the Portuguese Association of Banks and its working group.

With universities and particularly Aveiro University (AU), projects aiming to promote less popular knowledge areas among young people – such as science and mathematics – evolved, over time, to the highlighting of financial literacy issues.

Also in respect of the partnership with AU, reference should be made to support for the 25th edition of the National Science Competitions 2015 with around 8,000 students from primary and secondary education, from schools across the country. The partnership between CGD and *PmatE/University of Aveiro* has effectively been comprising a major investment in education in Portugal with paradigmatic, pioneering projects such as Caixamat and the “Education + Financial” projects.

Saldo Positivo

The *Saldo Positivo* portal, as part of Caixa’s financial literacy programme, continues to be a primary tool in support of the financial inclusion of Portuguese citizens.

In 2015, the portal more than doubled its number of visits and page views, having posted its best ever year since launch, with 5.7 million visits and 26.9 million page views, up 108% since 2014, both in the individual customers and corporate area.

The numbers evidence the project’s relevance to Portuguese households and managers of small and medium-sized enterprises in Portugal.

A reflection of the growing importance of the work being carried out comprised the contacts made by diverse entities (media and associations) showing interest in divulging information produced by Caixa’s financial literacy portal on their channels.

The project’s benefits are not limited to *Saldo Positivo’s* assistance in clarifying doubts over financial issues. A new release of the assessment survey on the portal produced by Marktest, in September 2015, showed that *Saldo Positivo* readers have a more positive perception of Caixa than respondents who have not visited the portal.

In addition to the work carried out on the diverse platforms by the editorial team, *Saldo Positivo* promoted “Savings Festival” week at KidZania, as part of World Savings Day commemorations, producing a leisure time pursuit for children visiting the KidZania Children's Playground this week with the objective of promoting savings and financial literacy concepts.

This initiative, which took place between 30 October and 1 November, consisted of a set of activities geared to younger people with the objective of explaining the reason for money, why we have to work and the importance of savings. Almost 3,000 visitors passed through the Caixa bank at KidZania over the three days of this action.

1.4.8.4. ENVIRONMENTAL MANAGEMENT

Caixa assumes fundamental commitments in its environmental policy in its compliance with environmental legislation and other applicable regulations, based on a proactive approach to the prevention of pollution and to achieve a continuous improvement of environmental performance.

Providing continuity to its environmental commitment, CGD’s performance translates into the definition of quantitative objectives and goals to reduce its environmental impact, focusing on optimising operational efficiency: energy, water consumption, mobility, waste, reduction of costs and re-use of resources.

It maintained the certification of its Environmental Management System for its activities at its HQ offices, with work having begun on expanding the System to cover other structures.

In 2015, CGD, SA continued to invest in environmental protection and management for an amount of around €526 thousand, of which 12% on the costs of managing waste, water analyses and other aspects and 88% on environmental prevention and management expenditure.

1.4.8.4.1. ENVIRONMENTAL PERFORMANCE

Caixa drew up two reduction objectives to be achieved by 2015, with 2006 as the baseline year. The final analysis shows that Caixa has succeeded in achieving both of its proposed objectives. To assess compliance with the objective, in the case of the emissions under *Scope 2*, the average emission factors for the period between 2006 and 2015[1] were considered, as the energy mix depends upon the year of the report.

- Reduce 15% of carbon emissions per FTE
- Reduce 4% the power consumption of the facilities, excluding the data center, per FTE

2006	△06/15	2015
4.86 t CO_2e/FTE	-18%	4.01 t CO_2e/FTE
8,500 kWh/FTE	-6%	8,024 kWh/FTE

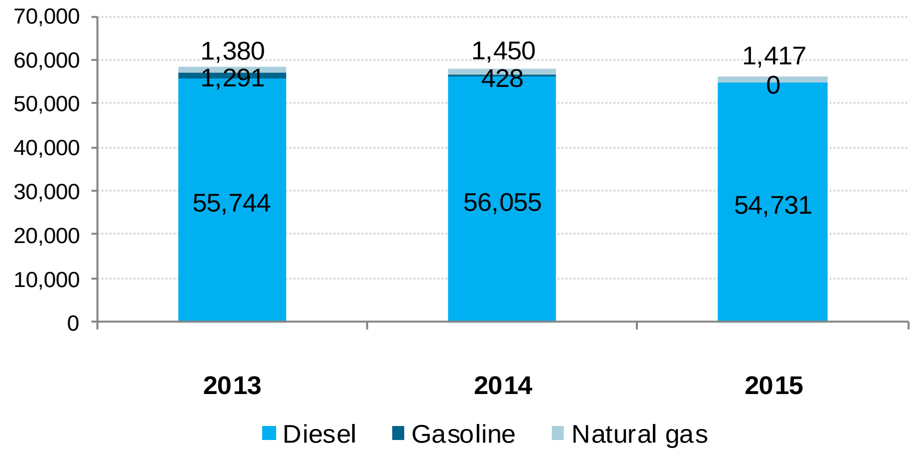
Caixa periodically monitors diverse environmental aspects in order to assess the impact of its activity on the environment.

ENERGY CONSUMPTION

Caixa continued to implement a collection of energy efficiency measures in 2015.

DIRECT ENERGY CONSUMPTION

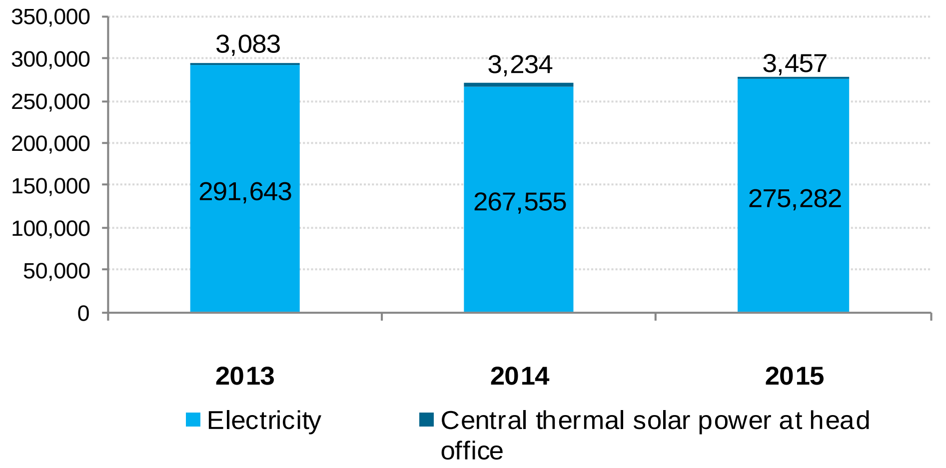
(GJ)



[1] The value of the average emission factor for the period 2006-2015 is 395 gCO_2/KWh.

INDIRECT ENERGY CONSUMPTION

(GJ)



Caixa's energy consumption, in 2015, totalled 334,887 GJ, comprising an energy intensity of 36.93 GJ/employee and 0.18 GJ/thousand of total operating income.

Caixa's direct energy consumption, associated with the consumption of its vehicle fleet and equipment in its buildings, was down 3% over 2014. Public transport continued to be used for on-the-job mobility and the use of other means of communication continued to be encouraged.

Electricity consumption was slightly up by 3% over 2014, deriving from the greater use of weather-related air conditioning.

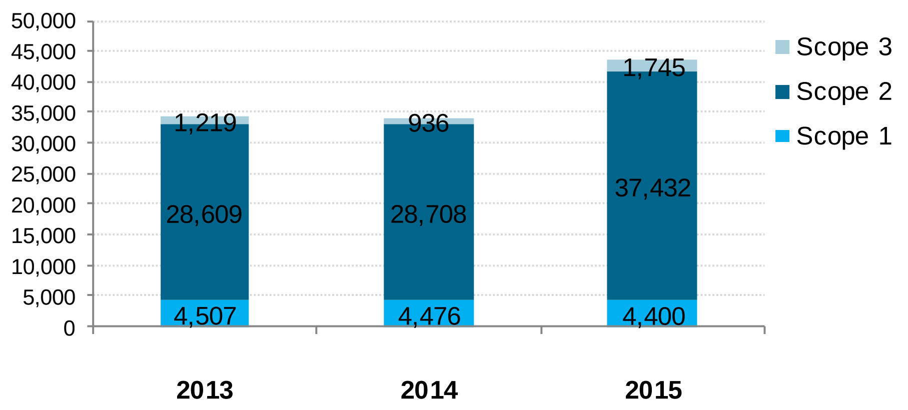
As regards renewable energies, CGD continued to generate solar energy on its HQ building and photovoltaic energy across its branch office network, helping to reduce the national electricity system's carbon footprint. All of the photovoltaic energy generated on the branch office network is sold to the national grid.

EMISSIONS OF GREENHOUSE GAS

In the sphere of its Low Carbon Programme, Caixa has been identifying risks and opportunities associated with climate change, including growing legislative trends. It has maintained its commitment to calculate the greenhouse gas emissions associated with its activity in accordance with Greenhouse Gas Protocol (GHG Protocol) guidelines.

EMISSIONS OF GREENHOUSE GAS

(tonnes of CO2e)



Caixa's greenhouse gas emissions, in 2015, totalled 43,577 tonnes of CO_2e (tCO_2e), corresponding to a carbon intensity[1] of 4.81 tCO_2e/employee and 0.023 tCO_2e/€1000 of total operating income.

Notwithstanding a 2% reduction of greenhouse gas emissions under *scope 1* (emissions associated with the fuel consumption of buildings and vehicle fleet), CGD posted a 28% increase over 2014, particularly on account of the increase of ENDESA's emission factor for 2015, change of the waste calculation methodology and increased number of long journeys by CGD employees seconded to Group companies and foreign branches.

Caixa offsets some of its greenhouse gas emissions which it did not succeed in reducing across the reporting period, following the quantification of the greenhouse gas emissions generated by its activity in Portugal. Caixa will offset a total amount of 3,510 tCO_2e. CGD publishes an annual offset report which can be viewed at:

https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx

Caixa is a voluntary participant in the climate change questionnaire promoted by CDP, since 2009, and, for the fifth consecutive year has achieved a leading position, with a maximum 100 points for Disclosure and as a member of the Iberian Climate Disclosure Leadership Index (CDLI).

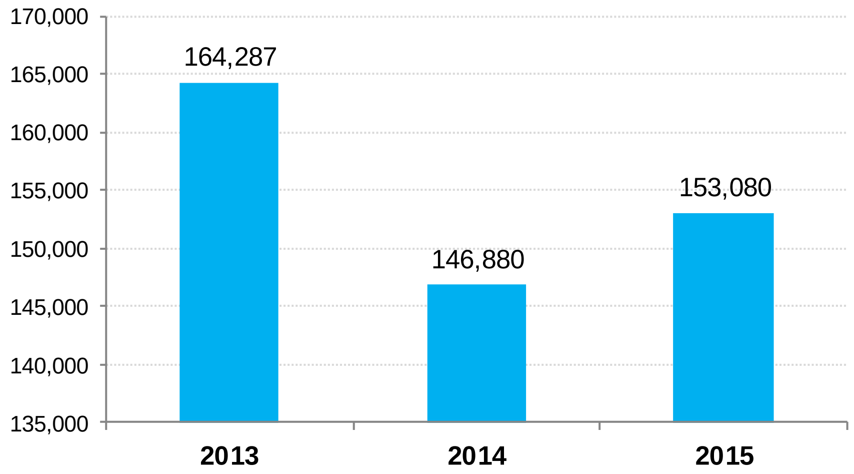
Caixa participated in the CDP Supply Chain programme for the first time in 2015. This programme is based on a collaborative approach which contributes to the value chain's sustainable development, helping companies to compile various items of information to understand how suppliers are dealing with climate change and working to reduce their greenhouse gas emissions.

WATER CONSUMPTION

Over the course of the years, Caixa has implemented various water consumption reduction systems in its central buildings with the objective of promoting efficient consumption. Water consumption in 2015, however, was up by a slight 4% over preceding year owing to maintenance works being carried out on the buildings.

TOTAL WATER CONSUMPTION

(m^3)



[1] The value was calculated according to the CO^2 emissions for the year 2015 and includes emissions under scope 1, 2 and 3.

MATERIAL CONSUMPTION

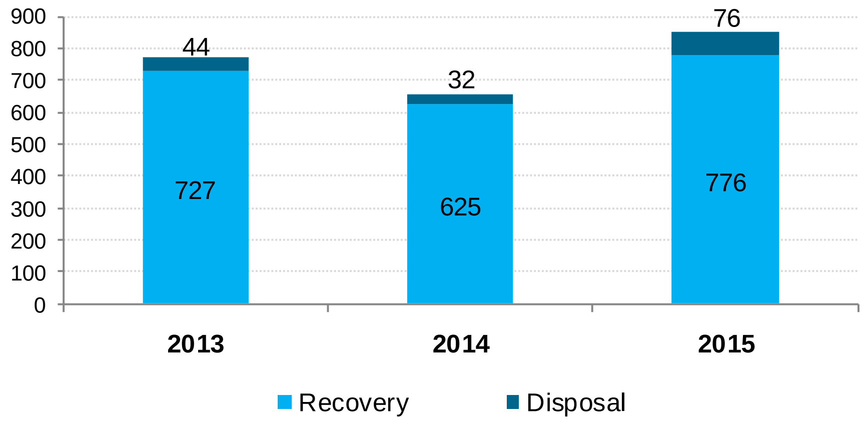
In 2015, the most relevant material consumption in CGD were paper consumption on photocopies (530 ton), the consumption of paper in the form of envelopes (128 ton) and paper and cardboard on the form of balance books (42 ton). CGD also monitors other materials consumption such as, for example plastic in the form of cards and plastic cups, which registered a decrease of 20%.

WASTE MANAGEMENT

Caixa's total waste production in 2015, was up 30% over the preceding year, essentially on account of the change in the calculation methodology of waste processed by the Lisbon municipality at its HQ office, the end of the life cycle of electrical and electronic equipment, as well as a greater level of awareness shown by employees for the recycling of batteries, putting them in the used battery disposal units available in Caixa. The waste recovery rate was 91%.

WASTE PRODUCTION BY DESTINATION

(tonnes)



Caixa is committed to developing innovative approaches to waste processing, transforming waste into goods which have a positive impact on the community and the environment. Its Environmental Management System raises Caixa's awareness of the importance of efficient waste management, identifying it as an opportunity to improve the development of a card recycling process.

During the year, it set up process enabling bank cards (either expired or at the end of their useful lives) and non-bank cards (e.g. loyalty cards *et al*) to be processed by recycling the plastic. As Caixa is an Institution governed by values of strength and trust, its customers in permitting the use of their personal cards can be sure that the safety and confidentiality standards applicable to their data have been guaranteed.

1.4.8.4.2. ENVIRONMENTAL AWARENESS

Internal awareness

Caixa has developed various internal initiatives: an awareness campaign for the adoption of good environmental practice; the preparation of a dossier on the practices of environmental management system; a System tutorial available to all CGD employees. This issue was also dealt with in the leaflet welcoming new employees and in the "safe visit" (compulsory visiting programme to the building).

Floresta Caixa

In agreeing to participate in the response to environmental problems such as climate change, shortages of resources and conservation of biodiversity, Caixa retained its partnership with the *Tapada Nacional de Mafra* for the reconversion of a new forest area and oversight of forest areas previously benefiting from Caixa's intervention, also including advantages for customers and employees.

CGD has already planted more than 200,000 autochthonous trees, over the course of the *Floresta Caixa* project, with the support of various partners.

Partnership with the Zoo

Caixa also joined forces with Lisbon Zoo by improving its pedagogical centre which, in 2015, in receiving around 86,000 visitors, contributed towards an important mission in the sphere of environmental education and the values of citizenship, while also subscribing for the educational proposals directly related with the conservation of biodiversity with the enhancement of animal life and promoting the progressive transformation of values, attitudes and behaviour.

Caixa was accordingly involved in achieving the internationally defined objectives as part of a global nature conservation strategy and the planet's inhabitability conditions for its species.

Pursuant to the partnership entered into, CGD also organised a Grandparents Action Day, in 2015, on the issue of biodiversity and a paper chase in Lisbon Zoo for parents and children.

A.K.A. - Appeal to Environmental "Kreativity"

Caixa, in conjunction with Quercus, organised the A.K.A. ("Appeal to Environmental Kreativity") ideas competition for young people between the ages of 14 and 17, in 2015, with the objective of stimulating an environment conducive to young people's innovation and creativity, encouraging them to find regional and local solutions to problems related with different environmental matters.

Bridges

Caixa also organised the following at Culturgest, in Lisbon, as part of its Bridges cycle:

- the 2nd edition on the theme: *'Being the New Change*", an event with the special presence of Sheikh Abdul Aziz Al Nuaimi, known as the *Green Sheikh*, as keynote speaker, whose interventions have concentrated on raising awareness on environmental issues; and
- a discussion cycle on the soil, in conjunction with *LPN - Liga para a Protecção da Natureza*, taking into account that 2015 marked the commemoration of the International Year of Soils. This initiative enjoyed the institutional support of UNESCO's international geosciences programme.

1.4.8.5. HISTORICAL, CULTURE AND HERITAGE

In furthering its policy of involvement with the community, Caixa continued to invest in promoting culture.

Caixa Geral de Depósitos - Culturgest Foundation

In 2015, the Caixa Geral de Depósitos - Culturgest Foundation sponsored projects for around €1,124 thousand, having given continuity to various projects in diverse areas - music, arts and letters, cinema and documentaries, photography and journalism, *inter alia*.

MAIN ACTIVITIES IN 2015

	No. shows/ activities	No. sessions	No. spectators/ visitors
Music	36	41	8,593
Theatre	13	46	5,897
Dance	12	32	4,886
Cinema	-	147	16,173
Conferences and readings	-	40	2,494
Educational service	774	-	17,454
Exhibitions	192	-	3,178
Courses and visits	5	7	369
Exhibitions - Lisbon and Oporto Galleries	7	-	53,759

Historical Heritage

CGD's Historical Heritage Office (GPH) helps to safeguard, preserve and disclose information on its own heritage and that received from the former BNU.

The Museological Collection, Collectors' Items, the Decorative Collection, Overseas Library, Vieira Machado Library and network of mediatheques in the Lusophone space are an integral part of Caixa's and the former BNU's Historical Archives.

Its collections on display comprise a valuable economic and financial history of Portugal and her former overseas colonies. The respective treatment, namely the description, preservation, documentary conservation, restoring of objects and disclosure of information on its heritage enables the Bank's history to be recorded for the future.

This disclosure of historical information that Caixa endeavours to promote to the best of its ability, whether in its publications of texts produced by GPH on its collection on CGD media, or in the form of small exhibitions in internal spaces, has been intensifying in line with the refinement of our internal organisation and development of virtual communications media. As a consequence, demand is ever increasing and our visitors and researchers ever more demanding

GPH currently comprises 3 areas: Historical Archive, Museum and Collectors' Items and Libraries and Mediatheques.

In 2015 the Historical Archive processed the documentary collection in line with international ISAD (G) rules issued by the International Council on Archives, on participation in and the production of internal and external exhibitions, the disclosure of information on historical heritage in the form of the monthly publication of texts at: www.cgd.pt, in addition to, *inter alia*, documentary research for consultation purposes (requested by internal or external researchers) and for the production of texts or exhibitions.

In 2015, the Museum and Collectors' Items area performed several activities in the sphere of museological heritage which incorporates museological objects belonging to BNU and CGD, namely the labelling, inventorying, conservation and restoration of items existing in the collection, as well as the incorporation and registration of new items in the reserve. This area managed and controlled requests for silkscreens and collaborated with Culturgest on the registration of silkscreens which were included in CGD's collection, having also disclosed information on the history of objects from day-to-day banking activity in the first half of the

20th century through the publication of texts and in exhibitions held at CGD HQ, in Macau and in S. Tomé e Príncipe, participating with the description, loan and donation of several objects and permitting the use of CGD's image in a historical and pedagogical context.

To update knowledge on an inventory and museological description basis, it participated, in a training course on: “The Inventory in Mobile Cultural Heritage” with the objective of disclosing information on principles, methodologies and good practice for the study and respective inventory, enhancing the development of professional skills in the sphere of the management of museological collections.

The Libraries and Mediatheques area comprised two types of structures with different locations: the libraries are in Lisbon and the mediatheques are in Portuguese-speaking countries, in which Caixa is represented, although its management is coordinated in Lisbon.

Mediatheques are made up of a network of mediatheques abroad, which at the moment, comprises 9 units (Maputo, Beira, Nampula, Praia, Mindelo, Espargos, São Tomé, Ilha do Príncipe and Timor). In this sector, the improved level of computer media has been a permanent concern to enable coordination to be more centralised and effective and to minimise local registration errors, guaranteeing a better quality of service for users.

This project, in terms of Millennium Development Goals is a part of “MDG 8 – To create a worldwide partnership for development, in the education sector” and aims to contribute to the social and human development of these countries' populations, through access to information and knowledge, in Portuguese, supplied by the mediatheques, keeping the documentary collections up-to-date with pertinent information in their respective specialised thematic areas, whether on traditional support media (books, magazines and newspapers), or technologically more advanced media (internet, cdroms, videos, etc.), in order to meet the needs of users all of whom are students and teachers at secondary or vocational schools, polytechnics and universities in addition to the public in general.

The facilitation of access to cultural development, supply of scarce resources to the regions and exploitation of the synergies of the existing commercial structure were aspects emphasised by Caixa and its Group, naturally together with access to information and knowledge, human capital improvements, the integral development of populations, promotion and use of the Portuguese language.

The Libraries, in turn, are also subdivided into the Overseas Library, whose collections essentially comprise documents passed down from the former BNU, of great historical value to any researcher on overseas matters with much sought after unique documents; the Vieira Machado library collection was donated by Francisco José Vieira Machado, BNU Governor between 1951 and 1972.

The Overseas Library comprises a collection with an important historical heritage dimension. Of the activities performed across 2015 by this area, special reference should be made to the selection, acquisition and documentary processing of all kinds of documents acquired for the 9 mediatheques; oversight, management and monitoring of the mediatheques; substitution of IT equipment at the Mindelo Mediatheque, technical missions to the Timor and São Tomé Mediatheques; the installation, inauguration and opening of the Ilha do Príncipe Mediatheque in S. Tomé; collaboration with the other two areas for putting together and developing the “Yesterday and Today” exhibition, on Ilha do Príncipe; in addition to the disclosure of information on the collection of the Overseas Library through the publication of texts.

For more detailed sustainability-related information please consult the information published in the Sustainability Report 2015. 2015 GRI Table, Sustainability Indicators 2015 and methodological notes available in the sustainability area at www.cgd.pt.

1.5. Economic - Financial Framework

1.5.1. GLOBAL ECONOMIC EVOLUTION

According to the IMF's (International Monetary Fund's) latest projections, world GDP grew by 3.1% in 2015, its lowest pace of the last six years. World growth was also disappointing in comparison to the initial projections. The best result was achieved by the developed countries with 2.0% over five years (an acceleration of 0.2% for the second consecutive year), whereas emerging and developing economies as a whole witnessed moderation for the fifth consecutive year with economic growth of 4.0%, down 0.6% over the preceding year.

The deceleration of the global economy derived from the less positive contribution of emerging and developing countries, particularly China, although the same trend was in evidence across other countries and regions, namely Asia and Latin America. The moderation of activity derived from the problems and imbalances in many such economies, resulting in lower international trade flows, with a negative impact on developed countries' industrial sectors. Confidence was also affected by the vulnerability deriving from the appreciation of the dollar, in addition to the reversal of capital flows over the last few years.

Cyclical recovery continued across the developed countries, particularly the US and European Union. This was essentially based on domestic demand and particularly consumption. Real household income benefited from the improvement in the labour market and fall in the prices of energy goods. Improved financing conditions associated with the maintenance or strengthening of monetary *stimuli*, in the case of the US and a less restrictive fiscal policy in the case of the Euro Area, were also witnessed.

The fall in commodity prices, particularly the drop of around 36% in oil prices, led to new downwards revisions of year-on-year inflation levels. The first half of the year witnessed negative levels in various developed countries, prior to stabilising at marginally positive levels in the second half of the year. Deflationary pressures on the world economy continued to be felt across the whole of the year. The perceived deflation risk, however, remained low as underlying inflation remained practically unchanged and at a higher level than total inflation.

Consistent with the low growth and low inflation scenario, the operations of the central banks, in 2015, continued to be marked by their backing of expansionary monetary policies and commitment to adopt new *stimuli* when and if needed.

The European Central Bank (ECB) decided to expand its quantitative easing programme in the first quarter of the year with the objective of helping to push inflation up to a level consistent with price stability over the medium term. The ECB also considered the acquisition of government bonds and the debt of supranational European institutions. The council of governors once again voted in favour of an additional set of measures, close to the end of 2015. Special reference should be made to a fresh 10 basis points reduction of the deposit rate which was down to -0.30%. The refi rate and the marginal interest rate on the liquidity injection facility remained unchanged at 0.05% and 0.30%, respectively.

Central bank operations in other geographies generally took the form of a reduction of reference lending rates. Special reference should be made, herein, to the Central Bank of China's decision to reduce its reference rate on five occasions, totalling 125 bps, bringing it down to a new, all-time low of 4.35% at the end of 2015. The remaining key emerging market economies of Asia - South Korea, India and Indonesia, *inter alia* - witnessed reductions of their reference rates across the year. In the case of Eastern Europe, with the exception of the Czech Republic, where the reference rate remains close to zero, the central banks of the major economies maintained the reduction of their key reference rates in 2015. This was particularly the case of the Central Bank of Russia which reversed the 11.50 pp increases announced in 2015 by slightly more than a half (- 6 pp).

The performance of the central banks, however, was not unanimous. In several cases, the monetary authorities were forced to announce increases in their respective reference rates. This was the case of the main economies in Latin America, without exception, in response to worsening inflationary pressures, owing to the strong, continual depreciation of their respective currencies against the US dollar.

In spite of an improved labour market and outlook for an accelerating of wage hikes, the fact that inflation remained at very low levels led the US Fed to successively delay the decision to announce the first increase of its reference rate since 2006. This occurred in December when, as expected, the Fed announced a 25 bp increase to between 0.25% and 0.50%. The council of governors emphasised, however, that the rate normalisation process would be gradual in line with economic developments.

In the United Kingdom, the absolute majority achieved by the Tory party in the May general elections heightened the scenario of a UK referendum on whether the country should stay in the European Union and which may possibly take place in 2016, one year prior to the date suggested in the election campaign. In the political field, 2015 was marked by general elections in Portugal and Spain, which failed to produce overall majorities and, in the case of Spain, in September, by the regional elections in Catalonia, in which the forces backing independence elected a majority of deputies.

ECONOMIC INDICATORS

	GDP		Inflation		Unemployment	
	2014-12	2015-12	2014-12	2015-12	2014-12	2015-12
European Union [(a)]	**1.4%**	**1.9%**	**0.6%**	**0.0%**	**10.2%**	**9.8%**
Euro area	0.9%	1.6%	0.4%	0.0%	11.6%	10.9%
Germany	1.6%	1.7%	0.8%	0.1%	5.0%	4.6%
France	0.2%	1.1%	0.6%	0.1%	10.3%	10.4%
United Kingdom	2.9%	2.3%	1.5%	0.0%	6.1%	5.3%
Spain	1.4%	3.2%	-0.2%	-0.6%	24.5%	22.1%
Italy	-0.4%	0.8%	0.2%	0.1%	12.6%	11.9%
USA	**2.4%**	**2.5%**	**1.6%**	**0.1%**	**6.2%**	**5.3%**
Japan	**0.0%**	**0.6%**	**2.7%**	**0.7%**	**3.6%**	**3.5%**
Russia	**0.6%**	**-3.7%**	**8.1%**	**15.9%**	**5.2%**	**6.0%**
China	**7.3%**	**6.9%**	**3.9%**	**1.1%**	**4.1%**	**4.1%**
India	**7.3%**	**7.3%**	**5.9%**	**5.3%**	**n.a.**	**n.a.**
Brazil	**0.1%**	**-3.8%**	**6.3%**	**8.9%**	**4.8%**	**6.6%**

Sources: IMF: World Economic Outlook - Update – January 2016 – for non-EU member countries.
(a) European Commission: European Economic Forecast – February 2016 – for the EU and its main member states.
n.a. – not available.

According to preliminary data published by Eurostat, activity in the Euro Area was up by an annual 1.6% in 2015, primarily owing to private consumption, which was up 0.7 pp over 2014. Positive growth rates were recorded across all member states except Greece which, following growth of 0.9% in 2014, its first in seven years, contracted again by 0.7% in 2015. The performance of the other peripheral economies was positive, with special reference being made to Ireland and, to a lesser extent, Spain.

Unemployment in the region was down for the second consecutive year. The unemployment rate of 10.9% was down 0.7 percentage points over 2014. Unemployment was down by practically 1.5 million.

Price evolution In the Euro Area, continued to fan fears of a prolonged period of very low inflation. The Harmonised Index of Consumer Prices (HICP) posted a nil average change of less than 0.4 pp over 2014. The underlying inflation rate of 0.8%, was the same as in 2014.

EUROPEAN UNION AND EURO AREA ECONOMIC INDICATORS

Rates of change (%)

	European Union		Euro Area	
	2014	2015	2014	2015
Gross domestic product (GDP)	**1.4%**	**1.9%**	**0.9%**	**1.6%**
Private consumption	1.2%	2.0%	0.8%	1.7%
Public consumption	1.2%	1.5%	0.9%	1.4%
GFCF	2.7%	3.0%	1.3%	2.3%
Domestic demand	1.5%	2.0%	0.9%	1.7%
Exports	4.0%	5.1%	4.1%	5.1%
Imports	4.6%	5.6%	4.5%	5.7%
Inflation rate (HICP)	**0.6%**	**0.0%**	**0.4%**	**0.0%**
Ratios				(%)
Unemployment rate	10.2%	9.8%	11.6%	10.9%
General government deficit (as a % of GDP)	-3.0%	-2.5%	-2.6%	-2.2%

Source: European Commission: European Economic Forecast - February 2016.

1.5.2. FINANCIAL MARKETS

Financial market performance, in 2015, was characterised by growing volatility, in a context of uncertainty over global, economic growth, particularly owing to the moderation felt in the most relevant emerging market countries.

Notwithstanding successive downwards revisions of economic growth across practically all blocs and apprehension over extremely low inflation levels, the strengthening of expansionary monetary policies and the Fed's delay in the start of the up cycle kept risk propensity high up to August. It should be noted that the Morgan Stanley global equity index reached a new, all-time high at the end of May.

The summer months were followed by a marked loss of investor optimism. The departure point was the Central Bank of China's decision to announce a depreciation of its foreign exchange reference rate to the dollar. Growing signs of moderation of the Chinese economy this year were interpreted by investors as an indication of China's authorities' concerns over growth, in addition to the negative impact that such a decision would have on various countries' exports, namely in the Asia region.

The falls of energy prices accompanied by inflation levels renewed fears of deflation in several regions.

In light of the extremely low levels of inflation, several central banks, including the European Central Bank, strengthened their respective monetary stimulus programmes. The trending of the US dollar to fresh appreciation had a negative impact on diverse US industrial sectors. This saw a consequent heightening of fears of a recession, in the US economy, over time.

Financial markets were also conditioned by one-off geopolitical factors. In addition to continued tension between Russia and Ukraine and, towards the end of the year, escalating tension between Russia and Turkey, reference should also be made to the agreement between Iran and the six nuclear powers on the Iranian nuclear power programme, as a factor helping to fuel the oil glut.

1.5.2.1. BOND MARKETS

The strengthening of ultra-expansionary policies by most of the central banks, once again had a conditioning effect on bond markets in 2015. In general, sovereign debt yields in the main economic blocs remained at very low levels.

Interest rates in the Euro Area, were heavily affected by the ECB's acquisition of long term debt. The 10 year rate on German bonds fell 0.075% to its lowest ever level, in April. This movement was, however, very limited over time as, in the following two months, owing to an improved level of sentiment and activity in the region, the referred to benchmark was close to 1%. Subsequently, owing to the fall in energy prices, inflation returned to an almost nil rate. The German benchmark, at between 0.075% and 0.945%, in 2015, closed the year at 0.63%. The German rate across the year as a whole was up 9 pp after falling 139 pp in 2014.

10 year yields on the sovereign debt of the peripheral countries generally trended in line with Germany, with the 2 year yield always trading in negative territory, having, in early December fallen to an all-time low of -0.443%. Risk *premia*, accordingly, remained at very low levels in comparison to the recent past, having, in most cases, fallen to their lowest values since April 2010. In addition to reflecting progress on a level of current imbalances, this behaviour also derived from the ECB's acquisition of such countries' debt under the above referred to programme.

On the European periphery, Italy achieved the largest reduction in its 10 year rate which was down 29.4 bp to 1.59%. Portugal, as with Italy, witnessed a decrease in the yield on its sovereign debt for the fourth consecutive year, in this case by 17.0 bp to 2.52%. The fall on Portuguese yields over 2 year maturities went from -31.2 bp to 0.11%. The spread between Portuguese and German rates was compressed by -25.9 bp and -6.4 bp%, to 188.7 bp and 45.1 bp over 10 and 2 year maturities, respectively.

Notwithstanding the uncertainties triggered by the referendum in Greece which, at the time in question forced the 10 year rate on its public debt to more than 13%, which level was last noted at the end of 2012, the rate for the year as a whole was down 146.1 bp to close at 8.29%.

With Ireland's 10 year rate also down, in this case by 9.8 bp to 1.15%, Spain was the only country on the periphery of the Euro Area to witness an increase in the yield on its sovereign debt in the respective reference period. The yield on 10 year *Bonos* was up 16.0 bp to 1.77%. A contributory factor was the uncertainty over the outcome of the general elections held in December.

Notwithstanding a drop of 85.7 bp in 2014, over 10 year maturities, yields on US sovereign debt were up 10 bp in 2015 to 2.27%. In historical terms this comprises a small change. In spite of this, volatility was high across the year, trading between a minimum of 1.68% in February and a maximum of 2.47% in June.

Over the shorter maturities, the US witnessed a gradual upwards movement, gaining momentum across the last three months of the year, when it seemed highly likely that the Fed would initiate the process of normalising its reference rate in 2015. The 2 year rate posted an increase for the fourth consecutive year, up 38.3 bp to close the year at more than 1.0% for the first time since 2009.

The private debt market was conditioned, in 2015, by economic risks, behaviour of the energy sector and other specific one-off events.

This market witnessed diverse movements across the year. If, on the one hand, credit spreads, in March, dropped to their lowest level since November, in which a contributory factor was the ECB's quantitative easing programme, they were latterly adversely affected by the Greek crisis and situation in the automobile sector, in addition to the negative impacts of the fall of oil prices on the respective sector. These effects were also accompanied by fears over China's economy and the possible consequences of a rate increase by the Fed.

1.5.2.2. EQUITY MARKETS

Following three consecutive years of appreciation, the world equity market, measured by the Morgan Stanley index, was down 4.3% in 2015.

The start of the year was particularly positive for European and Japanese stock markets owing to the monetary *stimuli* of the respective central banks. Interest rates were down again, leading investors to look for more profitable, albeit higher risk, assets. At the end of the first quarter, Portugal's PSI20 was the eighth highest worldwide performer at 24.4%. Reference should also be made to China's Shanghai index across the first half year, which hit an all-time high in June.

The excitement started to dissipate in June, particularly on account of the growing fears of the impact that could be caused by the slowing down of the Chinese economy on the rest of the world. The 43.3% drop of the referred to Shanghai index between mid June and August had a substantial effect on the shares of the emerging and developed blocs.

Two other events brought added pressure to bear on equity market sales during the summer months. Firstly the delay in the normalisation of monetary policy in the US, fuelling fears related with the domestic economic environment. Secondly, the news related with the levels of pollutant gas emissions of several automobile marques.

Equities were also conditioned by several political issues across 2015. In the first half of the year, reference should be made to the uncertainty created by the situation in Greece and the renewed possibility of "Grexit". The repetition of geopolitical-type incidents, identical to those noted in past years were also observed, ranging from fresh tension in the Middle East, new ballistic missile tests in North Korea and extremist activities of which particular reference should be made to the two terrorist attacks in the heart of Paris.

The US S&P500 benchmark index depreciated by an annual 0.7%, for the first time in seven years, as was the case with Dow Jones industrial index (down 2.2%). The NASDAQ technology index (up 5.7%) appreciated for the fifth successive year, during which it hit a new all-time high of 5,218.9 points in July, up 3.4% over its previous maximum which occurred in September 2000.

Japan's Nikkei225 and Topix indices appreciated for the fourth successive year by 9.1% and 9.9%, respectively. These gains were up over last year, in spite of the fact that the yen remained practically unchanged against the dollar and that Japan's economic performance was worse than expected. Close to the end of the first half year, levels rose to their highest since April 2000 and July 2007, respectively.

In Europe, following appreciation of 15.1%, in 2014, Ireland's stock market once again turned in highly positive results, in 2015, this time up by 30%. Albeit on a more modest note, reference should also be made to the 12.7% rise in the Italian Footsie MIB and 10.7% in the case of Portugal's PSI20, in a year in which, despite good economic performance, Spain's IBEX was down 7.2%, a result which also offset the gains made by Germany's DAX (up 9.6%) and France's CAC (up 8.5%).

2015 was a negative year for equities in the emerging region. The respective Morgan Stanley index was down for the third consecutive year with losses of 17%, the most significant since 2011.

In the case of BRIC countries, the worst performer was Brazil where the Bovespa index was down 13.3%, following losses of 15.5% and 2.9% in the preceding two years. India's Sensex was down 5.0%, in this case following three consecutive years of expressive gains. On a positive note, reference should be made to Russia whose equities market was up 26.1%, following a drop of 7.2% in 2014 and China, where, notwithstanding the strong correction noted during the summer, the Shanghai index was up 9.4%.

STOCK MARKET INDEXES

	2014		2015	
	Index	Change	Index	Change
Dow Jones (New York)	17,823.07	7.3%	17,425.03	-2.2%
Nasdaq (New York)	4,736.05	13.4%	5,007.41	5.7%
FTSE (London)	6,566.09	-2.7%	6,242.32	-4.9%
NIKKEI (Tokyo)	17,450.77	7.1%	19,033.71	9.1%
CAC (Paris)	4,272.75	-0.5%	4,637.06	8.5%
DAX (Frankfurt)	9,805.55	2.7%	10,743.01	9.6%
IBEX (Madrid)	10,279.50	3.7%	9,544.20	-7.2%
PSI-20 (Lisbon)	4,798.99	-26.8%	5,313.17	10.7%

1.5.2.3. FOREIGN EXCHANGE MARKETS

The expectation of divergence between the monetary policies of the US and the rest of the world, generally had a profound effect on the evolution of the foreign exchange market across 2015.

Notwithstanding successive delays in normalising the reference rate, the dollar was up 10.9% against the currencies of the US's main trading partners for the third consecutive year, to a twelve year high at the end of 2015.

The euro was down 10.2% in value against the US dollar, 9.8% against the Japanese yen and 5.1% against sterling. The euro, following an exchange rate of $1.047, in March, appreciated since the said date to close the year at around $1.08.

In 2015, the euro posted its first annual depreciation against the yen since 2011. Although the Japanese economy turned in a more disappointing level of performance, the Japanese currency benefited from safe haven status, following actions by the Central Bank of China which triggered growing uncertainty over the sustainability of China's economy. At year end the yen closed at 130.6 to the euro.

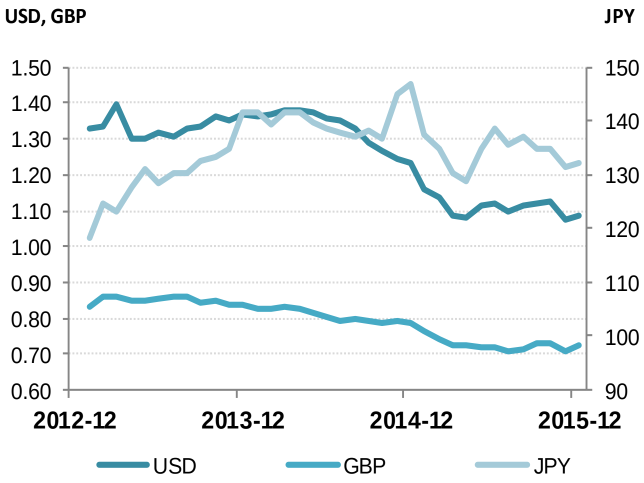
As regards sterling and notwithstanding the highly favourable performance of domestic demand in the UK, growing fears over the outcome of the referendum on whether the country should remain in the European Union, allied with the doubts already expressed by officers of the Bank of England on the best time to start the normalisation process of reference rates, continued to anchor the United Kingdom to a rate of between €1.35 and €1.40 across a large part of the year.

One of the year's highlights in the foreign exchange market was the successive devaluations of the Chinese currency – *renminbi* – by the Central Bank of China, based on reductions of its reference rate. In 2015, the currency depreciated against the dollar for the second successive year (down 4.6%, following a rate of -2.5% in 2014), having closed at its lowest level since May 2011.

In 2015, the international economic environment, allied with the fall of commodity prices led to an adverse environment for the economies of Angola and Mozambique. Pressure on the balance of payments deriving from lower export revenues resulted in a sharp depreciation of their respective currencies. This consequently took the form of adverse effects on inflation, forcing the central banks to adopt more restrictive monetary policies translating into higher key reference rates. Notwithstanding, in 2015, Angola's *kwanza* and Mozambique's *metical* both depreciated across the year, resulting in a loss of value of 31.5% and 47.5% against the US dollar and 18.0% and 26.7% against the euro, respectively.

EURO EXCHANGE RATES

Monthly averages (%)



EURO EXCHANGE RATES

Monthly averages

	USD	GBP	JPY
December 2012	1.312	0.813	110.02
December 2013	1.370	0.836	141.68
December 2014	1.233	0.788	147.06
December 2015	1.088	0.726	132.33

1.5.3. PORTUGUESE ECONOMY

1.5.3.1. OVERVIEW

According to INE (National Statistics Institute) estimates, the Portuguese economy grew 1.5%, in 2015, up 0.6 pp over 2014. According to Bank of Portugal projections, published in its December 2015 Economic Bulletin, positive growth once again derived from the contribution of domestic demand, as the contribution made by foreign trade was negative, with imports overtaking exports.

According to the INE, Portuguese exports of goods and services, in 2015, once again produced an excellent level of performance, achieving a new record, in rising 5.1%, to €72.3 billion. This was, accordingly, the sixth consecutive year of an increase in exports during which period they were up 52.3%. Across the year as a whole, exports of goods to non-EU countries were down 3.0%, in comparison to a 0.2% drop in 2014. The performance of overseas sales derived from the 6.3% growth of intra-EU exports, more than double the growth of 2.5%, posted in 2014.

Portugal continued to evidence its capacity to raise external finance in 2015. As regards the third quarter of last year, it was 1.3% of GDP, down 0.4 pp over the end of 2014.

PORTUGUESE ECONOMIC INDICATORS

Rates of change (%)

	2013	2014	2015 (a)
Gross domestic product (GDP)	**-1.1%**	**0.9%**	**1.5%**
Private consumption	-1.2%	2.2%	2.6%
Public consumption	-2.0%	-0.5%	0.8%
GFCF	-5.1%	5.5%	3.6%
Domestic demand (b)	-2.0%	2.2%	2.4%
Exports	7.0%	3.9%	5.1%
Imports	4.7%	7.2%	7.3%
Inflation rate (HICP)	**0.3%**	**-0.3%**	**0.5%***
Ratios			(%)
Unemployment rate	16.2%	13.9%	12.4%*
General government deficit (as a % of GDP)	-4.8%	-7.2%	-4.2%
Public debt (as a % of GDP)	129.0%	130.2%	129.1%

Source: INE.
(a) State budget for 2015, October 2014, except when marked (*).
(b) Contribution to GDP growth (percentage points).

The Portuguese HICP posted an annual rate of change of inflation of 0.5% in 2015, against -0.3% in 2014.

The increase in the index's rate of change particularly derived from the evolution of its underlying components. The total index, excluding non-processed foodstuffs and energy goods increased from an annual average rate of change of 0.1% in 2014 to 0.7% in 2015.

Energy goods made a negative contribution to the average change in the CPI in 2015, down 3.6% in 2015. This was greater than in 2014 (down 1.4%).

The unemployment rate was down 1.5 pp over 2014 to 12.4%, in 2015. The year closed at a rate of 12.2%, for the fourth quarter, equivalent to 633,900 people out of work, down 9.2% over the same quarter 2014.

1.5.3.2. CREDIT AND DEPOSITS

In December 2015, there was a year-on-year change of 3.9% in the M3 liquidity aggregate, excluding currency in circulation, up 3.2 pp over the end of 2014.

The 1.4% increase in total deposits represented a slight acceleration over the 1.2% growth posted at the end of the preceding year. Contributory factors were the higher growth of individual customers' and emigrants' deposits (up 3.8% following an increase of 0.4% in 2014), as opposed to non-financial corporations' deposits which practically flatlined at 0.2%, following gains of 2.9% in the preceding year.

Total domestic credit, up 2.1%, particularly derived from loans and advances to general government, net of liabilities to central government which posted a strong expansion of 54.2%, as opposed to a contraction of 1.5% in lending to non-financial corporations and 3.3% in mortgage loans to individual customers, posting growth of no more than 0.2% in the final consumption and other purposes segment.

MONETARY AGGREGATES IN PORTUGAL [a]

Rates of change (%)

	2013	2014	2015
M3, excluding currency in circulation	**-0.2%**	**0.7%**	**3.9%**
Total deposits	3.2%	1.2%	1.4%
Deposits made by non-financial companies	8.6%	2.9%	0.2%
Individual customers' and emigrants' deposits	1.3%	0.4%	3.8%
Total domestic credit	**-4.1%**	**-6.5%**	**2.1%**
Loans and adv. to central and local govern. [b]	-7.7%	-19.5%	54.2%
Loans and adv. to non-financial companies	-5.0%	-6.1%	-1.5%
Mortgage loans	-3.8%	-4.0%	-3.3%
Consumer and other credit	-6.0%	-2.6%	0.2%

Source: Bank of Portugal – Statistical Bulletin, February 2016.
(a) Rates of change based on end-of-month balances. Deposit aggregates do not include NMFI (non-monetary financial institutions) deposits. Credit aggregates include securitised loans.
(b) Net of liabilities to central government.

1.5.3.3. INTEREST RATES

Notwithstanding the acceleration of growth in the Euro Area in 2015, low inflation and fears over the possibility of deflation led the ECB to reduce the interest rate on its deposit facility, in December by 10 bp, to an even more negative 0.30%. The reference interest rate was kept at an all-time low of 0.05%.

With the aim of improving the transmission of monetary policy, namely to fuel lending, in addition to mitigating the risks of inflation remaining low over an extended time period, the ECB's council of governors introduced new unconventional measures in 2015.

INTEREST RATES [a]

	2013	2014	2015			
	Dec	Dec	Mar	Jun	Sep	Dec
Fed funds rate	**0%-0.25%**	**0%-0.25%**	**0%-0.25%**	**0%-0.25%**	**0%-0.25%**	**0.25%-0.50%**
ECB reference rate	**0.25%**	**0.05%**	**0.05%**	**0.05%**	**0.05%**	**0.05%**
Euribor						
Overnight	0.446%	0.144%	0.050%	-0.060%	-0.122%	-0.127%
1 month	0.216%	0.018%	-0.015%	-0.064%	-0.113%	-0.205%
3 months	0.287%	0.078%	0.019%	-0.014%	-0.040%	-0.131%
6 months	0.389%	0.171%	0.087%	0.050%	0.029%	-0.040%
12 months	0.556%	0.325%	0.198%	0.164%	0.142%	0.060%
New credit operations						
Non-financial companies [b]	4.60%	3.48%	3.51%	3.01%	2.91%	2.40%
Individual customers - mortgage loans	3.28%	3.01%	2.74%	2.28%	2.91%	2.13%
Term deposits and savings accounts [c]						
Non-financial companies	1.98%	1.20%	1.07%	0.91%	0.71%	0.68%
Individual customers	2.24%	1.63%	1.37%	1.12%	0.89%	0.75%

Source: Bank of Portugal – Statistical Bulletin, February 2016.
(a) Rates relative to last day of month.
(b) Operations involving more than €1 million.
(c) Deposits with an agreed maturity period of up to 2 years.

The series of measures implemented by the ECB once again brought downwards pressure to bear on Euribor rates across the year as a whole, as a reflection of the gradual increase of surplus liquidity in the system deriving from an increase in the size of the central bank's balance sheet, with interest rates frequently being used as indexers for banking brokerage operations posting successive all-time lows. In the first month of the year, the Euribor rate on 1 month maturities also moved into negative territory. This was the case in April and November for Euribor rates on maturities of 3 and 6 months, respectively. The 12 month rate remained in positive territory at the end of the year albeit close to zero.

Euribor rates for 1, 3, 6 and 12 month maturities fell to 22.3 bp, 20.9 bp, 21.1 bp and 26.5 bp respectively across the year as a whole.

Interest rates on new deposit and credit operations were down once again in 2015, in line with Euribor rates and the reduction of the financing costs of financial institutions in capital markets. The decline was more marked in the non-financial corporations' segment, in the case on interest on lending as opposed to interest on deposits which registered a sharper drop in the individual customers' segment.

1.6. Business Strategy and Operating Segments

1.6.1. STRATEGIC OBJECTIVES

CGD's activity, in strategic terms, is still naturally conditioned by the economic-financial targets to be achieved by CGD Group up to the end of 2017, in the sphere of the Restructuring Plan approved by DGComp, which particularly includes the following guidelines:

- Concentration on retail banking;
- Deleveraging of non-core assets and run-down of assets parked in CGD' Spain branch;
- Improved operational efficiency in domestic terms, giving continuity to already existing endeavours to reduce operating costs;
- Turnaround of the Group's operation in Spain to improve profitability and efficiency ratios.

CGD's activity should also be geared to ensuring adequate levels of return and equity, on account of growing regulatory requirements and to guarantee the Group's sustainability.

STRATEGIC PLAN

CGD Group's strategic plan has been structured on two key challenges:

1st challenge: To protect and strengthen CGD Group's financial health (solvency, liquidity and profitability) to meet the needs of the new economic and financial sector context.

2nd challenge: To transform CGD, focusing its activity on the banking business to ensure the group's sustainability and competitiveness on an organisational and business model level.

The intention, with this challenge is to adjust the Bank's present model in Portugal and integrate it, in terms of supply, with the international branch office network, guaranteeing greater focus on the service/transaction process, a service model more in line with expected market evolution and the needs of key segments – premium customers, non-residents and companies/SMEs exporting tradable goods – and necessary support, based on platforms, processes and optimised human resources, in line with the market's new requirements.

The main thrusts defined to meet the referred to challenges have been described in chapter 3: "Report on Corporate Governance, item I – Mission, objectives and policies" of this report:

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

- Liquidity
    - A loans-to-deposits ratio of less than 120%;
    - Stabilisation/reduction of intragroup funding needs;
    - A progressive reduction of ECB funding;
    - Convergence of the stable funding ratio to 100%.
- Solvency
    - Core tier 1 / Common Equity Tier 1 ratio – compliance with the capital requirements provided for in the EBA's core tier 1 preservation recommendation, implementation of Basel III and those deriving from the SSM (single supervisory mechanism).
- Efficiency
    - Convergence of net commissions/employee costs ratio to 100%;
    - Convergence of cost-to-income (BdP) to 50%.

1.6.2. OPERATING SEGMENTS

1.6.2.1. COMMERCIAL BANKING

Caixa's strategic focus, in 2015, continued to be its backing of companies, development of customer service, loyalty and satisfaction levels, in addition to strengthening its levels of operational efficiency and rationalisation of distribution costs, geared to optimising the capillarity of its distribution network.

This was also the year of closer relational management and an improved customer experience, via an increase in interaction means and functionalities with customers, particularly on a level of digital and mobile banking channels. This is exemplified by the creation of the foreign exchange trading platform which has translated into improved functionalities in the sphere of companies' foreign trade operations, an increase in the level of brokerage operations in the individual customers' segment (Caixadirecta), and the development of initiatives to further strengthen the integrity of information on electronic channels.

In 2015, commercial promotions for companies centred on a campaign structure geared to customer relationships and were designed to improve the levels of service provided to customers and the partnership relationship deriving from a global involvement between Caixa and companies, in addition to promoting the cross-border business of "internationalised" companies to markets in which Caixa is present, to provide direct support to local investment projects. At the same time, the commercial promotion of corporate business continued to be consolidated by the Caixa Empresas service model, underpinned by a personalised and financial advisory service to customers.

The individual customers segment witnessed a fresh set of actions designed to increase the possession of cards and use of Caixadirecta, prospecting for new customers and business, recovering the involvement, knowledge and satisfaction of customers, with information on residence being used to improve CGD's offer to Residents Abroad.

Face-to-face service models

Caixa interacts with its individual premium and mass market customers through the following service models on its *Caixazul*, *Caixa Mais* and *Universal* branch office network.

- Caixazul is a face-to-face service model provided by a dedicated account manager, at exclusive spaces in branch offices. Caixazul customers can request call-backs, exchange secure messages, ask for assistance on transactions and schedule meetings, through their online manager who is available 24/7 by Caixadirecta telephone, online, mobile and app.

  At the end of 2015, this service model was available at 565 branch offices (81% of the network). It was provided by 918 dedicated account managers, responsible for oversight and providing assistance to a total number of around 265 thousand customers.

- The Caixa Mais service model is a face-to-face service for individual customers with business growth potential but who are not eligible for the Caixazul service.

  At the end of 2015, the Caixa Mais service was provided by 1,334 commercial assistants to around 625 thousand customers at 661 branches (95% of the network).

Caixa Mais customers also enjoy the virtual presence of their respective commercial assistant or the Contact Centre on Caixadirecta’s telephone, online, mobile service and app via the online assistant service and can request help whenever needed by pressing the call-back button or using the secure messaging service.

- The Universal model service with 695 face-to-face customer service units is available across the branch office network as a whole.

CGD has implemented its Caixa Empresas service model for its corporate customers. This is a face-to-face and financial advisory service for:

- SMEs, based on its own branch office network of 26 corporate offices and 97 dedicated account managers;
- The self-employed and micro enterprises, via a team of 322 dedicated account managers and a Caixa Empresas space at 690 CGD branch offices.

Branch office network

Considering its strategic commitments to strengthen its levels of operational efficiency and rationalise its distribution costs, CGD has furthered its programme for the optimisation of its distribution network. Accordingly, 2015 witnessed an adjustment of CGD’s presence on a level of its domestic retail business which, at the end of the year, comprised 695 general branches (25 fewer than at the end of 2014) and 26 Caixa Empresas corporate offices (1 fewer), to a total of 721 business units and 43 self-service branches. Of the 695 universal branches (excluding corporate offices and automatic teller machines), 93.7% enjoy full accessibility.

Notwithstanding this reduction, Caixa’s continues to have the only branch office network with a physical presence in all municipal districts nationwide and which continues to focus on positive differentiation in its customers’ experience and commercial dynamics, by expanding its dedicated management services to cover more than 1 million individual and 41,700 corporate customers.

Reference should be made to the implementation of the *Drive* project on the corporate office network during the course of the year, reformulating the organisation of the commercial work of account managers in the corporate segment, to help identify business opportunities and improve the level of customer service.

Multibanco and Caixautomática networks

The 4,530 equipment installations at the end of the year registered 265.4 million operations amounting to €17.8 billion. Caixautomática’s private in-house (ATS) network has 2,294 items of equipment, 1,393 ATS in-house machines (down 31 over the end of 2014) and 901 bank passbook updaters (down 41) and was responsible for 126.8 million operations (down 4.2 million, -3.2% over the end of 2014) amounting to around €9.3 billion (down €72.3 million, -0.78% over 2014).

The Multibanco network, operated by Caixa, with 2,236 ATMs (down 33 over 2014), processed 138.6 million operations for around €8.5 billion, down 1.2% by 1.7 million operations and up 0.7% by €55 million over 2014.

Distance banking

Integrated channel management and distance channel “humanisation” continue to be the focus of the response to customers’ main needs, guaranteeing the coherence of processes, facilitating business and putting the Bank at the forefront in terms of channel linkage. Over the course of the year as a whole, this service witnessed continuity in innovation and the promotion of distance banking services.

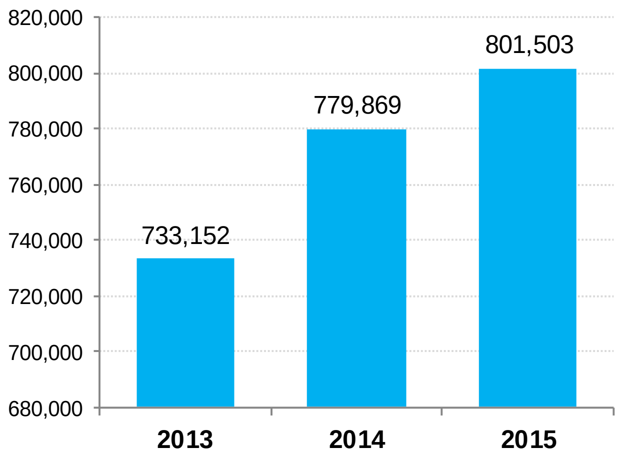
In 2015, the deepening and streamlining of distance banking services continued, with emphasis on the consolidation of relational management service models for specific segments of customers: International Caixazul and International Caixadirecta for customers’ resident abroad, Caixadirecta IU for college students and Caixadirecta Mais to graduate college students with preference for remote channels. As a whole these service models followed in December more than 114 thousand residential customers.

Caixadirecta Particulares (individual customers) witnessed the introduction of various improvements and functionalities designed to leverage the use and exploit the context of users’ permanent mobility. The most relevant were the possibility of defining trusted payees, designed to facilitate transfers and payments, a new product showcase with decision-making and contracting support tools and a new financial brokerage area with a wider range of features permitting access to trading in multiple markets, real-time access to prices, the buying and selling of bonds and ETFs - Exchange Traded Funds.

Caixadirecta grew by around 3% in its number of frequent use contracts (3 months) and registered around 377 billion operations, up by around 11% over 2014. Reference should be made to the service’s significant growth based on the Caixadirecta app, which already accounts for around 40% of the service’s total operations.

"FREQUENT USE CONTRACTS" - CAIXADIRECTA ON-LINE INDIVIDUAL CUSTOMERS

(number of contracts)



Caixadirecta Empresas as a fundamental service for the current management of companies and institutions, witnessed a significant increase in new areas, with its supply of structuring functionalities across 2015 in the form of a foreign exchange trading platform (enabling currency prices to be viewed and foreign exchange operations to be performed) and a full treasury management solution. This application also enables the management of factoring and confirming contracts, including the management of payments to suppliers, collections from customers, registration of requests for advances and settlements of invoices.

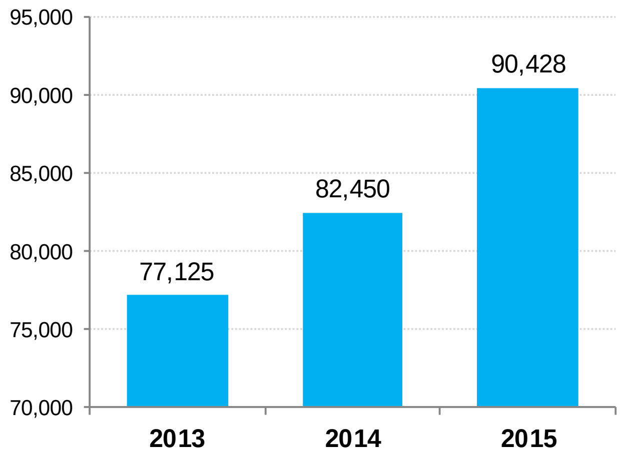
Continuity was given to assisting companies in their overseas relationships by expanding foreign trade operations, with the provision of a facility for the registration of requests for advances on remittances. This new functionality provides greater security and faster transaction flows, leveraging the commercial relationship between companies and their international partners.

Reference should also be made to the change of the Caixa e-banking brand to Caixadirecta Empresas, which evolution is in line with Caixa's de-branding process.

These new functionalities permitted a 9.7% growth of frequent use contracts (3 months), with a total amount of operations of more than €48 billion, up by a highly positive 24% over 2014.

"FREQUENT USE CONTRACTS" FOR CAIXADIRECTA ON-LINE CORPORATE CUSTOMERS

(number of contracts)



In addition to the internet banking, mobile, app and sms channels (the latter two of which are only available to the individual customers segment), Caixadirecta also provides its users with a secure telephone line, based on which a broad range of views and operations can be performed in self-service mode or with the personal support of a commercial assistant.

The Caixa Contact Centre's inbound calls activity, in 2015, generated 1.4 million telephone contacts relating to informational and transactional helpdesk lines, 50 thousand of which for the Caixadirecta Empresas line.

Outbound activity involved 2.16 million telephone contacts comprising 505 thousand calls to 302 thousand customers, 280 thousand emails and 1.7 million sms messages.

New www.cgd.pt

2015 was a year of change for the Caixa brand and the building of a new site. Endeavours were made to globally simplify the existing information structure and its respective navigation, to improve flow and leverage business.

With the main objective of providing customers with the best online experience in Portugal, the new site was built on 3 fundamental principles: communication, information/support and sales.

The new site has been prepared for a new form of communication and interaction with customers and provides Caixa's range of products and services with a powerful online sales tool.

Commercial innovation - Caixa Plim app

Communication-related initiatives endeavoured to cover a wide range of different targets and to increase the number of users across 2015. Specific actions were taken in the university segment, employees and with the general public at several summer festivals (*NOS Alive* and *SBSR*). The number of Caixa Plim app users was up 50% in 2015.

Integrity of information on electronic channels

Caixa endeavoured to enhance the integrity of information on its electronic channels in 2015 for individual Caixadirecta users, particularly:

- The possibility of the use of internet banking according to user's profile;
- Suggestion of the certification of eligible operations based on the contract holder's payments history. Possibility of certifying services payment entities;
- Introduction of sequential validation mechanism requests (password + SMS Token) for an accumulated amount of operations of more then €500. Increase of limit on internal, SEPA and international transfers up to €10 thousand;
- Strengthening of security recommendations when using Caixadirecta, viewable on the internet.

Financial inclusion

Accessibility

Initiatives designed to improve underprivileged citizens' access to financial services include Caixa's provision of a helpdesk for deaf citizens, via its CaixaContactCenter. This helpdesk is for people with hearing difficulties and is based on sign language (Serviin – video interpreting system). The contact channel provides informational-type services.

CGD adopted the *ColorADD code*, in 2013 which it continues to progressively incorporate in its informational and advertising media. The inclusion of this code enables customers and employees suffering from colour blindness to fully assimilate the messages conveyed by such support media.

Conta Base (Basic Account)

Caixa introduced a new current account for individual customers at 31 December 2014, following the recommendations of the Bank of Portugal circular 24/2014. This account provides customers with several fundamental operating and payment services (a Caixautomática Electron/Maestro debit card with no annual fee, access to the Caixadirecta service, three free in-branch withdrawals per month/account and free domestic transfers between CGD accounts) at the cost of a fixed single fee.

2,049 accounts had been opened by end 2015.

Minimum banking services account

Caixa has been providing a minimum banking services account (MBS), since 20 March 2000 following the three-party agreement entered into between Caixa, government and the Bank of Portugal pursuant to the dispositions of Decree Law 27-C/2000 of March 2000, with the objective of providing its customers with access to the banking system, notwithstanding their financial status.

This service, for individual customers with a single account in the banking system, is free and in addition to the maintenance and management of the current account includes access to the Caixadirecta service, a debit card for making payments and withdrawals on domestic territory, with no annual card fee and free domestic transfers between CGD accounts.

MBS access conditions were, in the meantime, changed on 4 October 2015, under Law 66/2015 of 6 July, which enables a singular person with another or other accounts to have access to the MBS provided that one of the MBS co-accountholders is a singular person over the age of 65 or dependent on third parties (customers with a permanent level of disability of 60% or more, duly certified by a competent body).

5,576 accounts had been opened by end 2015.

Fee changes

To facilitate the management of household budgets, the frequency of payment of the account management fee was changed from quarterly to monthly in 2015.

Inclusion of the handicapped

By November 2015, Caixa had provided solutions geared to individual customers of any age with a degree of disability of 60% or more, duly certified by a competent body, in the form of its CaixaPoupança Rumos account. This account consists of a highly flexible renewable term deposit with a maturity of 6 months and a bank passbook facility for customers with a disability of 60% or more. The balance on this account totalled €16.5 million at the end of 2015.

Pursuant to the publication of Laws 63/2014 and 64/2014, which made a series of changes in credit for handicapped customers, Caixa created a new credit product for all persons with a level of disability of 60% or more and who meet the requirements set out in this law. This mortgage credit allows handicapped persons, both civilians and from the armed forces to purchase or build their own homes at a very reduced rate. Loans for an approximate amount of €1.1 million had been made under this product by the end of 2015.

Inclusion of the social economy

CGD also provided inclusion solutions for social sector entities: *IPSSs* (private social welfare institutions), mutual loan societies, *Misericórdias* (charitable institutions), cooperatives, local development associations and other non-profit making social economy entities.

Social Investe is a specific line of credit for social sector entities. It was designed to incentivise investment and strengthen activity in existing or new intervention areas, upgrade the level of services provided to communities, modernise management and strengthen the treasury function.

At the end of 2015, the *Caixa Fã* card which enables users to finance the activities of social welfare institutions and NGOs, totalled transactions of €40.8 million. The *Fundação Alentejo* card, for customers interested in financing the Alentejo Foundation’s development of socially relevant projects for the region (a part of the annual fee for this card is paid over to the Alentejo Foundation), accounted for transactions of €68 thousand.

Means of payment and services

Cards

A rationalisation/optimisation policy on the portfolio of debit and credit cards for Caixa's individual customers in the means of payment and services area continued through 2015, with an 18 to 7 reduction in the different card models. A parallel aim was to transform Caixa's credit cards into vehicles for enhancing Portuguese culture and its cardholders into ambassadors of such heritage, with all cards having a common creative concept, based on a work of the artist Júlio Pomar portraying the heteronyms of Fernando Pessoa.

The launch of this concept was accompanied by a multimedia communication campaign and a roadshow on the work and the cards organised by diverse Caixa branches, across 2016.

A call-back service has been implemented to facilitate the customers' and potential customers' contacts with Caixa, in the sphere of viewing the informational contents of the cards available on the different transactional and non-transactional platforms, allowing users to leave their personal data for latter contact by Caixa.

The *Caixa Classic RE* (residents abroad) card was also supplied to improve the returns from several functionalities which have already been developed and to meet customers' requirements. Although the card does not have a loyalty programme (LP), its does have a personalised image, chosen either from the gallery of available images or by associating an image of the customer's choice e.g. a photograph of their home town.

Mobile payments

There has been an exponential growth in alternative payments services, with Caixa aiming to be ready to respond to the new challenges of the digital revolution characterising the payments market over the last few years. Caixa has provided continuity to the following projects, in the mobile payments area:

- *Caixa Plim*: an exclusive, unique, pioneering service in the domestic market for mobile applications enabling straightforward, direct money transfers between Caixa accounts, by telephone;
- *Caixa Change*: a pilot project which, at this stage, enables purchases to be made on Caixa's private network, using a smartphone *QR Code* reader. This is only available at Caixa's Lisbon HQ;
- *MB Way:* enables smartphones to be used to make purchases based on a telephone number or email account. It provides for *e-commerce*, *m-commerce* and *TV-commerce* operations. This solution is provided by SIBS FPS;
- *m.card*: a pilot project enabling the use of smartphones to make purchases using

Near Field Communication (NFC) technology, based on contactless – paywave and paypass proximity payments. This mobile payments project results from a partnership between Caixa, MasterCard and Vodafone, involving a pilot project available only to Caixa and Vodafone employees.

Acquiring

Caixa's acquiring service continued to trend to growth and higher efficiency levels, with an increase of market shares. Particular reference should be made to the development of the following initiatives in 2015:

- *Contactless.* This Caixa service continues to strengthen its strategy of differentiation in terms of its innovation, quality and user-friendliness for customers, in addition to providing for transactions involving small amounts, which are generally paid for in cash. Current installations comprise a total of around 7 thousand units;
- Provision of the DCC – Dynamic Currency Conversion functionality on netcaixa's automatic payments terminals, enabling foreign cardholders (non-euro currencies) to opt directly on the netcaixa APS between payments in euros or the card's original currency. This service is geared to sectors of activity which are exposed to tourism and allow traders to provide their customers with an innovative service (and a financial benefit for each APS–based DCC transaction), control over foreign currency risk and enabling the issuing bank to collect a fee;
- Cross-Border Acquiring. Support for the internationalisation and growth strategy in the corporate segment, providing services and an acquiring offer on an Iberian level.

Campaigns

The *www.vantagenscaixa.pt* partnerships portal, *LojaVantagens* online shop and Facebook profile, continued to be used as instruments for knowledge on and an improved relationship with customers in terms of their personal interests and the supply available to meet such interests.

Given that association with the summer festivals has proved to be an important strategic instrument for the affirmation of the Caixa brand with different target segments, as in past years, Caixa sponsored the following festivals, which enjoyed strong digital communication coverage during the course of 2015:

- *NOS Primavera Sound* - 4 to 6 June ;
- *Caixa Ribeira* - 12 and 13 June (1st edition);
- *EDP Cool Jazz Fest* – July;
- *NOS Alive* - 9 to 11 July;
- *Marés Vivas* - 16 to 18 July;
- *SBSR (Super Bock Super Rock)* - 16 to 18 July;
- *MEO Sudoeste* - 5 to 9 August;
- *Vodafone Paredes de Coura* - 19 to 22 August;
- *Caixa Alfama* - 18 and 19 September.

Taking advantage of its association with these events and aiming to exploit them in commercial terms, several campaigns included free tickets for the summer festivals, including card campaigns to reward the use of or subscription for cards.

The cards sphere was accompanied by the continuity of other campaigns for the promotion, disclosure and energising of their use, such as:

- *Castilho Pink Fame* in Rua Castilho: Caixa was the main sponsor of this action organised by the Lisbon Municipality and backed by *União de Associações do Comércio e Serviços*, in the sphere of the Lisbon Shopping Destination programme;

- *Lugar de Ouro* (Golden Seat) (2014/2015 and 2015/2016 season): continued incentivise Benfica card subscriptions, with the activation of the brand at Benfica's Stadium of Light on game days.

Communication

The sector context, in 2015, was one of greater fragility and a change of behaviour by consumers, who tended to adopt a more conservative approach to their financial decisions. Caixa accordingly aimed to affirm its status as a trustworthy bank, close to its customers but simultaneously innovative, in its form of communication.

Such attributes comprised the implementation of communication actions for diverse products and services, especially focusing on promoting relationships with companies and increasing the number of products available to individual customers.

Sectorial offer

Reference should be made to the paradigm shift in communication with companies, starting from one-off communications on products and services to a continuity approach, focusing on the sectorial offer and a customer proximity service, with specialised CGD account managers.

A large scale communication campaign was launched as a sectoral offer of 5 multimedia communications designed to strengthen Caixa's role as a corporate bank:

- Tourism;
- Commerce and services and restaurants;
- Entrepreneurship;
- Primary sector;
- Exports and industry.

The main campaigns in 2015 were:

- *Dinamização Oferta Ibérica* (promotion of Iberian offer) campaign strengthening Caixa's role as a bank which backs Portuguese companies doing business in Spain, on the theme "*We know the investment you've made to be in the Iberian market*" (January);
- *PME Excelência* (Excellence SME) and *PME Líder* (Leader SME) campaign disclosing Caixa's results for 2014, on the issue "*The balance has been produced. Take advantage of the momentum*" (February);
- *Pacotes Empresas* (corporate packages) campaign disclosing information on corporate packages and price advantages for customers, on the subject "*Good management also means paying less*", with free tickets to summer festivals for subscriptions received by 31 July (March);
- *Oferta Sectorial – Turismo e Restauração* (sectorial offer tourism and restaurants) campaign, with information on Caixa's offer for the tourism sector on the theme "*Hotelier to hotelier. Let's talk*" (May);
- *Oferta Sectorial – Comércio e Serviços* (sectorial offer commerce and services) campaign, with information on Caixa's offer for this sector, on the theme "*Trader to trader. Let's talk,*" (June);
- *Portugal 2020* campaign, providing information on Caixa's offer under this Community support programme, on the theme "*Caixa is with your company in Portugal 2020*" (June);
- *Oferta Sectorial – Empreendedorismo e Capitalização* (entrepreneurship and capitalisation) campaign, providing information on Caixa's offer in this business area on the theme "*Entrepreneur to entrepreneur. Let's talk*" (July);
- *Oferta Sectorial – Sector Primário* (primary sector) campaign providing information on Caixa's offer for this sector, on the theme "*Farmer to farmer. Let's talk*" (October);
- *Oferta Sectorial – Sector Indústria* (industry) campaign, providing information on Caixa's offer in this sector, on the theme "*Industrialist to industrialist. Let's talk*" (December);
- Oferta Sectorial – Sector Exportações e Internacionalização (exports and internationalisation) campaign providing information on Caixa's offer in this sector, on the theme: *"Exporter to exporter. Let's talk."* (December).

Caixa has also been providing information on its corporate offer by sending a copy of its Caixa Empresas newsletter to its customers and branch office network, with information on the availability of key innovations. Five editions of this Newsletter were sent this year, always geared to explaining the advantages of banking with Caixa.

Conferences and fairs

Diverse actions and initiatives were also mentored with the strategic objective of backing the domestic economy and companies, in their endeavours to internationalise and particularly:

- The 3rd World Meeting of Portuguese-speaking businesspeople;
- A commercial presence in the series of main events taking place in the agro-industrial area;
- The 2nd Grand SIC Notícias Conference, on the growth of the Portuguese economy;
- Caixa's Companies Conference.

Entrepreneurship

CGD Group continued to implement a strategy of association with and sponsorship of three of the most important domestic accelerators; *Building Global Innovators*, *Beta-i* and *Act By COTEC* and investment in the most promising projects emerging from the acceleration programmes of each, through Caixa Capital's *Tech Transfer Accelerator* fund which was especially created for this purpose.

In the same context of a bank backing entrepreneurship and with the aim of interesting international investors in Portugal, to become acquainted with the Portuguese entrepreneurship ecosystem and invest in domestic start-ups, Caixa Capital mentored the digital *Tech Summit*, held in October in Lisbon, as a forum for almost 200 of the most important European venture capital investors.

Loyalty

Caixa's communication with its individual customers aimed to strengthen the message of the adequacy of its offer to each customer, accompanying them at all stages of their lives. Specific communication events using different media were used for each of these targets with greater emphasis on wage/salary accounts.

Companies

Strengthening its strategic guidelines of operating as a "corporate bank", Caixa's main focus continues to be to back the domestic economy in its concern over the partnership relationship with companies operating in all sectors of activity, particularly exporters and producers of tradable goods, based on treasury support, investment and recapitalisation.

Caixa had a 17.7% market share of loans and advances to companies in December 2015. Reference should be made to the positive change of 2.9 pp. in loans and advances to companies achieved between December 2008 and December 2015.

Caixa took a series of steps to strengthen its corporate offer, in 2015, namely:

- Launch of Agrocaixa: a global financing and financial advisory solution for the primary, agro-food and forestry sectors;
- Launch of Caixa 2020: a distinctive, valuable, global financing and technical oversight solution for companies, backing their candidatures to the Portugal 2020 Programme;
- Caixa organised 22 workshops on the Portugal 2020 Programme and its Caixa 2020 solution, in 2015, for its branch office network and corporate customers;
- Launch of *Linha PME Crescimento* (SME Growth line) 2015: with €1,650 million to fund domestic SMEs, a 10% appropriation for companies in the primary sector, with maturities of up to 10 years and coverage of up to 70% of the capital by a mutual guarantee. An amount of €218.6 million was disbursed under this line in 2015;
- Launch of a line of credit for Portuguese companies with internationalisation processes in Angola: with a working capital fund of €500 million and an advance of the repatriation of funds received in kwanzas for commercial transactions in the Angolan market;
- Launch of a line of credit to promote business activity with €50 million to back the re-launch of companies which have successfully completed *PER* ("Special Corporate Recovery Process") or *SIREVE* ("Corporate Extrajudicial Recovery System") restructuring processes;

- Launch of the *Crédito Mezzanine Financing IFD 2015* line of credit for the capitalisation of domestic companies, particularly medium-sized enterprises, with a goods and services exporting capacity or which promote growth strategies;
- Launch of *Linha BEI 2015* (EIB 2015 line of credit) with €300 million to back a wide range of projects, with extended maturities and price reductions based on commercial relationships;
- Launch of the *Caixa Comércio e Serviços* (commerce and services) package: an integrated banking products and services solution, including APTs, with price benefits in comparison to one-off purchases and the payment of a fixed monthly fee;
- Launch of the *Solução Taxa Fixa* (fixed-rate solution) providing corporate customers with a fixed indexer to guarantee the amount of their instalments across the loan maturity period;
- Rebranding of *Caixa E-Banking* to *Caixadirecta Empresas*, with an improvement of available facilities.

Caixa also made loans of €2.8 million under its *Comércio Investe* (commerce invest) and *Investe QREN* (NSRF invest) lines of credit in 2015. Caixa made loans of around €13.8 million and €2 million under its *Oferta Sector Primário* (primary sector offer) and lines of credit for tourism, respectively.

Entrepreneurship, microcredit and microfinance

In assuming a social responsibility and backing of entrepreneurship role, Caixa has continued to provide instruments such as microcredit, helping to create self-employment and combating economic-social exclusion.

Caixa's ACM (Central Microcredit Branch) is responsible for the operational management of all activity inherent to the referred to finance agreements with ANDC, ANJE and IEFP as referred to below. In 2015, Caixa issued loans of €5.9 million under microcredit/microfinance lines of credit associated with these agreements.

Caixa maintained its *Caixa Jovem Empreendedor* (young entrepreneurs) credit geared to the acquisition of equipment or other components for the launch of small businesses and especially geared to young graduates, issuing €987 thousand in loans in 2015. Transactions of €3.1 million were made by companies and €60.8 million by individual customers on the *Caixa Works Empreender* card in 2015. This card was designed to provide for the treasury needs of small and medium-sized enterprises in all sectors, with less than 2 years of activity.

Financing of low carbon economy

CGD continued to play a role in financing the low carbon economy across the year, helping its customers to reduce their greenhouse gas emissions.

CGD retained a collection of specific financial solutions across 2015, giving its individual, corporate and institutional customers preference in access to goods and services with better carbon efficiency, particularly:

- *Caixa Empresas – Energias Renováveis* (renewable energies) solution to promote corporate investment in the renewable energies areas – solar thermal and photovoltaic, hydro and wind. Loans of €200 thousand were issued in 2015;
- EIB lines: investment in the environmental component / EIB Lines XV, for financing energy savings and environmental protection projects (SMEs and other entities, including central and local government). Loans of €5.5 million were issued in 2015.

Individual customers

Focusing on the need to leverage profitability and customer loyalty, the pillars of a proactive approach were strengthened, in 2015, with the launch of an action plan, structured on 7 transversal and thematic campaigns comprising 2.9 million leads targeted at 1.7 million customers.

A "member-get-member" campaign was also launched, inviting current customers to recommend Caixa to their family and friends. In the form of personal contact. Two actions were also taken to repair and recover relationships with customers who have given up on Caixa, in an endeavour to ascertain the respective reasons and re-establish involvement, explaining the advantages of the more adequate integrated offer.

Promotional actions for specific customer groups

The promotion of integrated actions targeted at specific customer groups, namely *My Baby*, Young People, Caixa Woman and Caixa Activa, included the launch of targeted campaign products, promotion of savings products for young people and participation in events of relevance for the disclosure of information on such offers targeted at specific customer groups.

Incentivising customers and their families to create savings habits by facilitating savings solutions based on a useful and responsible financial management approach is transversal to all such customer groups. Reference should be made to *CaixaProjecto* (for young people up to the age of 25) that, with a long term savings planning objective, allows amounts from as little as €1 to be paid in and debit and credit cards enabling purchases to be rounded up and paid into a savings account.

Personal credit for training and health were maintained for the *Caixa Woman* offer (with spread reductions). *Woman's Day* was also celebrated with a specific promotion including the launch of the *Caixa Top Woman 2016* tracker deposit, availability of *Oportunidade em Caixadirecta* and communication in the *Caixa Woman* newsletter.

Concern over the future of grandchildren and financial support for children is one of the premises of the *Caixa Activa* offer which afforded special importance to Grandparents' Day (July) with the launch of a structured deposit especially designed for older customers (*Caixa Cabaz Renováveis agosto 2018_PFC*), with a free entry ticket for two for the Caixa Alfama Festival for the 25 customers subscribing for the largest amounts. Caixa also continued to provide personal loan benefits for *Caixa Activa* customers, with a reduction on the spread for health purposes. Loans of €40.9 million were also made under the *Caixa Activa* offer in this senior citizens segment, at the end of 2015.

Specifically in the sphere of the *My Baby* offer, Caixa was present at the "Looking after our son, looking after ourselves" conference sponsored by the publishers Goody, in Culturgest's Grand Auditorium. The event highlighted the prepaid *My Baby* card, savings and deposits for babies and families, particularly the *Caixa Woman* offer and *Made by* card.

The Young People's Savings Campaign was developed as part of the offer for young people, with greater emphasis at 3 different points of time: Children's Day (June), Back to School (September) and Savings Day (October). The objective of these initiatives was to strengthen communication with these customers in order to encourage savings habits as well as the use of split payments to ease the burden of the cost of school books. This campaign incentivised the opening of *CaixaProjecto* savings accounts or payments made into these accounts with gifts for customers.

With the arrival of the first Syrian refugees in Portugal, Caixa has introduced a specific proposal for this population's financial and social inclusion in the form of a specific banking offer which includes minimum banking services (MBS) and a specific microcredit line.

Investment and savings

Caixa launched various savings and investment solutions across 2015 with the aim of taking in new and retaining existing resources on maturity, encompassing the various types of products available from its offer, particularly including:

- On a deposits level, Caixa's campaign encompassed 6 two monthly resource-taking initiatives (a basic and integrated deposits offer and 10 automatic savings solutions) with the objective of providing continuity to the strategic priority of retaining and taking-in resources, with adequate returns;
- Adjustments were made to the global deposits offer (simplification) in the sphere of the usual repricing of deposits. These encompassed all maturities and all deposit families together with the reformulation of several characteristics of the standard term deposits and savings accounts offer;
- 65 short and medium term maturity tracker product deposits, with guaranteed capital on maturity were supplied with varied interest structures, ranging from interest rates to shares, share indices, exchange rates and commodities;
- The financial insurance sphere included 4 new medium/long term capitalisation insurance campaigns with guaranteed capital and fixed interest on term, together with the promotion of the *Leve PPR* ("*Leve"* retirement pension plan);
- The investment funds area included 12 permanent investment fund promotions and 2 promotions on Caixa's permanent offer of 3 pension funds.

Reference should also be made to the following initiatives:

- Apps for new Euronext markets: supply of trading apps for the Amsterdam, Brussels and Paris Euronext markets, to complement Euronext Lisbon;
- Bond trading on the stock exchange on the Caixadirecta service: provision of the buying and selling of bonds on Euronext Lisbon on the Caixadirecta service**;**
- Real-time prices: launch of a new functionality on the Caixadirecta channel enabling customers to view prices of the securities on Euronext markets in real time;
- Stock market instruction alerts to customers: provision of stock exchange alerts via the Caixadirecta service, with the objective of improving the quality of service for stock exchange trading operations. With the activation of this alert, customers are notified by a secure message and/or e-mail and/or sms messages when an order has been executed, part-executed or has expired;

- *Daytrade*: supply of a new functionality on the Caixadirecta service and at Caixa branches enabling customers to use the amount of the sale of a financial instrument on a new buy order, if the balance on the current account is insufficient;
- "Married orders": the launch of a functionality to facilitate stock exchange trading. With this new service, buy or sell orders on specific assets is contingent upon another stock exchange order.
- ETF trading on the Caixadirecta channel: provision of an ETF (Exchange Traded Funds) service on Euronext markets on Caixadirecta with the objective of expanding the number of products on the online channel.

In the cards area, special reference should be made to the *Leve* card which is associated with a permanent *PPR* retirement solution on which an amount of €66,525 thousand was spent this year.

Caixa launched two sustainability-related tracker deposits, namely:

- *Caixa Cabaz Sustentável Maio 2017_PFC*, a euro denominated tracker deposit with a maturity of 2 years in which withdrawals are not permitted, whose interest, paid on maturity is dependent on the change noted in the closing price of 5 shares – Iberdrola, Kellogg, Visa, Colgate and General Electric – which make up the underlying basket. This sustainable basket is made up of 5 companies listed in the Ethisphere – World's Most Ethical Companies Programme – with a balance of €21,427 thousand in deposits at 31 December 2015.
- *Caixa Cabaz Renováveis Agosto 2018*, a tracker deposit with a maturity of 3 years, in which withdrawals are not permitted, suitable for customers with a balanced investment profile wishing to benefit from good equity market performance. This basket is associated with the medium term energy/renewables market of companies with climate change concerns (BASF, Siemens, Monsanto, Calpine Corp and NextEra Energy – with a balance of €35,907 thousand in deposits at 31 December 2015.

Mortgage lending to individual customers

Across 2015 and exploiting a more dynamic real estate market, Caixa continued to develop initiatives designed to strengthen competitiveness and the value of its offer, particularly:

- 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 and strategically defined profitability levels;
- An improvement of the fixed base interest rate indexers offer with new maturities at attractive rates, considering the reduced level of use of Euribor, with the objective of providing customers with greater stability regarding the amount of instalments, immunising them from the impact of any hike in variable rates.

CGD continued to dispose of real estate not used for its main activity, in 2015, and real estate built with Caixa finance, based on several sales promotion initiatives, with differentiated financing terms, providing customers, with a better fixed rate in the first 5 or 10 years of the contract and, in the remaining period, a reduction of spread on the operation and longer repayment periods.

Caixa also provided a property renovation offer for individual customers requiring loans to renovate properties located in *ARUs* (urban renovation areas), in the historical centres of cities or zones classified by municipal authorities as urban redevelopment and reconversion areas, reducing spreads for customers complying with certain requirements.

For customers opting for a fixed rate on a new mortgage lending operation, Caixa reduced the cost of its valuation service by 50%, together with a smaller early repayment fee (0.5% on the amount of the capital repayment). This latter condition also applied to credit operations with conversions of variable to fixed rate interest by the end of 2015.

Financing of low-carbon economy

In the individual customers' segment CGD offered, in 2015, a set of specific financial solutions with greater carbon efficiency, with emphasis on the following:

- *Crédito Pessoal Energias Renováveis* (personal loans for renewable energies): an EDP Serviços, SA and Yunit partnership agreement to finance the cost of the acquisition and installation of thermal solar or photovoltaic panels, wind turbines *et al*. Loans of €14 thousand were issued in 2015;
- *Caixa Viva card*: a bank debit card permitting the automatic payment of travel in the Lisbon Metropolitan Area (underground, bus, boat or train), designed to incentivise the use of public transport. An amount of €72.6 million was spent on this card in 2015;
- *Caixa Carbono Zero*: this card provides customers with carbon credits and is the only card enabling CO2 emissions to be offset through the forestation of areas such as the *Tapada Nacional de Mafra* (*Floresta Caixa*) located on mainland Portugal. Transactions on this card, in 2015, totalled €101 thousand;
- *Caixa Webuy Prepaid Card*: this is a more secure, pinless paper-based card exclusively used to make internet payments on domestic or foreign sites. It also helps to fight tax evasion and encourages the dematerialisation of the use of plastic. Transactions on this card, in 2015, totalled €7.8 million.

Personal loans for consumption

2015 was marked by higher demand for personal loans, with several adjustments having been made to adjust supply to current market conditions, as well as increasing cross-selling discounts based on customer profiles (Caixazul, Caixa Woman and Caixa Activa) and purpose (training and health).

A commitment to sustainability and social responsibility was, once again, a strategic priority in 2015:

- Caixa financed higher educational courses, masters, doctorates and MBAs via Crediformação Caixa, which, in addition to rewarding academic merit based on discounted spreads, also provided customers with extended periods of use and repayment, adapted to the length and specific nature of each course;
- Caixa continued to commercialise its personal loans for emergency health situations, exclusively for customers with lower income levels and its *HPP Saúde* card which entitles cardholders to discounts and special terms from *HPP Saúde* units. Loans for the amount of €1.1 million were issued in 2015, with transactions of €26 thousand, respectively;
- The purchase of "user-friendly" vehicles was incentivised though reductions of spreads on vehicle finance.

Reference should also be made to the fixed-rate interest vehicle leasing promotional campaign for individual customers which endeavoured to exploit the growth of vehicle sales in Portugal.

University students and universities

Caixa Geral de Depósitos has been reaffirming its leadership of the university market since 1994, as the business partner of the vast majority of higher educational institutions in Portugal, with around a million customers (students, lecturers and functionaries) across these last 21 years.

At the start of 2015 Caixa allocated customers at the end of their academic cycles to the personalised post-university Caixazul, Caixa Mais or Caixadirecta Mais service models, more adequate for each customer.

Various knowledge and activation campaign stages were organised to promote the use of day-to-day products/services (means of payment, depositing of allowances/wages, savings and internet banking) together with the updating of information on university and post-university customers.

A new communication concept which communicates directly with the university segment, based on a graphical, vibrant, dynamic approach, with major insight and its own visual references for the university universe was launched in 2015, in the form of *IUvolution* - "*Your future in evolution*".

In alignment with communication trends, particularly social networks, Caixa retained its highly dynamic Caixa IU page which specialises in university segment issues. The page has already attracted more than 40 000 followers.

Currently, at the start of each academic year, Caixa develops a highly comprehensive nationwide "New University Season" campaign to welcome new students to the world of higher education, setting up more than 250 helpdesks at partner schools and recruits and trains around 110 new temporary employees to process more than 45 thousand customers over a period of 2 months.

Caixa introduced a digital subscriptions system for the 2015/2016 academic year. A total number of around 250 tablets were distributed to around 100 CGD helpdesks in Portuguese higher educational establishments, speeding up the process of opening accounts and subscribing for products by university customers. This innovation permitted a significant reduction of paper consumption of around one million sheets and avoided the consumption of the hundreds of ink cartridges required to process around 100 thousand copies of documents.

The Caixa IU app provided the following functionalities:

- *Customer identity;*
- *Customer photograph;*
- *ID cards;*
- *Documentary evidence;*
- *Signature card;*
- *Signing of application form with the legal documentation and signed contract being sent by email.*

CGD continued to play a major role in financing higher educational courses (degrees, masters, doctorates and MBAs), rewarding academic merit with discounted spreads. Overall loans made by *Crediformação Caixa* and student loans with a mutual guarantee issued by Caixa totalled €15.9 million in 2015.

An amount of €453.9 million was spent on the various university segment bank cards – *Caixa Universidade Politécnico* (CUP), ISIC, ISIC DD, ISIC Erasmus, ITIC in 2015. The balance on the *Caixa Poupança Superior* account totalled €17.7 million at the end of the year.

Residents abroad

Caixa's status as the main financial partner for the customers resident outside Portugal segment continues to be one of the Group's strategic areas. Caixa has a presence in 11 of the 12 main destinations for Portuguese emigration and also provides a 24/7 dedicated telephone banking service via *Caixadireta Internacional* and *Caixazul Internacional.*

Caixa launched various promotional campaigns, at certain times, across 2015, as part of a strategy designed to strengthen relationships and improve customer loyalty levels in the residents abroad segment, to particularly include:

- Easter campaign: based on an advertising campaign to reinforce the idea that Caixa is with its customers from the first day they leave Portugal, with the objective of promoting Caixa's savings solutions and focusing on the diversity of products, maturities, markets and currency;

- Summer campaign: based on an advertising action under the headline "Since the day I left Portugal, one thing is for certain: Caixa is by my side", using national and international media, welcoming actions at borders and Caixa's branches in Portugal. The campaign mainly focuses on the connection with Portugal based on sales of cards and Caixa Group real estate, diversification of savings (*Mais RE* deposits with different maturities and products) and access to Caixa from anywhere in the world;

- Christmas campaign: with the objective of promoting savings solutions, particularly Caixa, Cay and Som deposits, and the Caixadirecta service;

- *Caixa sem Fronteiras* (Caixa without borders): with the objective of promoting Caixa's exclusive offer for residents abroad, customers or potential customers intending to live outside Portugal, facilitating the integration of people embarking upon new lives in another country.

Support for the regeneration and rehabilitation of urban centres

Over the last few years, CGD has been reaffirming its commitment to back urban rehabilitation and regeneration as important and decisive areas of activity for the domestic and local economy, making a definitive contribution to the permanent improvement to people's living conditions and health.

JESSICA Urban Development Fund (UDF) initiative - JESSICA/CGD

CGD considers urban rehabilitation and regeneration to be synonymous with sustainability, social cohesion, inclusion and economic development, incentivising the rental market and backing job creation. CGD, as the JESSICA/CGD UDF management body, in the sphere of the JESSICA Community initiative, has provided the market with two lines of credit for the medium and long term financing of projects located in the zones of influence of the regional operational programmes in Northern and Central Portugal and the Alentejo: a line of credit to finance projects meeting the eligibility criteria of JESSICA Community funds – geared to public or private bodies and partnerships dominated by them and a complementary line of credit to fund urban rehabilitation and regeneration projects for components which are not eligible for the JESSICA initiative, preferably geared to private entities or partnerships dominated by them, without prejudice to complementing the offer of finance available to public bodies or partnerships promoted by them.

The backing of such project is particularly exemplified by:

- Cultural amenities: rehabilitation and restoration of a collection of properties located in Praça da República, in Beja, for the installation of cultural amenities. Funding of €2.1 million, for this project created 2 jobs;
- Industrial facilities: construction of a manufacturing plant and acquisition of equipment to manufacture products for the automobile sector, at the Casarão industrial estate in Águeda. The project helps to promote innovation in the business environment, based on the production of new goods and services, mainly geared to international markets. Funding of €23.9 million for this project created 135 jobs.

The JESSICA/CGD UDF backed 42 urban regeneration and rehabilitation projects for the amount of €53 million, in 2015, endeavouring to boost small cities, investing in social amenities and other projects designed to encourage people to live there, with the creation of 753 jobs. These projects included residential accommodation for seniors, hotels, local accommodation and industrial facilities.

Low cost rent programmes

Low cost rental market

The low cost rental market comprised a partnership between the state, subscribing municipalities, Instituto da Habitação e da Reabilitação Urbana (IHRU), Instituto de Gestão Financeira da Segurança Social (IGFSS) and a collection of 7 credit institutions, including CGD. This initiative is geared to social classes that, in spite of earning more than is permitted in terms of eligibility for social housing, do not, however, have the financial capacity to rent property on the open market.

Following a tender, the management of the dwelling units under this programme was awarded to Norfin – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A., through the Fundo de Investimento Imobiliário para Arrendamento Habitacional Solução Arrendamento. At the end of 2015, Caixa's participation in FIIAH Solução Arrendamento, as a supporting vehicle for the low cost housing market was around €34 million.

Agreements with municipalities

CGD has been entering into agreements with several municipalities – Coimbra, Almada and Vila Nova de Gaia – in which the property is placed on the market by the municipalities based on a win-win solution for the award of housing to aggregates that, while having higher earnings than permitted in terms of eligibility for social housing, do not, however, have the financial capacity to rent property on the open market. In 2015, 96 properties were allocated to this initiative (up 67%). CGD, in conjunction with various municipalities nationwide, has been analysing the eventual possibility of establishing similar partnerships to those announced, extending the benefits to a broader population.

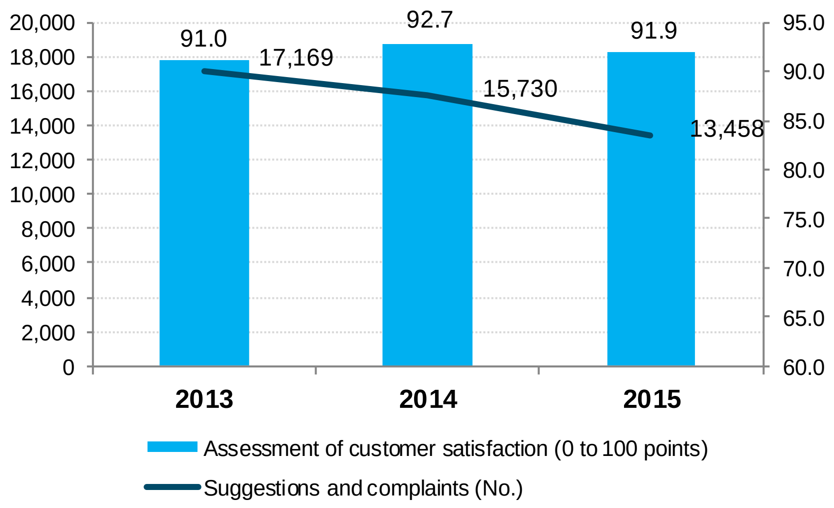
Customer satisfaction

The assessment of quality of service and customer satisfaction is one of the strategic pillars for strengthening CGD's value proposals, whose results have trended to both positive and consistent.

This extensive programme enabling an assessment to be made of the evolution of the quality of service in the form of mystery visits across the whole of the branch office network and surveys involving customers of most of the service models, aims to improve the experience of customers and identify best practice and areas for improvement.

Telephone surveys carried out with customers under distance portfolio management, in 2015, confirmed a highly positive assessment.

CUSTOMER SATISFACTION - SUGGESTIONS AND COMPLAINTS



Customer satisfaction was slightly down by around 1%, as opposed to customers' complaints which were down for the third consecutive year. The areas most affected were current accounts (24.4%), cards (16.9%) and mortgage loans (9.0%).

Resources

In the sphere of the strategic priority associated with taking-in and retaining resources which produce adequate returns, Caixa launched several savings and investment solutions on various types of products (deposits, tracker deposits, financial and capitalisation insurance and funds) and adjusted its deposits offer as part of its usual price revisions.

Resource-taking on the domestic branch office network was up € 570 million (up 0.8%) over December 2014. This evolution derived from the positive evolution of deposits (up 0.7%), 14.4% in funds and 7.8% in financial insurance. In turn, there was a 36.7% reduction in bonds.

The 10.1% decrease of resources witnessed in the corporate segment reflected a year-on-year decrease of 11.7% in deposits. Unit trust investment funds were up 14.4% and financial insurance was up 4.4%.

Individual customers were responsible for a 3.4% increase in all savings products taken across the branch office network, particularly the 14.4% increase in funds, 7.9% increase in financial insurance and 3.3% increase in deposits.

In terms of the Group as a whole, the resources-taken balance (excluding the interbank market) totalled €111,074 million, i.e. up 2.8% by €3,047 million over December 2014. Contributory factors, in addition to customer deposits and covered bonds were the favourable evolution of off-balance sheet resources.

Excluding resources taken from institutional investors and CoCo bonds, the year-on-year change was €2,927 million (up 2.9%).

RESOURCES TAKEN BY GROUP – BALANCES

(EUR million)

			Change 2015-12 vs 2014-12	
	2014-12	2015-12	Total	(%)
Balance sheet	**80,737**	**82,555**	**1,819**	**2.3%**
Retail	72,796	74,494	1,698	2.3%
Customer deposits	70,718	72,996	2,278	3.2%
Other customer resources	2,078	1,498	-580	-27.9%
Institutional investors	7,041	7,161	120	1.7%
EMTN	2,282	1,456	-825	-36.2%
Covered bonds	4,579	5,584	1,005	21.9%
Other	180	121	-59	-33.0%
Portuguese State - Conting. convert. bonds	900	900	0	0.0%
Off-balance sheet	**27,291**	**28,519**	**1,228**	**4.5%**
Investment funds	3,663	4,186	523	14.3%
Real estate investment funds	1,327	1,246	-81	-6.1%
Pension funds	3,172	3,414	242	7.6%
Wealth management	19,129	19,673	544	2.8%
Total	**108,027**	**111,074**	**3,047**	**2.8%**
Total (excl. inst. inv. and Portuguese state)	**100,086**	**103,013**	**2,927**	**2.9%**

Off-balance sheet assets were up 4.5% by €1,228 million over December 2014 to €28,519 million, owing to the warm welcome afforded by customers to unit trust investment funds (up 14.3%) and pension funds (up 7.6%). The amount of assets under management was also highly favourable with a 2.8% increase of €544 million.

Customer resources were up 3.2% by €2,292 million over the preceding year to €73,426 million.

CUSTOMER RESOURCES – BALANCES

(EUR million)

	2014-12	2015-12	Change 2015-12 vs 2014-12 Total	(%)
Customers deposits	70,718	72,996	2,278	3.2%
Sight deposits	21,348	25,198	3,850	18.0%
Term and savings deposits	49,061	47,490	-1,571	-3.2%
Mandatory deposits	309	309	-1	-0.3%
Other resources	416	430	14	3.3%
Total	**71,134**	**73,426**	**2,292**	**3.2%**

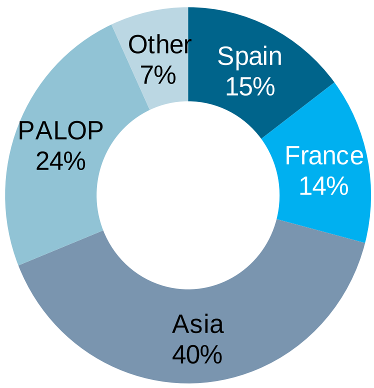
Customer deposits were up by an annual 3.2% by €2,278 million to €72,996 million.

By category, €47,490 million (65.1% of the customer deposits total) comprised term deposits and savings accounts. Sight deposits, up 18.0% over the end of 2014, reflected the low opportunity cost of holding such accounts.

The international area's contribution to total deposits remained highly favourable with an increase of 11.2% over 2014 to €17,035 million particularly fuelled by CGD's business units in Asia, Africa, France and Spain.

CUSTOMER DEPOSITS - INTERNATIONAL ACTIVITY

(%)



Its domestic market share of customer deposits accordingly continued to be dominant in Portugal, with 28.2% in December 2015, particularly individual customers' deposits with 31.8%.

CUSTOMER DEPOSITS – MARKET SHARES (PORTUGAL) BY CUSTOMER SECTOR

(%)

	2014-12	2015-12
Corporate	13.3%	11.6%
General government	37.5%	30.4%
Individual customers	32.4%	31.8%
Emigrants	*40.8%*	*40.4%*
Total	**29.2%**	**28.2%**

Debt securities, down 6.6% over the end of 2014 to €6.7 billion, particularly translated the reduction of €1,365 million in the balance of bond issuances under EMTN programmes. The balance on covered bonds was, however, up €1,005 million owing to the launch of a €1 billion issuance of covered bonds with a maturity of 7 years at the start of the year.

DEBT SECURITIES

(EUR million)

			Change 2015-12 vs 2014-12	
	2014-12	2015-12	Total	(%)
EMTN programme issues [a]	2,300	935	-1,365	-59.3%
Covered bonds	4,579	5,584	1,005	21.9%
Other	296	181	-115	-38.8%
Total	**7,174**	**6,700**	**-474**	**-6.6%**

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

In terms of subordinated liabilities, the total amount was €2,429 million, stabilising over December 2014.

SUBORDINATED LIABILITIES

(EUR million)

			Change 2015-12 vs 2014-12	
	2014-12	2015-12	Total	(%)
EMTN programme issues [a]	1,046	1,056	9	0.9%
Contingent convertible (Coco) bonds	900	900	0	0.0%
Other	481	473	-8	-1.8%
Total	**2,428**	**2,429**	**1**	**0.0%**

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

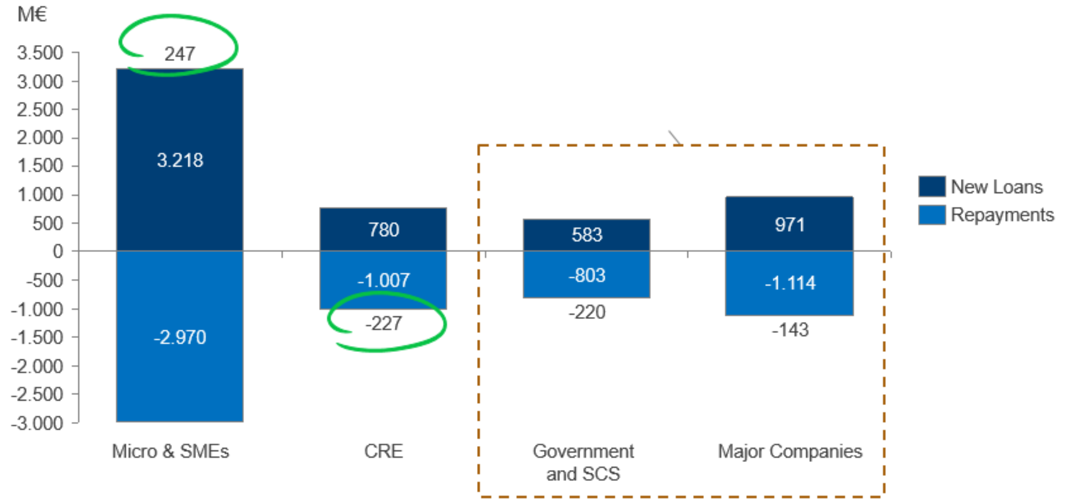
Credit

The moderate return to growth in Portugal and its main trading partners in the euro area continued to condition corporate demand for credit. Notwithstanding CGD's success in terms of its guideline strategy for financing small and medium-sized companies, as shown by the growth of new operations achieved in 2015, both by the individual and corporate networks (+15%), and corporate offices (+34%) it has still not proved possible to make up for the natural rate of portfolio repayments. There has been a 3.8% decrease in the respective balance over the end of 2014, originating from loans and advances to major companies.

CGD's level of involvement in backing the investment projects of Portuguese companies, in 2015, continued to be very high and comprehensive (micro, SME and major companies), translating into €2,629 million in loans for new medium and long term operations across the year.

New credit operations in the micro and SME segment totalled €3,218 million in 2015, €247 million in excess of repayments for the year, as opposed to the construction and real estate, government and state corporate sector segments and major companies with a net reduction of €590 million in 2015.

NEW CREDIT OPERATIONS AND REPAYMENTS BY SEGMENT – LOANS AND ADVANCES TO COMPANIES (PORTUGAL)



Note: Excludes cards, current accounts, loans to subsidiaries, overdrafts and commercial paper; SCS-State Corporate Sector.

Around €299.1 million of the referred to new loans were made under Crédito PME Investe/Crescimento ("SME Invest/Growth") lines of credit, to a portfolio total of €1,482 million at the end of December.

CGD's 21.8% market share of loans and advances to customers in December 2015, was down 0.2 pp over the end of 2014

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

(%)

	2014-12	2015-12
Corporate	18.1%	17.7%
Individual customers	23.5%	23.5%
Mortgage loans	26.5%	26.5%
Consumer	6.5%	7.0%
General government	33.4%	33.0%
Total	**22.0%**	**21.8%**

In the corporate segment and reflecting the strong competition from banks operating in Portugal, CGD had a 17.7% share of the credit market in December 2015 (18.1% at the end of 2014).

Consolidated loans and advances to customers (gross) were down 1.9% by €1,409 million to €71,376 million at the end of 2015, in comparison to the end of the preceding year. CGD Portugal accounted for €53,345 million, with the remaining Group units accounting for €18,030 million, representing 75% and 25% of total loans and advances to customers, respectively.

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

(EUR million)

			Change 2015-12 vs 2014-12	
	2014-12	2015-12	Total	(%)
Companies	30,248	29,860	-388	-1.3%
General government	5,904	5,462	-442	-7.5%
Individual customers	36,633	36,053	-579	-1.6%
Mortgage loans	33,908	32,995	-912	-2.7%
Other	2,725	3,058	333	12.2%
Total	**72,785**	**71,376**	**-1,409**	**-1.9%**

(a) Before impairment and including assets with repo agreements.

Internationally, CGD Group increased its loans and advances to customers (gross) by 5.7% to €15,320 million at the end of 2015. In Asia, BNU Macau achieved an increase of €809 million (up 35.6% over 2014). In Europe, the France branch recorded the highest level of growth with an 8.1% increase of €302 million over the preceding year, followed by BCG Spain with a 7.5% increase of €219 million. The amounts achieved by the banks located in Africa were down 2.4% over the same period.

Lending to companies was down 1.3% by €388 million. Reference should be made, by sectors of activity to wholesale and retail operations (up 9.7% by €277 million), agriculture, silviculture and fisheries (up 24.7% by €100 million) and a reduction of other financial activities (down 13.6% by €741 million).

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

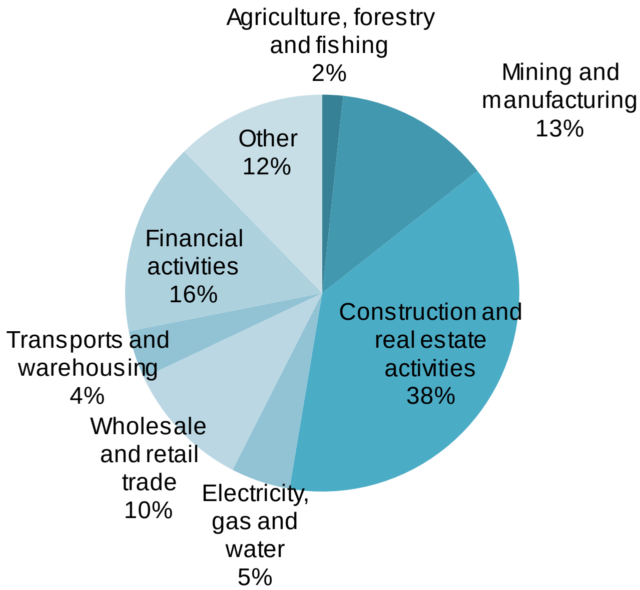
(EUR million)

			Change 2015-12 vs 2014-12	
	2014-12	2015-12	Total	(%)
Agriculture, forestry and fishing	405	505	100	24.7%
Mining and manufacturing	3,860	3,805	-55	-1.4%
Construction and real estate activities	11,206	11,412	206	1.8%
Electricity, gas and water	1,546	1,451	-95	-6.1%
Wholesale and retail trade	2,857	3,134	277	9.7%
Transports and warehousing	1,128	1,169	41	3.6%
Financial activities	5,440	4,699	-741	-13.6%
Other	3,805	3,684	-121	-3.2%
Total	**30,248**	**29,860**	**-388**	**-1.3%**

(a) Consolidated activity. Values before impairment and including assets with repo agreements.

LOANS AND ADVANCES TO CORPORATE SECTOR

(%)

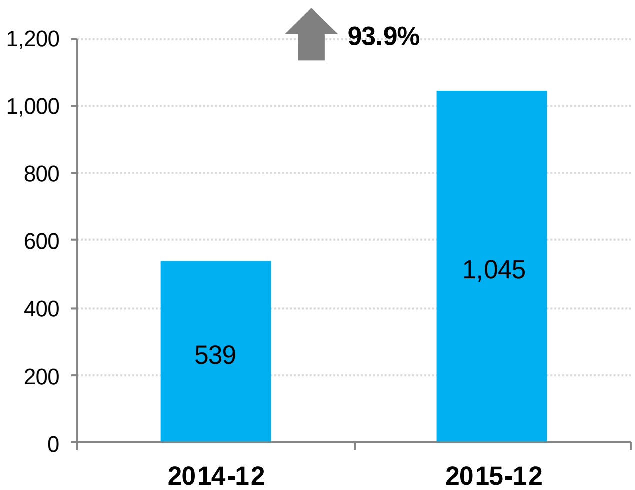


The balance of loans and advances to individual customers was down 1.6% by €579 million to an end of year total of €36,053 million, originating from the 2.7% reduction of mortgage lending.

CGD's new mortgage loans (Portugal) have been trending to growth, with a further 5,126 operations in 2015, up 93.9% by €506 million over 2014, increasing the amount of loans taken out across the year to €1,045 million. However the balance on CGD's mortgage lending portfolio was down 3.2% over the end of the preceding year to €28,487 million at the end of December 2015, owing to the fact that the volume of repayments and settlements was higher than the amount of new operations.

MORTGAGE CREDIT – NEW OPERATIONS (PORTUGAL)

(EUR million)



1.6.2.2. INVESTMENT BANKING

CaixaBI's net income for 2015 was up 74% over 2014 to €7.1 million in 2015.

CAIXA BANCO DE INVESTIMENTO - INDICATORS

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Net interest income	25.5	27.6	2.1	8.3%
Commissions (net)	45.3	41.0	-4.3	-9.5%
Income from financial operations	-1.6	-21.1	-19.5	-
Other operating income	1.7	2.1	0.4	24.4%
Net operating income from banking	**70.9**	**49.6**	**-21.3**	**-30.1%**
Provisions and impairments	-26.5	-13.4	13.2	-
Structure costs	-24.9	-24.8	0.1	-
Income before tax	**19.5**	**11.4**	**-8.1**	**-41.5%**
Tax	-12.1	-2.1	10.1	-
Income from associated companies	-3.3	-2.3	1.0	-
Net income	**4.0**	**7.1**	**3.0**	**74.3%**
Cost-to-income	*34.8%*	*49.6%*	*14,8 p.p.*	-
*Cost-to-income adjusted**	*23.1%*	*33.0%*	*9,9 p.p.*	-

(*) *Adjusted by impairments on derivatives portfolio.*

Its participation in relevant advisory operations helped to fuel the good performance of net commissions of €41.0 million.

The current context of market interest rates at levels close to or less than zero significantly penalised income from financial operations and the Bank's equity instruments, particularly on account of the implications on a level of write offs/downs of €24.8 million from the interest rate derivatives portfolio across the year.

CaixaBI's total operating income amounted to €49.6 million. This would have been €74.4 million if corrected for the effect of the above referred to write-offs/downs, with a cost-to-income ratio of 49.6%, which would have been 33.0% if adjusted for the referred to effect and which clearly remains lower than that of its peers.

Provisions and impairments amounted to €13.6 million, essentially generated by defaults on derivative operations which implied an increase of €11.9 million in the respective provisions together with the efforts regarding the already referred to derivatives portfolio write-offs/downs.

In 2015, CaixaBI was once again awarded the "Best Investment Bank in Portugal", prize by Euromoney magazine, a benchmark in the international financial community. This distinction had also been awarded across the year by other prestigious magazines, such as Global Finance, World Finance and EMEA Finance.

Euronext also awarded CaixaBI the distinction of being the *No. 1 Corporate Bond House 2015*, in the sphere of the *Euronext Lisbon Awards.* The Portuguese Republic issuance, with CaixaBI as the adviser, merited the distinction of *SSAR Bond of the Year 2015*, in the sphere of the *IFR Awards.*

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

Project finance

In the renewable energies area in Portugal, CaixaBI was involved in financing First State's acquisition of a wind portfolio and an increase of the installed capacity of a Tecneira wind portfolio.

The economic-financial rebalancing of the municipal public service concession for the supply of water to the municipality of Cascais – "Águas de Cascais"– including an extension to the financing agreements was completed in 2015. The "Tratolixo" restructuring financing operation was also completed.

Reference should also be made to the financial close of the following projects:

- Participation in financing the acquisition of Finerge (a 642 MW portfolio), for the amount of €605 million by First State Investments (Australia) from Enel Green Power (Spain).
- Participation in financing the installation of additional capacity (superheating) of up to 20MW, in wind farms operated by Lestenergia, for the amount of €30.35 million.

Abroad, the Bank provided its advisory services for the structuring and organisation of finance to Sodiba for the development of a brewery in Angola, in coordination with Banco Caixa Geral Angola.

CaixaBI is the CGD company responsible for a large proportion of project finance activity. Owing to the nature of project finance area activity and customers' compliance undertakings in respect of the legislation in force (which, in most countries, implies the safeguarding of a series of socio-economic and environmental concerns), compliance with environmental and social sustainability principles is in the order of the day.

The credit portfolio for the projects overseen by CaixaBI's project finance area totalled €4,139 million. Reference should be made to the financing of the following sectors, characterised by a strong positive impact on a social and environmental level, such as renewable energy (€508.7 million); water and sanitation (€220.6 million); healthcare (€216.7 million); waste management (€58.1 million) and education (€26.0 million).

CGD Group's project finance portfolio is particularly concentrated in projects in the Iberian Peninsula, in which the safeguarding of a series of environmental and social obligations is a given in terms of national legislation and must be complied with by the respective economic agents. Confirmation that a specific project's environmental licence has been duly obtained is a *sine qua non* for obtaining funding.

CaixaBI uses the services of an independent technical consultant for the assessment of environmental and social risks. Only when justified in terms of risk is an audit, exclusively centred on the social and/or economic dimension of a specific project, carried out.

In the context of a greater involvement by multilateral institutions as potential financiers of projects benefiting from CaixaBI's advisory services, the Bank, in anticipation of the information requirements of such institutions, requests its developers to submit a sustainability analysis for the project with a description/assessment of its social and environmental impact.

The following factors are usually considered: the project's impact on local job creation, the sharing of management processes associated with the project with the local community – the spillover effects and practice of hiring human resources in alignment with practice in the developer's country of origin.

This applies to mandates for projects in countries such as Angola, Mozambique and Brazil.

Structured finance

CaixaBI provided its advisory services for the structuring and organisation of the process for the reorganisation of the financial liabilities of Promor Group, Marques Group and Efacec Power Solutions. As regards the latter operation, the Bank was also involved in the structuring and organisation of acquisition finance for its equity shares. Financial advisory services on the disposal of a total nominal amount of around €250 million in loans were also provided to CGD's Spain branch.

CaixaBI was the arranger for the acquisition finance of several Portuguese-Brazilian investors on four share blocks for 30% of the share capital and voting rights in Brisa – Concessão Rodoviária, SGPS, S.A..

The Bank was the manager and agent for a portfolio of 107 commercial paper programmes in the SME segment, involving a global maximum nominal amount of around €315 million.

CaixaBI was also involved in restructuring the financial liabilities of the Tuinzone and Astatine photovoltaic portfolios in Spain.

Corporate finance – Advisory

Reference should be made, in this segment, to CaixaBI's participation as a financial advisor in the following deals:

- Ardian: acquisition of a 50% equity stake in five Ascendi Group, SGPS, S.A. road concessions.
- Efacec: disposal of the full amount of the capital of Efacec Handling Solutions and a 65.4% equity stake in Efacec Power Solutions.
- José de Mello: disposal of a 30% equity stake in Brisa - Concessão Rodoviária.

- Springwater Capital: acquisition of GeoStar.
- Caixa Capital: disposal of a 10% equity stake in Vila Galé Hotéis.
- Parparticipadas: disposal of Banco Efisa.
- Fidelidade: economic and financial assessment of Via Directa.

CaixaBI came 1st in the M&A ranking in Portugal, according to data on operations announced in 2015 published by Bloomberg.

Corporate debt finance

Portuguese public debt continued to be a priority for CaixaBI in the sovereign debt segment, namely in the framework of its status as a specialised securities trader. Special reference should be made to the following issuances in 2015:

- Joint lead manager for the January syndicated placement of the dual tranche T-bonds 2.875% operation maturing in 2025 and 4.1% operation maturing in 2045, for the amounts of €3.5 billion and €2 billion, respectively, classified as the SSAR Bond of the Year by the International Financing Review. Reference should be made to the fact that it includes the Republic's first issuance with a maturity of 30 years since 2006.
- Co-lead manager for the syndicated placement of the previously referred to tap on the dual tranche issuance, for the amounts of €2 billion with a maturity of 10 years and €500 million with a maturity of 30 years.
- Co-lead manager for the syndicated placement of the T-bond 2.2% operation maturing in 2022 for the amount of €3 billion.

Reference should be made to CaixaBI's performance on a level of private entities' issuances:

- Joint bookrunner and joint lead manager for three of the four Eurobond issuances of Portuguese corporate issuers in 2015 (REN, EDP and Brisa) and one of the two covered bonds issuances of domestic financial institutions (CGD) to be sold on the market.
- Bookrunner and lead manager for the NOS and Hovione inaugural bond loans for sale to institutional investors in the domestic market.
- Leader for the Altri/Celbi, Sonae, Visabeira and Portucel bond loans and an institutional private sale in the Autonomous Region of the Azores.
- Global coordinator for the Mota-Engil bond issuance in a public subscription and a public share exchange offer, comprising the first operation of this type by a Portuguese corporate.
- Joint lead for the public subscriptions for Benfica SAD, Sporting SAD and FC Porto SAD bonds to be sold in the Portuguese retail market.
- Co-lead manager for the Bank of America bond issuance.

CaixaBI also organised and led 24 new commercial paper programmes for a global amount of more than €500 million.

The Bank also came 1st in the Bloomberg ranking for bookrunners of Eurobonds issued by domestic entities for the eighth time in the last nine years.

Equity capital market

Reference should be made to CaixaBI's participation in three capital market operations:

- Mota-Engil: CaixaBI was the global coordinator for the Mota-Engil SGPS share capital increase of approximately €81.6 million, completed in December 2015.
- REN: CaixaBI was joint bookrunner for the accelerated bookbuilding process on a block of 26.7 million shares held by Novo Banco, comprising 5% of the equity of REN, for a total amount of approximately €70 million.
- EDP: CaixaBI was the joint bookrunner for the disposal of an equity stake of José de Mello Energia, S.A. in EDP in the form of an accelerated bookbuilding process. The referred to equity stake consisted of a block of 73.2 million EDP shares for 2.0% of its share capital. The operation comprised a total amount of approximately €249.0 million.

In terms of Portugal's equity market, CaixaBI was the highest placed domestic financial institution in the ECM League Table for 2015, coming 3rd in the ranking.

Brokerage

During the course of 2015, CaixaBI was the joint bookrunner for the accelerated bookbuilding process on 2% of the share capital of EDP, 5% of the share capital of REN and around 22.5% of the share capital of Havas, in the Ecoslops and ELTEL IPOs.

Reference should also be made to the roadshows and events promoted by the Bank, in collaboration with the European Securities Network (ESN), to energise relationships with institutional customers.

Financial and structuring area

CaixaBI continued to perform well as a liquidity provider, with the Bank continuing to operate on a collection of NYSE Euronext Lisbon listed securities and with Euronext awarding CaixaBI its top "A" rating on all securities and categories.

Syndication and sales

CaixaBI was joint lead manager and bookrunner for the previously referred to dual tranche 10 and 30 year T-bond operations and co-lead manager for the respective tap issuance in April. As a specialist securities trader, CaixaBI was also involved in various public debt auctions in 2015.

CaixaBI was joint lead manager and bookrunner for the CGD, REN, NOS, EDP and Brisa corporate issuances, sole lead manager for the Visabeira and Hovione Group issuances and co-manager for a Bank of America issuance.

The Bank was also responsible for organising 172 commercial paper issuances for around €2,300 million.

Venture capital

Caixa Capital continued to diversify its offer in 2015, particularly focusing on expanding its indirect operational area and in funding technological area companies. Reference should, herein, be made during the year to the formation of the FCR TTA Ventures fund for financing the most promising acceleration programmes partnered by Caixa Capital. Following the Caixa Empreender Award event, the fund made twelve investment operations for a global amount of €2 million.

The *Caixa Empreender Award* event, organised for the first time in 2015, enjoyed the participation, *en masse*, of the domestic ecosystem in addition to such international investors as, *inter alios*, Forbion, Vesalius, e.ventures, EIF, Evonik, DN Capital, Kreos Capital) and the media (Mike Butcher from TechCrunch), with almost 600 participants. Together with project presentations, the event also organised roundtables with the participation of the three acceleration programmes in partnership with Caixa Capital (BGI, Lisbon Challenge and ACT by COTEC), other incubators and domestic and international investors. The *Caixa Empreender Award* will be made every year and aims to be the most relevant event in Portugal in terms of the presentation of projects at their pre-seed and seed capital stages to the national and international ecosystem and with strong links to the acceleration programmes backed by CGD Group.

An amount of €303 million was invested out of total funds under management of around €605 million at the end of 2015, in the form of 96 subsidiaries/associates. 48 of the 171 investment opportunities analysed in 2015 for a total amount of €73.5 million were approved in 2015. 53 investments were made (27 new and 26 additional capital investments in portfolio subsidiaries) involving an amount of €67.1 million. There were also 25 disinvestment operations (13 of which full disinvestments) with a realisation price of €74.2 million.

Through Caixa Capital, Caixa provides investors a set of funds that operate in a number of venture capital activity.

Grupo CGD Venture Capital Fund

A generalist Fund which covers the various target segments included in CGD Group's investments policy in the venture capital area, not only on account of the fact that they are transversal to corporate life cycles, but also because they are geared to priority sectors of the economy, particularly in the domain of tradable goods, endeavouring to contribute towards financing companies eligible for the strategic priorities defined by CGD. At the end of 2015, this Fund's capital of €296 million had been fully subscribed for and paid up by CGD.

Caixa Empreender + Venture Capital Fund

This fund is geared to financing companies at their start-up stage, companies in operation for less than three years or which are substantial innovators in the respective business processes, mainly focusing on knowledge-based and applied technology industries This Fund's capital of €25 million, at the end of 2015, had been fully subscribed for and paid up by CGD.

Caixa Crescimento Capital Fund

A generalist Fund especially geared to making equity investments in SMEs and mid-caps. At the end of 2015, this Fund had a subscribed capital of €62 million, €36 million of which had been fully paid up by CGD.

Caixa Fundos Venture Capital Fund

Also a generalist Fund whose investment policy is geared to the strategic guideline of increasing its level of intervention in the indirect investments area in Funds and other companies which operate in the venture capital and private equity areas, managed by qualified teams, with a high appreciation potential. At the end of 2015, this Fund had a subscribed for capital of €199 million, €64 million of which fully paid up by CGD.

Caixa TTA Venture Capital Fund

This venture capital Fund invests in the acquisition, for limited periods of time of own equity instruments and in procuring outside funding, in technology-based companies, with medium and high growth potential, with projects in any scientific domain in the national and international technological-scientific system, whose business opportunity has been previously examined under support programmes for the creation of technology companies in general and national ecosystem acceleration programmes in particular. At the end of 2015, this Fund had a subscribed for capital of €6 million of which €3 million had been fully paid up by FCR Caixa Fundos.

1.6.2.3. SPECIALIZED CREDIT

Sales in the financial leasing sector were up 26% in 2015 over the preceding year, deriving from growths of 34% and 10% in the equipment and real estate leasing sectors, respectively. The factoring sector was also up, with an approximate year-on-year 4% increase over 2014.

SALES BY SECTOR IN THE YEAR

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Property leasing	609	673	63	10.3%
Equipment leasing	1,198	1,603	404	33.7%
Factoring	22,071	22,921	849	3.8%

Caixa Leasing e Factoring

Caixa Leasing e Factoring, Instituição Financeira de Crédito, S. A. (CLF) represents CGD Group for specialised credit. Its commercial performance in 2015 was highly favourable across all business segments in which it operates.

CAIXA LEASING E FACTORING - SALES

(EUR million)

	2014-12	2015-12	Change	
Product			Total	(%)
Property leasing	117	108	-8	-7.2%
Equipment leasing	196	268	71	36.2%
Total leasing	**313**	**376**	**63**	**20.0%**
Factoring	**2,086**	**2,341**	**255**	**12.2%**
Consumer credit	**6**	**7**	**1**	**9.8%**
of which:				
Vehicle finance [(a)]	**85**	**122**	**36**	**42.7%**
Property leasing	79	115	36	44.8%
Consumer credit	6	7	1	14.2%

(a) Light vehicle.

In the case of real estate leasing operations, CLF's sales were €108 million. Although down 7.2% over the preceding year, the 19.8% increase in the number of operations signified a reduction of the average amount per operation. The market share in this segment reached 16.1% in December 2015.

Equipment leasing sales totalled €268 million during the year, a change of 36.2% over 2014. Reference should be made to the 44.8% increase in loans for light vehicles which accounted for around 43% of the business's global sales. In this business segment CLF's market share has reached 16.7% at the end of 2015.

Factoring accounted for €2,341 million in 2015, up 12.2% over the preceding year. This performance particularly derived from the international and confirming businesses which were up 33.3% and 75.3%, respectively. This positive evolution resulted in increased market share in December 2015 to 10.2%.

Consumer finance was up 9.8% over 2014 to €6.6 million. Motor vehicles continued to account for the highest proportion with 99.1%, with around 61% comprising new vehicles.

The 7.1% increase in Caixa Leasing e Factoring's net assets, translated a 7.0% increase in the loans and advances to customers portfolio (net) and an increase of €23 million in the investment properties account heading based on the recovery of a commercial building being used by the Company.

CAIXA LEASING E FACTORING - INDICATORS

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Net assets	2,244.1	2,404.2	160.1	7.1%
Loans and advances to customers	2,270.5	3,384.3	1,113.8	49.1%
Provisions for overdue credit	-214.3	-184.9	29.4	-
Shareholders' equity	83.1	107.4	24.3	29.2%
Net income	16.4	24.3	7.8	47.6%
Share capital	10.0	10.0	-	-
Group %	51%	51%	-	-
Employees	183	183	-	-

A contributory factor to net income of €24.3 million, in 2015, was the €1.2 million increase in net interest income and the €37.5 million reduction in provisions and impairments account headings.

Locarent

Locarent, Companhia Portuguesa de Aluguer de Viaturas, S.A. is the CGD Group company that specialises in "renting" which consists of the hiring of new vehicles with an associated package of services, guaranteeing all of the management service components of the vehicles owned by corporate and individual customers.

LOCARENT - SALES

(EUR million)

			Change	
Product	2014-12	2015-12	Total	(%)
Renting (number of vehicles)	4,815	4,486	-329	-6.8%
Renting (value in Eur millions)	86	86	0	0.0%

The company's strategic positioning is based on outsourcing the operational risk and capitalising upon the banking channel as a source of prospecting for business. The product is sold across CGD's banking network under the Caixarenting logo.

LOCARENT - PORTFOLIO

(EUR million)

Product	2014-12	2015-12	Change	
			Total	(%)
Renting (number of vehicles)	14,518	14,379	-139	-1.0%
Renting (value in EUR million)	214	220	6	2.7%

Locarent operates in a highly competitive market in which it has succeeded in retaining second place both in sales (4,486 vehicles for an amount of €86.4 million in 2015) and in portfolio terms (14,379 vehicles for an amount of €219.6 million at the end of 2015), with a market share of 17%. Locarent's commercial sales, excluding the shareholders' fleet, was up 12.4% in 2015 over the preceding year.

LOCARENT – INDICATORS

(EUR million)

	2014-12	2015-12	Change	
			Total	(%)
Net assets	239.3	236.5	-2.8	-1.2%
Shareholders' equity	17.8	25.4	7.6	42.8%
Operating results	11.3	11.6	0.3	2.8%
Net income	4.1	7.5	3.4	80.8%
Share capital	5.3	5.3	-	-
Group %	50%	50%	-	-
Employees	65	68	-	-

Locarent has considerably increased its profitability, having strengthened all of its indicators, achieving its highest ever level of net income of €7.5 million in 2015 which corresponded to a contribution of €3.75 million to the consolidated net income of CGD Group.

1.6.2.4. ASSET MANAGEMENT

The continuous downwards trend of interest on deposits across 2015, in parallel with a change in the profile and behavioural pattern of CGD customers, fuelled greater interest in other savings solutions such as investment and pension funds.

This being the case and taking into account the strategic objective of promoting an innovative offer with adequate levels of return and risk, for the final customer and the management company, Caixa Gestão de Ativos has been taking several steps to publicise and promote its activity, products and services, both with CGD's branch office network and, in several cases, with the final customer.

In such an environment and following developments in 2014, the amount of assets under management continued to increase, albeit at a lower rate than in the preceding year, to €28,770 million, up 2% over the preceding year. This increase resulted from the already mentioned renewed and growing interest from customers in open pension funds and unit trust investment funds. Reference should also be made to the fact this occurred in the context of a visible reduction of the savings rate of individual customers.

AMOUNTS UNDER MANAGEMENT AND ADVISORY

(EUR million)

	2014-12	2015-12
Unit trust funds	3,663	4,186
Wealth management	20,001	19,924
Property funds	1,327	1,246
Pension funds	3,172	3,414
Total	**28,163**	**28,770**

As in the preceding year, the level of management revenues on CGD Group assets in 2015 continued to trade to positive, to an amount of €57,031 million, up 10.6%, a change comparable with that of 2014 (8.9%).

Contributing to such growth were all categories of funds under management, except for real estate funds which, both in the case of the Fundimo fund and closed-end funds, have, as yet to reflect the start of the recovery of the Portuguese real estate market slowly being witnessed.

The asset management area contributed €10.8 million to consolidated net income in 2015. The generated gross commissions reached €57.0 million.

GROSS COMMISSIONS

(EUR million)

	2014-12	2015-12
Unit trust funds	22.5	26.8
Wealth management	10.1	11.6
Property funds	14.2	12.0
Pension funds	4.8	6.6
Total	**51.6**	**57.0**

Unit trust investment funds – Caixagest

At the end of 2015, Caixagest managed 29 unit trust investment funds for an amount of €4,186 million, invested in different international financial markets.

The volume of unit trust funds under management was up 14.3% by a net amount of €523 million over the preceding year. All fund categories were up, particularly the money market funds as well as multi-active and share funds promoted by Caixagest, working closely with the branch office network and CGD's marketing services which were warmly welcomed by customers.

Reference should be made, in the sustainability sphere, to the €12.5 million under the management of the previously referred to Caixagest Energias Renováveis alternative investment fund which is geared to financing investment projects which help to increase the generation of renewable, non-pollutant energies, reduction of CO2 emissions and, consequently, to improve the quality of the environment.

CGD Group comes in a leading position in terms of the securities investment fund activity, in which Caixagest further consolidated its leading market position, in 2015, with a market share of 35.1% up 4.2 pp over 2014.

FUNDS UNDER MANAGEMENT

(EUR million)

	2014	2015
Treasury funds	1,938	2,362
Bond funds	414	293
Funds of funds	268	417
Share funds	281	410
Special investment funds	514	578
Protected capital funds	248	126
Total	**3,663**	**4,186**

Notwithstanding the downwards revision of commissions charged by several funds, with the aim of providing customers with good levels of return (involving greater difficulty in the current environment of low interest rates), commissions earnings across the year were up 19%, over the preceding year to €26.8 million.

Portfolio management - Caixagest

Caixagest created a new wealth advisory service for the upper affluent segment based on a proactive, innovative proximity-based approach to CGD's branch office network and its respective customers portfolio. The proposals endeavoured to converge to CGD's customers' needs and objectives, aiming to find new external sources, which, as a policy it endeavours to pursue, as part of the current environment in the Portuguese financial system.

Caixagest strengthened its market lead in this activity with a 37.4% market share in December 2015.

PORTFOLIOS UNDER MANAGEMENT

(EUR million)

	2014	2015
Insurance portfolios	12,504	12,999
Institutional	6,530	6,508
Pension funds	2,867	2,658
Individual and corporate customers	95	166
Advisory	872	251
Total	**22,869**	**22,582**

Commissions of €11.6 million earned from this service were up 16% over 2014.

Real estate funds – Fundger

At the end of December, the 27 real estate funds managed by Fundger were down 6.1% over the preceding year to €1,246 million, owing to the negative volume of subscriptions to the Fundimo fund, as a result of the reduced appeal of real estate investment.

As regards the closed-end funds managed by Fundger, most of which allocated to real estate development and promotion, activity, which was primarily geared to asset restructuring operations and financing structures, continued to slow.

CGD Group achieved a market share of 13% of real estate investment funds activity at the end of 2015.

The *Fundo Cidades de Portugal - Fundo de Investimento Imobiliário para Arrendamento Habitacional* also continued to operate in the sphere of the JESSICA/CGD UDF. The vehicle aims to make a highly decisive contribution to backing the rental market on the periphery of urban centres. This Fund realised, in 2015, capital of €9.7 million for a total of 102 dwelling units comprising amounts from the JESSICA/CGD UDF and from CGD.

CGD continued to provide two real estate investment funds for home rentals (FIIAH), managed by Fundger. They are considered to be fundamental vehicles for the promotion of the home rentals market, contributing towards the growth of the rental market. The Fund's characteristics, at the end of 2015, were as follows:

- Caixa Arrendamento: 1,482 properties almost all of which from repossessions and €114 million under management at the end of 2015;

- Caixa Imobiliário: 340 properties, almost all of which from repossessions and €42 million under management at the end of 2015.

PROPERTY FUNDS MANAGEMENT

(EUR million)

	2014	2015
Fundimo open-ended fund	660	598
Closed end funds	668	648
Total	**1,327**	**1,246**

Commissions earned by real estate funds were down 16% over the preceding year to around €12 million, as a result of the slowdown in collecting commissions in the Fundimo fund.

Pension funds - CGD Pensões

At the end of 2015, the net worth of the pension funds managed by CGD Pensões was up 8% over 2014 to €3,414 million. 2014 was a year in which significant growth had already been observed. Special reference should be made to sales of open pension funds on the individual customers' branch office network, with fresh growth of €96 million, up by around 22%.

FUNDS UNDER MANAGEMENT

(EUR million)

	2014	2015
Open-ended funds	430	525
Closed end funds	2,742	2,889
Total	**3,172**	**3,414**

CGD Pensões achieved a market share of 18.9% in 2015, retaining 2nd position in the domestic ranking.

The commissions earned by pension funds were up 40% over 2014 to €6.6 million.

1.6.2.5. INTERNATIONAL ACTIVITY

In 2015, in its awareness of the international area's role in the Group's current development and the business potential existing in the geographic diversity of its international platform, CGD incentivised the links between diverse entities with the aim of leveraging their business and that of their customers based on a single international branch office network. With companies' ever more pressing needs to expand their business across borders, the international platform is a factor of differentiation in terms of CGD Group's offer for exporting companies or companies intending to internationalise their operations, in exploiting commercial flows between different geographies.

Caixa committed to working closely with the Group's units abroad (Spain, France, Angola, Brazil, Mozambique, South Africa, China/Macau), with the objective of developing the relationship with customers with international operations in these markets and building upon foreign trade business, especially intra-Group.

It should be noted that Caixa Group, as the only financial institution with a presence in 6 of the 8 CPLP countries ("Portuguese Commonwealth"), excluding Portugal, after having achieved the leading position in Mozambique in 2015 also achieved a leading position in 4 of these 6 countries.

The various promotional and business training activities, both in Portugal and in several of Caixa's priority markets, led to a more than 25% growth of the trade finance business, particularly operations for the financing of import and export flows and bank guarantees.

Reference should also be made to the broadening of the foreign operations customer base with around 1,300 new customers.

In collaboration with the Group's other units abroad, 146 operations were submitted for a decision in 2015, amounting to €3.3 billion, split up between renewals of limits and new operations. The global amount analysed, in value terms, was up €29 million over 2014. Reference should be made to the increase in the volume of operations submitted by BNU Macau.

An amount of €41.3 million was disbursed by lines of credit for Portuguese exports, both concessionary and commercial, culminating in the negotiations to extend the periods for the use of the China and Morocco lines and Social Housing lines in Cape Verde.

Relevant migratory flows continued to be witnessed in Portugal across 2015. These pose a real challenge to the Bank's relationship with this collection of new customers resident abroad with a markedly heterogeneous profile and very diverse range of age bands and motivations who find, the answer to their demands in the segmentation and differentiated approach involved in their relationship with Caixa in Portugal.

The strengthening of Caixa's value proposal helped to boost business in this customer segment by more than 5%, accounting for more than 9% of the total resources taken from individual customers, with a positive impact on Caixa's results.

In 2015, owing to the branch office network's focus on this segment, growth in the number of new customers was higher than 4% of the total number of active customers in this segment and particularly included increases in the United Kingdom, Switzerland and France.

Reference should be made to greater involvement in the sphere of the development of cooperation with multilateral institutions in terms of funding, namely the setting up of a USD 20 million line of credit by the IFC with the objective of financing the foreign exchange operations originated by CGD's customers in the said country through BCG Brasil. In terms of hedges, CGD is a member of the four main Foreign Trade Facilitation Programmes enabling commercial and political risk in countries in which CGD does not have credit limits to be assumed.

Contributions from the international area

CGD's Group's international area contributed €390.4 million to consolidated net operating income before impairments in 2015, up 16.8% over the preceding year, to around 60.1% of the Group's consolidated total operating income.

In net income terms particularly noteworthy were the highly positive performances of CGD's units in Africa and Asia, with BNU Macau increasing its contribution by 40.2% to €58.8 million and Banco Caixa Geral Angola and BCI Moçambique contributing €33.9 million (up 87.0%) and €19.8 million (up 26.6%), respectively.

In the case of Europe the contributions made by the France branch and BCG Spain to net income also evolved favourably to €43.2 million and €25.3 million (up 25.7%), respectively.

Resource-taking from customers in the international area was up 11.3% to €17.3 billion. This made a significant contribution to the Group's liquidity as this area represents around 23.6% of the Group's resources, (up 1.8 pp over the preceding year). The main contribution was made by BNU Macau (up 35.7% by €1,537 million), followed by Banco Caixa Geral Spain (up 7.8%, by €189.2 million). Reference should also be made to the markets of Angola (up 3.2% by €46.4 million), Timor (up 50.1% by €66.8 million) and France (up 1.5% by €37.4 million).

CGD Group's main geographies

With diverse levels of growth in line with their operating markets, the units making up CGD Group's international area have continued to pursue their objective of strengthening their position and particularly so in African countries with the aim of playing an active role in the population's and economy's use of the banking system.

Spain

In Europe, Spain is at the forefront of Portuguese companies' efforts to internationalise, with CGD Group having restructured its presence in order to improve its offer in Iberia both on a level of the availability of its branch office network in the two countries as well as its offer of specific products and services.

In Spain, Banco Caixa Geral (BCG) surpassed all of the objectives set out in the restructuring plan agreed between the Group and DGComp, ensuring the continuity of the presence of a CGD Group bank in the Spain market.

The realignment of strategy and re-dimensioning of the branch office network, comprising 110 branches and an employee complement of 521 at the end of the year, enabled the Bank to reorganise its operations to back Spanish and Portuguese companies operating in the Iberian and foreign markets. This translated into a 55% growth in lending to cross border companies.

As a result of this policy, total lending was up for the first time since 2010, by 7.6% across the year to €3,091 million, with the growth of lending to companies more than offsetting the reduction deriving from repayments of the mortgage loans portfolio.

The overdue credit ratio of 3.26%, with only 0.38% deriving from credit on new agreements, continues to be lower than the sector average. Also in this domain, the Bank which is in a better position than the sector average, which remains higher than 10%, is complying with the limits established in its restructuring programme.

Deposits were up 8.1% to €2,512 million, counteracting the downwards trend in Spain and enabling the loans-to-deposit ratio to remain at 123%. The requirement to meet funding needs without the Group's non-recourse funding were also met.

BCG also met the demands of the restructuring plan in terms of capital, with the existing capital and returns continuing to keep the ratios higher than requirements, permitting a continuation of business growth and meeting funding needs without net non-recourse funding from the Group.

The efficiency ratio of 46.5% was competitive with the remaining banks operating in Spain as well as being higher than the limit established in the Restructuring Plan.

Special reference should be made to the 18.8% reduction of operating costs, improving profitability and contributing €25.3 million to the Group's net income.

The results represented around 4.9% of the Bank's share capital, comparing adequately with the returns achieved by banking institutions' operations in Spain.

BCG entered into a collaborative agreement with the *Asociación de Comerciantes y* Empresarios *del Calvario (ACECA)* in Vigo - Pontevedra, in July, with the objective of promoting commercial activity in this traditional district of Vigo and providing its businesspeople with banking solutions to further their business pursuant to its strategy of backing Spanish and Portuguese companies operating in the Iberian market.

In November, Banco Caixa Geral entered into a financial collaboration agreement with the Coren Group, a Galician agro food cooperative, ranked number one in Spain and ninth in the sector in Europe, operating in poultry and pig-rearing production and 100% Galician produced fresh food.

France

A macroeconomic context of weak growth and a banking market characterised by intense competition witnessed an abundance of loan restructuring operations in the case of France branch's operations in 2015.

France branch's net assets were up 3.3% in 2015, driven by an 11.9% increase of loans and advances to customers. Customer resources were up 1.5% over the preceding year by €37.4 million.

Total operating income was up €15.9 million over 2014, fuelled both by the effect of net interest income (up 9.9%) and non-interest income (up 21.5%). The €8.8 million increase of net interest income is explained by the reduction of the cost of funding, the lower interest on borrowing which is regulated and fixed by the government and retail activity dynamics.

Structural costs were in line with last year's. Employee costs were down 1.5%. The increase in total operating income saw an improvement in efficiency with a cost-to-income ratio of 46.1% (down 5.5 pp) over the preceding year.

The Branch contributed €43.2 million to the Group's consolidated net income, driven both by retail and international activity, as opposed to last year's losses (deriving from impairments on GES).

Under the *PEREN* (People, Efficiency, Risk and Business) programme, the branch committed, in 2015, to diverse operational improvement projects and especially structuring projects, mainly including CRM (customer relationship management), CaixaDirecta *online*, risk-mapping, datawarehousing and respective datamarts and helpdesk. Reference should also be made to the branch's efforts to train its human resources, comprising various actions, particularly including the implementation of an e-learning platform course.

The branch remains committed to promoting bilateral trade between Portugal and France and also actively contributes to the disclosure of information/promotion of real estate in CGD Group's portfolio in the French market. It was also present for the fourth time at the Portuguese Real Estate Exhibition in Paris (4th edition) and in Lyon's first real estate exhibition.

Angola

Banco Caixa Geral Angola (BCGA) continued to tighten its strategic focus on the business segment in Angola during the course of 2015, working in close collaboration with the Group's other banks and overseeing Group customers' business operations, both in terms of backing investment in Angola and promoting foreign trade between Angola and the diverse geographies in which the Group is present.

In a very difficult environment, loans and advances to customers were up 4.3% and overdue credit significantly down to a year end overdue credit ratio of less than 1%. Resources were up 3.2%.

The 37.6% increase in net interest income enabled the Bank to contribute €33.9 million to the Group's net income.

ROE (return on equity) of 26.4% and ROA (return on assets) of 4.1%, continue to place BCGA in a good position both domestically and internationally.

The year ended with a name change for the Bank, a new brand and new image, strengthening the corporative connection with Caixa Geral de Depósitos Group while also laying the groundwork for the Bank to continue to grow and solidify its position in Angola's financial sector.

The need to accelerate the diversification of Angola's economy is considered fundamental and BCGA, with its value proposal as a corporate bank geared to backing the domestic economy, aims to be a winner in this process of change, based on motivated employees, commercial dynamism, high standards of corporative management and internal control, organisational structure and enhanced means and a high level of customer service.

Mozambique

Banco Comercial e de Investimentos (BCI) has continued to contribute towards Mozambique's social and economic development, working directly with the population to promote the development of households. Special reference should be made to its branch office network expansion policy and the strengthening of its presence in several of the main urban centres and development corridors and in its adoption of a balanced approach in its concern to cover suburban and rural zones, in which service levels are insufficient.

With the opening of 25 branches, in 2015, 6 of which in rural zones, BCI's branch office network at the end of the year comprised 191 branches. This structure represented 31.1% of the total banking system network in Mozambique.

BCI had 571 ATMs at the end of 2015, up 94 over the preceding year. The number of POS terminals was up by 2,343 to 8,646.

BCI confirmed its position as a leading bank in Mozambique's financial system in November 2015, having achieved market lead in terms of its shares of loans and advances to customers (30.0%), customer deposits (29.0%) and assets (27.9%). BCI took pole position in its market shares of loans and advances to customers in December 2014, having, in September 2015, achieved the long awaited milestone of becoming the leader of Mozambique's banking market in the three referred to dimensions.

BCI's net assets were up 1.9% in 2015 to €2,323 million. As opposed to loans and advances to customers, which were down 4.9% by €71.0 million to €1,378 million, customer resources were slightly up over the preceding year (0.5% by €9.8 million), to €1,815 million.

Net interest income, up 3.5% to €95.4 million, was influenced by the increase in the volume of term deposits. Non-interest income was up by an expressive 36.7% to €99.3 million.

The 16.4% increase of structural costs over 2014 particularly derived from the process of organic growth with the addition of 23 branch offices (up 13.7% over December 2014) and a 22.6% increase of 555 in the total staff.

Notwithstanding the fact that the evolution of profitability was substantially affected by the foreign exchange effect, BCIM's contribution to consolidated net income totalled €19.8 million, up 26.6% by €4.2 million over 2014.

BCI is the bank with the best recognition factor out of all of Mozambique's banks, both domestically and internationally, in the eyes of diverse entities. This recognition reflects the quality of the work being performed by BCI over the last few years and the significant number of prizes won and nominations achieved by the bank in 2015.

Based on the objective of promoting the development of Mozambique's households, BCI, in conjunction with *Camões - Instituto da Cooperação e da Língua*, *Instituto para a Promoção das Pequenas e Médias Empresas* (IPEME) and *Associação Moçambicana de Bancos (AMB),* entered into a financial services agreement establishing the terms and conditions of the financial support to be provided by *Fundo Empresarial de Cooperação Portuguesa (FECOP*), with a global credit limit of more than 270 million meticais. This Fund aims to make loans to micro, small and medium-sized enterprises, associations and cooperatives in various areas of activity.

As in 2014, BCI also launched a 500 million meticais line of credit for women entrepreneurs (doubling the previous amount) to provide special funding to individual women entrepreneurs and SMEs managed by women. The increase in the line of credit follows last year's broad acceptance of this offer.

In 2015, BCI and the *Fundo da Paz e Reconciliação Nacional (FPRN) -* Peace and Reconciliation Fund*)* - entered into a guarantee fund agreement/ line of credit for combatants of the fight for national freedom and government and Renamo War Returnees and a financial and cooperation agreement with FPRN functionaries. This partnership provides access to the best financing terms for embarking upon or expanding social and economic development projects, promoting entrepreneurship and combatants' economic and social inclusion.

Reference should also be made to the award of the Euromoney 2014 prize in the social responsibility category to BCI, deriving from the launch of its "daki" debit card with its differentiating and innovative features in terms of the possibility of its use to make payments on POS terminals of enabling BCI to enhance its backing of social welfare institutions based on a percentage of the amount of the transaction, at no cost to the cardholder.

Cape Verde

Banco Comercial do Atlântico

Banco Comercial do Atlântico's (BCA´s) activity, in 2015, was marked by the continual commitment to maximising the Bank's returns, in continuing to prospect for business, whether by taking in new credit (with a year-on-year increase of 39.4%) or by strengthening the customer resources portfolio at no additional cost, incentivising sight deposits which were up 17.6% over December 2014.

Another of the Bank's central objectives continued to be to achieve a permanent improvement in productivity and quality of service. The implementation of measures to reduce structural costs, particularly general administrative expenditure, fuelled an improvement of the Bank's cost-to-income ratio to 74.5%, in 2015.

In business terms and in a still globally unfavourable environment, the gross credit portfolio remained stable, with the 1.1% reduction in the individual customers segment having been offset by the 1.2% increase in credit to the corporate segment which, to a large extent, benefited from the line of credit for small and medium-sized enterprises, the self-employed in different sectors and microcredit associations totalling a global amount of €1 million Cape Verde escudos, increasing to €2 million in March 2015.

Customer resources, as the Bank's main funding sources, grew 9.6%. Special reference should be made to the 17.6% growth of sight deposits, with strategic importance continuing to be afforded to retaining the loyalty of existing customers and securing new resources. Term deposits and savings account grew 4.8% and 7.6%, respectively. The fact that emigrants' deposits which accounted for 49.8% of the Bank's total resources grew 6.8% in the period under analysis is indicative of the emigrant community's continued confidence in BCA.

With the signing of the agreement between BCA and the French Development Agency (AFD), the Bank embraced the cause of sustainability and socio-environmental risk. This agreement aims to provide lines of credit to municipalities at highly competitive rates, but which are highly demanding in terms of environmental impact studies, helping to form a new awareness culture on the interest in protecting the environment in institutions which are very close to populations, such as municipalities.

This AFD agreement defines a series of actions to be taken by the financial brokers being financed. Various actions have been taken across the years, with work starting on an analysis of the credit portfolio and its risks, the defining of an exclusion list, production of an environmental and social analysis questionnaire, *inter alia,* in addition to a definition of sustainability policies, environmental and social risk and the implementation of an environmental and social risk analysis process.

BCA also supplies a range of products with social benefits, backing economic and household growth, namely:

- *Linha de crédito 1 Milhão de Contos*: Two subsidised lines of credit for micro, small and medium-sized enterprises and microcredit associations located on Cape Verdean territory, for a global amount of CVE 1 billion (Cape Verde escudos). The balance on loans made at the end of 2015 under these lines of credit was €9.5 million.

- *Linha de crédito 1 Milhão de Contos*: The *NU PINTA NOS TERRA* line of credit for the amount of CVE 1 million for rehabilitation works and the painting of the outside of houses. Loans of €51 thousand were made under this line of credit in 2015.

- University credit: loans of €1 million were made under this line of credit by the end of 2015.

- Line of credit with a mutual guarantee for students in higher education – in the sphere of the agreement entered into between BCA and the Ministry of Tourism, Industry and Energy (MTIE) and the Ministry of Higher Education, Science and Innovation (MESCI) – financing of graduate and postgraduate courses for Cape Verdean students. Loans of €196 thousand were made under this line in 2015.

- 301 minimum banking service accounts were opened in 2015, under the free banking services established by the official notice No. 1/2013 of the Bank of Cape Verde. This is a measure to raise the national level of usage of banking services.

- *BCA Poupança Jovem* (young people's savings accounts): an account for young people up to the age of 30 to enable them to accumulate savings and allow them to watch their money grow progressively and securely. Around €9 million in deposits were taken by this product by the end of 2015.

- Emigrants deposits under the Decree-Law No. 53/95, of 26 September that regulates the emigrant savings system in Cape Verde: a balance of around €308 million at the end of 2015.

In December BCA was awarded the Brand of Confidence prize for the banking sector, as the bank in which Cape Verdeans place the greatest trust, at the *Selo Morabeza* gala event held at the National Assembly. BCA considers this distinction as an incentive to increase its commitment to Cape Verde's economy and as a challenge to maintain and strengthen its acquired status, in its increasing endeavours to be a benchmark operator in the country's financial system

Banco Interatlântico

Banco Interatlântico (BI) has been a partner in the growth and sustainable development of Cape Verde, having been recognised by its peers and customers on account of its technological innovation and products and its dynamic approach to financial services.

The main areas of BI's activity and performance, in 2015, were targeted at improving profitability, mitigating risk and qualifying its resources, with the objective of ensuring continuous, visible improvements for its customers.

BI and the Ministry of Culture, through the Cultural Bank entered into a partnership agreement in March to open a line of credit to finance eligible projects in terms of the promotion of the sector. The Cultural Bank now has more resources to finance projects and BI is helping to back the development of the local artistic community and the perception of its activity as a business.

In the sphere of its environmental and social risk policy defined when signing the agreement for the 2nd line of credit with AFD, Banco Interatlântico recognises that the main environmental and social impact a bank may have in society is associated with the way in which its loans are used. This policy has been incorporated into the Bank's global risk and sustainability policy and is applied to business projects for CVE 50 million (around €453 thousand) or more and whose full or part completion requires bank credit. The policy defines the implications of the credit analysis process, in addition to an exclusion list of activity sectors in terms of finance.

In addition to the integration of environmental and social criteria in the credit risk analysis, the Bank also provides a series of products with social benefits, namely:

- *Crédito Formação Universitário* (university students' loans): with loans of €201 thousand having been made by end 2015.

- Line of credit for students in higher education with a mutual guarantee for financing expenses directly related with Cape Verdean students' attendance at vocational higher educational courses, degrees and masters courses preferably given in Cape Verde. Loans of €191 million had been made by the end of 2015.

- 4,798 accounts opened under the free banking notice No. 1/2013 of Banco de Cabo Verde.

- *BI Conta Poupança Jovem – bipoupas* (young people's savings accounts): an account for young people up to the age of 30 enabling them to see their savings grow progressively and safely. This product had taken in deposits of around €1.4 million by end 2015.

- *BI Linha Trade Finance*: Line of credit for imports with a twofold safety benefit: a line for exporters and importers, providing exporters with a guarantee of the full payment of the amount of their exports and importing customers with a guarantee that the supplier will only receive payment under the terms of the international rules on documentary operations – €693 thousand of loans granted in 2015.

Lastly, reference should be made to the fact that the two banks in Cape Verde jointly operate a network of 43 branch offices, with CGD Group having a presence on all of the islands of the archipelago.

São Tomé e Príncipe

Banco Internacional de São Tomé e Príncipe (BISTP), notwithstanding the difficult environment and strong competition, has endeavoured to ensure the sustained growth of its balance sheet and the solidity of the trend towards growth in its results.

Adequate cover on the risks of its credit operations, diversification of credit products specifically geared to meeting the needs of each segment, major investment in automatic means of payment and electronic banking, associated with a larger geographical footprint based on an increase in the size of its branch office network have helped to strengthen BISTP's leading position in the market in the individual and corporate customer segments, increasing its number of customers, total assets, liquidity and solvency and ensuring a positive result trending to growth.

The modernisation and expansion of its branch office network, associated with an image of safety and financial strength have helped to fuel a continuous increase of deposits with the Bank and the maintenance of a 2/3 market share (68% in September 2015), in spite of the downwards revision of its borrowing rates and strong competition from the other 6 banks in the system.

The gross credit portfolio was up by a slight 2% across the first nine months of 2015, although market share was down 2.6 pp, from 46.4% to 43.5%, as a reflection of the Bank's prudent approach in terms of its lending policy owing to the current economic context, marked by a significant increase in credit defaults.

South Africa

Mercantile Bank is a niche business bank operating in the commercial banking area which aims to achieve differentiation on the basis of a personalised service and financial solutions tailored to South African businesspeople. As with any other South African bank, it is involved in most payment flows but has a bigger balance sheet than most of its peers.

Work began on significant new projects, in 2015, particularly:

- A greater commitment to the development of the acquiring business;
- Development and execution of a financing strategy to ensure the growth of the Bank's funds across three key areas: retail, commercial and treasury and wholesale;
- Launch of the innovative *Point of Sale Lending Products* service, as a banking sector first;
- Start of the development of a new internet banking platform, in addition to *a mobile banking* platform for smartphones and tablets to be launched in 2016.

In terms of performance, Mercantile Bank continued to make a positive contribution to CGD Group's results. The Bank's total operating income was, accordingly, up 18.3% over December 2014. This was reflected in a 24.7% increase in the net operating income before impairments heading and a contribution of €10.3 million to CGD Group's net income (up 15.7% by €1.4 million over the preceding year).

In the sphere of its sustainability policy, Mercantile Bank consciously accepts its responsibility for a sustainable future. The sustainability issues approached by the Bank – environment, society and governance – are based on King III recommendations, taking into account the dimension of its business, community and industry they operate.

The Bank has therefore introduced products and services with a positive social and environmental impact. SMEs managed by people from the black community play a highly important role in terms of job creation, revenue generation and the country's economic growth. Mercantile Bank backs this type of SME over the country as a whole, providing them with a dedicated team of finance specialists. In 2015, the Bank provided €15.9 million in finance for SMEs in the sphere of its Economic Emancipation Policy for the Black Population (EEPN), as well as €25.4 million in financing EEPN transactions.

In its awareness of the fact that its loan practices have a direct and indirect effect on the environment, the Bank has undertaken to comply with the environmental legislation and regulations applicable to all of its operations, in addition to the incorporation of best practice, if appropriate. It has, accordingly, developed an environmental risk management policy which includes elements of the Sustainability Framework of the International Finance Corporation (which includes the Equator Principles) in its lending decisions.

Mercantile has a policy of retaining financial assistance in the case of any organisation it considers to be involved in censurable social, moral or environmental activities and only finances category A (high risk) projects in exceptional circumstances and only after due consideration of all related risks, including reputational risk.

Macau

Banco Nacional Ultramarino (BNU) represents CGD Group in Macau and continues to develop its commercial banking activity while, at the same time, operating as one of Macau's two mints.

In spite of the unfavourable economic climate and greater competition, BNU continued to perform well on a level of the growth of its business revenues. Particular reference should be made to the growth of around 36%, in both credit and customer resources, with the loans-to-deposits ratio remaining at 53.1%.

BNU's net interest income performed well with an increase of 45.1% owing to higher business revenues and the foreign exchange impact. Increased customer loyalty and higher levels of cross-selling of products contributed to the 6.2% increase in non-interest income.

The reduction of provisions on overdue credit contributed to the positive evolution of 18% in provisions and impairment.

BNU Macau's contribution of €58.8 million to CGD Group's net income was, therefore, up 40.2% over the preceding year.

Over the course of 2015, BNU continued to develop new products and services, committing to innovation. This will have a highly significant impact on the development of the Bank's activity over the next few years. The average number of products per customer increased to 3.28 in 2015 in comparison to 3.20 in 2014 with a 28.9% increase in revenues from the sale of insurance products.

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

BNU continues to be the Orient's benchmark bank having organised and inaugurated a historical exhibition "*Um novo século juntos consigo*" ("A new century – together") to celebrate its 113 years of existence in first half 2015.

East Timor

As in the case of the last few years, East Timor continues along it growth path in its endeavours to consolidate structuring areas of its economy in order for the "real country" to begin to see the results of the application of its policies, permitting sustained changes to be made to the socio-economic structure of the last decade.

Historically, the Timor branch has operated as the state's "Treasury" and is still the only institution to receive the payment of taxes and customs duties. It also has a certain level of penetration in the "civil servants and pensioners segment". It has a market share of around 30% of deposits and 42% of credit.

The branch has, over the past few years, embarked upon a readjustment process on a series of processes and procedures which have resulted in significantly improved internal control and risk management processes, namely credit, in respect of which it continues to adopt a highly prudent approach in the segments in which there are no guarantees to cover risks (particularly corporate risks, *et al.*)

Commercial promotions were particularly geared to new contacts in the "traders" segment in an effort to expand ties, namely based on POS/APT installations with a reduction of operational risk on cash operations. The expanding of the ATM and POS network enabled the branch to become the market leader with a market share of more than 80% in this segment.

Efforts continued to be made to promote credit products for very low risk individual customers (default rate of less than 0.8%), by means of the irrevocable domiciling of the wages of borrowers and guarantors, enabling, for the first time, maturities of up to 96 months for certain purposes and having an impact on improvements to households' quality of life (housing, health and education). Such initiatives have been warmly welcomed and the branch's products continue to be "exclusives", resulting in a 5.3% increase in the loans and advances to customer portfolio over December 2014.

An even more positive performance was posted by customer deposits whose balance was up 50.2% over the end of 2014.

The joint approach of expanding the branch office network and gradual refurbishment of former premises, expansion of the ATM network, installation of APS/POS terminals, the *Mobile Money* project, Visa credit cards and the launch of the BNUdireto internet banking service in 2015, will strengthen the image of the branch as an innovative institution at the forefront as a services supplier to the Timorese market.

Brazil

Banco Caixa Geral Brasil focused its lending activities, in 2015, on backing Portuguese companies and sectors of Brazil's economy with low levels of exposure to the recessionary environment in its economy. Loans and advances to customers were down 21.1% by €47.2 million to €175.3 million.

Notwithstanding the unfavourable economic climate, the Bank’s net operating income before impairment was up by a significant 28.2%. A decisive contributory factor was the 31.5% decrease in employee costs over the preceding year.

In the sustainability sphere, BCG-Brasil is committing to promoting sustainable economic development, protecting the environment and the communities with which it directly or indirectly interacts.

The Bank’s sustainability principles aim to promote sustainable development in partnership with interested parties, based on specific lines of credit for projects that promote an ethical, transparent relationship and protect the environment for future generations, respect for diversity and helping to reduce social inequality.

BCG-Brasil has committed to developing and implementing a Socio-Environmental Responsibility Programme aligned with best international practice, including International Finance Corporation (IFC) standards and current regulation (Resolution 4327/2014 of the National Monetary Council).

It has therefore adopted procedures and controls in line with the legislation and regulation on socio-environmental responsibility while also operating on a best market practice basis in this area. These directives have been formalised in two socio-environmental responsibility policies, one of which targeted at operations involving IFC resources and another, more simplified policy for other operations requiring special attention but which do not involve IFC resources.

In its management of socio-environmental risk, the Bank has adopted social and environmental parameters for its risk analysis on lending and acceptance of new customers, including a list of prohibited and restricted activities. In addition to minimising the financial risk attached to the business, the socio-environmental analysis prevents BCG-Brasil from financing activities which are not in accordance with current legislation and/or put public health and the environment at risk.

Other geographies

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

1.7. Results, Balance Sheet, Liquidity and Solvency

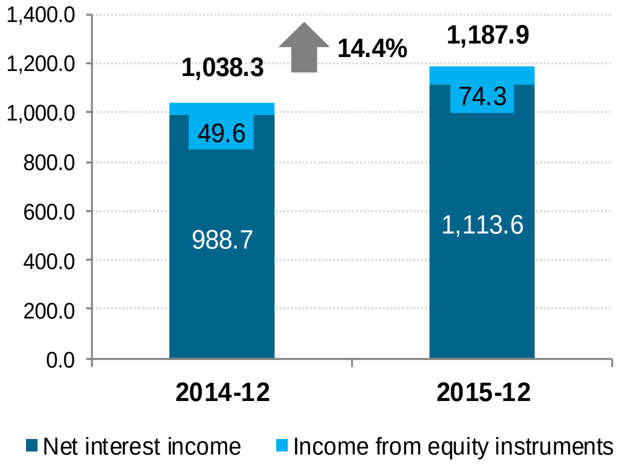
1.7.1. CONSOLIDATED OPERATIONS[1]

1.7.1.1. RESULTS

CGD achieved net interest income of €1,187.9 million, including income from equity instruments, in 2015, up 14.4% over 2014.

NET INTEREST INCOME INCLUDING INCOME FROM EQUITY INSTRUMENTS

(EUR million)



Active management of net interest income, particularly in respect of borrowing operations produced a 12.6% year-on-year growth of €124.9 million in net interest income per se, benefited from a 21.5% reduction of funding costs, which was higher than the 11.4% reduction of interest on lending operations. In 2015 the interest paid on subordinated bonds (Cocos) was 81.1 million euros. Income from equity instruments was, in turn, up €24.7 million.

INCOME FROM EQUITY INSTRUMENTS

(EUR million)

	2014-12	2015-12
ADP - Águas de Portugal S.A.	6.0	4.6
EDP - Energias de Portugal S.A.	5.2	2.2
Income distrib. by unit trust investment funds	30.9	59.1
Other	7.4	8.4
Total	**49.6**	**74.3**

[1] In order to guarantee comparability, net income and income before tax and non-controlling interests at 31 December 2014, were adjusted to reflect the appropriation of 15% of the results of Fidelidade and 20% of Cares and Multicare, corresponding to the equity percentages presently held by CGD Group and the exclusion of the capital gains recognised on the disposal of the equity investments in the referred to insurance companies, in the said period.

Accompanying the growth of net interest income was a significant 22.0% increase of €154.0 million in non-interest income, which benefited from the marked 73.6% increase of €148.4 million in income from financial operations to €350.0 million. These gains were mainly obtained in the first half of the year in a context of falling interest rates, by active management of CGD's securities portfolio which took advantage of the good conditions in the market for Portuguese public debt and adequate hedge instruments management.

Commissions (net) of €511.5 million were slightly down by 0.7% over the amount for the same period 2014.

Total operating income was up 17.5% over the preceding year to €2,042.0 million.

INCOME STATEMENT (CONSOLIDATED)

(EUR thousand)

			Change	
	2014-12	2015-12	Total	(%)
Interest and similar income	3,339,246	2,958,069	-381,177	-11.4%
Interest and similar costs	2,350,511	1,844,421	-506,090	-21.5%
Net interest income	988,735	1,113,648	124,913	12.6%
Income from equity instruments	49,554	74,267	24,713	49.9%
Net interest inc. incl. inc. from eq. investm.	**1,038,289**	**1,187,915**	**149,626**	**14.4%**
Income from services and commissions	659,055	641,952	-17,104	-2.6%
Costs of services and commissions	144,039	130,456	-13,583	-9.4%
Commissions (net)	515,016	511,495	-3,521	-0.7%
Income from financial operations	201,657	350,011	148,354	73.6%
Other Operating Income	-16,545	-7,410	9,135	-
Non-interest income	**700,128**	**854,097**	**153,968**	**22.0%**
Total Operating Income	**1,738,417**	**2,042,012**	**303,594**	**17.5%**
Employee costs	729,580	820,041	90,461	12.4%
Other administrative expenses	487,393	466,374	-21,019	-4.3%
Depreciation and amortisation	110,690	105,896	-4,795	-4.3%
Operating costs and depreciation	1,327,663	1,392,311	64,648	4.9%
Net Operating Income before Impairments	**410,754**	**649,701**	**238,946**	**58.2%**
Provisions and impairments of other assets (net)	95,477	159,198	63,721	66.7%
Credit impairment net of reversals	854,123	557,258	-296,864	-34.8%
Provisions and impairments	**949,600**	**716,457**	**-233,143**	**-24.6%**
Income from subsidiaries held for sale	**285,935**	**-1,610**	**-287,545**	**-100.6%**
Income from associated companies	**19,396**	**47,099**	**27,703**	**142.8%**
Net Inc. before tax and non-controlling interest	**-233,515**	**-21,267**	**212,247**	**-**
Tax	**29,780**	**60,209**	**30,429**	**102.2%**
Current and deferred	-8	28,031	28,040	-
Extraordinary contrib. on the banking sector	29,788	32,178	2,390	8.0%
Consolidated net income for period	**-263,295**	**-81,477**	**181,818**	**-**
of which:				
Non-controlling interest	84,749	89,976	5,227	6.2%
Net income attrib. to CGD shareholder	**-348,044**	**-171,453**	**176,591**	**-**

Operating costs in the administrative expenditure (down 4.3% by €21.0 million) and depreciation and amortisation (down 4.3% by €4.8 million) components were contained.

Employee costs, however, were up 12.4% by €90.5 million, essentially owing to the effects of the provisioning of the Plano Horizonte. This programme defines a set of conditions allowing employees to apply for pre or voluntary retirements, with the aim of adjusting employee levels to business conditions and their respective rationalisation according to the needs of different Bank structures. Other contributory factors to higher employee costs were the sharp reduction of the discount rate on pension liabilities in 2015 in addition to the dynamic expansion dynamics of the Group's international activity, with the increase of its branch office network and new employees, particularly in the case of its subsidiaries BCI Moçambique (23 new branch offices in 2015) and Banco Caixa Geral Angola (5 new branch offices). Operating costs were globally up by 4.9% (€64.6 million).

OPERATING COSTS AND AMORTISATION

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Employee costs	729.6	820.0	90.5	12.4%
Other administrative expenses	487.4	466.4	-21.0	-4.3%
Depreciation and amortisation	110.7	105.9	-4.8	-4.3%
Total	**1,327.7**	**1,392.3**	**64.6**	**4.9%**

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

EXTERNAL SUPPLIES AND SERVICES

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Total	**487.4**	**466.4**	**-21.0**	**-4.3%**
Of which:				
Water, energy and fuel	23.1	22.7	-0.4	-1.8%
Rents and leases	77.7	73.3	-4.4	-5.6%
Communications	40.0	38.0	-1.9	-4.8%
Advertising and publications	33.4	28.5	-4.8	-14.5%
Maintenance and repair	36.0	38.8	2.8	7.7%
IT	85.8	79.4	-6.4	-7.5%
Consulting and legal services	45.4	36.5	-8.9	-19.6%

Based on the above and benefiting from the growth of total operating income, the cost-to-income indicator was 66.6%.

EFFICIENCY RATIOS

	2014-12	2015-12
Cost-to-income (consolidated operations) [(1)]	75.5%	66.6%
Employee costs / Total Operating Income [(1)]	41.5%	39.3%
Extern. supplies and serv. / Total Operating Income	28.0%	22.8%
Operating costs / average net assets	1.3%	1.4%

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

Net operating income before impairments of €649.7 million for the year was up 58.2% over 2014. Special reference should be made to the highly positive performance of domestic commercial activity whose contribution to the referred to consolidated indicator was up €184.2 million to €240.6 million. International activity also made a favourable contribution of €390.4 million.

NET OPERATING INCOME BEFORE IMPAIRMENTS – BY BUSINESS AREAS

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Domestic commercial banking	56.4	240.6	184.2	326.8%
International activity	334.3	390.4	56.1	16.8%
Investment banking	34.6	19.1	-15.4	-44.6%
Other	-14.5	-0.5	14.0	-
Net Operating Income before Impairments	**410.8**	**649.7**	**238.9**	**58.2%**

Provisions and impairment, this year, down 24.6% by €233.1 million over 2014 to €716.5 million, translated the decline of credit impairment, net of reversals (down 34.8% by €296.9 million) and impairment of other assets (down 23.0% by €36.3 million).

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Provisions (net)	**-62.8**	**37.2**	**100.1**	**-**
Credit impairment	**854.1**	**557.3**	**-296.9**	**-34.8%**
impairments losses net of reversals	884.2	579.0	-305.2	-34.5%
Credit recovery	30.1	21.8	-8.3	-27.7%
impairments of other assets	**158.3**	**122.0**	**-36.3**	**-23.0%**
Securities	60.2	48.9	-11.3	-18.7%
Non-current assets held for sale	63.8	49.9	-13.9	-21.8%
Non-financial and other assets	34.3	23.2	-11.1	-32.5%
Provisions and impairments for period	**949.6**	**716.5**	**-233.1**	**-24.6%**

The gradual improvement of the economic and financial environment, in addition to CGD's performance in the credit oversight and recovery areas, enabled it to bring its cost of credit down to 0.78% in 2015 against the preceding year's 1.18%.

Combining all of the above effects, CGD's net income before tax and non-controlling interests was a negative €-21.3 million although this was an improvement of €490.3 million over 2014, considering the adjustments for the disposal of the insurance companies.

The tax burden of €60.2 million in 2015, reflected the extraordinary contribution payable by the banking sector (€32.2 million) and the impact of taxation on provisions for temporarily non-deductible credit, leading to a negative level of consolidated net income attributable to CGD's shareholder of €-171.5 million although this was an improvement of €454.7 million over 2014, taking the said adjustments into account.

However, with the elimination of the amount of €65.0 million for the provisioning of the Plano Horizonte from the costs for 2015, net income before tax and non-controlling interests would have been €43.7 million with negative net income of €-106.5 million.

1.7.1.2. BALANCE SHEET

The stability of the Group's consolidated net assets is visible in their 0.7% increase over December of the preceding year to €100,901 million at the end of 2015.

CONSOLIDATED BALANCE SHEET

(EUR million)

			Change 2015-12 vs 2014-12	
Assets	2014-12	2015-12	Total	(%)
Cash and cash equivalents with central banks	2,118	2,880	762	36.0%
Loans and advances to credit institutions	3,012	4,785	1,773	58.9%
Loans and advances to customers	66,864	65,759	-1,105	-1.7%
Securities investments	18,972	18,986	14	0.1%
Assets with repurchase agreement	1,281	1,081	-200	-15.6%
Non-current assets held for sale	804	830	26	3.2%
Investm. in subsid. and associated companies	319	277	-41	-13.0%
Intangible and tangible assets	828	754	-74	-8.9%
Current tax assets	55	37	-18	-32.4%
Deferred tax assets	1,425	1,474	49	3.4%
Other assets	4,474	4,037	-437	-9.8%
Total assets	**100,152**	**100,901**	**749**	**0.7%**
Liabilities				
Central banks' and credit institutions' resources	6,002	5,433	-569	-9.5%
Customer resources	71,134	73,426	2,292	3.2%
Financial liabilities	2,121	1,739	-383	-18.0%
Debt securities	7,174	6,700	-474	-6.6%
Provisions	842	992	151	17.9%
Subordinated liabilities	2,428	2,429	1	0.0%
Other liabilities	3,958	3,998	40	1.0%
Sub-total	**93,659**	**94,718**	**1,058**	**1.1%**
Shareholders' equity	**6,493**	**6,184**	**-309**	**-4.8%**
Total	**100,152**	**100,901**	**749**	**0.7%**

CGD'S GROUP CONSOLIDATED NET ASSET

(EUR million)

CGD'S GROUP	2014-12		2015-12	
	Total	Structure	Total	Structure
Caixa Geral de Depósitos (1)	71,574	71.5%	71,292	70.7%
Banco Caixa Geral (Spain)	4,433	4.4%	4,591	4.5%
Banco Nacional Ultramarino, SA (Macau)	4,202	4.2%	5,577	5.5%
Caixa Banco de Investimento	1,760	1.8%	1,500	1.5%
Caixa Leasing e Factoring	2,219	2.2%	2,380	2.4%
Banco Comercial Investimento (Mozambique)	2,279	2.3%	2,323	2.3%
Banco Comercial do Atlântico (Cape Verde)	670	0.7%	707	0.7%
Mercantile Lisbon Bank Holdings (South Africa)	624	0.6%	562	0.6%
BCG Angola	1,824	1.8%	1,943	1.9%
Other companies (2)	10,568	10.6%	10,027	9.9%
Consolidated net assets	**100,152**	**100.0%**	**100,901**	**100.0%**

(1) Separate activity.
(2) Includes units consolidated by the equity accounting method.

The loans and advances to customers' portfolio, including credit with repo agréments totalled €71,376 (gross) and €66,178 million (net), comprising year-on-year credit balance reductions of 1.9% and 2.0%, respectively. It should be noted that although new loan agreements were up sharply, in 2015, over 2014, they were insufficient to counteract portfolio maturities.

Total securities investments, including assets with repo agreements and trading derivatives, remained relatively stable at around €20,000 million (up 0.4% by €86 million over the end of the preceding year). The good liquidity situation, however, made it possible to further a strategy of greater diversification of investments, resulting in a change of the composition of the portfolio with the objective of optimising risk-return.

SECURITIES INVESTMENTS (a)

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Fin. assets at fair value through profit or loss	3,074	3,366	292	9.5%
Available for sale financial assets	16,489	16,283	-206	-1.2%
Total	**19,562**	**19,649**	**86**	**0.4%**

(a) After impairment and includes assets with repo agreements and trading derivatives.

In the case of liabilities, up 1.1% by €1,058 million over December 2014, reference should be made to the 3.2% increase of €2,292 million in customer resources to an end of year total of €73,426 million, reflecting CGD's strong capacity to attract customers' investments, even in the context of low (and falling) interest on deposits.

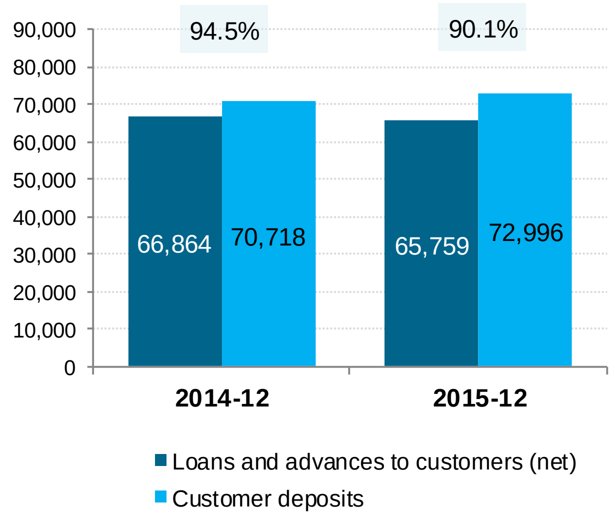
The fact that customer resources at the end of 2015 made up 77.5% of Caixa's total liabilities, is clearly indicative of the characteristics of a bank geared to the Portuguese retail market, operating on behalf of households and companies.

Central banks' and credit institutions' resources were down 9.5% by €569 million, in which a contributory factor was the continued decline of resources obtained from the European Central Bank (down €344 million).

The loans-to-deposit ratio of 90.1% reflected CGD's strong resource-taking capacity, in addition to the competition scenario in the domestic credit market.

LOANS-TO-DEPOSITS RATIO

(EUR million)



The credit more than 90 days overdue ratio of 7.2% was very close to last December's ratio of 7.1%. Its respective impairment was 102.2% in December 2015.

ASSET QUALITY

(EUR million)

	2014-12	2015-12
Total credit	**72,094**	**70,957**
Loans and adv. to customers (outstanding)	66,546	65,562
Overdue credit and interest	5,548	5,395
Of which: more than 90 days overdue	5,111	5,086
Credit impairment	**5,230**	**5,198**
Credit net of impairment	**66,864**	**65,759**
Ratios		
Non-performing credit ratio [a]	8.9%	9.3%
Non-performing credit net / Total credit net [a]	1.8%	2.2%
Credit at risk ratio [a]	12.2%	11.5%
Credit at risk ratio net / Total credit net [a]	5.3%	4.5%
Overdue credit / Total credit	7.7%	7.6%
Cr. overdue for more than 90 days / Total cred.	7.1%	7.2%
Accumulated impairm. / Non-performing cred.	81.2%	78.4%
Accumulated impairm. / Credit at risk	59.4%	63.9%
Accumulated impairment / Overdue credit	94.3%	96.3%
Acc. imp. / Cr. overdue for more than 90 days	102.3%	102.2%

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

The credit at risk and restructured credit ratios, calculated in accordance with Bank of Portugal criteria were 11.5% and 10.0%, respectively against 12.2% and 10.6% in December 2014.

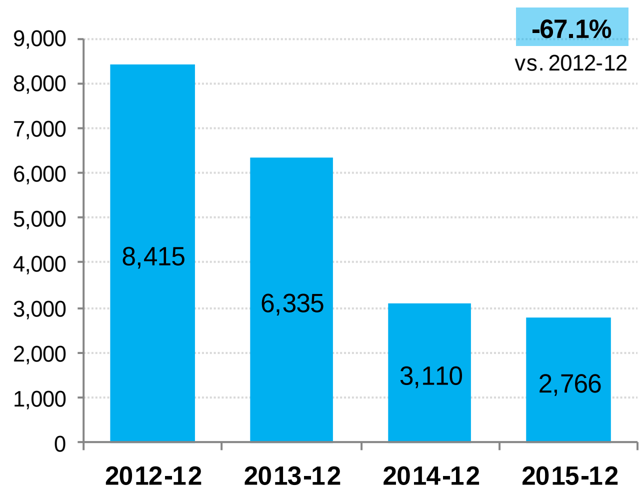
Credit at risk coverage ratio was 63.9% in the consolidated activity. In Portugal, the level of coverage of credit at risk on individuals' loans was 46.4% and 71.8% in the case of corporate loans.

1.7.1.3. LIQUIDITY

CGD Group continued to replace a part of its Eurosystem funding by TLTROs ("targeted longer-term refinancing operations") in 2015. It simultaneously reduced its borrowings by €344 million to €2,766 million given its comfortable liquidity situation. Borrowings, solely in the case of CGD, were down €250 million to €1,250 million.

ECB FUNDING

(EUR million)



CGD Group's portfolio of assets eligible for the Eurosystem pool were down €473 million in line with the reduction of the funding obtained to €11,604 million at the end of December. The level of assets available in the pool, however, remained practically unchanged at €8,837 million at 31 December.

The liquidity coverage ratio (LCR) achieved a comfortable 146.4% (103.6% at the end of December 2014), significantly higher than the minimum requirements and confirming CGD's excellent liquidity position.

The Net Stable Funding Ratio (NSFR), in turn, increased to 135.9% at the end of December in comparison to the previous year's 126.0%.

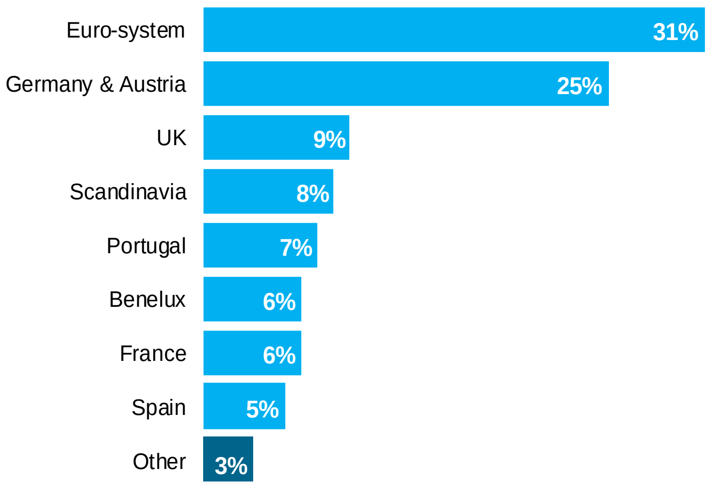
CGD's launch of a new covered bonds issuance for an amount of €1 billion with a maturity of 7 years and a coupon rate of 1%, at the start of 2015, was a historically low level for a Portuguese debt issuance with this maturity. Benefiting from an expressive, geographically dispersed level of demand the amount exceeded the two preceding issuances and was sold at a considerably lower financing cost.

This operation follows two other covered bonds issuances, one in January 2014 and one in January 2013, with a maturity of 5 years for an amount of €750 million, with spreads of 188 bp and 285 bp on the mid-swaps rate, respectively.

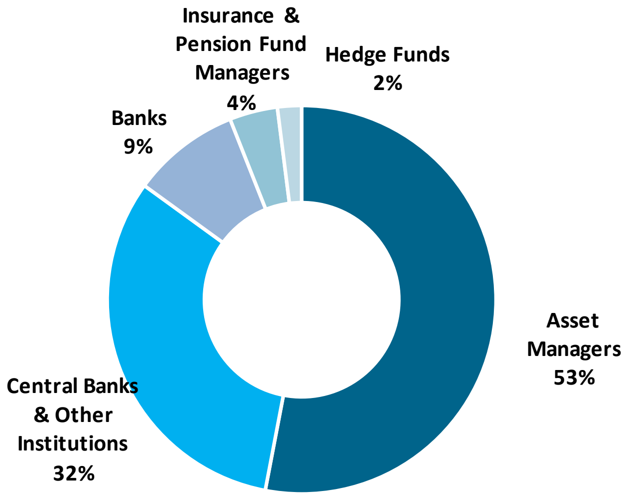
Considering the relatively inexpressive outstanding balance in the market for Nostrum Mortgage 2003-1 bonds and in light of the Group's comfortable liquidity situation, CGD took the initiative of making an early repayment of these bonds, in September. This operation was the first securitisation of mortgage loans made by CGD which was collateralised by a portfolio of mortgage loans totalling €1 billion.

ISSUE OF MORTAGE BONDS - JANUARY 2015

ALLOCATION BY GEOGRAPHY



ALLOCATION BY TYPE OF INVESTOR



The quality of the assets used as a guarantee with an average LTV (loan-to-value) ratio of 44%, as well as CGD’s financial strength, earned it the status, at the time, of being one of the best operations performed in the European market. The low funding cost and quality of its structure, with an AAA rating on 98% of the total amount of the operation also bore witness to its success.

1.7.1.4. SOLVENCY

The Group's shareholders' equity was 4.8% down by €309 million over the end of December 2014 to €6,184 million at the end of December 2015, having been particularly influenced by the evolution of "Other reserves and retained earnings".

SHAREHOLDERS’ EQUITY

(EUR million)

	2014-12	2015-12
Share capital	5,900	5,900
Fair value reserves	412	259
Other reserves and retained earnings	-438	-691
Non-controlling interests	967	887
Net income	-348	-171
Total	**6,493**	**6,184**

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 deferred tax assets regime, totalled 10.9% and 10.0%, respectively, at 31 December 2015 against 11.1% and 10.2% for the preceding year.

This evolution essentially translated the following combination effects:

- The progression, over time, of the phased-in process which induces regulatory adjustments to several CET 1 components, namely revaluation reserves and non-controlling interests, which implied a reduction of around €66.3 million (11 bps reduction of the phased-in CET 1 ratio);
- The results from CGD’s consolidated operations comprising negative net income of around €184.9 million (31 bps reduction of the phased-in CET 1 ratio);

- A series of operations having impacts on other CET 1 components of which special reference should be made to the 49% equity stake in Partang (which is now a wholly-owned CGD subsidiary) and which, in turn, owns 51% of Banco Caixa Geral Angola, inducing an improvement of around €128.7 million in CET 1 (31 bps increase in the phased-in CET 1 ratio).

SOLVENCY RATIOS [(a)]

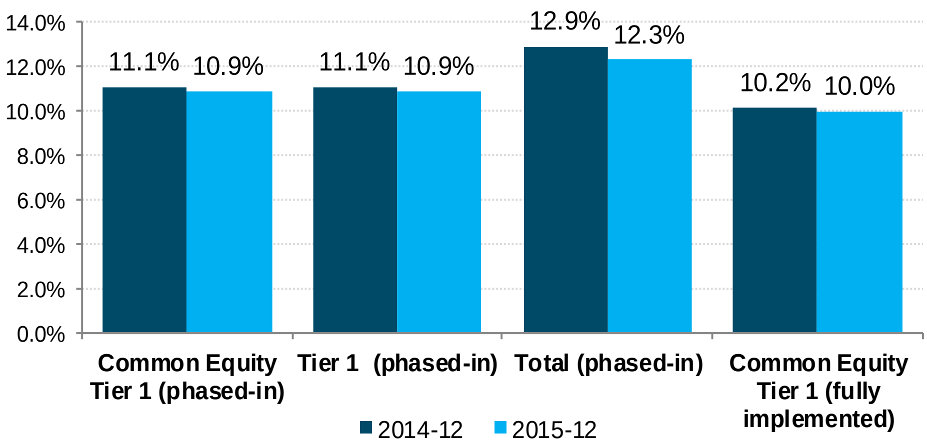
(EUR million)

	CRD IV / CRR Regulation (a)	
	2014-12	2015-12
	Phased-in	
Own funds		
Common equity tier I (CET I)	6,674	6,551
Tier I	6,674	6,551
Tier II	1,108	859
Total	7,782	7,410
Weighted assets	**60,173**	**60,282**
Solvency ratios		
CET I	11.1%	10.9%
Tier I	11.1%	10.9%
Total	12.9%	12.3%
	Fully Implemented	
Own funds		
Common equity tier I (CET I)	6,114	6,047
Weighted assets	**60,212**	**60,316**
CET I ratio	10.2%	10.0%

(a) Considering the Special Regime applicable to DTA – Deferred Tax Assets (according to IAS). December 2014 are proforma values.

SOLVENCY RATIOS

(%)



The fully implemented leverage ratio at the end of December 2015 was 5.7% against the preceding year's 6.1%.

1.7.1.5. CGD EMPLOYEES' PENSION FUND AND HEALTHCARE PLAN

At 31 December 2015, CGD's liabilities for its employees' retirement pension liabilities amounted to €2,287.7 million, up €76.2 million over the preceding year's €2,211.6 million. At the end of 2015 100.6% of the liabilities were covered by the pension fund in comparison to 97% in 2014. The fact that the pension fund's effective yield was higher than the discount rate led to a positive actuarial deviation, partly offsetting the deviations deriving from the changes in the actuarial premises.

At the end of December 2015, CGD adjusted its assumptions regarding the evolution of wages to 0.5% between 2016 and 2018 and 1.0% for the following years.

PENSION FUNDS IN 2015 - FUND MOVEMENTS

(EUR million)

Value of Fund at 31.12.2014	**2,144.0**
Employees' contributions	22.9
Company contributions	77.2
Pensions paid	-47.3
Net yield of Fund	104.7
Value of Fund at 31.12.2015	**2,301.6**

The Fund, at 31 December 2015, covered 100% of current pension payment liabilities and around 100.9% of liabilities for the past services of current workers. Around 100.6% of liabilities at the end of the year were covered by the Pension Fund.

Around €71.2 million in respect of normal cost for the year and around €6.7 million for the increase in liabilities for early retirements were recognised in profit and loss during the year. Actuarial and financial deviations at the end of the year amounted to around €425 million.

The yield on CGD's Pension Fund was 4.88%.

The following table shows that liabilities of €500.6 million and €512.8 million, at 31 December 2014 and 2015, respectively, for CGD employees' post-employment medical benefits were fully provisioned.

HEALTHCARE PLAN IN 2015 - EVOLUTION OF PROVISION

(EUR million)

Value of provision at 31.12.2014	**500.6**
(+) Current cost for period	21.1
(-) Contrib. for healthcare serv. (SS and SAMS)	-22.4
(-) Actuarial losses	13.4
Value of provision at 31.12.2015	**512.8**

The actuarial losses for the year mentioned in the table essentially derived from changes to the premises used and were penalised by the changes in the discount rate. The accumulated actuarial deviations balance, at 31 December 2015, amounted to €109.8 million.

1.7.2. SEPARATE OPERATIONS

1.7.2.1. RESULTS

CGD's positive net income of €12.2 million from its separate operations, as opposed to the preceding year's negative net income of -€1,139.3 million, translated a strong improvement in its net operating income before impairment, allied with a significant reduction of provisions costs for the year.

Net interest income, including income from equity instruments, was up 57.4% over the preceding year to €1,062.8 million, on account of the positive evolution of both net interest income (up 11.8% by €65.7 million) and the €321.8 million increase in income from equity instruments owing to the proceeds from Caixa Seguros e Saúde's disposal of the insurance companies in 2014.

INCOME STATEMENT (SEPARATE) [a]

(EUR thousand)

			Change	
	2014-12	2015-12	Total	(%)
Interest and similar income	2,694,400	2,241,503	-452,897	-16.8%
Interest and similar costs	2,135,904	1,617,336	-518,567	-24.3%
Net interest income	558,496	624,166	65,670	11.8%
Income from equity instruments	116,791	438,592	321,801	275.5%
Net interest income including income from equity instruments	**675,287**	**1,062,758**	**387,471**	**57.4%**
Income from services and commissions	451,703	440,285	-11,418	-2.5%
Costs of services and commissions	97,675	92,769	-4,906	-5.0%
Comissions (net)	354,028	347,515	-6,512	-1.8%
Income from financial operations	71,329	312,242	240,913	337.7%
Other operating income	20,387	168,968	148,582	728.8%
Non interest income	**445,744**	**828,726**	**382,982**	**85.9%**
Total Operating Income	**1,121,031**	**1,891,484**	**770,453**	**68.7%**
Employee costs	514,176	590,832	76,655	14.9%
External supplies and services	359,454	345,358	-14,096	-3.9%
Depreciation and amortisation	75,407	69,508	-5,899	-7.8%
Operating costs and amortisation	949,038	1,005,698	56,660	6.0%
Net Operating Income before Impairments	**171,993**	**885,786**	**713,793**	**415.0%**
Provisions and impairment of other assets (net)	193,811	116,677	-77,134	-39.8%
Correction of the amount of loans and advances to customers and receivables from other debtors, (net)	1,350,127	720,171	-629,956	-46.7%
Provisions and impairment	**1,543,938**	**836,849**	**-707,090**	**-45.8%**
Income before tax	**-1,371,945**	**48,937**	**1,420,883**	**-**
Tax	**-232,625**	**36,727**	**269,352**	**-**
Current	-24,952	55,362	80,314	-
Deferred	-252,066	-48,189	203,877	-
Extraordinary contribution on the banking sector	27,355	29,554	2,198	8.0%
Net income for year	**-1,139,320**	**12,211**	**1,151,531**	**-**

(a) Including the activity of the France, London, Spain, Luxembourg, New York, Grand Cayman, Timor, Macau and Zhuhai branches.

The performance of non-interest income, up €383.0 million over 2014, particularly owing to the €240.9 million increase income from financial operations, was also favourable.

In the sphere of operating costs, administrative expenditure was down 3.9% by €14.1 million and depreciation and amortisation down 7.8% by €5.9 million. Employee costs, however, were up 14.9% by €76.7 million, essentially owing to the already referred to effects of *Horizonte* plan provisions, in addition to the reduction of the discount rate on pension fund liabilities. Although operating costs were therefore up 6.0% by €56.7 million over 2014, with the exclusion of the two referred to effects CGD Portugal's operating costs would have been down 4.2%.

Provisions for the year totalled €836.8 million. Credit provisions were €720.2 million (down 46.7% by €630 million) over 2014.

1.7.2.2. BALANCE SHEET EVOLUTION

The net assets of Caixa Geral de Depósitos's separate operations were down 0.9% to €90,003 million, particularly originating in the loans and advances to customers portfolio which was down 3.7% by €2,021 million. This was offset by investments in credit institutions with a sharp 32.9% increase of €1,336 million.

On the liabilities side, special reference should be made to the 5.2% reduction of €313 million in central banks' and credit institutions' resources of which a reduction of €250 million derived from the lower level of funding from the ECB and the 6.1% reduction of €434 million in debt securities.

BALANCE SHEET (SEPARATE)

(EUR million)

			Change	
Assets	2014-12	2015-12	Total	(%)
Cash and cash equivalents with central banks	1,202	1,774	572	47.6%
Loans and advances to credit institutions	4,066	5,401	1,336	32.9%
Loans and advances to customers	55,201	53,179	-2,021	-3.7%
Securities investments	20,688	20,349	-339	-1.6%
Assets with repo agreements	1,094	771	-324	-29.6%
Inv. in subsidiaries and associated companies	3,321	3,765	444	13.4%
Intangible and tangible assets	464	429	-35	-7.5%
Deferred tax assets	1,603	1,657	53	3.3%
Other assets	3,218	2,677	-541	-16.8%
Total	**90,858**	**90,003**	**-855**	**-0.9%**
Liabilities				
Central banks' and credit institutions' resources	6,020	5,707	-313	-5.2%
Customer resources	61,762	61,950	188	0.3%
Financial liabilities	6,739	6,054	-685	-10.2%
Debt securities	7,120	6,686	-434	-6.1%
Provisions	962	1,095	133	13.8%
Subordinated liabilities	2,606	2,604	-2	-0.1%
Other liabilities	1,870	2,099	229	12.2%
Total	**87,080**	**86,196**	**-884**	**-1.0%**
Shareholders' equity	**3,777**	**3,807**	**29**	**0.8%**
Liabilities total and equity	**90,858**	**90,003**	**-855**	**-0.9%**

1.7.2.3. CAPITAL MANAGEMENT

Shareholders' equity totaled 3,807 million euros at the end of 2015, value close to that observed at the end of 2014 (up 0.8%), the reduction of other reserves and retained earnings was offset by the improvement in results for the year.

SHAREHOLDERS' EQUITY (SEPARATE)

(EUR million)

			Change	
	2014-12	2015-12	Total	(%)
Capital	5,900	5,900	0	0.0%
Revaluation reserves	474	368	-106	-22.3%
Other reserves and retained earnings	-1,457	-2,474	-1,017	-
Net income for the year	-1,139	12	1,152	-
Total	**3,777**	**3,807**	**29**	**0.8%**

1.8. Main Risks and Uncertainties in 2016

Notwithstanding the expectation of continued world economic recovery through 2016, the projection for the acceleration of economic growth has been successively moderated. This is exemplified by the OECD’s recent downwards revision of its projection, both for the main developed countries and the emerging countries. The OECD is now forecasting a level of worldwide GDP growth equivalent to last year’s 3.0%, the lowest of the last five years.

At the start of 2016, the risks attached to growth were associated, on the one hand, with cooling global demand and its negative impact on exports and, on the other, financial market instability, the latter, associated with the possible increase of volatility and capital outflows in various emerging economies, following the inversion of US monetary policy and a more significant and prolonged cooling of growth, also as a consequence of the absence or slower recovery of commodity prices.

In the context of the emerging economies, Brazil and Russia, in their respective geographies, continue to be examples of several of the greatest risks in terms of growth considering the importance of commodity exports to economic activity. These are compounded by uncertainties over the possible impacts of the moderation of China's economy, in spite of the likely adoption of one-off monetary and fiscal stimulus measures with the aim of preventing a very sharp, disorderly cooling of activity in the world’s second largest economy.

Even coming after three consecutive years of falling oil prices, there are still risks of further falls in 2016. The agreement between Iran and the six nuclear powers, by permitting Iranian exports, have brought greater downwards pressure to bear on supply-side prices. On the contrary, the price trend over the last few years has led to the closure of several unconventional (i.e. shale oil) drilling and refining plants in the USA. The last year has also witnessed a much lower level of corporate investment in this sector, this was, to a certain extent, worldwide and could lead to an upwards adjustment of oil prices.

The main risks facing the developed economies, in 2016, are related with economic deceleration in the emerging nations, particularly China, but also Russia and Brazil, owing to geopolitical tension and financial market volatility. This is compounded by a scenario of a slower than expected rate of increase of inflation. The outcome of the referendum on whether the United Kingdom will remain in the European Union may also represent an additional factor of instability in a year of elections in the US as the world’s largest economy. The positive risks attached to the outlook for economic growth are associated with a still highly expansionary monetary policy, continuation of low energy prices and a fiscal policy trending to slight expansion.

Although 2016 is expected to be the third consecutive year of economic growth in the Euro Area, it will remain modest, with various estimates suggesting that expansion will be very much in line with the preceding year, especially based on domestic demand which should offset a possible disappointment over net export levels. The rate of growth should once again differ between the various members, translating the specific circumstances of each. Inflationary pressure will be low, owing to the impact of low energy prices and continued unemployment at a higher level, notwithstanding the improvement being witnessed over the last few years.

The possible materialisation of negative risks on growth and the maintenance of downwards pressure on commodity prices will tend to worsen the low inflation environment which has predominated over a large part of the world and particularly so in the case of the developed economies and could have repercussions on expectations regarding medium and long term inflation and decisively influence monetary policy management.

On the other hand, the scenario of growing uncertainty regarding global economic performance and especially its main drivers, if not reverted, may maintain and strengthen the environment of high levels of financial and foreign exchange market volatility, increasing risk aversion and sudden capital movements and having a negative contagion effect on economic performance itself and particularly so in countries which are more vulnerable to this kind of shock. Market evolution may, in this case, comprise an additional monetary policy constraint.

The ECB´s monetary policy will continue to be highly accommodative, with the likelihood of new decisions being taken to strengthen the monetary stimulus programme currently in progress. In January, ECB President Mario Draghi, indicated the central bank's willingness to bring in new measures required to provide for the risks of deflation, at a time when, notwithstanding projected acceleration, inflation is likely to continue far removed from the objective of being close to albeit less than 2%. If the expansionary nature of monetary policy is reinforced, it will be necessary to understand its configuration, both in terms of the instruments used and the scope of the measures.

Although the Portuguese economy is expected to witness an acceleration of its rate of economic growth in 2016, the possible appearance of several challenges across the year may be identified.

The main potential risk is external. On the one hand, disturbances and volatility in international financial markets may have an impact on economic agents' funding costs, both in the public and private sectors. On the other hand, an eventual worsening of the international environment could be the source of risks on a level of external demand for Portuguese exports.

Internally, taking into consideration the stabilisation of the labour market and the already announced measures taken to restore income, the main challenge requires a consolidation of the evolution of domestic demand with the process of adjusting economic imbalances, including fiscal consolidation measures in an environment in which public and private sector indebtedness remains high.

The improvement in domestic economic performance, in 2015, permitted the recovery of several key variables in respect of the performance of the financial sector, such as the volume of new business and the cost of credit risk. The margin of progression which still exists may take the form of fresh positive evolution in 2016, in an expected scenario of accelerating growth and reducing unemployment.

On the other hand, 2015 also witnessed higher levels of net interest income, in which the reduction of lending rates, in a context of falling market interest rates, partly attributable to a more competitive environment, was more than offset by the decrease of borrowing rates, in which a contributory factor was the good liquidity situation. Owing to the prospects for economic performance and operations of the central banks in the sphere of monetary policy, 2016 may witness the continuation of the trends in evidence in this domain.

As regards non-interest income, performance on a level of structural activity, in 2015, was more modest, influenced by the still moderate rate of business expansion and the regulatory environment, which constraints may well continue to be the case in 2016.

The main risks identified *vis-à-vis* a scenario of the recovery of activity, in the sector, are associated with an eventual worsening of the economic environment, both international and domestic, with the possible maintenance of the erratic performance of financial markets and level of performance and the respective impacts of monetary policy decision-makers.

1.9. Group 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.

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. On 20 November 2015, DBRS reaffirmed the long and short term ratings on CGD, of respectively, 'BBB (low) and R-2 (middle)' with 'stable' trend.

In 22 September 2015, Standard & Poor's reviewed CGD's outlook from stable to positive. At the same time, the agency reaffirmed CGD's long-term and short-term ratings, of 'BB-' and 'B' respectively.

Credit ratings assigned by the major agencies to CGD and the Portuguese Republic are the following:

CGD'S RATING

	CGD			Portugal		
	Short Term	Long Term	Date	Short Term	Long Term	Date
Standard & Poor's	B	BB-	2015-09	B	BB+	2015-09
FitchRatings	B	BB-	2015-05	B	BB+	2015-09
Moody's	N/P	B1	2015-06	N/P	Ba1	2014-07
DBRS	R-2 (mid)	BBB (low)	2015-11	R-2 (mid)	BBB (low)	2015-11

1.10. Risk Management

CGD Group's risk management is based on a governance model which simultaneously aims to comply with best practice as set out in Community Directive 2013/36/EU and guarantee the strength and efficacy of the measurement, monitoring, report and control system on the risks incurred by the Group.

Financial risk management is centralised and backed by the Risk Management Division as a dedicated structure and encompasses the assessment and control of CGD Group's credit, market, liquidity and operational risks, enshrining the principle of separation between functions in the commercial and risk management areas.

Chapter 3 (Corporate Governance Report) endeavours to detail the Group's risk governance model as well as its respective risk policy in the form of the Declaration of Risk Appetite, providing the market with more detailed information in the sphere of CGD's risk framework.

Main developments in 2015

2015 was the first full year of direct supervision by the European Central Bank (ECB). The need to adapt and create a common platform of understanding with the new Supervisor was a very consuming task in terms of resources, particularly in control areas.

The new supervisory framework, together with the prevalence of the difficult macroeconomic context for the development of banking activity and continuation of the extensive revision of regulatory support, explain why 2015 was such a particularly demanding year for the sector:

- The Internal Capital Adequacy Assessment Process – ICAAP and Internal Liquidity Adequacy Assessment Process – ILAAP reports were produced in the first four months of the year, the latter of which for the first time in the context of the Portuguese banking system. These exercises are particularly important for credit institutions supervised by the ECB, as they are subject to a specific assessment in the sphere of the Supervisory Review and Evaluation Process (SREP) – as a transversal supervision methodology structured around the:
    - analysis of institutions' business models;
    - assessment of internal governance and controls implemented;
    - assessment of capital risk and capital adequacy for mitigation purposes;
    - assessment of risks to institutions' liquidity levels and the adequacy of mitigating liquidity sources.
- As established by the European Banking Authority – EBA, a new European Transparency Exercise was carried out in second half 2015. This exercise disclosed detailed information on 105 banks in the European Economic Zone, on:
    - capital position;
    - risk-weighted exposure;
    - asset quality, in a unique, comparable format.
- The minimum liquidity standard under the Basel III regulation in the form of the liquidity coverage ratio – LCR, came into force on 1 October 2015;
- This was followed, during the course of the year, in conformity with the new Supervisor's *modus operandi*, as a complement to the continuous oversight of the institution by a dedicated team comprising members of the European Central Bank and the Bank of Portugal - Joint Supervisory Team (JST) - inspections and thematic reviews performed by independent ECB teams, on such varied issues as the credit process and market risk structure, governance model, and information systems;

- Quarterly, to complement the financial and accounting (FINREP) and prudential (COREP) reports; additional information reports referred to by the European Central Bank as Short Term Exercises for obtaining certain essential data for SREP were also produced;
- In the context of the regulatory review, the EBA, in articulation with the European Commission, continued to promote quarterly quantitative impact studies (QIS) on a European Union level to estimate the impact of the proposed diverse measures and regulatory reviews, based on European specificities.

In the more specific domain of CGD's main achievements in 2015, reference should be made to the following:

- New market risk metrics in daily control reports - *Expected Shortfall* (ES) and *Three Worst* (3W) - were introduced in the first quarter;
- The Credit Valuation Adjustment (CVA) and Debt Valuation Adjustment (DVA) models were optimised in the first half year;
- The governance framework of the risk management on the collateralisation of assets by the ALCO committee, based on three pillars, was approved at the end of first half 2015:
    1. Implementation of risk management policies on the approach to the encumbering of assets;
    2. Integration of strategies to resolve contingent encumbering operations in the liquidity contingency plan;
    3. Adoption of a general oversight framework for the prompt supply of information to the board of directors.
- At the start of the second half of the year, work restarted on the measuring and monitoring of balance sheet interest rate risk from an economic or long term perspective, which had been interrupted owing to constraints deriving from the substitution of the assets and liabilities management software.
- Over the course of the year, CGD continued to pay special attention to the credit risk rating process, also within the framework of the ECB's on-site inspection, laying the groundwork for ensuring compliance with the necessary requirements for the use of internal models to calculate the prudential ratios on own funds for credit risk (Internal Ratings Based – IRB approach), through new improvements implemented and at their implementation stage;
- Full inclusion of Municipal Groups in the internal credit risk rating standard that, *inter alia*, makes the issue of a credit risk opinion by the Risk Management Division, on the basis of certain CGD Group exposure levels, compulsory;
- Continuation of the process of the portfolio bundling of economic groups by credit risk analysts, following up on the strategy of expanding this form of oversight which is more in line with what has been implemented over the last few years;
- Implementation of a new customer oversight workflow based on the new credit portfolio segmentation, with the objective of creating a fresh dynamic and visibility of credit recovery processes. A new credit recovery oversight policy, comprising the definition of classification rules on customers according to credit quality criteria, allocation of customers to oversight areas and standardising of recovery measures was designed for the said purpose. Metrics and indicators supervised on a proximity basis in oversight reports produced by the Risk Management Division and examined by the Credit Oversight Delegate Board were defined to control the ensuing workflow;

- Every six months, the external auditor produces a specific report for assessing the credit impairment methodology in CGD Group. A first assessment of CGD Group entities with a contribution of less than 1% to the consolidated credit portfolio was also made in 2015;

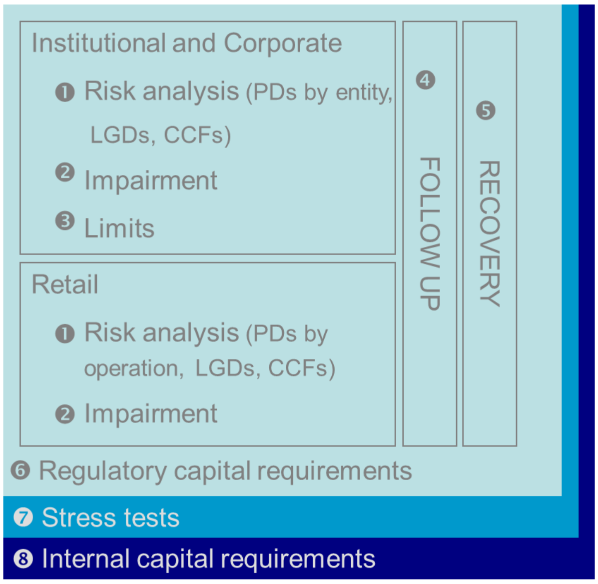
- Lastly the Risk Management Division's corporate function was strengthened, on a level of the coverage of the geographies in which CGD Group is present, based on a centralised risk management approach.

1.10.1. CREDIT RISK

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

Given the nature of banking activity, credit risk is particularly important, owing to its materiality, notwithstanding its interconnection with the remaining risks.

There are internal standards governing the management and control of credit risk which, based on ratings, define the levels of competence necessary for the decision-making process on credit.



__Methodology__

❶ Risk analysis: CGD Group has implemented a risk identification, assessment and control system on its credit portfolio, covering all customer segments, active when loans are made and in monitoring risk over the lifetime of the operations

- In the case of companies, municipalities, autonomous regions and financial institutions with more significant levels of exposure, credit risk assessment, in addition to the use of internal rating models (when applicable and incorporating both financial information and qualitative elements) is subject to a separate analysis by a team of analysts which produces credit risk assessment reports and issues an independent opinion on the respective credit risk. This analysis is performed periodically and whenever there are any changes to the relationship with the customer or endogenous or exogenous factors recommending a reassessment of the risk are identified.

  The assessment of credit risk (companies and project finance) already includes environmental and social aspects. The domains in respect of the credibility of the company in social and environmental terms are also considered for the assessment of corporate credit risk.

  The methodology used for the assessment of credit risk for project finance includes, in the analysis of each project, a category for the sustainability and socio-environmental impact of the project with the aim of analysing different project finance intervention domains based on four essential areas, i.e. economic profitability, financial viability, social fairness and environmental correctness.

- Credit risk assessment in the retail segment is based on the use of statistical risk assessment (PD – probability of default and LGD - loss given default) tools, by a collection of internal regulations which establish objective criteria to be complied with on lending operations and the delegation of competencies in accordance with the risk ratings attributed to customers/operations.

❷ The credit impairment model developed by CGD Group, under IAS 39, enables impairment losses to be identified on the basis of the creditworthiness of the borrowers and the level of existing collateral, based on the allocation of credit to the following macro segments:

- Performing credit, without signs of impairment;
- Performing credit, with signs of impairment;
- Non-performing credit.

These segments may be split up in line with whether the credit is classified as being “cured” or restructured owing to a customer’s financial difficulties.

The risk factors used in the credit impairment model (probabilities of default and loss given default) are revised annually and back-tested with point-in-time adjustments to ensure that they adequately reflect market conditions

The credit impairment model is used to analyse and process the credit portfolio which is subdivided up in conformity with the following approaches:

- Collective impairment analyses – impairment is assessed by risk sub-segments, including assets with similar risk characteristics (credit segment, type of collateral, payments history, *inter alia*) for exposures which are not considered to be separately significant.

- Separate impairment analyses – a separate assessment, involving CGD’s commercial, credit recovery and risk management areas is made on a quarterly basis for customers with exposures considered to be individually significant. The process involves CGD’s commercial and credit recovery areas, with the risk management area being ultimately responsible for the process and final assessment as a whole.

Separate assessments on customers with major exposure levels essentially focus on the following items:

- Compliance with the contractual terms agreed with CGD Group;
- An assessment of their economic-financial situation;
- Prospects for the evolution of the customer’s activity;
- Verification of the existence of operations involving overdue credit and interest, with CGD Group and/or in the financial system;
- Adequacy of guarantees and collateral to offset the amount of the loan;
- Analysis of historic information on the performance and good payment of the customer.

Collective impairment is determined (IBNR – incurred but not reported), in conformity with the risk factors assessed on credit with similar characteristics for significant exposures on which with no objective signs of impairment have been identified.

❸ Limits − to improve the flexibility of the short term lending to companies process and promote the use of rigorous, uniform risk criteria, by different parties, CGD Group arranges for the allocation of internal credit limits. In parallel and also to improve the flexibility and standardise the risk analysis on these operations, CGD Group has developed and implemented a model for the definition of short term exposure limits for companies, based on economic-financial and sectorial indicators and risk ratings, which provides guidelines to the recommended level of short term exposure for each customer. The model permits the use of the same collection of clear and objective rules for the calculation of reference levels, which are only indicative. This model is applied to companies in both the SME as in the small and large enterprises segments.

Internal limits are also approved for the financial institutions segment. The definition of such limits takes into consideration an entity's status in the financial sector and in comparison to its peers, rating, VaR and other relevant elements.

Compliance with limits, credit exposures and counterparty and group risk profiles are regularly monitored by credit risk analysts.

❹ In the sphere of credit risk control, the credit portfolio is monitored and analysed in terms of its composition and corresponding quality. A monthly report splitting up the portfolio by product, customer segment, sector of activity, geographical area, loan to value (LTV), debt to income ratio and portfolio rating is produced for the said purpose.

The monitoring of the performance of the internally developed risk classification models is also especially important. This monitoring exercise on the processing of the information on the use of the referred to models provides an indication of their continued adequacy. The follow-up procedures are performed by a unit which is independent from the modelling area, enabling autonomous guidelines on any needs for the revision of models and information on their mode of use to be produced.

❺ Recovery: CGD has two specialised oversight units in the form of its Corporate Oversight Division (DAE) and Individual Customers Oversight Division (DAP).

Oversight of individual customers

Background

The Individual Customers Oversight Division (DAP) was created in September 2014, as part of CGD's implementation of its new credit recovery model, to oversee customers in financial difficulties in negotiation and legal proceedings segments. Its strategic objective is the recovery of individual customers and companies with an exposure of less than €1 million.

To assist integrated credit management in CGD, a customer mapping system was drawn up based on colour coding (green, yellow, orange, red, grey and purple). DAP's operations process customers with an "orange" status, with the branch office network overseeing the preceding customer colours.

Organisational structure

DAP is made up of 3 individual customers regions (Lisbon and South of the River Tagus, Porto and the North and Central Portugal and the Islands of the Azores and Madeira) and a corporate oversight region. With a particular focus on negotiation with the aim of avoiding the need for legal action with customers, each region is made up of a set of 7 negotiation hubs coming to a total number of 25 (22 for individual and 3 for corporate customers), geographically split up over the mainland in the main population centres and the islands (Madeira and Azores).

Negotiation areas have been decentralised over the last year with the creation of individual customer hubs. With a reverse movement in the legal proceedings area, involving its centralisation, with the objective of having fewer hubs and fewer human resources allocated to them, in a model with a greater control environment.

The employee complement of approximately 350 was expanded by around 110 extra staff in 2015. Around 10 thousand hours of training were given as a means of integrating employees originating from various Caixa divisions.

Operational data

DAP has been implementing faster ways of processing customer throughput, with the aim of achieving greater control over impairment and overdue credit, having succeeded in achieving the objectives set in 2015.

In statistical terms, DAP's negotiation portfolio comprises around 47 thousand customers, for a volume of credit or around €1.8 billion. Individual customers represent approximately 70% of the global credit volume with companies accounting for the remaining 30%.

The most common recovery measures consist of the restructuring of operations, payments made by customers (translating into the settlement of liabilities) and *PERs* ("Special Recovery Processes") in the case of companies, as opposed to the need to take legal action.

In the legal proceedings area, the global credit volume is around €2 billion, 60% of which in respect of credit to individual customers and 40% in credit to companies.

Oversight of corporate customers

The economic environment in 2015 continued to be characterised by defaults, which accentuated the need for a more focused and centralised approach to the corporate sector with differentiated treatment for non-performing loans.

The Corporate Oversight Division's (DAE's) mission and scope of operation were expanded in 2015, following the Transversal Structuring Project, with the objective of redesigning the oversight and recovery of credit in CGD, with a consequent increase of this Division's human resources. The broadening of its mission and the intensification of its operating focus were reflected in the adjustment, also by extension, of its priority objectives:

- To oversee and recover loans to companies and their respective groups, with an involvement of more than €1 million with CGD, with impairment of 10% or more or, notwithstanding the amount of impairment, when in activity sectors at risk (e.g. construction/real estate development, hotels/tourism);
- To deleverage in the case of large amounts of exposure and activity sectors considered to be at risk;
- To increase guarantees;
- To promote management solutions with companies, with the objective of making them solvent, avoiding, whenever possible, legal proceedings;
- To promote articulation between DAE and other Caixa divisions, incentivising greater procedural flexibility with the objective of improving the possibility of consensus for each case;
- To ensure the production, oversight and control of processes which are forced to be submitted to legal proceedings in order to maximise the amount recovered by CGD.

Owing to the broadening of its mission and objectives, DAE changed its commercial structure which now comprises the following:

- Three regions created on the basis of the *CAE* (Classification of Economic Activity) and type of customer debt and respective status in CGD: CRE (commercial and real estate); non-CRE and legal proceedings, based on a geographical proximity approach to customers and incorporation of the regional specificities of the Portuguese business environment, each of the regions is made up of corporate offices in Lisbon and Porto:

  - CRE region: comprising five corporate offices, three in Lisbon and two in Porto;

  - Non-CRE region: comprising four corporate offices, two in Lisbon and two in Porto;

  - Legal proceedings region: comprising two corporate offices, one in Lisbon and one in Porto.

- An administrative support area responsible for the current management aspects of customer portfolios and helping to formalise the solutions found.

- A technical management support hub, comprising 3 subordinated hubs:

  - Triage, which is responsible for controlling the reception of case files, auditing their respective documentary support and computer entries;

  - The planning and control hub which monitors the Division's performance and centralises the issue of reports to assist it in the management of the structural bodies;

  - The market solutions and oversight of corporate restructuring funds hub which helps to implement new credit recovery solutions, such as credit portfolio disposals while also operating as brokers in terms of the institutional relations with the corporate restructuring funds (as relevant vehicles in corporate recoveries, which represent a growing proportion of the economy) and promoting the oversight and control of the evolution of the portfolios in which CGD is involved, centralising the issue of reports on its oversight for the Division, Regulator and Auditor.

DAE, at the end of 2015, managed a credit portfolio of around €6 billion (CGD and CGD Group companies), in the following areas:

- Negotiation (€4.7 billion of which €3.2 billion in the CRE area and €1.6 billion in the non-CRE area);
- Legal proceedings (€1.3 billion), for a volume of deposits of €104 million.

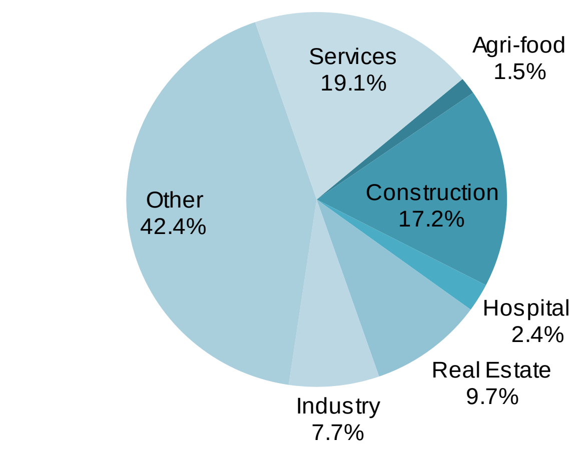
These volumes were split up over a total number of 2,582 companies, 1,712 of which are still trading.

In global terms, impairment on DAE's portfolio in November 2015 was around €2.3 billion, around 39% of customers' total loans with CGD. An amount of €1.7 billion was posted to the negotiation portfolio (41%) and €580 million to the legal proceedings portfolio (55%).

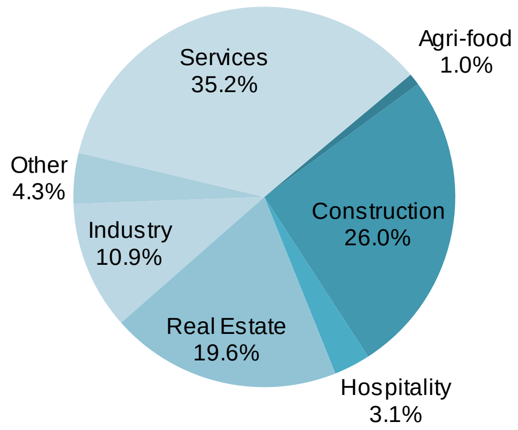
ALLOCATION OF CASE FILES IN PORTFOLIO

(%)

Clients by Sectors



Portfolio by Sectors

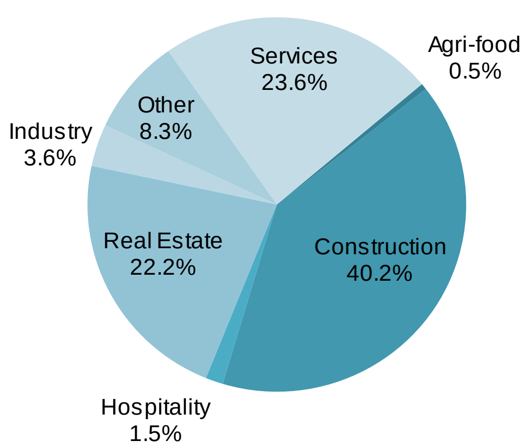


The risk dispersal trend by sectors of activity, already noted in 2014, was consolidated in 2015, in respect of those which were initially identified in the model approved for DAE - hotels, construction and real estate. Notwithstanding, the latter continue to represent around 49% of DAE's portfolio, on a credit level. The services and industry sectors represented around 35% and 11% of the portfolio, respectively, in 2015, accounting for a joint proportion of more than 46%. It should be noted that "Other" includes individual customers allocated to the Division (guarantors of corporate credit operations under DAE management).

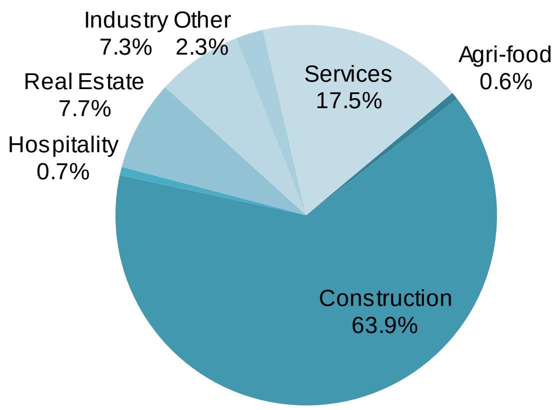
ALLOCATION OF OVERDUE CREDIT AND OFF-BALANCE SHEET PORTFOLIO ITEMS BY SECTORS OF ACTIVITY

(%)

Overdue Credit



Off-Balance Sheet



Notwithstanding portfolio diversification, the sectors of activity initially considered as high risk continue to represent a proportion of 64% of the Division's overdue credit (with around €1.4 billion).

Activity in 2015

2015 was the year of the reorganisation of this Division, with the integration of a legal proceedings area, adjustments to its mission, objectives, operational strategies and procedures manuals.

Negotiation area

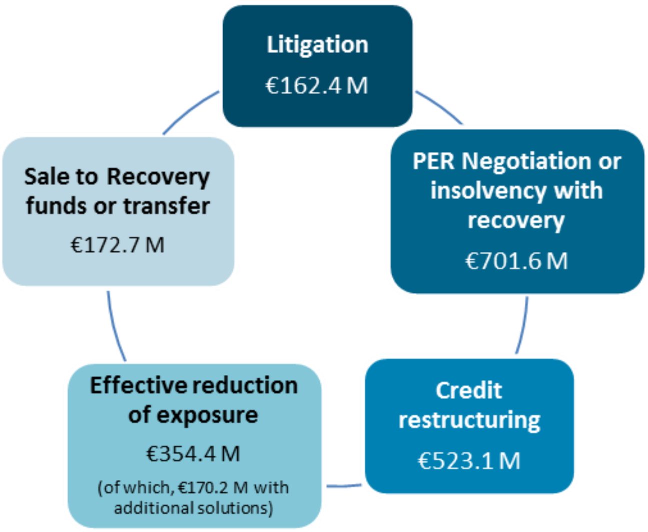
Across 2015, on a level of negotiation areas, DAE was active with customers representing an initial amount of €4.5 billion, which it succeeded in reducing by €354.4 million, based on effective settlements/debt liquidations.

Its activities allowed 311 case files to be finalised and part solutions to be achieved in 13 additional case files, comprising an initial amount of €1.7 billion allocated to DAE. Reference should be made, in terms of amounts, to the restructuring operations based on negotiation for involving PER (special corporate recovery process) for applications for the amount of €701.6 million, confirming a growing corporate trend in the use of this application process and DAE's active participation in them and restructured operations (based on direct negotiation with customers), for the amount of €523 million (30.3%).

In line with the market trend, asset disposal operations to recovery and real estate funds were negotiated in 2014, encompassing 6 corporate groups, for an amount of €105.8 million in credit.

Owing to the impossibility of reaching a negotiated solution, 80 case files, representing €162 million were transferred to legal proceedings.

ALLOCATION OF SOLUTIONS APPLIED BY NEGOTIATION AREAS IN 2015



Reference should also be made to the market launch of a mixed portfolio (CRE and non-CRE, trading and legal proceedings) of €500 million whose start-up (i.e. non binding) stage began in December 2015 and was completed in February 2016.

Legal proceedings area

On a level of the legal proceedings area, the Division oversaw and oversaw court cases involving 868 companies, 80 of which were transferred from DAE's negotiation area across 2015 and the others originating from the ex-DRC (Credit Recovery Division). An amount of €1.3 billion in credit was overseen by this area.

In addition to the oversight of its respective processes, the legal proceedings area also provided assistance to the negotiation areas in the relationship with the courts in the sphere of both *PER* processes and recovered insolvency processes.

❻ Regulatory capital requirements – the mark-to-market assessment method is used as defined in Section 3 of chapter 6 of European Parliament and the Council Regulation 575/2013 for derivatives, repos operations, loans contracted for or issued on securities or property or goods, long term settlement operations and loan operations with the imposition of a margin. This consists of adding to the operation's market value, when positive, its future valuation potential, resulting from the multiplication of the notional amount by a prudential factor based on the type of agreement. The standard method described in the EU Regulation is applied to loans and receivables.

The "Market Discipline 2015" document, scheduled for publication in first half 2016 will provide detailed information on regulatory requirements for CGD Group's capital.

❼ Stress tests aim to provide an analytical vision of CGD Group's position in terms of solvency when subject to extreme scenarios. Based on a credit risk approach, across 2015, in addition to the sensitivity analyses performed for internal management, stress tests were performed in the sphere of the Internal Capital Adequacy Assessment Process (ICCAP) and in the sphere of its recovery plan.

❽ Internal capital requirements per operation result from the use of internally estimated credit risk factors (probabilities of default, loss given faults and conversion factors into credit equivalents).

1.10.2. MARKET RISK

This translates into potentially negative impacts on an institution's income or capital, deriving from unfavourable price movements of portfolio assets.

This is on account of the uncertainty of price fluctuations and market rates, such as the prices of shares and indices or interest or foreign exchange rates and the correlations between them.

Market risk exists on instruments such as shares, funds, bonds, spot and forward foreign currency operations, interest rate derivatives, foreign exchange derivatives, shares/indices/baskets, commodities and credit. Exposure to this type of risk is therefore across-the-board to various categories: price, interest rate, foreign exchange rate, volatility and commodities.

Executory functions on market operations and their associated risk control are completely separate.

Limits

The practice of setting and monitoring diverse limits is an extremely important factor in mitigating market risk. These global limits are submitted to the ALCO committee by the Risk Management Division for discussion and approval. The management rules established for CGD Group on each portfolio or business unit, include, *inter alia*, market risk limits and stop losses as well as limits on the types of instruments authorised, concentration limits, *et al*. Specific management rules for the foreign exchange risk of CGD Group units are also applied.

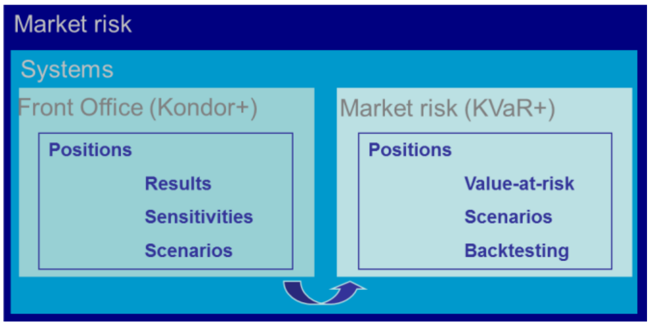
Market risk hedging operations are decided by portfolio managers or business units, based on risk limits and authorised instruments, in which the Risk Management Division collaborates on assessing the impact of total risk hedges incurred or authorised market risk levels, if deemed advisable under the circumstances.

Market risk limits and stop loss instructions are measured, controlled and reported at least once a day. The procedures, when limits are exceeded, have been perfectly defined.

VaR amounts and limits are calculated on CGD Group's foreign exchange position and are subject to limits as well as the total open position and open position per currency.

Methodology

Value at Risk (VaR) is a measure of the loss of potential future value that, in normal market conditions, will be the upper limit assuming a certain level of confidence and a determined investment timespan. The market risk management area has, since 2002, used the VaR measure to monitor the Group's market risk with market risk limits being based on this measure and, in several cases, complemented by tolerance to changes in risk factors - basis point value (bpv) for interest rates and other sensitivity indicators commonly applied to options portfolios (referred to as Greeks). VaR is assessed for all types of market risk (interest rates, shares, exchange rates and volatility), using the historic simulation method, whose confidence levels are contingent upon the reasons for holding the portfolios.



Two new market risk metrics were introduced in 2015: *Expected Shortfall* (ES) which aims to quantify the potential loss of value in adverse market conditions and *Three Worst* (3W) which aims to quantify potential portfolio loss in extreme conditions.

Stress tests are also performed on results to assess the impact of extreme scenarios.

Market risk management calculates and monitors such measures on a daily basis, having designed a comprehensive VaR report, sensitivity analysis, profitability indicators, compliance with limits and stress tests for all Group entities with market risk exposure in their balance sheet trading and currency portfolios.

Foreign exchange risk control and assessments are performed separately on a daily level in the case of domestic activity and for each of the branches and subsidiaries and fortnightly on a consolidated level for the Group as a whole.

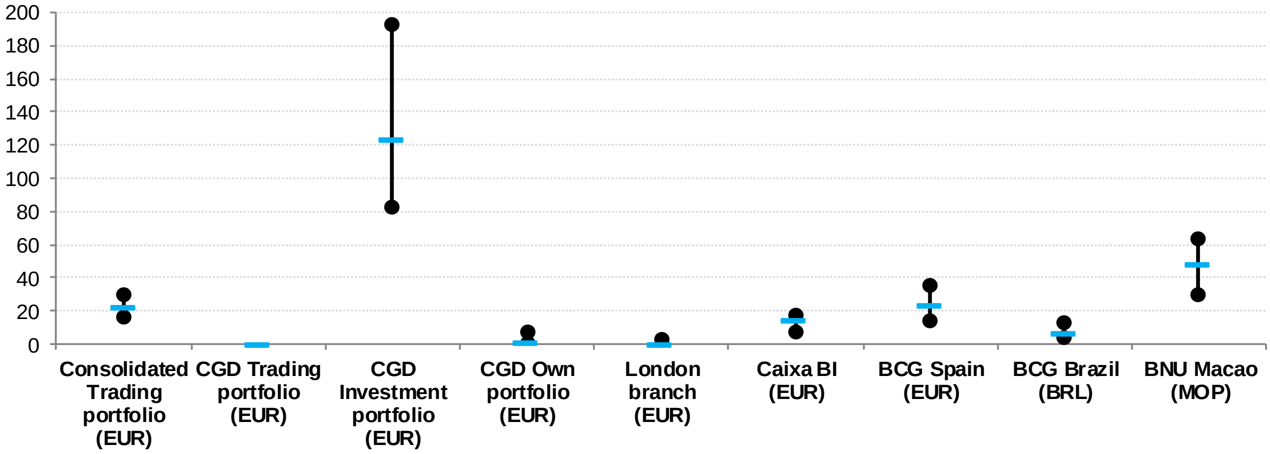
The VaR model is continuously put to the test either through its day-to-day use or theoretical daily back-testing exercises, as well as the real monthly determining of back-testing values on several portfolios.

The number of exceptions obtained i.e. the number of times theoretical or real losses exceed VaR, enable the method's accuracy to be assessed and any necessary adjustments made.

The minimum, average and maximum VaR values for the most relevant perimeters in 2015 were as follows:

MARKET RISK INDICATORS

(Currency in million)



The market risk CGD's "Held for Trading" portfolio remained at similar to 2014 levels with only a slight increase essentially deriving from the incorporation of zones with higher foreign exchange volatility noted in 2015. The risk on the portfolios under management also continued to be close to the levels noted last year. The market risk on the subsidiaries portfolio, specifically Banco Caixa Geral (BCG) was sharply down owing to the exclusion of the effects caused by the political instability in the summer of 2013 from the sample of observations.

1.10.3. INTEREST RATE RISK IN BALANCE SHEET

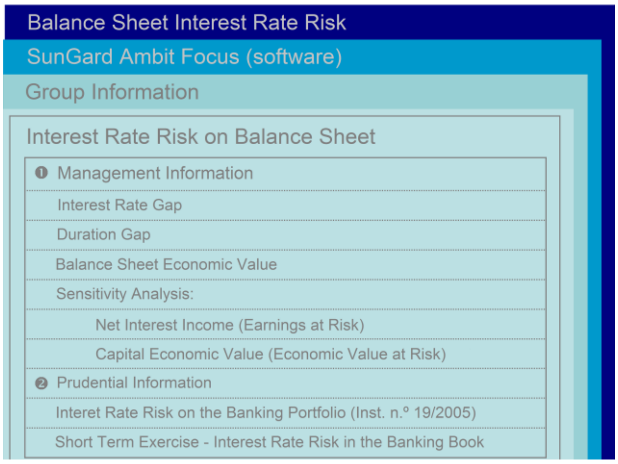
This is the risk incurred by a financial institution whenever, during the course of its operations, it contracts for operations whose financial flows are sensitive to interest rate changes, i.e. the risk of the occurrence of a change in the associated interest rate, mismatching of maturities and refixing of interest rates between assets and liabilities held, with a decrease in yield or increase in financial cost.

Methodology

The methodology used by Caixa to measure this type of risk embraces the accounting (or short term) and economic (or long term) perspective and uses both simplified interest rate gaps (aggregating all assets and liabilities sensitive to a change therein in residual interest rate bands, thus obtaining the corresponding mismatches) and effective duration (estimate of the percentage change in the price of the financial instruments for a change in interest rates of 100 bps) and robust simulation technique models including Earnings at Risk metrics (impact of adverse interest rate changes on the interest margin) and the Economic Value of Equity at Risk (impact of adverse interest rate changes on the economic value of equity).

It should be noted that internal interest rate assessment models based on an economic perspective, i.e. fair value, sensitivity and duration, were fully revised and approved by the ALCO committee at the start of second half 2015.

The management and control of balance sheet interest rate risk and of the banking portfolio are based on a set of guidelines that include the fixing of limits for the variables considered significant on a level of exposure to this type of risk. The objective of compliance with these guidelines is to ensure that CGD, at any point of time, has the means of managing the return/risk trade-off in terms of balance sheet management and that it is simultaneously in a position to fix the most adequate exposure level and control the results of the different risk policies and positions assumed.



The collection of supporting information for measuring and monitoring balance sheet and banking portfolio interest rate is considered monthly by the Executive Committee dealing with risk in addition to ALCO meetings (with the approval, during the course of 2015, of a level of frequency of one month for ALCO meetings to be held in 2016).

Information on CGD Group's balance sheet interest rate repricing gap, at the end of 2015, is set out in the following table.

INTEREST RATE GAP, AT 31 DECEMBER 2015 (*)

(EUR million)

	<= 1W	>1W <=1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y
Total assets	7,157	18,156	22,878	19,719	6,938	1,748	6,718
Total liabilities + capital	4,169	5,817	13,202	15,126	9,263	32,128	5,883
Total interest rate swaps	5,302	-500	-2,065	-1,076	-274	285	-1,597
Gap for period	8,290	11,838	7,611	3,516	-2,599	-30,095	-763
Accumulated gap	8,290	20,129	27,740	31,256	28,657	-1,438	-2,200

(*) Perimeter: CGD and Cayman Islands, Macau, New York, France, London and Spain branches and Banco Caixa Geral, Caixa Banco de Investimento, Banco Nacional Ultramarino, CGD Finance, Caixa Geral Finance, CGD North America, Caixa Leasing e Factoring and Nostrum Mortgage II.

The dimension of interest rate risk exposure in December 2015 continued to comply with the respective level of risk appetite established in CGD Group's Declaration of Risk Appetite, namely in terms of impact of adverse changes of interest rates on the interest margin. The accumulated 12 months repricing gap metric for the amount of €28,657 million enables a controlled interest rate risk aligned with the focus of a retail/commercial bank to be achieved

In the context of its regulatory interest rate risk reporting commitments, Caixa sends detailed information on its level of exposure to interest rate risk in its banking portfolio, in addition to the results of the internal risk measurement and assessment models as established in the Bank of Portugal's *Instruction* 19/2005, every six months, to the Bank of Portugal.

The supervisory model of the European Central Bank in the framework of the Single Supervisory Mechanism – SSM also now includes quarterly Short Term Exercises for the collection of data designed to supply essential information for the Supervisory Review and Evaluation Process. The Supervisor's requirements for banking portfolio interest rate risk include:

- the separation of assets, liabilities and off-balance sheet items into residual interest rate revision periods;
- sensitivity analyses on interest margins and the economic value of equity to external parallel shocks of ±1 bp and ±200 bps on interest rates.

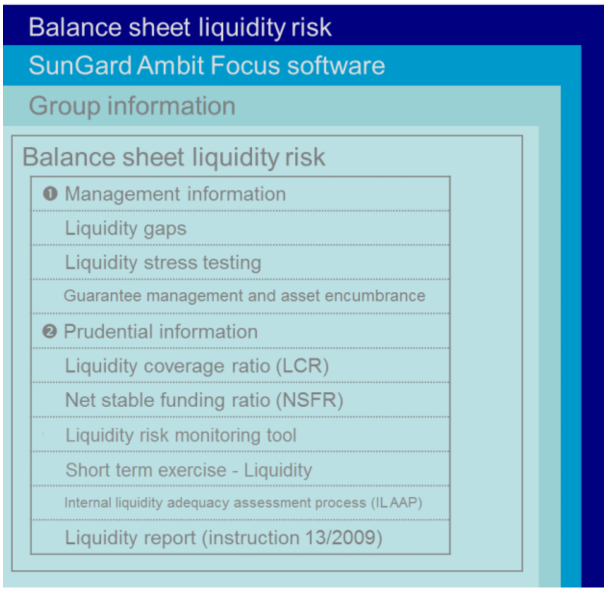
1.10.4. LIQUIDITY RISK

This involves the possibility of the occurrence of a gap or mismatch between a bank's payment and receipt of monetary flows, creating a situation in which a bank is unable to meet its commitments, i.e. in this kind of situation an institution's reserves and cash assets are insufficient to meet its obligations as and when they occur.

Liquidity risk in the banking business area can occur in the event of:

- Difficulties in resource-taking to finance assets, normally leading to higher costs in securing such finance but which may also imply a restriction on asset growth;
- Difficulties in promptly meeting obligations to third parties caused by significant mismatches between residual periods on assets and liabilities.

Methodology



The origin of liquidity risk management in CGD lies in an analysis of the periods to maturity of 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 period of occurrence with the respective liquidity gaps thereafter calculated both for the period and accumulated.

The structural liquidity concept is used for the analysis and definition of exposure limits, aiming to incorporate the historic performance of depositors on a level of the management of their current, term and savings accounts, distributing their balances among the different time bands considered in accordance with internally developed studies and models.

Liquidity gaps are calculated monthly and are subject to compliance with two exposure limits defined by the ALCO committee.

Structural liquidity gap values, at the end of 2015, were as follows:

LIQUIDITY GAP AT 31 DECEMBER 2015 (*)

(EUR million)

	<= 1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y <=5Y	>5Y <=10Y	>10Y
Total assets	16,099	3,128	4,373	3,950	12,138	9. 081	11,897	24,980
Total liabilities + capital	3,523	5,093	7,206	14,344	21,306	9,657	5,377	19,082
Total swaps	0	7	-1	4	3	14	58	-2
Gap for period	12,576	-1,958	-2,834	-10,390	-9,164	-563	6,578	5,896
Accumulated gap	12,576	10,618	7,784	-2,606	-11,771	-12,333	-5,755	141

(*)Perimeter: CGD and Cayman Islands, Macau, Luxembourg, New York, France, London and Spain branches and Banco Caixa Geral, Caixa Banco de Investimento, Banco Nacional Ultramarino, CGD Finance, Caixa Geral Finance, CGD North America, Caixa Leasing e Factoring and Nostrum Mortgage II.

The 1 and 12 months liquidity gaps in December 2015 for the amounts of €12,576 million and -€2,606 million, respectively, translate into short term liquidity ratios which show CGD's highly comfortable position in terms of liquidity and its continued compliance with the respective risk appetite level established in the Group's Declaration of Risk Appetite.

The management of liquidity risk also incorporates stress tests in articulation with the existing liquidity contingency plan in conformity with the principles and recommendations announced by the BCBS - Basel Committee on Banking Supervision and CEBS - Committee of European Banking Supervisors, currently EBA (European Banking Authority).

The internally developed methodology for assessing Caixa's resilience to eventual liquidity difficulties encompasses the measuring and monitoring of the "survival period" (time remaining up until the occurrence of liquidity difficulties if corrective measures have not been implemented), based on three stress scenarios on a funding market level. A fourth scenario - base scenario - is also considered, based on the assumption that Caixa will perform its activity according to its budget and consequent funding plan.

The current model also includes a set of minimum values for survival periods to be complied with in each of the referred to scenarios. Non-compliance with any of the existing limits presupposes the implementation of the contingency measures provided for in Caixa's liquidity contingency plan, in accordance with the priority levels therein defined regarding the use of different funding instruments.

At the start of second half 2015, Caixa expanded the range of mechanisms and measurements and monitoring metrics on liquidity risk with ALCO committee's approval of the adoption of a general oversight framework on the risks associated with the management of the guarantee and the encumbering of assets, based on the quarterly assessment and monitoring of the:

- level, evolution and types of encumbrances on assets and connected encumbrance sources;
- amount, evolution and creditworthiness of the unencumbered but encumberable assets;
- the amount, evolution and types of additional encumbrances resulting from scenarios of tension (contingent encumbrances).

The adoption of the general framework of oversight on risks associated with the encumbering of assets, is one of the dimensions of the governance of risk management of the encumbering of assets, approved by the ALCO committee at the end of first half 2015, which endeavours to fully comply with the legislative references/recommendations of the European Systemic Risk Committee (CERS/2012/2), Regulation (EU) 575/2013 of the European Parliament and the Council and EBA guidelines on the disclosure of encumbered and unencumbered assets (EBA/GL/2014/3), and the Bank of Portugal's *Instructions* 28/2014 – Disclosure of information on encumbered and unencumbered assets and 29/2014 – Management of the risk of encumbering assets.

The year 2015 was particularly demanding in terms of the regulatory undertakings for reporting liquidity risk, owing to the inception of the direct supervision of the ECB on CGD Group (although the Single Supervisory Mechanism was implemented in November 2014, 2015 was the first year in which it came into full effect).

The ECB's liquidity radar was based on thee distinct levels of scrutiny, frequency and complexity:

- Liquidity Risk Monitoring Tool (weekly) – methodology for the monitoring of liquidity risk developed by the ECB, which includes the calculation of i) liquidity ratios, ii) survival periods, and iii) liquidity gaps;

- Short Term Exercises (quarterly) – a short term exercise for the collection of data geared to supplying essential information for the ECB's Supervisory Review and Evaluation Process, that, on liquidity issues, includes information on:
    - prudential liquidity ratios, Liquidity Coverage Ratio (LCR) and Net Stable

Funding Ratio (NSFR);
- the allocation of assets, liabilities and liquid assets ("counterbalancing capacity") to periods to maturity of capital and interest;
- concentration of funding;
- cost of funding;
- on a level of the concentration of counterparties making up the institution's net assets.

- The Internal Liquidity Adequacy Assessment Process (annual) – a self-assessment of the adequacy of the liquidity levels of credit institutions that, in compliance with Article 86 of Directive 2013/36/EU, should have robust strategies, policies, processes and information systems for:

  - the identification, measurement, management and monitoring of liquidity risk over appropriate timeframes;
  - the management and monitoring of financing positions in order to ensure adequate liquidity buffer levels and an adequate financing structure.

In addition to the Supervisor's proximity approach to the banks' liquidity situation, the Liquidity Coverage Ratio – LCR – as the minimum liquidity standard under the Basel III Regulatory Accord – came into force on 01.10.2015, with the following transitory disposition:

- 60% of the liquidity coverage ratio requirement starting from 1 October 2015;
- 70% from 1 January 2016;
- 80% from 1 January 2017;
- 100% from 1 January 2018.

CGD Group had a comfortable LCR ratio of 146.4% at 31.12.2015, significantly higher than the established minimum, confirming its excellent liquidity position.

The NSFR, in also confirming the Group's liquidity position, was a comfortable 135.9% at 31.12.2015, although the standard aiming to promote the existence of a sustainable maturities structure regarding assets, liabilities and off-balance sheet items, particularly focusing on preventing the excessive use of short term wholesale funding, only comes into force starting 01.01.2018, with a minimum requirements of 100%.

Also in the context of its regulatory liquidity risk reporting commitments, Caixa continued to comply with the conditions set out in Bank of Portugal *Instruction* 13/2009, which includes a detailed, permanent collection of information on credit institutions' liquidity levels, including their forecast treasury planning over a one year timeframe.

Notwithstanding the problems noted in the money and capital markets since 2008, 2015 saw a growing trend towards stabilising confidence levels in the financial system, already felt in 2013 and 2014, providing Caixa with a more favourable funding environment. Over the course of the year as a whole, Caixa furthered a resource-taking policy which endeavoured to guarantee a sustainable funding structure for its activity, based on the characteristics of the liquidity and period to maturity of its off-balance-sheet assets and exposures.

1.10.5. OPERATIONAL RISK

Operational risk is the risk of losses resulting from inadequacies or failures of processes, persons and information systems or caused by external events including legal risks.

Operational risk management in CGD Group is based on an end-to-end process and supported by a collection of guidelines, methodologies and regulations recognised as good practice on a national and international level

Methodology

In terms of the calculation of own funds requirements to cover operational risk, CGD Group has, on a consolidated basis, adopted the standard method, which also includes Caixa Geral de Depósitos, Caixa Banco de Investimento, Caixa Leasing e Factoring, Banco Caixa Geral (Spain) and Mercantile Bank (South Africa) on a separate basis.

The application of the standard method on a consolidated basis, at 31 December 2015, requires own funds of €234.9 million to cover operational risk.

On an organisational level, CGD's operational risk management is performed by the following structures and functions which have specific responsibilities in this process. This methodology has been implemented in CGD and its respective branches and subsidiaries.

In addition to the referred to operational risk management methodology and with the objective of guaranteeing the continuous functioning of activity, CGD is implementing a Business Continuity Management System as a holistic management process to identify the potential threats to an organisation and the impacts such threats could have on its business, if they materialise, strengthening an organisation's resilience and its effective capacity to respond.

On the other hand, to ensure compliance with the regulatory undertakings of Group Entities, Caixa is developing support/performance projects in respect of this framework of good practice with its foreign structures to strengthen continuity management, having sent a questionnaire on this issue to the entities in 4th quarter 2015, with remote monitoring.

Work will continue through 2016 on the oversight of the implementation works in the entities in which CGD has already intervened, namely, Banco Comercial e de Investimentos (Mozambique), Banco Comercial do Atlântico (Cape Verde), Banco Caixa Geral Angola (Angola), and the France and Luxembourg branches.

Objectives for 2016

A new transversal stress tests exercise will be performed in first half 2016 and its results publicly disclosed. The exercise, promoted by the EBA, will encompass 53 banking groups operating in the European Economic Zone, 39 of which coming under the direct supervision of the ECB. CGD Group, in spite of not having been included on this panel, will be subject to a similar ECB exercise on the remaining banks under its supervision.

2016 will essentially be a year of preparation for the approaching regulatory structural changes:

- International Financial Reporting Standard 9 (IFRS 9);
- Minimum Requirement for Own Funds and Eligible Liabilities (MREL);
- Fundamental Review of the Trading Book (revision of the approaches to the calculation of own funds requirements);
- Principles for Effective Risk Data Aggregation and Risk Reporting (a set of principles to promote the rigour and transparency of risk information, respective aggregation techniques and analysis reports);
- Interest Rate Risk in The Banking Book (revision of the requirements of Pillar II – process for the assessment by the Supervisory Authority and Pillar III – Market Discipline), inter alia.

In such a framework, the whole of the risk management infrastructure, ranging from the governance model to the operationalisation and dissemination of information on risk appetite at all CGD levels should be strengthened and enhanced. Strengthening the corporate function will therefore continue to be a priority.

Endeavours will also be made to provide for the recommendations resulting from the various inspections and thematic reviews occurring across 2015. The Internal Capital Adequacy and Liquidity Assessment Processes – ICAAP and ILAAP – will, in particular, be improved in line with the recent EBA and ECB guidelines.

There is also likely to be an evolution in operational terms of the whole of the rating process, with a view to its full integration in the computerised workflow platform.

Lastly comes the prevailing internal challenge of laying the groundwork for starting work on the process for requesting authorisation to use internal models to calculate own capital requirements for credit risk.

1.11. Proposal for the Appropriation of Net Income

Pursuant to the terms of articles 66 no. 5, sub-paragraph f) of article 376 of the Commercial Companies Code and article 26 of Caixa Geral de Depósitos's articles of association, it is proposed that CGD's separate net income of €12,210,611 for the year is hereby proposed:

- 20% for the legal reserve: €2,442,122;
- €9,768,489 into the "Other Reserves and Retained Earnings" balance sheet account.

Lisbon, 21 April 2016

Board of Directors

Chairman:

Prof. Doutor Álvaro José Barrigas do Nascimento

Deputy Chairman:

Dr. José Agostinho Martins de Matos

Members:

Dr. Nuno Maria Pinto de Magalhães Fernandes Thomaz

Dr. João Nuno de Oliveira Jorge Palma

Dr. José Pedro Cabral dos Santos

Dr.ª Ana Cristina de Sousa Leal

Dr.ª Maria João Borges Carioca Rodrigues

Prof. Doutor Pedro Miguel Valente Pires Bela Pimentel

Prof. Doutor José Luís Mexia Fraústo Crespo de Carvalho

Dr. José Ernst Henzler Vieira Branco

Prof. Doutor Eduardo Manuel Hintze da Paz Ferreira

Prof. Doutor Daniel Abel Monteiro Palhares Traça

Prof. Doutor Pedro Miguel Ribeiro de Almeida Fontes Falcão

1.12. Declarations on the Conformity of the Financial Information Presented

Under the terms of sub-paragraph c) of no. 1 of article 245 of the Securities Market Code we declare that the financial statements for 2015 and other accounting documents have, to the best of our knowledge been produced in conformity with the applicable accounting standards and provide a true and appropriate image of the assets and liabilities, financial situation and results of Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter and that the board of directors' report gives an accurate account of its business evolution and the performance and position of the referred to entities and contains a description of the principal risks and uncertainties they face.

Lisbon, 21 April 2016

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1.13. Separate and Consolidated Financial Statements

CAIXA GERAL DE DEPÓSITOS, SA

BALANCE SHEET (SEPARATE)

(EUR)

ASSETS	31/12/2015 Amounts before impairment, amortisation and depreciation	31/12/2015 Provisions, impairment and amortisation and depreciation	31/12/2015 Net assets	31/12/2014 Net assets
Cash and cash equivalents at central banks	1,773,856,681	-	1,773,856,681	1,201,671,351
Cash balances at other credit institutions	449,401,347	-	449,401,347	419,994,761
Financial assets held for trading	2,578,228,584	-	2,578,228,584	2,225,763,404
Other financial assets at fair value through profit or loss	570,118,126	-	570,118,126	584,021,929
Available-for-sale financial assets	17,622,230,003	(421,334,865)	17,200,895,138	17,878,654,218
Financial assets with repurchase agreement	770,710,862	-	770,710,862	1,094,405,815
Loans and advances to credit institutions	4,964,519,967	(12,558,857)	4,951,961,110	3,645,595,429
Loans and advances to customers	59,141,137,865	(5,961,877,267)	53,179,260,598	55,200,604,208
Hedging derivatives	46,468,319	-	46,468,319	80,307,888
Non-current assets held for sale	507,933,741	(121,120,841)	386,812,900	377,740,213
Investment properties	3,000,623	-	3,000,623	2,950,623
Other tangible assets	1,239,599,993	(891,659,913)	347,940,080	378,349,515
Intangible assets	683,347,802	(602,309,378)	81,038,424	85,527,241
Investments in associates, subsidiaries and joint ventures	4,426,350,969	(661,272,948)	3,765,078,021	3,321,219,760
Current tax assets	15,637,964	-	15,637,964	22,763,497
Deferred tax assets	1,656,845,953	-	1,656,845,953	1,603,350,530
Other assets	2,409,974,893	(184,565,274)	2,225,409,619	2,734,623,794
Total Assets	98,859,363,692	(8,856,699,343)	90,002,664,349	90,857,544,176

LIABILITIES AND EQUITY	31/12/2015	31/12/2014
Resources of central banks	1,342,753,278	1,606,621,700
Financial liabilities held for trading	1,706,524,417	2,171,879,513
Resources of other credit institutions	4,364,064,439	4,413,264,954
Customer resources and other loans	61,950,120,127	61,761,688,823
Debt securities	6,686,130,948	7,120,411,742
Financial liabilities associated with transferred assets	4,347,759,072	4,567,390,845
Hedging derivatives	15,290,889	20,040,095
Provisions	1,095,079,372	962,363,275
Current tax liabilities	8,038,132	2,378,843
Deferred tax liabilities	118,894,205	155,470,227
Other subordinated liabilities	2,604,404,329	2,606,273,352
Other liabilities	1,957,061,317	1,692,318,353
Total Liabilities	86,196,120,525	87,080,101,722
Share capital	5,900,000,000	5,900,000,000
Revaluation reserves	368,024,607	473,928,811
Other reserves and retained earnings	(2,473,691,394)	(1,457,166,107)
Net income for the year	12,210,611	(1,139,320,250)
Total Equity	3,806,543,824	3,777,442,454
Total Liabilities and Equity	90,002,664,349	90,857,544,176

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman: Álvaro José Barrigas do Nascimento

Deputy - Chairman: José Agostinho Martins de Matos

Members: Nuno Maria Pinto de Magalhães Fernandes Thomaz

João Nuno de Oliveira Jorge Palma

José Pedro Cabral dos Santos

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Eduardo Manuel Hintze da Paz Ferreira

Daniel Abel Monteiro Palhares Traça

Pedro Miguel Ribeiro de Almeida Fontes Falcão

CAIXA GERAL DE DEPÓSITOS, SA

INCOME STATEMENT (SEPARATE)

(EUR)

	31/12/2015	31/12/2014
Interest and similar income	2,241,502,687	2,694,399,815
Interest and similar costs	(1,617,336,475)	(2,135,903,930)
NET INTEREST INCOME	624,166,212	558,495,885
Income from equity instruments	438,591,911	116,791,075
Income from services and commissions	440,284,516	451,702,815
Costs of services and commissions	(92,769,052)	(97,674,909)
Net results of assets and liabilities measured at fair value through profit or loss	88,799,414	(239,638,297)
Net gain on available-for-sale financial assets	210,871,999	317,509,715
Net foreign exchange revaluation gain	12,570,457	(6,542,204)
Net gain on the sale of other assets	134,373,294	(25,784,586)
Other operating income	34,594,988	46,171,240
TOTAL OPERATING INCOME	1,891,483,739	1,121,030,734
Staff costs	(590,831,601)	(514,176,250)
Other administrative costs	(345,357,879)	(359,454,254)
Depreciation and amortisation	(69,508,172)	(75,407,162)
Provisions net of reversals	(11,120,882)	26,270,529
Correction of the amount of loans and advances to customers and receivables from other debtors, net of reversals	(720,171,368)	(1,350,127,413)
Impairment of other financial assets net of reversals	(96,509,023)	(53,315,959)
Impairment of other assets net of reversals	(9,047,487)	(166,765,556)
INCOME BEFORE TAX	48,937,327	(1,371,945,331)
Income tax		
Current	(84,915,451)	(19,440,710)
Deferred	48,188,735	252,065,791
	(36,726,716)	232,625,081
NET INCOME FOR THE YEAR	12,210,611	(1,139,320,250)
Average number of ordinary shares outstanding	1,180,000,000	1,180,000,000
Earnings per share (in Euros)	0.01	(0.97)

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman: Álvaro José Barrigas do Nascimento

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CAIXA GERAL DE DEPÓSITOS, SA

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(EUR Thousand)

	31-12-2015	31-12-2014
Balances subject to reclassification to profit or loss		
Adjustments to fair value of available-for-sale financial assets		
Gains / (losses) arising during the year	(48.193)	814.300
Adjustments of fair value reserves reclassified to net income		
Impairment recognized in the year	113.292	53.453
Disposal of available-for-sale financial assets	(210.872)	(317.510)
Tax effect	39.869	(151.332)
Currency changes in Branches	(6.821)	(6.658)
Other	(43)	128
Subtotal	(112.768)	392.381
Balances not subject to reclassification to profit or loss		
Benefits to employees - amortisation of transition impact		
Change in period	-	(22.491)
Tax effect	-	6.151
Benefits to employees - actuarial gains and losses		
Change in period	77.845	(390.354)
Tax effect	51.814	8.842
Subtotal	129.659	(397.852)
Total comprehensive net income for the year recognised in reserves	16.891	(5.471)
Net income for the year	12.211	(1.139.320)
Total comprehensive net income for the year	29.101	(1.144.792)

CAIXA GERAL DE DEPÓSITOS, SA

CASH FLOW STATEMENTS (SEPARATE)

(EUR Thousand)

	31/12/2015	31/12/2014
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2,723,812	3,144,482
Interest, commissions and similar costs paid	(1,577,055)	(2,032,017)
Recovery of principal and interest	13,774	24,450
Payments to employees and suppliers	(761,597)	(799,485)
Payments and contributions to pensions funds and other benefits	(100,823)	(378,054)
Other results	29,895	19,924
	328,005	(20,700)
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	206,483	2,481,143
Assets held for trade and other assets at fair value through profit or loss	(717,688)	(55,364)
Other assets	338,865	(330,423)
	(172,340)	2,095,356
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(312,374)	(3,996,424)
Customer resources	423,139	3,758,387
Other liabilities	387,505	(266,126)
	498,270	(504,164)
Net cash from operating activities before taxation	653,935	1,570,491
Income tax	(22,330)	60,430
Net cash from operating activities	631,605	1,630,922
INVESTING ACTIVITIES		
Capital gains from subsidiary and associated companies	413,633	88,782
Capital gains from available-for-sale financial assets	30,569	28,616
Acquisition of investments in subsidiary and associated companies, net of disposals	(207,570)	(66,936)
Acquisition of available-for-sale financial assets, net of disposals	537,092	715,034
Acquisition of tangible and intangible assets, net of disposals	(36,596)	(39,120)
Net cash from investing activities	737,128	726,376
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(120,518)	(116,051)
Interest on debt securities	(225,055)	(345,314)
Issue of debt securities, net of repayments	(424,206)	(1,500,428)
Net cash from financing activities	(769,779)	(1,961,794)
Increase (decrease) in cash and cash equivalents	598,954	395,504
Cash and cash equivalents at beginning of year	1,621,666	1,223,465
Effects of the exchange rate change on cash and cash equivalents	2,638	2,697
Net change of cash and cash equivalents	598,954	395,504
Cash and cash equivalents at end of year	**2,223,258**	**1,621,666**

CAIXA GERAL DE DEPÓSITOS, SA

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (SEPARATE)

(EUR Thousand)

	Share capital	Revaluation reserves				Other reserves and retained earnings				Net income for the year	Total
		Fair value reserves	Reserves for deferred tax	Fixed assets	Total	Legal reserve	Other reserves	Retained earnings	Total		
Balances at 31 December 2013	5,900,000	(49,893)	14,486	110,425	75,018	862,906	230,926	(1,056,101)	37,731	(1,090,515)	4,922,234
Appropriation of net income for 2013:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	-	(1,090,515)	(1,090,515)	1,090,515	-
Other entries directly recorded in equity:											
Measurement gain / (losses) on available-for-sale financial assets	-	550,243	(151,332)	-	398,911	-	-	-	-	-	398,911
Amortisation of the impact of the transition to the NCA relative to post-employment benefits	-	-	-	-	-	-	-	(16,340)	(16,340)	-	(16,340)
Actuarial gains and losses recognition associated with post-employment benefits	-	-	-	-	-	-	(381,512)	-	(381,512)	-	(381,512)
Currency changes in Branches	-	-	-	-	-	-	(6,658)	-	(6,658)	-	(6,658)
Other	-	-	-	-	-	-	128	-	128	-	128
Total gains and losses for the year recognised in equity	-	550,243	(151,332)	-	398,911	-	(388,043)	(16,340)	(404,382)	-	(5,471)
Reclassifications between reserves and retained earnings	-	-	-	-	-	-	28,408	(28,408)	-	-	
Net income for the year	-	-	-	-	-	-	-	-	-	(1,139,320)	(1,139,320)
Balances at 31 December 2014	5,900,000	500,349	(136,846)	110,425	473,929	862,906	(128,709)	(2,191,364)	(1,457,166)	(1,139,320)	3,777,442
Appropriation of net income for 2014:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	-	(1,139,320)	(1,139,320)	1,139,320	-
Other entries directly recorded in equity:											
Measurement gain / (losses) on available-for-sale financial assets	-	(145,773)	39,869	-	(105,904)	-	-	-	-	-	(105,904)
Employee benefits - actuarial gains and losses	-	-	-	-	-	-	129,659	-	129,659	-	129,659
Currency changes in Branches	-	-	-	-	-	-	(6,821)	-	(6,821)	-	(6,821)
Other	-	-	-	-	-	-	(43)	-	(43)	-	(43)
Total gains and losses for the year recognised in equity	-	(145,773)	39,869	-	(105,904)	-	122,795	-	122,795	-	16,891
Reclassifications between reserves and retained earnings	-	-	-	-	-	-	(482)	482	-	-	-
Net income for the year	-	-	-	-	-	-	-	-	-	12,211	12,211
Balances at 31 December 2015	5,900,000	354,576	(96,977)	110,425	368,025	862,906	(6,395)	(3,330,202)	(2,473,691)	12,211	3,806,544

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED BALANCE SHEET

(EUR)

ASSETS	Notes	31/12/2015 Amounts before impairment, amortisation and depreciation	31/12/2015 Impairment, amortisation and depreciation	31/12/2015 Net assets	31/12/2014 Net assets	LIABILITIES AND EQUITY	Notes	31/12/2015	31/12/2014
Cash and cash equivalents at central banks	4	2,879,644,947	-	2,879,644,947	2,118,027,822	Resources of central banks and other credit institutions	19	5,433,070,365	6,001,686,647
Cash balances at other credit institutions	5	773,163,078	-	773,163,078	878,298,322	Customer resources and other loans	20	73,426,264,596	71,134,176,003
Loans and advances to credit institutions	6	4,022,909,397	(11,394,464)	4,011,514,933	2,133,664,959	Debt securities	21	6,700,080,595	7,174,477,669
		7,675,717,422	(11,394,464)	7,664,322,958	5,129,991,103			80,126,345,191	78,308,653,672
Financial assets at fair value through profit or loss	7	3,365,876,836	-	3,365,876,836	3,073,575,571	Financial liabilities at fair value through profit or loss	10	1,738,596,859	2,121,126,901
Available-for-sale financial assets	8	15,981,140,571	(360,698,825)	15,620,441,746	15,898,392,265	Hedging derivatives	10	10,811,589	20,040,095
Financial assets with repurchase agreement	9	1,081,165,720	-	1,081,165,720	1,281,125,939	Non-current liabilities held for sale	12	-	1,916,688
Hedging derivatives	10	46,468,319	-	46,468,319	78,007,840	Provisions for employee benefits	22 e 34	642,958,345	572,386,256
		20,474,651,446	(360,698,825)	20,113,952,621	20,331,101,615	Provisions for other risks	22	349,505,535	269,271,739
Loans and advances to customers	11	70,956,738,761	(5,197,706,105)	65,759,032,656	66,863,571,726	Current tax liabilities	17	15,863,740	38,533,175
Non-current assets held for sale	12	1,241,910,806	(411,509,205)	830,401,601	804,440,379	Deferred tax liabilities	17	253,224,010	370,362,213
Investment properties	13	1,125,044,372	-	1,125,044,372	1,189,246,257	Other subordinated liabilities	23	2,428,925,499	2,427,905,103
Other tangible assets	14	1,673,409,626	(1,054,039,773)	619,369,853	666,307,144	Other liabilities	24	3,718,456,505	3,527,392,288
Intangible assets	15	830,877,940	(695,846,207)	135,031,733	161,717,282	Total liabilities		94,717,757,638	93,659,274,777
Investments in associates and jointly controlled entities	16	277,495,750	-	277,495,750	318,845,536	Share capital	25	5,900,000,000	5,900,000,000
Current tax assets	17	37,126,344	-	37,126,344	54,947,327	Fair value reserves	26	258,815,935	411,809,630
Deferred tax assets	17	1,473,917,513	-	1,473,917,513	1,425,181,533	Other reserves and retained earnings	26	(690,701,792)	(437,936,995)
Other assets	18	3,111,531,800	(245,759,918)	2,865,771,882	3,206,684,551	Net income attributable to the shareholder of CGD	26	(171,452,959)	(348,044,044)
						Equity attributable to the shareholder of CGD		5,296,661,184	5,525,828,591
						Non-controlling interests	27	887,048,461	966,931,085
						Total equity		6,183,709,645	6,492,759,676
Total assets		108,878,421,780	(7,976,954,497)	100,901,467,283	100,152,034,453	**Total liabilities and equity**		100,901,467,283	100,152,034,453

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

Chairman: Álvaro José Barrigas do Nascimento

Deputy - Chairman: José Agostinho Martins de Matos

Members: Nuno Maria Pinto de Magalhães Fernandes Thomaz

João Nuno de Oliveira Jorge Palma

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CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED INCOME STATEMENT

(EUR)

	Notes	31/12/2015	31/12/2014
Interest and similar income	28	2,958,068,700	3,339,245,588
Interest and similar expenses	28	(1,844,420,958)	(2,350,510,507)
Income from equity instruments	29	74,266,993	49,553,771
NET INTEREST INCOME		1,187,914,735	1,038,288,852
Income from services rendered and commissions	30	641,951,730	659,055,344
Cost of services and commissions	30	(130,456,241)	(144,038,877)
Results from financial operations	31	350,011,209	201,656,956
Other operating income	32	(7,409,836)	(16,544,967)
TOTAL OPERATING INCOME		2,042,011,597	1,738,417,308
Employee costs	33	(820,041,211)	(729,579,714)
Other administrative costs	35	(466,374,014)	(487,393,025)
Depreciation and amortisation	14 and 15	(105,895,679)	(110,690,188)
Provisions net of reversals	22	(37,211,037)	62,848,580
Loan impairment net of reversals and recoveries	36	(557,258,478)	(854,122,795)
Other assets impairment net of reversals and recoveries	36	(121,987,348)	(158,325,846)
Results of subsidiaries held for sale	12	(1,610,132)	285,934,632
Results of associates and jointly controlled entities		47,098,830	19,396,205
INCOME BEFORE TAX AND NON CONTROLLING INTERESTS		(21,267,472)	(233,514,843)
Income tax			
Current	17	(152,813,585)	(67,636,356)
Deferred	17	92,604,402	37,856,509
		(60,209,183)	(29,779,847)
CONSOLIDATED NET INCOME FOR THE YEAR, of which:		(81,476,655)	(263,294,690)
Non-controlling interests	27	(89,976,304)	(84,749,354)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		(171,452,959)	(348,044,044)
Average number of ordinary shares outstanding	25	1,180,000,000	1,180,000,000
Earnings per share (in Euros)		(0.15)	(0.29)

Certified Public Accountant

Andreia Júlia Meneses Alves

Board of Directors

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CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR Thousand)

	31/12/2015	31/12/2014		
	Current activities	Current activities	Non-current activities	Total
Balances subject to reclassification to profit or loss				
Adjustments to fair value of available-for-sale financial assets				
Gains / (losses) arising during the year	(99,889)	730,840	122,620	853,460
Adjustments of fair value reserves reclassified to net income				
Impairment recognized in the year	65,318	60,227	-	60,227
Disposal of available-for-sale financial assets	(204,159)	(231,818)	(112,516)	(344,334)
Tax effect	60,038	(156,882)	609	(156,273)
Foreign exchange difference				
Gains / (losses) arising during the year	(162,923)	89,091	-	89,091
Adjustments of exchange reserves reclassification to results				
Impairment recognized for the year for available-for-sale financial assets				
- Investment units in foreign currency	4,797	(44)	-	(44)
Tax effect	(1,312)	(3,593)	-	(3,593)
Other	(16,768)	(1,733)	-	(1,733)
	(354,898)	486,089	10,714	496,803
Balances not subject to reclassification to profit or loss				
Employee benefits - actuarial gains and losses				
Gains / (losses) arising during the year	77,845	(390,354)	-	(390,354)
Tax effect	51,814	8,842	-	8,842
	129,659	(381,512)	-	(381,512)
Total comprehensive net income for the year recognised in reserves	(225,239)	104,577	10,714	115,290
Net income for the year	(81,477)	(549,229)	285,935	(263,295)
TOTAL COMPREHENSIVE NET INCOME FOR THE YEAR, of which:	(306,715)	(444,652)	296,648	(148,004)
Non-controlling interests	(4,030)	(95,381)	-	(95,381)
TOTAL COMPREHENSIVE NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	(310,745)	(540,034)	296,648	(243,385)

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED CASH FLOWS STATEMENTS

(EUR Thousand)

	31/12/2015	31/12/2014
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	3,631,669	3,972,784
Interest, commissions and similar expenses paid	(1,818,036)	(2,296,410)
Recovery of principal and interests	21,786	30,124
Payments to employees and suppliers	(1,126,606)	(1,152,352)
Payments and contributions to pension funds and other benefits	(105,783)	(379,468)
Other results	113,423	143,067
	716,453	317,746
(Increases) decreases in operating assets		
Loans and advances to credit institutions and customers	(1,113,100)	1,227,101
Assets held for trade and other assets at fair value through profit or loss	(601,722)	(14,083)
Other assets	592,829	(279,209)
	(1,121,993)	933,809
Increases (decreases) in operating liabilities		
Resources of central banks and other credit institutions	(560,408)	(3,667,459)
Customer resources	2,505,364	3,431,739
Other liabilities	327,810	(44,861)
	2,272,765	(280,581)
Net cash from operating activities before taxation	1,867,225	970,973
Income tax	(103,484)	(21,907)
Net cash from operating activities	1,763,741	949,067
INVESTING ACTIVITIES		
Dividends received from equity instruments	74,267	49,568
Acquisition of investments in subsidiary and associated companies, net of disposals	(226,753)	967,626
Acquisition of available-for-sale financial assets, net of disposals	154,208	657,437
Acquisition of tangible and intangible assets and investment property, net of disposals	(93,667)	(93,692)
Net cash from investing activities	(91,945)	1,580,939
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(120,857)	(117,229)
Interest on debt securities	(227,697)	(347,450)
Issue of subordinated liabilities, net of repayments	-	(104,039)
Issue of debt securities, net of repayments	(453,102)	(1,615,070)
Net cash from financing activities	(801,656)	(2,183,787)
Increase (decrease) in cash and cash equivalents	870,140	346,219
Cash and cash equivalents at the beginning of the year	2,996,326	2,581,923
Foreign exchange differences in cash and cash equivalents	(213,658)	68,185
Net change of cash and cash equivalents	870,140	346,219
Cash and cash equivalents at the end of the year	3,652,808	2,996,326

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR Thousand)

	Share capital	Fair value reserve	Other reserves and retained earnings			Net income for the year	Subtotal	Non-controlling interests	Total
			Other reserves	Retained earnings	Total				
Balances at 31 December 2013	5.900.000	63.947	1.491.717	(1.082.079)	409.638	(578.890)	5.794.694	880.924	6.675.618
Appropriation of net income for 2013:									
Transfer to reserves and retained earnings	-	-	511.625	(1.090.515)	(578.890)	578.890	-	-	-
Other entries directly recorded in equity:									
Gain/(losses) on available-for-sale financial assets	-	347.863	68.875	-	68.875	-	416.738	(3.657)	413.081
Employee benefits - actuarial gains and losses	-	-	(381.512)	-	(381.512)	-	(381.512)	-	(381.512)
Foreign currency differences in subsidiaries and branches	-	-	69.484	-	69.484	-	69.484	15.971	85.455
Other	-	-	(51)	-	(51)	-	(51)	(1.682)	(1.733)
Total gains and losses for the year recognised in equity	-	347.863	(243.204)	-	(243.204)	-	104.659	10.632	115.290
Share capital increase	-	-	-	-	-	-	-	-	-
Changes in Group perimeter	-	-	-	-	-	-	-	8.849	8.849
Written-put over non-controlling interests - Partang	-	-	(25.480)	-	(25.480)	-	(25.480)	-	(25.480)
Dividends paid on preference shares and other dividends paid to non-controlling interests	-	-	-	-	-	-	-	(18.223)	(18.223)
Reclassifications between reserves and retained earnings	-	-	79.901	(79.901)	-	-	-	-	-
Net income for the year	-	-	-	-	-	(348.044)	(348.044)	84.749	(263.295)
Balances at 31 December 2014	5.900.000	411.810	1.814.558	(2.252.495)	(437.937)	(348.044)	5.525.829	966.931	6.492.760
Appropriation of net income for 2014:									
Transfer to reserves and retained earnings	-	-	791.276	(1.139.320)	(348.044)	348.044	-	-	-
Other entries directly recorded in equity:									
Gain/(losses) on available-for-sale financial assets	-	(152.994)	(21.568)	-	(21.568)	-	(174.562)	(4.130)	(178.692)
Employee benefits - actuarial gains and losses	-	-	129.659	-	129.659	-	129.659	-	129.659
Foreign currency differences in subsidiaries and branches	-	-	(77.039)	-	(77.039)	-	(77.039)	(82.399)	(159.438)
Other	-	-	(17.351)	-	(17.351)	-	(17.351)	582	(16.768)
Total gains and losses for the year recognised in equity	-	(152.994)	13.701	-	13.701	-	(139.292)	(85.946)	(225.239)
Written-put over non-controlling interests - Partang	-	-	81.578	-	81.578	-	81.578	(64.447)	17.131
Investments carried out by non-controlling interests	-	-	-	-	-	-	-	(567)	(567)
Dividends paid on preference shares and other dividends paid to non-controlling interests	-	-	-	-	-	-	-	(18.899)	(18.899)
Reclassifications between reserves and retained earnings	-	-	(482)	482	-	-	-	-	-
Net income for the year	-	-	-	-	-	(171.453)	(171.453)	89.976	(81.477)
Balances at 31 December 2015	5.900.000	258.816	2.700.632	(3.391.333)	(690.702)	(171.453)	5.296.661	887.048	6.183.710

2. NOTES, REPORTS AND OPINIONS ON THE ACCOUNTS

2.1. Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of euros – unless otherwise indicated)

1. INTRODUCTORY NOTE

Caixa Geral de Depósitos, S.A., (Caixa or CGD), founded in 1876, is an exclusively state-owned public limited liability company. Caixa became a limited liability company on September 1, 1993 under decree law 287/93 of August 20 which also approved its respective articles of association. Banco Nacional Ultramarino, S.A. (BNU) was merged with Caixa on July 23, 2001.

At December 31, 2015, CGD operated a nationwide network of 764 branch offices, with a branch in France having 48 offices, a branch in Timor with 14 offices, a branch in Luxembourg with 2 offices and branches in Spain, London, New York, Cayman Islands, Zhuhai and Macau.

Caixa also has direct and indirect equity stakes in a significant number of domestic and foreign companies, in Spain, Cape Verde, Angola, Mozambique, South Africa, Brazil and Macau, in which it has majority shareholdings. These companies comprise Caixa Geral de Depósitos Group (Group) and operate in various sectors such as banking, investment banking, brokerage, venture capital, the property area, asset management, specialised credit, e-commerce and cultural activities. Caixa also has equity stakes in companies operating in non-financial sectors of the Portuguese economy.

The consolidated financial statements, at December 31, 2015, were approved by the board of directors on April 29, 2016.

CGD's financial statements, at December 31, 2015 and those of a part of its subsidiaries, associates and jointly controlled enterprises require the approval of their corresponding general meetings. Caixa's board of directors considers, however, that the financial statements used for the preparation of these consolidated accounts will be approved without any significant changes.

The European Commission approved CGD's restructuring plan, as submitted by the Portuguese state, in July 2013, in the sphere of its respective recapitalisation process.

The recapitalisation was required in the context of the new regulatory requirements imposed by the European Banking Authority (EBA) which resulted in the need for additional capital of €1,650 million (€750 million in the form of a capital increase and €900 million in core tier 1 equity instruments (note 23)), subscribed for in June 2012 by its state shareholder but considered by the European Commission to be state aid.

CGD's approved restructuring plan focuses on its role in backing companies and individual customers in Portugal and was based on three main operating areas which reinforce the strategy which already being executed:

- The deleveraging of CGD Group's balance sheet with the disposal of its insurance arm and non-strategic investments (already done), in addition to its run-down of non-core assets.

- Improved operational efficiency, continuing its endeavours to reduce operating costs by optimising the number of branches and employees and renegotiating service agreements;
- Restructuring of activity and streamlining CGD's branch office in Spain with the objective of ensuring its long term feasibility and autonomy from CGD in terms of funding, in addition to ensuring a positive contribution to the Group's income. This restructuring process involved the streamlining of the branch office network and optimisation of services and processes and resulted in a downsizing of employee numbers and concentration of the Institution's non-core assets in CGD's Spain branch which was given responsibility for managing the respective run-off process.
  The first stage of the implementation of the Spain plan was completed in December 2015, with the defined KPIs having been met in full.

CGD's and CGD Group's operating commitments include the following:

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

b) Not to implement aggressive commercial strategies;

c) A reduction of proprietary trading activities to the minimum required by the treasury function;

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

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

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

g) Continuation and expansion of its operational risk monitoring policy and prudent, safe commercial policies geared to sustainability;

h) The appointment of a monitoring trustee, responsible for overseeing the implementation and execution of the measures contained in the restructuring plan;

i) Not to set up new business units in geographies in which CGD Group did not previously have a presence;

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

2. ACCOUNTING POLICIES

2.1. Presentation bases

The consolidated financial statements, at December 31, 2015, have been prepared on the basis of the International Financial Reporting Standards (IFRS), as adopted in the European Union under European Council and the Parliament Regulation (EC) 1606/2002 of July 19 and decree law 35/2005 of February 17.

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

2.2. Adoption of (new or revised) standards issued by the "International Accounting Standards Board" (IASB) and interpretations issued by the "International Financial Reporting Interpretation Committee" (IFRIC), as adopted by the European Union

<u>The Group, during the course of 2015, adopted the standards and interpretations issued by the IASB and IFRIC, respectively, in the preparation of its financial statements, provided that they were approved by the European Union, for application in the fiscal years starting on or after January 1, 2015. The following amendments were of relevance to the Group</u>:

- IFRIC 21 – "Levies" – This interpretation was published by the IFRIC in May 2013. It defines requirements for the recognition of obligations imposed by government (either directly or through bodies recognised by it) on the basis of regulation approved for the purpose, clarifying the principles of the identification and accounting recognition of the underlying liability. This standard must be adopted in the European Space for the fiscal years starting on or after June 17, 2014. As the result of the application of IFRIC 21 requirements, Caixa revised the procedures adopted for the recognition of its obligations in the sphere of its annual contribution to the deposit guarantee fund and resolution fund as well as its contribution to the banking sector. Up to 2014, the costs of the referred to charges and taxation were recognised on a straight line basis across the year in which they were payable, having, under the new precepts, been recognised in full at the time of the "generation" of this obligation. The main impacts of the adoption of this standard were expressed in the Group's production of its interim financial statements and did not result in any changes to profit and loss, shareholders' equity or aggregates of component parts of its financial statements when the present comparative period is considered (December 31, 2014) which already reflected these liabilities in full.

- IAS 19 – "Employee benefits" (amended) – The revision of the wording of this standard, published by the IASB in November 2013, clarifies the accounting of employees' contributions for services provided in the sphere of defined benefit plans. It establishes that the independently assessed contributions for the number of years of service provided may be recognised as a deduction from the current service cost of the year in which they are payable and in other cases processed in accordance with the formula used to assess the plan's contributions adopted by the entity in assessing the amount of liabilities, or, alternatively, on a straight line basis, on the respective number of years of service. The accounting policy herein adopted should be consistently applied. Although this standard must be applied in the fiscal years starting on or after July 1, 2014, it may be adopted in advance. The adoption of this standard did not have any impacts on the Group's equity.

- “Annual improvements to IFRS 2010-2012 cycle“

  The document published by the IASB in December 2013 aims to make a series of amendments to IFRS 2 – “Share based payments”, IFRS 3 – “Business combinations”, IFRS 8 - “Operating segments”, IFRS 13 “Fair value measurement”, IAS 16 – “Tangible fixed assets”, IAS 24 – Related party disclosures” and IAS 38 – “Intangible assets”. Although the amendments must be applied in the fiscal years starting on or after July 1, 2014 they may be adopted in advance. Reference should be made to the following amendments:

  - IFRS 3 – “Business combinations”. The amendments to the wording of this standard aim to clarify that a contingent remuneration inherent to a business combination which is recognised as an asset or a liability should be accounted for at its fair value whether or not it is a financial instrument under IAS 39 or IFRS 9 or a non-financial asset. The change in the fair value of this asset or liability (which is not an adjustment to the measurement occurring in the period) should be recognised as a charge to profit and loss.

  - IFRS 8 – “Operating segments”. The amendments to the wording of this standard (i) determine the need to disclose criteria inherent to the aggregation of the operating segments which have been applied by management in its preparation of disclosures (including a description of the aggregated segments and relevant economic indicators in the assessment of their similarity); and (ii) clarify that the reconciliation between the entity’s total assets and the assets of the reportable segments is only required if regularly prepared for internal management analysis.

  - IAS 24 – “Related party disclosures”. The amendments to the wording of this standard clarify that an entity providing management services comprising an assignment of the skills of key management employees is an entity which is related to the entity to which the service is provided and that the amounts of compensation paid for the referred to service (although this need not be split up by type) should, consequently, be disclosed.

  The adoption of this standard did not have any impacts on the Group’s equity.

- “Annual improvements to IFRS 2011-2013 cycle”

  The document published by the IASB in December 2013 aims to make a series of amendments to IFRS 1 – “First-time adoption of the international financial reporting standards, IFRS 3 – “Business combinations”, IFRS 13 “Fair value measurement” and IAS 40 – “Investment properties”. Although the amendments must be applied in the fiscal years starting on or after July 1, 2014 they may be adopted in advance. Reference should be made to the following amendments:

  - IFRS 13 – “Fair value measurement”. The amendments made to the wording of the standard aim to clarify that the exceptions applied to the measurement of groups of financial assets and liabilities at their respective net amount encompass all of the contracts included or measured in accordance with IAS 39 or IFRS 9 requirements, whether or not complying with the classification criteria as financial assets or liabilities, as established by IAS 32.

- IAS 40 – “Investment properties”. The amendments made to the wording of the standard aim to clarify that the application of IAS 40 and IFRS 3 are not mutually exclusive, for which on the acquisition of property it should be necessary to assess whether it complies with the classification criteria as investment property and simultaneously if the acquisition’s underlying transaction complies with the criteria of business combinations.

The adoption of this standard did not have any impacts on the Group’s equity.

The following standards and interpretations, issued by the IASB and approved by the European Union, were available for early adoption at December 31, 2015:

- IAS 1 – “Presentation of financial statements” (amendment). The amendments made to the wording of IAS 1, in December 2014, are based on the intention to ensure the evolution and, in parallel, simplification of the standard requirements inherent to the application of the IAS/IFRS. The amendment to this standard must be applied in the fiscal years starting on or after January 1, 2016.

- “Annual improvements to IFRS 2012-2014 cycle”

  The document, published by the IASB in September 2014, aims to make a series of amendments to IFRS 5 – “Non-current assets held for sale and discontinued operations”, IFRS 7 – “Financial instruments: disclosures”, IAS 19 – “Employee benefits” and IAS 34 – Interim financial reporting”. Although these amendments must be applied in the fiscal years starting on or after January 1, 2016, they may be adopted in advance. Reference should be made to the following amendments:

  - IFRS 7 – “Financial instruments: disclosures”. This adds specific guidelines to the classification of continuing servicing contracts in operations for the transfer of financial assets as well as the disclosure requirements with which they should comply.

  - IAS 19 – “Employee benefits”. This clarifies that issuances of large amounts of debt, used as a reference for the assessment of the discount rate on benefits liabilities, should be denominated in the same currency in which the liabilities will be settled.

- IAS 27 – “Separate financial statements” (amendment). As a result of the amendments to the wording of this standard in August 2014, the IASB permitted the reintroduction of the possibility of the use of the equity accounting method to assess the amount of investments in associates, joint investments and investments in subsidiaries in the separate financial statements of an entity submitting consolidated financial statements. The amendment to this standard must be applied in the fiscal years starting on or after January 1, 2016.

- IAS 16 – “Tangible fixed assets” and IAS 38 – “Intangible assets” (amendments). The amendments to the wording of these standards in June 2014, enabled what are considered to be acceptable methods for the depreciation of tangible fixed assets and intangible assets to be clarified. The amendments to these standards must be applied in the fiscal years starting on or after January 1, 2016.

- IFRS 11 – “Joint arrangements” (amendment). The amendment to the wording of this standard clarified that IFRS 3 applies to the initial accounting of joint interests (or latter reinforcements) whenever they constitute a business, pursuant to the designation provided for in this regulation. The amendments to these standards must be applied in the fiscal years starting on or after January 1, 2016.

Up to the date of the approval of these financial statements, the following standards and interpretations which have not, as yet, been approved by the European Union were also issued:

- IFRS 9 – “Financial instruments” (and subsequent amendments). This standard, initially published by the IASB in November 2009 and latterly republished in July 2014 aims to replace the current wording of IAS 39 – “Financial Instruments: Recognition and Measurement” in stages. The current criteria for the recognition and measurement of financial assets, recognition of impairment, application of hedge accounting (excluding macro hedges) and derecognition of financial instruments have been amended. Although this standard must be applied in the fiscal years starting on or after January 1, 2018, it may be adopted in advance, subject to certain limitations.

- IFRS 15 – “Revenue from contracts with customers”. This standard, published by the IASB in May 2014, specifies the form and timing of the recognition of revenue and also provides information on the disclosure requirements prescribed regarding the entities subject to its application. IFRS 15 provides for a recognition model based on five principles whose application should also include all contractual relationships established with customers. This standard must be applied in the fiscal years starting on or after January 1, 2017.

- IFRS 10 – “Consolidated financial statements”, IFRS 12 – “Disclosures of interests in other entities” and IAS 28 – “Investments in associates” (amendments). The amendments made to the wording of these standards, in December 2014, aim to clarify a series of issues related with the application of the exception in the consolidation attributed to investment entities, namely as regards the extending of the referred to exception to consolidation sub-groups or entities providing services related with the Group’s investment activities. The amendments to these standards must be applied in the fiscal years starting on or after January 1, 2016.

- IFRS 10 – “Consolidated financial statements” and IAS 28 – “Investments in associates” (amendments). The amendments to the wording of these standards, in September 2014, derive from the existence of a conflict in the respective accounting provisions in the sphere of a sale or a contribution of assets between an investor and an associate or a jointly controlled entity. The amendments to these standards must be applied in the fiscal years starting on or after January 1, 2016.

- IFRS 16 – “Leases”. This standard, published by the IASB in January 2016, amends and redefines the recognition, measurement and presentation principles on leasing operations, from a lessor’s and a lessee’s perspective. This standard must be applied in the fiscal years starting on or after January 1, 2019.

- IAS 12 – “Income taxes” (amendments). The amendments made to the wording of this standard, in January 2016, aim to clarify the circumstances underlying the recognition of deferred tax assets on unrealised losses on debt instruments. The amendments to this standard must be applied in the fiscal years starting on or after January 1, 2017.
- IAS 7 – “Statement of cash flows” (amendments). The amendments made to the wording of this standard, in January 2016, add several disclosure requirements especially targeted at the financing components of institutions’ activities. The amendments to these standards must be applied in the fiscal years starting on or after January 1, 2017.

The board of directors considers that the adoption of the above referred to standards and interpretations, especially focusing on the requirements of IFRS 9 “Financial instruments” may cause changes of some significance on a level of the preparation and presentation of the Group’s financial statements, as well as on the extent and contents of the required disclosures. As, however, a detailed analysis of the implications involved in the application of these standards has still to be completed, they cannot be quantified.

2.3. Consolidation principles

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

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

The accounts of CGD Group’s subsidiaries were consolidated by the global integration method in which significant transactions and balances between the consolidated companies have been eliminated. Consolidation adjustments are also made, when applicable, to ensure consistency in the application of the Group’s accounting principles.

The amount of third party investment in subsidiaries is recognised in "non-controlling interests" in equity. In the specific case of the investment funds included in the consolidation perimeter, whenever the holders of non-controlling interests have redemption options on the investment at its equity value, it is recognised in "Other liabilities" (note 24), whose corresponding changes are recognised in the respective profit and loss account.

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

2.4. Business combinations and goodwill

Acquisitions of subsidiaries are recognised by the purchase method. The acquisition cost comprises the aggregate fair value of assets delivered, equity instruments issued and liabilities incurred or assumed for achieving control over the acquired entity. The costs incurred on the acquisition, when directly attributable to the operation, are recognised as costs for the year on the purchase date. On the acquisition date, which is the date upon which the Group achieves control over the subsidiary, identifiable assets, liabilities and contingent liabilities meeting the recognition requirements of IFRS 3 – “Business combinations” are recognised at their respective fair value.

Goodwill is the positive difference, on the purchase date, between the cost of a subsidiary’s acquisition and the fair value attributable to the acquisition of its respective assets, liabilities and contingent liabilities on the purchase date. Goodwill is recognised as an asset and is not depreciated.

If the fair value of the identifiable assets, liabilities and contingent liabilities acquired in the transaction exceeds their acquisition cost, the excess should be recognised as income in profit and loss for the year.

The acquisition of non-controlling interests after control over a subsidiary has been achieved is recognised as an operation with shareholders and no additional goodwill is recognised. The difference between the value attributed to non-controlling interests and the respective acquisition cost, on the transaction date, is directly recognised as a charge to reserves. The impacts of disposals of non-controlling interests which do not entail a loss of control over a subsidiary are also recognised in reserves. Gains or losses on disposals of non-controlling interests, when entailing changes in control over a subsidiary, are recognised by the Group as a charge to profit and loss on the transaction date.

The Group performs impairment tests on balance sheet goodwill, at least once a year, in accordance with the requirements of IAS 36 – “Impairment of assets”. For this purpose, goodwill is allocated to cash flow generating units and its respective recoverable value is based on future cash flow estimates at discount rates the Group considers appropriate. Impairment losses associated with goodwill are recognised in profit and loss for the year and cannot be reversed.

Up to January 1, 2004, as permitted by the accounting policies defined by the Bank of Portugal, goodwill was fully deducted from equity in the year of the acquisition of the subsidiaries. As permitted under IFRS 1, as the Group did not make any changes to this procedure, goodwill, generated on operations, up to January 1, 2004, continued to be deducted from reserves.

Accounting of written put options

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

2.5. Investments in associates and jointly controlled enterprises

Associated companies are entities over which the Group wields significant influence, but whose management it does not effectively control. Significant influence is presumed to exist whenever the Group has a direct or indirect equity stake or voting rights of more than 20%, unless it can clearly be shown that this is not the case. In parallel, no significant influence is considered to exist whenever the referred to investment is less than 20%, unless the opposite, in this case, can also be clearly shown.

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

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

There are also situations in which the Group, in conjunction with other entities, wields joint control over the activity of a company in which the equity stake is held ("jointly controlled entities"). This is usually structured on a basis of the sharing of voting rights and similar rights in respect of decisions.

Investments in associates and jointly controlled entities are recognised by the equity accounting method. Pursuant to this method, investments are initially valued at their respective acquisition cost which is subsequently adjusted on the basis of the Group’s effective percentage of changes in its associates’ equity (including results). The equity accounting method is applied up to the time at which the accumulated losses incurred by the associate or jointly controlled entity and recognised by the Group, exceed the investment’s respective balance sheet value from which time it is discontinued, unless any legal or constructive obligation requires a provision to be set up on such losses.

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

Goodwill, comprising the positive difference between the acquisition cost and fair value attributed to the acquisition of the respective assets, liabilities and contingent liabilities, continues to be recognised in an investment’s respective carrying amount, whose full balance sheet amount is subject to annual impairment tests.

Unrealised gains or losses on transactions with associated companies and jointly controlled entities are eliminated to the extent of the Group’s effective stake in the said entities.

2.6. Translation of balances and transactions in foreign currency

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

Foreign currency transactions are recognised in Caixa’s and its subsidiaries’ separate financial statements on the basis of the reference exchange rates in force on the transaction dates.

Monetary assets and liabilities denominated in foreign currency, at each balance sheet date, are translated into each entity’s functional currency at the exchange rate in force. Non-monetary assets measured at fair value are translated on the basis of the exchange rate in force on the last measurement date. Non-monetary assets carried at historical cost, including tangible and intangible assets, continue to be recognised at their original exchange rates.

Exchange differences arising on translation are recognised in profit and loss for the year, unless arising on non-monetary financial instruments recognised at fair value, such as shares classified as available-for-sale financial assets which are recognised in a specific equity heading until disposal.

In the consolidated accounts, the assets and liabilities of entities with a functional currency other than the euro are translated at the closing exchange rate, as opposed to income and expenses which are translated at the average rates for the period. Under this method, translation differences are recognised in “Other reserves” in shareholders’ equity, with the respective balance being transferred to profit and loss at the time of the disposals of the respective subsidiaries.

As permitted by IFRS 1, the Group opted not to recalculate and therefore did not recognise the impact of the translation of the financial statements of its subsidiaries expressed in foreign currency, up to December 31, 2003, in “Other reserves”. Accordingly in the case of disposals of subsidiaries or associates after the said date, only exchange rate gains/losses originating from January 1, 2004 will be reclassified to profit and loss for the year.

2.7. Financial instruments

a) Financial assets

Financial assets are recognised at their respective fair value at the agreement date. In the case of financial assets measured at fair value through profit or loss, the costs directly attributable to the transaction are recognised in "Cost of services and commissions". In the case of other categories, such costs are added to the asset's book value. Upon initial recognition, the assets are classified in one of the following IAS 39 categories:

i) Financial assets at fair value through profit or loss

This category includes:

- Financial assets held for trading, essentially comprising securities acquired for the purpose of realising gains on short term market price fluctuations. This category also includes derivatives, excluding derivatives complying with hedge accounting requirements; and
- Financial assets irrevocably designated at fair value through profit or loss upon initial recognition ("fair value option"). This designation is restricted to situations whose adoption results in the production of more relevant financial information, i.e.
    - If their application eliminates or significantly reduces an accounting mismatch which would otherwise occur as a result of measuring related assets and liabilities or an inconsistency in the recognition of gains and losses thereon;
    - Groups of managed financial assets, financial liabilities, or both, whose performance is assessed on a fair value basis, in accordance with formally documented risk management and investment strategies and when information thereon is internally distributed to management bodies.
    - Financial instruments containing one or more embedded derivatives may also be classified in this category, unless:
        - The embedded derivatives do not significantly modify the cash flows which would otherwise have been produced under the agreement;
        - It is evident, with little or no analysis that the embedded derivatives should not be separated out.

Financial assets classified in this category are recognised at fair value whose gains and losses generated by their subsequent valuation are recognised in profit and loss for the year in the "Income from financial operations" account. Interest is recognised in the appropriate "Interest and similar income" accounts.

ii) Loans and accounts receivable

These are financial assets with fixed or determinable payments which are not listed in an active market. This category includes loans and advances to Group customers (including securitised loans), amounts to be received from other credit institutions and amounts to be received for the provision of services or disposals of assets, recognised in "Other assets".

These assets are initially recognised at fair value, net of any commissions included in the effective interest rate, plus all incremental costs directly attributable to the transaction. The assets are subsequently recognised in the balance sheet at amortised cost, net of impairment losses. Interest is recognised by the effective interest method, which enables amortised cost to be calculated and interest to be split up over the period of the operations. The effective interest rate is the rate used to discount the estimated future cash flows associated with the financial instrument, enabling their present value to be matched to the value of the financial instrument on the initial recognition date.

iii) Available-for-sale financial assets

This category includes the following financial instruments:

- Variable-income securities not classified as financial assets at fair value through profit or loss, including stable equity investments. It therefore also includes equity instruments held under the Group's venture capital operations, without associated options;
- Bonds and other fixed-income securities;
- Investment units in unit trust investment funds.

Available-for-sale financial assets are measured at fair value, except for equity instruments not listed in an active market whose fair value cannot be reliably measured, which continue to be recognised at cost. Revaluation gains and losses are recognised directly in the "Fair value reserve" in shareholder's equity. At the time of sale or if considered impaired, accumulated fair value gains or losses are transferred to income or costs for the year and recognised in "Income from financial operations" or "Other asset impairment, net of reversals and recoveries", respectively.

To assess the proceeds on sale, assets sales are measured at their weighted acquisition cost.

Interest on debt instruments classified in this category is calculated by the effective interest rate method and recognised in "Interest and similar income" in profit and loss.

Dividends from equity instruments classified in this category are recognised as income in "Income from equity instruments", when the Group's right to receive them has been established.

Reclassification of financial assets

The entry into force of the amendment to the wording of IAS 39 on October 13, 2008 enabled the Group to reclassify several financial assets recognised as "Financial assets held for trading" or "Available-for-sale financial assets" to other financial assets categories. Any reclassifications to "Financial assets at fair value through profit or loss" categories continued to be prohibited. Under this standard, the reference date in respect of reclassifications made by November 1, 2008 was accordingly July 1, 2008.

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

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

Fair value

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

A financial instrument's fair value is the amount at which a financial asset or liability may be sold or settled between independent, knowledgeable parties in an arm's length transaction.

The fair value of financial assets is assessed by a Caixa body which is independent from the trading function, based on:

- The closing price, at the balance sheet date, for instruments traded in active markets;
- Measurement methods and techniques used for debt instruments not traded in active markets (including unlisted securities or securities with low liquidity) include the following:
  - Bid prices published by financial information services such as Bloomberg and Reuters, including market prices available on recent transactions;
  - Bid prices obtained from financial institutions operating as market-makers;
  - Internal measurement models based on market data which would be used to define a financial instrument's price, reflecting market interest rates and volatility, in addition to the instrument's associated liquidity and credit risks.
- Unit trust investment funds not listed in active markets are measured on the basis of their last available NAV (net asset value).
- The measurement of unlisted equity instruments allocated to venture capital activity is based on the following:
  - Prices of materially relevant transactions made by independent entities over the last six months;
  - Multiples of comparable companies in terms of sector of activity, size and profitability;
  - Discounted cash flows, whose discount rates are tailored to the risk attached to the assets held.

  The measurements incorporate discount factors reflecting the securities' lack of liquidity. In the event of a right or contractual obligation to dispose of a specific asset, its respective measurement will also fall within a range of measurements resulting from the above referred to methods and the present value of the asset's disposal price, adjusted, when applicable, to reflect counterparty credit risk.

- Other unlisted equity instruments whose fair value cannot be reliably measured (e.g. no recent transactions) continue to be recognised at cost, net of any impairment losses.

Amortised cost

Financial instruments at amortised cost are initially recognised at fair value, net of the income or costs directly attributable to the transaction. Interest is recognised by the effective interest rate method.

Whenever an estimate of payments or collections associated with financial instruments measured at amortised cost is revised, the respective book value is adjusted to reflect the revised cash flows. The new amortised cost is measured by calculating the present value of future cash flows discounted at the financial instrument's initial effective interest rate. The adjustment of the amortised cost is recognised in profit and loss.

b) Financial liabilities

Financial liabilities are recognised on their agreement dates, at their respective fair value, net of the costs directly attributable to the transaction. Financial liabilities are classified in the following categories:

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives_with negative fair value, in addition to the short selling of fixed and variable-income securities. These liabilities are recognised at fair value. Gains or losses resulting from their subsequent measurement are recognised in "Income from financial operations".

ii) Other financial liabilities

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

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

c) Derivatives and hedge accounting

The Group performs derivative operations as part of its activity to meet the needs of its customers and reduce its exposure to foreign exchange, interest rate and stock market fluctuations.

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

Derivatives are subsequently measured at their respective fair value. Fair value is assessed:

- On prices obtained in active markets (e.g. futures trading in organised markets);
- On models incorporating measurement techniques accepted in the market, including discounted cash flows and options valuation models.

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

Embedded derivatives

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

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

The main impact of this procedure on the Group's activity consists of the need to separate out and measure the derivatives embedded in deposits and debt instruments, i.e. instruments whose returns do not comprise interest (e.g. returns indexed to share prices or indices, exchange rates, *inter alia*). At the time of separation, the derivative is recognised at its respective fair value, with the initial amount of the host agreement comprising the difference between the total value of the combined agreement and the initial revaluation of the derivative. Therefore, no income is recognised on the operation's initial recognition.

Hedge derivatives

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

At December 31, 2015 and 2014, the Group only hedged its exposure to changes in the fair value of financial instruments recognised in its balance sheet and referred to as "Fair value hedges".

The Group prepares formal documentation when a hedge relationship is entered into, to include the following minimum aspects:

- Risk management objectives and strategy associated with the hedge operation, in accordance with defined risk hedging policies;
- Description of the respective hedged risk(s);
- Identification and description of the hedged and hedging financial instruments;
- Hedge effectiveness and periodicity assessment method.

Monthly hedge effectiveness tests are performed and documented by comparing the change in the fair value of the hedging instrument and hedged item (part attributable to the hedged risk). To enable the use of hedge accounting, under IAS 39, the ratio should fall within a range of 80% to 125%. Prospective effectiveness tests are also performed to estimate the hedge's future effectiveness.

Hedge derivatives are recognised at fair value and their results are recognised daily in income and costs for the year. If the hedge is shown to be effective, i.e. an effectiveness ratio of between 80% and 125%, the Group also recognises the change in fair value of the hedged item attributable to the hedged risk in "Income from financial operations" in profit and loss for the year. In the case of instruments with an interest component (e.g. interest rate swaps), accrued interest for the current period and realised cash flows are recognised in "Interest and similar income" and "Interest and similar costs" in net interest income.

Hedge accounting is discontinued whenever hedges cease to meet the hedge accounting requirements defined by the standard or if Caixa revokes this designation. In such situations the adjustments made to hedged items up to the date upon which hedge accounting ceases to be effective or if a decision is made to revoke the designation, are then recognised in profit and loss up to the financial asset's or liability's maturity, based on the effective interest rate method.

Positive and negative revaluations of hedge derivatives are recognised in specific assets and liabilities account headings, respectively.

Measurements of hedged items are posted to the balance sheet account headings in which the instruments are recognised.

Trading derivatives

Trading derivatives include all derivatives not associated with effective hedge relationships in accordance with IAS 39, i.e.

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

Trading derivatives are recognised at fair value, with daily changes being recognised in income and costs for the period in "Income from financial operations", except for the part relating to accrued and liquidated interest, which is recognised in "Interest and similar income" and "Interest and similar costs". Positive and negative revaluations are recognised in "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", respectively.

d) Impairment of financial assets

Financial assets at amortised cost

The Group periodically performs impairment tests on its financial assets at amortised cost, i.e. "Investments in credit institutions", "Loans and advances to customers" and amounts receivable, recognised in "Other assets".

Signs of impairment are assessed separately in the case of financial assets with significant exposure amounts and collectively in the case of like-for-like assets, whose debtor balances are not individually relevant.

Under IAS 39, the following events are considered to be signs of impairment on financial assets at amortised cost:

- A breach of contractual clauses such as interest or principal in arrears;
- A record of defaults in the financial system;
- Existence of operations in force resulting from credit restructuring or credit restructuring negotiations in progress;
- Difficulties on a level of the capacity of partners and management, i.e. when leading partners or key employees leave the company or in the event of disputes between partners;
- A debtor's or debt issuing entity's significant financial difficulties;

- The strong probability of a debtor's or debt issuing entity's bankruptcy;
- The worsening of a debtor's competitive position;
- A track record of collections suggesting that the nominal value will not be fully recovered.

Whenever signs of impairment on separately assessed assets are identified, any impairment loss comprises the difference between the present value of expected future cash flows (recoverable value), discounted at the asset's effective original interest rate and book value at the time of analysis.

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

Separately analysed assets on which no objective signs of impairment have been identified were also included in collective impairment assessments, as described in the preceding paragraph.

Impairment losses, calculated in the collective analysis, include the time effect of the discounting of estimated cash flows receivable on each operation at the balance sheet date.

The amount of the impairment assessed is recognised in costs in "Credit impairment, net of reversals and recoveries" and "Impairment of other assets net of reversals and recoveries" and recognised separately in the balance sheet as a deduction from the amount of the respective assets.

Write-offs/downs of principal and interest

The Group periodically writes-off/down its non-recoverable credit using the respective accumulated impairment following a specific analysis by the structural bodies responsible for overseeing and recovering credit and the board of directors' approval of the various bodies involved. Any recoveries of written-off/down credit are recognised as a deduction from the impairment losses balance in "Credit impairment net of reversals and recoveries" in profit and loss.

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

Interest on overdue credit on loans collateralised by mortgages or other real guarantees is not written-off/down when the accumulated amount of outstanding principal and overdue interest is less than the amount of the collateral.

<u>Available-for-sale financial assets</u>

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

Whenever there is objective evidence of impairment, accumulated capital losses recognised in reserves are transferred to costs for the year in the form of impairment losses and recognised in "Other asset impairment net of reversals and recoveries".

In addition to the above referred to signs of impairment on financial assets at amortised cost, IAS 39 also provides for the following specific signs of impairment on equity instruments:

- Information on significant changes having an adverse effect on the technological, market, economic or legal environment in which the issuing entity operates, indicating that the cost of the investment may not be fully recovered;
- A significant or prolonged decline in market value below cost.

The Group analyses the existence of impairment losses on available-for-sale financial assets at each financial statement's reference date, taking the referred to assets' nature and specific, separate characteristics into consideration.

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

- Existence of unrealised capital losses of more than 50% of the respective acquisition cost;
- When the fair value of a financial instrument remains below its respective acquisition cost for a period of more than 24 months.

The existence of unrealised capital losses of more than 30% for a period of more than nine months was also considered to be objective evidence of impairment.

As impairment losses on equity instruments cannot be reversed, any unrealised capital gains arising after the recognition of impairment losses are recognised in the "Fair value reserve". Impairment, recognised in profit and loss for the year, is always considered to exist on any additional capital losses.

The Group also performs periodic impairment analyses on financial assets recognised at cost, i.e. unlisted equity instruments whose fair value cannot be reliably measured. The recoverable value, in this case, is the best estimate of the future cash flows receivable on the asset, discounted at a rate which adequately reflects the risk attached to holding the asset.

The amount of the impairment loss is recognised directly in profit and loss for the year. Impairment losses on such assets cannot be reversed.

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

IFRS 5 – "Non-current assets held-for-sale and discontinued operations" applies to separate as well as groups of assets for disposal, either by sale or other aggregate means, in a single transaction in addition to all liabilities directly associated with such assets, which may be transferred in the transaction (referred to as "groups of assets and liabilities for disposal").

Non-current assets or groups of assets and liabilities for disposal are classified as held-for-sale whenever their book value is expected to be recovered by sale and not their continued use. The following requirements must be met for an asset (or group of assets and liabilities) to be classified under this account heading:

- There must be a strong probability of sale;
- The asset must be available for immediate sale in its present state;
- The sale should be expected to occur within a year from the asset's classification in this account heading.

Assets recognised in this account heading are not depreciated and are measured at their acquisition cost or fair value, whichever less, net of the costs incurred on the sale. The assets' fair value is calculated by appraisers.

Impairment losses are recognised in "Impairment of other assets, net of reversals and recoveries" if book value exceeds fair value, net of sales costs.

Property and other assets which have been auctioned for overdue credit recovery purposes are also recognised in this account heading at their bid price.

These assets are not depreciated. The value of property received in kind for credit recovery purposes is periodically assessed. Impairment losses are recognised when the amount of the valuation, net of the estimated costs to be incurred on the sale, is less than their book value.

Auctioned property is written-off/down from assets on sale and the respective gains or losses thereon recognised in "Other operating income".

2.9. Investment properties

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

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

2.10. Other tangible assets

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

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

Depreciation is recognised on a straight line basis over the assets' estimated useful lives, comprising the period in which the asset is expected to be available for use, i.e.

	Years of useful life
Property for own use	50 - 100
Equipment:	
Furniture and material	8
Machines and tools	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
Transport material	4 - 6
Security equipment	4 - 10

Land is not depreciated.

The cost of works on and improvements to property used by the Group under operating leases is capitalised in this account heading and depreciated over an average period of 10 years.

Depreciation is recognised as a cost for the period.

Tests are periodically carried out to identify signs of impairment on other tangible assets. Impairment losses are recognised in profit and loss in “Impairment of other assets net of reversals and recoveries” whenever the net book value of tangible assets is higher than their recoverable value (value in use or fair value whichever the higher). Impairment losses may be reversed and also have an impact on profit and loss in the event of a subsequent increase in an asset’s recoverable value.

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

2.11. Finance leases

Finance lease operations are recognised as follows:

<u>As lessee</u>

Assets purchased under finance lease agreements are recognised at their fair value in “Other tangible assets” and in liabilities, in line with the processing of their respective repayments.

Lease instalments are divided up in accordance with the respective financial schedule, whose liabilities are reduced by repayments of principal. Interest payments are recognised in “Interest and similar costs”.

<u>As lessor</u>

Leased assets are recognised in the balance sheet as “Loans and advances to customers” whose principal is repaid in accordance with the agreement’s repayments schedule. Interest included in the instalments is recognised in “Interest and similar income”.

2.12. Intangible assets

This account heading essentially comprises the cost of acquiring, developing or preparing software used to further the Group’s activities. In cases in which the requirements of IAS 38 (“Intangible assets”) are met, the direct internal costs incurred on the development of software are capitalised as intangible assets. These costs essentially comprise employee costs.

Intangible assets are recognised at their acquisition cost, net of accumulated amortisation and impairment losses.

Depreciation is recognised on a straight line basis over the assets’ estimated useful lives, which is normally between 3 and 6 years.

Software maintenance costs are recognised as a cost for the period in which they are incurred.

2.13. Income tax

<u>*Current tax*</u>

CGD is subject to the fiscal regime set out in the IRC (corporate income tax) code and, starting 2012, was taxed under the special tax regime for corporate groupings of article 69 *et seq.* of the referred to code. The Group perimeter covered by the referred to tax regime, of which CGD is the dominant entity, comprises all companies whose headquarters and effective management are in Portugal and whose total income is subject to the general IRC tax regime, at the highest standard rate, in whose equity capital it has had either a direct or indirect equity stake of at least 75%, for a period of more than a year (with January 1, 2012 as the initial reference period) and when the equity stake entitles it to more than 50% of the voting rights.

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

Current tax is calculated on taxable profit for the period, which differs from accounting income on account of adjustments resulting from expenses or income which are not relevant for fiscal purposes or only considered in other accounting periods.

Adjustments to accounting income

- *Income earned by non-resident subsidiaries with a more favourable tax regime*

  Under article 66 of the IRC code, the profit made by non-resident companies benefiting from a clearly more favourable tax regime is allocated to Caixa, in proportion to its equity stake, notwithstanding its distribution, provided that Caixa has a direct or indirect equity stake of at least 25% or at least 10% if more than 50% of the non-resident company is either directly or indirectly owned by resident partners.

  A company is considered to benefit from a clearly more favourable regime (i) when it is resident in a territory listed in ministerial order 292/2011 of November 8, or (ii) when it is not subject to local income taxes which are identical or similar to IRC, or (iii) when the applicable income tax payable on its activity is equal to or less than 60% of the IRC that would have been payable if the company were resident in Portugal.

  In these cases, the profit is included in Caixa's taxable income for the period in which the end of the non-resident company's tax period is included and corresponds to the net profit earned by it in accordance with Caixa's share of the equity. The amount of the profit included is deductible from the taxable profit for the year in which the referred to profit may eventually be distributed to Caixa.

- *Provisions*

  Caixa considered the effect of the following standards in its assessment of taxable income for 2015 and 2014:

  - The dispositions of article 28-C of the IRC code according to which provisions for a specific credit risk on credit collateralised by real rights on property and country-risk provisions on loans to companies in which Caixa has a stake of more than 10%, are not tax deductible;
  - The dispositions of article 28-A of the IRC code according to which, starting January 1, 2003, the provisions for general credit risks calculated under the terms of the Bank of Portugal's official notice 3/95 ceased to be tax deductible. In addition, under the terms of the same

legislation in force, whenever provisions for general credit risks are restored, income is firstly considered to have been a fiscal cost in the period of its respective constitution.

– *Employee costs*

CGD has considered its employee costs, processed and recognised in the accounts, including, *inter alia*, the costs associated with pension liabilities and other post-employment benefits to be tax deductible, up to the limit of the contributions effectively made. This procedure corresponds to the respective understanding of the secretary of state for fiscal affairs of January 19, 2006, on this issue, according to which, the amounts recognised in costs under the terms of the applicable accounting standards, limited by the amount of the contribution effectively made to the pension fund in the same or past years, taking into account the rules of article 43 of the IRC code, are tax deductible.

Also herein and as a result of the change of accounting policy on the recognition of actuarial gains and losses on pension plans and other post-employment benefits, with reference to December 31, 2011, the deferred net liabilities balance recognised in Caixa's balance sheet at the said date was recognised in full as a charge to reserves. As the component of €60,837 thousand relating to pensions liabilities complied with the requirements of article 183 of law 64-B/2011 of December 30 approving the state budget law for 2012, the negative equity changes originated in 2011, which were not considered for tax purposes, in the period, will be recognised as a deduction from taxable profit, in equal parts, in the ten years starting on or after January 1, 2012.

– *Settlement results*

According to article 92 of the IRC code, taxable income, net of deductions for international double taxation and tax benefits, may not be less than 90% of the amount which would have been assessed if the taxpayer (i) had not enjoyed tax benefits, (ii) had not made supplementary contributions to pension funds and the like to cover retirement pension liabilities.

The tax benefits referred to in no. 2 of the same article, are excluded from the settlement results

CGD did not make any adjustment to its assessment of taxable income for 2015 and 2014 as a result of the application of this article.

Deferred tax

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

Deferred tax consists of the impact on tax recoverable/payable in future periods resulting from temporary deductible or taxable differences between the book value of assets and liabilities and their fiscal basis, used to assess taxable profit.

Whereas deferred tax liabilities are normally recognised for all temporary taxable differences, deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable profit allowing the use of the corresponding deductible tax differences or carry-back of tax losses will be generated. Deferred tax assets are not recognised in cases in which their recoverability may be questioned on account of other situations, including issues regarding the interpretation of current tax legislation.

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

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

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

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

2.14. Provisions and contingent liabilities

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

A contingent liability exists when the future outflow of resources is unlikely. Contingent liabilities require no more than a disclosure procedure, unless the probability of their occurrence is remote.

Provisions for other risks are for:

- Liabilities for guarantees provided and other off-balance sheet commitments, based on a risk analysis of operations and respective customers;
- Legal, fiscal and other contingencies resulting from the Group's activity.

2.15. Employee benefits

Liabilities for employee benefits are recognised in accordance with IAS 19 – Employee benefits principles. The main benefits granted by Caixa include retirement and survivors' pensions, healthcare costs and other long term benefits.

Pension and healthcare liabilities

CGD Group has several pension plans, including defined benefit plans and in several cases, defined contribution plans. Caixa is therefore liable for the payment of the retirement, disability and survivors' pensions of its employees as described in note 34. Other Group companies, such as Banco Comercial do Atlântico, Banco Caixa Geral and Banco Nacional Ultramarino (Macau) also have defined benefit plans liabilities.

Healthcare for CGD's (headquarters) working and retired employees is also provided by Caixa Geral de Depósitos's social services and funded by contributions from CGD headquarters and its employees. Caixa also has liabilities for contributions to SAMS (healthcare services) for former BNU employees who had retired prior to the July 23, 2001 merger between BNU and CGD.

The liability for defined benefit plans recognised in the balance sheet comprises the difference between the present value of liabilities and the fair value of pension funds' assets. Total liabilities are calculated annually by specialised actuaries, using the unit credit projected method and adequate actuarial assumptions (note 34). The rate used for liabilities discounting procedures is based on market interest rates on investment grade corporate bonds denominated in the currencies in which the liabilities are paid and with similar periods to maturity to the average settlement period on liabilities.

The gains and losses on differences between the actuarial and financial assumptions used and the effective amounts regarding the evolution of liabilities and expected pension fund yields, as well as on changes in actuarial assumptions are recognised as a charge to “Other reserves”.

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

Retirement pensions and healthcare costs for the year, including current servicing requirements and net interest costs, are aggregated and recognised in the appropriate “Employee costs” heading.

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

Other long term benefits

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

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

Short term benefits

Short term benefits, including employees’ productivity bonuses, are recognised on an accrual basis in “Employee costs”.

2.16. Commissions

As referred to in note 2.7, commissions on credit operations and other financial instruments, i.e. commissions charged or paid on originating operations, are included in amortised cost and recognised over the course of the operation, by the effective interest method, in “Interest and similar income”.

Commissions for services provided are usually recognised as income over the period during which the service is provided or as a lump sum if resulting from single acts.

2.17. Issuance of equity instruments

The issuance of equity instruments is recognised at the fair value of the compensation received, net of the issuance’s direct costs.

Preference shares issued by the Group are classified in accordance with the criteria defined in IAS 32. Accordingly, in situations in which payments of dividends and/or redemptions are exclusively at the Group’s discretion, the securities issued are considered to be equity instruments. Preference shares issued by subsidiaries complying with these requirements are recognised in “Non-controlling interests” in the consolidated balance sheet.

2.18. Securities and other items held under custody

Securities and other items held under custody, i.e. customers' securities, are recognised in off-balance sheet accounts, preferably at their fair or nominal value.

2.19. Cash and cash equivalents

For the preparation of its cash flow statements, the Group considers “Cash and cash equivalents” as the “Cash and claims on central banks” and “Claims on other credit institutions” total.

2.20. Critical accounting estimates and more relevant judgmental issues for the application of accounting policies

The application of the above described accounting policies requires Caixa’s executive committee and Group companies to make estimates. The following are the estimates with the greatest impact in the Group's consolidated financial statements.

Assessment of impairment losses on loans and other amounts receivable

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

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

Caixa considers that impairment assessed by this methodology enables the risks on its loan portfolio to be adequately recognised, in line with the rules defined by IAS 39.

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

According to the measurement requirements on such assets, capital losses on the depreciation of such assets’ market value are recognised as a charge to the “Fair value reserve”. Whenever there are objective signs of impairment, accumulated capital losses recognised in the fair value reserve are transferred to costs for the period.

Assessments of impairment losses on equity instruments may be subjective. The Group assesses whether impairment on such assets exists on the basis of a specific analysis at each balance sheet date, considering the signs defined in IAS 39 (note 2.7. d)). As a general rule, impairment is always assessed whenever it is considered that the amount invested is unlikely to be fully recovered based on the size of the referred to capital loss.

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

Measurement of financial instruments not traded in active markets

Under IAS 39, the Group measures all financial instruments at fair value, except for those recognised at amortised cost. The valuation models and techniques described in note 2.7. are used to measure financial instruments not traded in liquid markets. The measurements obtained comprise the best estimate of the fair value of the referred to instruments at the balance sheet date. To ensure an adequate level of segregation between functions, the valuation of these financial instruments is measured by a body which is independent from the trading function.

Employee benefits

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

Impairment of goodwill

As referred to in note 2.4. above, the Group performs impairment tests on balance sheet goodwill at least once a year. These tests are based on the estimated future cash flows on each unit, discounted at appropriate rates.

The projections include a broad range of assumptions on the evolution of the units’ future activities, which may or not occur in the future. Such assumptions, however, reflect the Group’s best estimate at the balance sheet date.

Assessment of income tax

Income tax (current and deferred) is assessed by Group companies on the basis of the rules defined by the current tax legislation of the countries in which they operate. In some cases, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. Although the amounts recognised, in such cases, represent the best understanding of Caixa’s and Caixa Group companies’ responsible bodies, on the correctness of their operations, they may be questioned by the tax authorities.

The Group's recognition of deferred tax assets is based on expectations of future taxable profit enabling the use thereof. Deferred tax generated by the carry-back of tax losses is only recognised if it is concluded that they may be reversed during the periods lawfully defined for the purpose. The assessment is naturally contingent upon the existence of the assumptions considered.

3. GROUP COMPANIES AND TRANSACTIONS IN PERIOD

The Group's structure in terms of its main subsidiaries, by sectors of activity and the respective financial data taken from their separate statutory accounts, unless otherwise expressly indicated, is summarised below:

Activity / Entity	Head office	31-12-2015			31-12-2014	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Caixa - Gestão de Activos, SGPS, S.A.	Lisbon	100.00%	25,057	7,353	26,156	8,452
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	108,602	36,205	93,082	20,494
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	99.72%	363	(73)	465	(29)
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00%	1,224,661	49,460	1,572,951	386,829
Gerbanca, SGPS, S.A.	Lisbon	0.00%	-	-	79,206	(61)
Parbanca, SGPS, S.A.	Madeira	100.00%	67,947	19,164	80,297	19,048
Parcaixa SGPS, S.A.	Lisbon	51.00%	1,009,518	57,624	959,878	16,260
Partang, SGPS, S.A.	Lisbon	100.00%	146,701	29,374	161,084	33,976
Wolfpart, SGPS, S.A.	Lisbon	100.00%	18,937	(21,823)	(195,866)	(49,105)
Banking						
Banco Caixa Geral, S.A.	Vigo	99.79%	459,750	25,222	434,894	20,410
Banco Comercial do Atlântico, S.A.	Praia	57.91%	44,174	3,345	43,195	2,565
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.26%	211,815	39,547	186,146	40,242
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	72,576	(8,405)	109,973	(13,128)
Banco Interatlântico, S.A.R.L.	Praia	70.00%	15,830	104	15,615	43
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	720,997	57,598	618,461	41,763
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.72%	321,399	7,057	339,247	4,049
CGD - North America Finance	Delaware	100.00%	1	-	1	-
CGD Investimentos CVC, S.A.	São Paulo	99.86%	432	(3,387)	4,460	(7,790)
Mercantile Bank Holdings, Ltd. (b)	Johannesburg	100.00%	119,190	10,379	135,367	8,908
Banco Caixa Geral Angola, S.A.	Luanda	51.00%	272,159	84,728	314,313	70,303
Specialised Credit						
Caixa Leasing e Factoring - Instituição Financeira de Crédito, S.A.	Lisbon	51.00%	107,393	24,256	83,137	16,429
Promoleasing - Sociedade de Locação Financeira, S.A.	Praia	28.37%	298	7	294	10
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	32,642	6,439	29,359	3,131
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	6,703	2,070	5,132	1,347
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00%	4,700	2,500	6,094	3,894
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45.30%	3,201	(40)	3,159	(53)
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.72%	24,853	4,508	49,344	3,503
Real Estate						
Imobci, Lda.	Maputo	45.13%	340	18	696	467
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00%	6,818	(1,978)	8,796	(2,966)
Caixa-Imobiliário S.A.	Lisbon	100.00%	20,138	(22,552)	(115,510)	(42,767)
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%	(61,524)	(9,560)	(51,965)	(7,768)
Cibergradual, Invest. Imobiliário, S.A.	Lisbon	100.00%	(56,981)	(6,516)	(50,466)	(5,263)
Other Financial Entities						
CGD Finance	Cayman	100.00%	2,569	1	2,568	(24)
Caixa Geral Finance (c)	Cayman	0.00%	111,219	-	111,219	-

(a) Equity includes net income for the period.
(b) Data taken from consolidated financial statements.
(c) Share capital comprises 1 000 ordinary shares of EUR 1 and 110 728 non-voting preference shares of EUR 1 000 each (110 728 preference shares in 31-12-2014).

Activity / Entity	Head office	31-12-2015 % Effective participating interest	31-12-2015 Equity (a)	31-12-2015 Net income	31-12-2014 Equity (a)	31-12-2014 Net income
Other Companies						
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00%	1,842	37	1,805	3
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00%	(1,349)	(231)	(1,119)	(473)
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	0.00%	-	-	448	(1,372)
HPP International Ireland, Ltd.	Dublin	0.00%	-	-	30,860	(15)
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100.00%	(33,698)	(14)	(33,684)	(12)
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris	100.00%	-	-	-	-
Sogrupo - Compras e Serviços Partilhados, ACE	Lisbon	90.00%	-	-	-	-
Sogrupo - Sistemas de Informação, ACE	Lisbon	80.00%	-	-	-	-
Sogrupo IV - Gestão de Imóveis, ACE	Lisbon	82.00%	-	-	-	-
Special Purpose Entities and Investment Funds						
Fundo Nostrum Mortgage 2003-1	Lisbon	0.00%	-	-	317,716	594
Nostrum Mortgages PLC	Dublin	0.00%	-	-	16,190	(765)
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	100.00%	231,488	(4,015)	295,645	(8,058)
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	20,798	2,791	13,007	(528)
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	60,650	1,510	39,140	(1,190)
Fundo de Capital de Risco Caixa Crescimento	Lisbon	100.00%	35,564	26	23,539	(140)
Fundo de Capital de Risco Caixa Tech Trsf Accelerator Ventures	Lisbon	100.00%	3,196	(104)	-	-
Fundo de investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	Lisbon	100.00%	114,441	(557)	116,513	1,485
Fundo Especial de Investimento Aberto Estratégias Alternativas	Lisbon	72.58%	13,118	(129)	16,576	(422)
Caixa Imobiliário - Fundo de Investimento Fechado de Arrendamento Habitacional	Lisbon	100.00%	42,095	(1,857)	43,952	(1,648)
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	44.57%	137,036	19,698	123,389	12,721
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	44.57%	273,115	18,346	255,796	13,186
Caixagest Infra-Estruturas - Fundo Especial de Investimento	Lisbon	25.62%	106,401	16,832	91,314	8,699
Beirafundo - Fundo de Investimento Imobiliário Fechado	Lisbon	95.88%	195	(5,672)	5,867	(4,995)
Cidades de Portugal - Fundo de Investimento fechado de Arrendamento Habitacional	Lisbon	100.00%	29,703	(1,212)	31,137	936
Caixa Reabilita - Fundo Especial de Investimento Imobiliário	Lisbon	100.00%	4,906	(374)	10,279	227
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100.00%	57,250	(2,069)	59,319	(3,820)
Fundimo - Fundo de Investimento Imobiliário Aberto	Lisbon	56.06%	597,781	2,421	659,609	(13,150)
Fundo especial de investimento - Obrigacoes Rendimento Nacional	Lisbon	25.39%	97,166	1,956	95,924	9,039
Fundiestamo - Fundo de Investimento Imobiliário Fechado	Lisbon	77.92%	145,209	4,750	145,177	3,488
Fundo Especial de Investimento Imobiliário Fechado - Iberia	Lisbon	100.00%	23,461	(1,352)	24,813	(3,348)

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

Information on the main movements in the Group's subsidiaries for 2015 and 2014 is given below:

Fundo de Capital de Risco Caixa Crescimento

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

A capital increase comprising the issuance of 30,000 investment units with a nominal value of €1,000 each, fully subscribed for by Caixa, as proposed by Caixa Capital - Sociedade de Capital de Risco, S.A., was approved in first half 2015. This capital increase follows the capital increase of €2,000 thousand, in 2014, which was also subscribed for by CGD.

Amounts of €35,700 thousand and €23,700 thousand of the Fund's total capital had been fully paid up in cash at December 31, 2015 and 2014 respectively.

Fundo de Capital de Risco Caixa Tech Transfer Accelerator Ventures

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

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

An amount of €3,300 thousand of the Fund’s capital had been fully paid up in cash at December 31, 2015.

Fundo de Capital de Risco Caixa Fundos

On October 15, 2013, the *Fundo de Desenvolvimento e Reorganização Empresarial, FCR*, which was formed on August 16, 2011, with a start-up capital of €100,000 thousand in the form of 100,000 investment units, incorporated the *Fundo Mezzanine, FCR*, having, on the said date changed its name to *Fundo Caixa Fundos, FCR*.

The Fund performs a venture capital activity, making investments in investment funds, venture capital assets and companies with high growth and appreciation potential.

The Fund’s capital, at December 31, 2015 and 2014 totalled €199,357 thousand, fully subscribed for by CGD, with the amounts of €64,357 thousand and €44,357 thousand comprising 335,600 investment units having been paid up, respectively.

Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional – Caixa Arrendamento (FIIAH – Caixa Arrendamento)

CGD acquired a non-controlling interest of 8.83% in FIIAH – Caixa Arrendamento for the amount of €10,278 thousand from Fidelidade – Companhia de Seguros, S.A., during the course of 2015. The transaction was complemented with the acquisition of residual stakes in Fundo de Pensões Império Bonança and FIIF - Fundicapital (3.09% and 0.23%, respectively). As a consequence of these operations, CGD's equity stake in the Fund totalled 100% on the said date.

Fundo de Capital de Risco Grupo CGD

Formed in 1995, *FCR Grupo CGD* has a subscribed for and paid up capital of €296,145 thousand, comprising 5,680 investment units, following the capital reduction based on the 1,420 investment units (20% of the Fund's capital) which were extinguished in October 2015.

At the same time as the capital reduction operation, CGD acquired the investment units hitherto owned by Caixa - Banco de Investimento, S.A. and Caixa Capital - Sociedade de Capital de Risco, S.A, and became the Fund's only investor with a 100% equity stake.

Banco Comercial e de Investimentos, S.A.

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

Gerbanca, SGPS, S.A.

In fulfilling its shareholders’ resolutions, Caixa Geral de Depósitos, S.A. and Caixa Participações, SGPS, S.A., at a general meeting held on December 31, 2014, completed Gerbanca, SGPS, S.A.’s dissolution and liquidation process during the course of first half 2015.

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

Wolfpart, SGPS, S.A.

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

Caixa Imobiliário, S.A.

The conversion of €158,200 thousand in partners' loans into supplementary capital payments to increase the company's equity was approved at the general meeting held in February 2015.

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

As explained in greater detail in note 12, in the sphere of the privatisation process of Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A., and Multicare - Seguros de Saúde, S.A., the agreements pending for the sale of a majority investment to the bidder Fosun International Limited were entered into on February 7, 2014 and finalised in May 2014.

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

As a consequence of these operations, the Group's remaining equity stakes in Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A., and Multicare – Seguros de Saúde, S.A., were classified as investments in associates (note 16).

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

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

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

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

Imocaixa – Gestão Imobiliária, S.A.

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

CGD Investimentos CVC, S.A.

A resolution was passed, in 2014, to restructure CGD Investimentos CVC's brokerage business in Brazil. The merger between the activity of CGD Investimentos CVC's HomeBroker activity with Rico, the investments platform of Octo CTVM was accordingly announced in July 2014. The operation will result, subject to the Central Bank of Brazil's approval, in 51% of Octo CTVM's shares being held by the Group. CGD Investimentos CVC also announced its intention to close down its institutionals activity at the end of second half 2014.

Banco Caixa Geral Angola, S.A.

On July 8, 2015, Banco Santander Totta, S.A. and Santotta - Internacional, SGPS, Sociedade Unipessoal, Lda. exercised their put option on 49% of the equity of Partang, SGPS, S.A. under the terms of the agreement entered into between the three entities in July 2009. In exercising this option, CGD acquired 1,072,348,380 shares for the amount of €173,696 thousand (USD 191,483,786) and now owns 100% of the share capital of Partang, SGPS, S.A., which, in turn, has a 51% equity stake in Banco Caixa Geral Angola, S.A.

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

A promissory contract between Caixa Seguros e Saúde, SGPS, S.A., Optimus - Comunicações, S.A. (Nos Comunicações, S.A.) and Teleperformance Portugal, S.A for the sale of the total number of shares comprising 100% of the share capital of the company LCS - Linha de Cuidados de Saúde, S.A. was entered into on September 27, 2013. Following the issuance of the required regulatory authorisation, the operation, for the amount of €5 thousand, in which the Group recognised a capital loss of €1,610 thousand at the same date was completed during the course of July 2015.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This account heading comprises the following:

	31-12-2015	31-12-2014
Cash	720,949	692,902
Demand deposits in central banks	2,158,642	1,425,098
	2,879,591	2,118,000
Interest on demand deposits in central banks	54	28
	2,879,645	2,118,028

The objective of Caixa's sight deposits with the Bank of Portugal is to comply with the minimum cash reserves requirements of the ECB - European Central Bank's System. Interest is paid on these deposits which comprise 1% of deposits and debt securities with maturities of up to two years, except for the deposits and debt securities of institutions subject to the ECBS's minimum cash reserve requirements.

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

5. CASH BALANCES AT OTHER CREDIT INSTITUTIONS

This account heading comprises the following:

	31-12-2015	31-12-2014
Cheques for collection		
- Portugal	59,753	73,701
- Abroad	23,120	34,776
	82,873	108,477
Demand deposits		
- Portugal	159,039	180,291
- Abroad	528,725	586,338
	687,763	766,629
Accrued interest	2,527	3,193
	773,163	878,298

Cheques pending settlement comprise the cheques of customers of other banks sent for clearing. These amounts are collected in the first few days of the subsequent year.

6. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This account heading comprises the following:

	31-12-2015	31-12-2014
Term deposits		
- Portugal	129,762	113,054
- Abroad	1,938,720	202,978
Loans		
- Portugal	321	60,288
- Abroad	172,786	254,652
Other applications		
- Portugal	59,312	5,164
- Abroad	1,593,770	1,310,719
Purchase operations with resale agreement	125,540	190,187
Overdue loans and interest	7,158	7,163
	4,027,370	2,144,206
Adjustments to assets under hedging operations	(4,473)	2,302
Accrued interest	2,341	2,379
Deferred income	(2,327)	(3,404)
	4,022,909	2,145,482
Impairment (Note 36)	(11,394)	(11,817)
	4,011,515	2,133,665

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

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

During the course of the disposal process on the bank, the ownership of the vehicles Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. (holders of a collection of assets transferred from BPN as a result of the implementation of its post-privatisation restructuring process) and *ipso facto* the debts contracted for by these companies with Caixa Geral de Depósitos in the form of loans and advances to customers and bond issuances, were transferred to the sphere of the Portuguese state. The nominal value of the non-securitised credit, at December 31, 2014, amounting to €38,305 thousand, has been settled in full (note 11). The nominal value of the bond issuances, at December 31, 2015 and 2014, amounted to €2,097,771 thousand and €2,537,203 thousand, respectively (note 8).

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

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

At December 31, 2015 and 2014, the accumulated impairment balance on investments in credit institutions included €11,392 thousand and €11,815 thousand, respectively, on exposures to banks headquartered in the Republic of Iceland.

At December 31, 2015 and 2014, the "Purchase operations with repurchase agreements" account heading referred to contracts for the acquisition of financial instruments with a resale agreement at a future date at a predefined price. The financial instruments acquired in these operations are not recognised in the balance sheet and their purchase price continues to be recognised as a loan to credit institutions, measured at its respective amortised cost. The referred to operations were contracted for under GMRA (global master repurchase agreements) providing for mechanisms to strengthen the collateral associated with such transactions on the basis of the evolution of their respective market value which is assessed on the specifications agreed between the counterparties, usually in the form of surety deposits.

Information on impairment movements on investments in credit institutions, for the years 2015 and 2014, is set out in note 36.

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

These account headings comprise the following:

	31-12-2015			31-12-2014		
	Held for trading	At fair value through profit or loss	Total	Held for trading	At fair value through profit or loss	Total
Debt instruments						
- Public issuers:						
. Public debt securities	11,127	-	11,127	1,106	-	1,106
. Bonds of other public issuers:						
Foreign	897,040	-	897,040	302,528	-	302,528
- Other issuers:						
. Bonds and other securities:						
Issued by residents	3,260	5,014	8,274	439	4,961	5,400
Issued by non-residents	13,876	1,667	15,543	13,093	1,999	15,092
	925,303	6,681	931,984	317,166	6,960	324,126
Equity instruments						
Residents	472	71,803	72,275	589	120,570	121,159
Non-residents	44,111	98,766	142,878	36,064	50,877	86,941
	44,583	170,570	215,153	36,652	171,447	208,100
Other financial instruments						
- Trust fund units						
Residents	-	175,428	175,428	-	164,971	164,971
Non-residents	-	464,043	464,043	-	479,280	479,280
- Other						
Non-residents	15	-	15	30	-	30
	15	639,471	639,486	30	644,251	644,281
Derivatives with positive fair value (Note 10)						
- Swaps	1,330,986	-	1,330,986	1,542,176	-	1,542,176
- Futures and other forward operations	13,614	-	13,614	14,423	-	14,423
- Options - shares and currency	57,639	-	57,639	132,682	-	132,682
- Caps and floors	176,985	-	176,985	206,942	-	206,942
- Other	30	-	30	847	-	847
	1,579,254	-	1,579,254	1,897,069	-	1,897,069
	2,549,155	816,722	3,365,877	2,250,918	822,658	3,073,576

Financial assets held for trading and other financial assets at fair value through profit or loss, at December 31, 2015, include investment units in unit trust and property investment funds managed by Group entities, for the amounts of €102,698 thousand and €9,916 thousand, respectively (€80,730 thousand and €27,621 thousand, respectively, at December 31, 2014).

The “Financial assets held-for-trading – debt instruments” account heading, at December 31, 2014, included securities allocated to the issuance of covered bonds with a book value of €127,537 thousand (note 21).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account heading comprises the following:

	31-12-2015	31-12-2014
Debt instruments		
- Public debt	8.637.184	8.768.970
- Other public issuers	1.619.286	1.431.875
- Other issuers	3.923.359	4.360.643
	14.179.830	14.561.488
Equity instruments		
- Measured at fair value	255.483	303.532
- Measured at historical cost	182.653	185.767
	438.136	489.299
Other instruments	1.363.175	1.161.228
	15.981.141	16.212.015
Impairment (Note 36)		
- Equity instruments	(112.532)	(108.408)
- Debt instruments	(1.029)	(668)
- Other instruments	(247.138)	(204.547)
	(360.699)	(313.623)
	15.620.442	15.898.392

At December 31, 2015, the “Debt instruments - public debt” account heading included securities allocated to covered bonds issuances with a book value of €144,294 thousand (note 21).

“Debt instruments – Issued by other entities” at December 31, 2015 and 2014, included €2,776,990 thousand and €2,748,726 thousand, respectively, for bonds issued by Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. under the liquidity re-organisation support process for BPN (note 6). These bonds are backed by a Portuguese state guarantee.

“Other instruments” and “Impairment - other instruments”, at December 31, 2015, include €876,078 thousand and €159,381 thousand (€685,198 thousand and €102,932 thousand respectively at December 31, 2014) on subscriptions for investments in corporate vehicles set up in the sphere of transfers of financial assets (loans and advances to customers). Following the transfer of the referred to assets (to the Company itself or other companies owned by the corporate vehicle in which the Group has a stake), the latter were derecognised from the balance sheet, as it was considered that the respective IAS 39 requirements, i.e. the transfer of a substantial part of the risks and benefits associated with credit operations and their respective control, had been met. The corporate vehicles in which the Group has a non-controlling interest continue to be autonomous in terms of management. To ensure the neutrality of operations, at the time of performance, impairment on the investments in the corporate vehicles, equivalent to the amounts of the expected losses which were allocated to the credit operations which were reversed as part of the assets' balance sheet derecognition process, was set up. Following their initial recognition, these positions reflect the revaluation of the companies' equity.

The Group's exposure, at December 31, 2015 and 2014, was as follows:

	31-12-2015			
	Securities acquired on asset transfer operations			
	Value before impairment	Accumulated impairment	Net	Fair value reserve
Fundo Imobiliário Aquarius	201,484	(38,590)	162,893	7,776
Fundo Recuperação, FCR	180,000	(44,323)	135,677	-
Flit-Ptrel SICAV	117,927	(10,536)	107,391	11,044
Discovery Portugal Real Estate Fund	125,319	(25,121)	100,197	22,014
OXI Capital, SCR	81,102	(3,329)	77,774	1,771
Vallis Construction Sector	70,936	(10,197)	60,739	7,536
Fundo Recuperação Turismo, FCR	53,890	(13,597)	40,293	8,124
Fundo Imobiliário Vega	39,028	(12,199)	26,829	-
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	6,393	(1,490)	4,903	10
	876,078	(159,381)	716,697	58,274

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

To complement the investments in these vehicles, in the case of certain operations Caixa also made shareholders' loans and accessory capital payments, recognised in "Other assets", with a fully provisioned balance sheet carrying amount of €50,834 thousand and €49,750 thousand, respectively, at December 31, 2015 and 2014.

The fair value increase in 2015 of €44,067 in these securities, comparing to their previous investment amount net of impairment, was recognized as a charge to "Provisions for other risks and liabilities" (Note 22).

Net balance sheet impairment on investment units in unit trust and property investment funds managed by Group entities, recognised in the available-for-sale financial assets portfolio, at December 31, 2015, totalled €8,115 thousand and €25,193 thousand, respectively (€16,255 thousand and €26,013 thousand, respectively, at December 31, 2014).

Impairment of "Other instruments", at December 31, 2015 and 2014, included €5,071 thousand and €4,094 thousand, respectively, on unit trust and property investment funds managed by Group companies with a prolonged decline in market value at below cost.

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

	31-12-2015						
	Banking	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net amounts	Fair value reserve	Effective participating interest (%)
Measured at fair value							
SICAR NovEnergia II	-	63,996	63,996		63,996	21,574	11.12
Visa Europe Limited	22,341	-	22,341	-	22,341	22,341	0.01
Inapa - Investimentos, Participações e Gestão, SA	22,333	-	22,333	-	22,333	(4,467)	16.84
Galp Energia, SGPS, S.A.	11,423	-	11,423		11,423	(1,153)	0.07
La Seda Barcelona, S.A.	52,878	-	52,878	(52,878)	-	-	14.24
Finpro, SGPS, S.A.	-	23,818	23,818	(23,818)	-	-	17.17
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	21,300	21,300	(21,300)	-	-	19.64
Foreign entities' shares	1,732	-	1,732	-	1,732	641	
Other	3	35,659	35,662	(6,593)	29,070	9,411	
	110,710	144,773	255,483	(104,588)	150,895	48,347	
Measured at historical cost							
Águas de Portugal, S.A.	153,003	-	153,003	-	153,003	-	9.69
VAA - Vista Alegre Atlantis, S.A.	4,058	711	4,769	(1,178)	3,591	-	4.48
Other	24,522	359	24,881	(6,766)	18,115	-	
	181,583	1,070	182,653	(7,944)	174,709	-	
	292,293	145,843	438,136	(112,532)	325,604	48,347	

	31-12-2014						
	Banking	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net amounts	Fair value reserve	Effective participating interest (%)
Measured at fair value							
SICAR NovEnergia II	-	61,952	61,952	-	61,952	19,529	11.12
Galp Energia, SGPS, S.A.	8,984	-	8,984	-	8,984	(3,592)	0.07
Finpro, SGPS, S.A.	-	23,818	23,818	(19,183)	4,635	-	17.17
La Seda Barcelona, S.A.	52,878	-	52,878	(52,878)	-	-	14.24
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	21,300	21,300	(21,300)	-	-	19.64
Foreign entities' shares	6,254	18,830	25,084	(2,062)	23,022	7,154	
Other instruments with characteristics of equity	5	-	5	-	5	3	
Other	98,779	10,733	109,512	(4,284)	105,228	10,879	
	166,899	136,633	303,532	(99,707)	203,825	33,974	
Measured at historical cost							
Águas de Portugal, S.A.	153,003	-	153,003	-	153,003	-	9.69
VAA - Vista Alegre Atlantis, S.A.	4,058	800	4,858	(1,178)	3,680	-	4.48
Other	27,860	46	27,906	(7,524)	20,382	-	-
	184,921	845	185,767	(8,702)	177,065	-	
	351,820	137,478	489,299	(108,408)	380,890	33,974	

The following criteria were used to prepare the above tables:

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

Information on the composition of impairment on equity instruments recognised by the Group as a charge to profit and loss for 2015 and 2014 is set out in the following table (note 36):

	31-12-2015	31-12-2014
Finpro, SGPS, S.A.	4,635	19,183
Other	1,134	360
	5,768	19,543

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

	31-12-2015	31-12-2014
Fair value reserve (Note 26)		
(gross amount before non-controlling interests)		
Debt instruments	163,632	409,476
Equity instruments		
- Positive fair value	54,065	37,566
- Negative fair value		
. Unrealised loss lower than 20% of acquisition cost	(5,620)	-
. Unrealised loss between 20% and 30% of acquisition cost	-	(3,592)
. Unrealised loss between 40% and 50% of acquisition cost	(98)	-
	48,347	33,974
Other instruments	118,783	110,096
	330,762	553,545
Deferred tax reserve	(91,358)	(152,214)
	239,404	401,331
Balance attributable to non-controlling interests	1,646	(2,495)
	241,050	398,836

The principal movements relating to equity instruments classified as available for sale financial assets, in 2015 and 2014, were as follows:

Finangeste, S.A.

Caixa made capital losses of €931 thousand (note 31) on its sale of 247,345 Finangeste shares for a total amount of €1,582 thousand in June 2015.

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

In June 2014, as part of REN's 2nd reprivatisation stage, Caixa disposed of the full amount of its equity stake in the company for €15,725 thousand, making capital gains of €6,933 thousand (note 31) on this operation.

Galp Energia, SGPS, S.A.

In first half 2014, the Group sold 1,339,125 Galp Energia shares for a total amount of €17,712 thousand, making capital gains of €1,903 thousand (note 31) on this operation.

Reclassification of securities

Caixa Geral de Depósitos

In 2008 and across first half 2010, under the terms of the October 2008 amendments to IAS 39, as described in greater detail in note 2.7. and in light of the exceptional circumstances noted in the financial markets in the referred to periods, Caixa transferred a collection of securities from financial assets held for trading to available-for-sale financial assets.

Caixa's reclassifications, deriving from the instability and volatility in financial markets, particularly in 2010, as regards the evolution of credit markets which were heavily influenced by the destabilisation of the funding of Eurozone countries' sovereign debt, changed its outlook on the disposal of these assets which was no longer expected to take place over the short term. The transfer of securities in first half 2010, essentially comprised sovereign debt instruments, securities issued by government agencies and other credit instruments issued by financial institutions directly affected by the turmoil in Eurozone public debt markets.

Caixa also reclassified bonds from available-for-sale financial assets to loans and advances to customers in first half 2010.

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

Securities reclassified in 2008

	Financial assets at fair value as a charge to revaluation reserves	Financial assets at amortised cost
Book value at reclassification date	1,001,797	n.a
Book value at 31-12-2008	873,101	n.a
Book value at 31-12-2009	560,350	n.a
Book value at 31-12-2010	336,275	n.a
Book value at 31-12-2011	261,035	n.a
Book value at 31-12-2012	156,972	n.a
Book value at 31-12-2013	138,888	n.a
Book value at 31-12-2014	165,911	n.a
Book value at 31-12-2015	139,266	n.a
Fair value of securities reclassified at 31-12-2015	139,266	n.a
Fair value reserve of securities reclassified at 31-12-2015	27,496	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2008 and 31-12-2009		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	6,315	n.a
Impairment for the period	(6,673)	n.a
Other gains and losses recognised as a charge to net income	(60,758)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2009 and 31-12-2010		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	57,186	n.a
Impairment for the period	(52,234)	n.a
Other gains and losses recognised as a charge to net income	(2,247)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2010 and 31-12-2011		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(17,620)	n.a
Other gains and losses recognised as a charge to net income	(487)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2011 and 31-12-2012		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	14,112	n.a
Impairment for the period	(3,210)	n.a
Other gains and losses recognised as a charge to net income	7,457	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2012 and 31-12-2013		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	5,907	n.a
Impairment for the period	(3,580)	n.a
Other gains and losses recognised as a charge to net income	(671)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2013 and 31-12-2014		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	31,767	n.a
Impairment for the period	-	n.a
Other gains and losses recognised as a charge to net income	-	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2014 and 31-12-2015		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	4,433	n.a
Impairment for the period	-	n.a
Other gains and losses recognised as a charge to net income	9,293	n.a

Securities reclassified in 2010

	Financial assets at fair value as a charge to revaluation reserves	Financial assets at amortised cost
Book value at reclassification date	1,414,007	503,466
Book value at 31-12-2010	1,039,972	504,393
Book value at 31-12-2011	483,799	495,037
Book value at 31-12-2012	342,668	477,515
Book value at 31-12-2013	170,473	444,652
Book value at 31-12-2014	2,993	374,652
Book value at 31-12-2015	160	-
Fair value of securities reclassified at 31-12-2015	160	-
Fair value reserve of securities reclassified at 31-12-2015	(94)	n.a
Gains / (losses) associated with the change in securities fair value between reclassification date and 31-12-2010		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(36,589)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2010 and 31-12-2011		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(47,894)	n.a
Other gains and losses recognised as a charge to net income	(1,234)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2011 and 31-12-2012		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	70,581	n.a
Other gains and losses recognised as a charge to net income	604	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2012 and 31-12-2013		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	7,898	n.a
Other gains and losses recognised as a charge to net income	2,564	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2013 and 31-12-2014		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	6,270	n.a
Other gains and losses recognised as a charge to net income	20,310	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2014 and 31-12-2015		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	(360)	n.a
Other gains and losses recognised as a charge to net income	268	n.a

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

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

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

	31-12-2015	31-12-2014
Financial assets at fair value as a charge to revaluation reserves		
Book value	52,600	48,314
Fair value of securities reclassified	52,600	48,314
Fair value reserve of securities reclassified	9,367	5,046
Gains / (losses) associated with the change of the fair value of securities		
Unrealised capital gains/ (losses) recognised as a charge to fair value reserves	4,321	1,736

9. FINANCIAL ASSETS WITH REPURCHASE AGREEMENTS

Information on financial assets with repurchase agreements, at December 31, 2015 and 2014, is set out below.

	31-12-2015	31-12-2014
At fair value through revaluation reserves		
Debt instruments		
- From public issuers:		
. Portuguese debt securities	290,317	226,877
. Foreign debt securities	4,651	4,823
- From other issuers:		
. Bonds and other securities:		
Residents	120,686	128,342
Non-residents	246,646	230,341
	662,300	590,383
At amortised cost		
Loans and advances to customers		
Residents	418,866	690,743
	418,866	690,743
	1,081,166	1,281,126

The Group entered into sales operations on financial assets with purchase agreements at a future date at a pre-established price with financial institutions and customers during the course of 2015 and 2014.

Financial instruments ceded in sales operations with repurchase agreements are not derecognised in the balance sheet and continue to be measured in accordance with the accounting policies applicable to the underlying assets. The difference between their sales and repurchase prices is recognised as interest income and deferred over the period of the agreement.

Liabilities on the repurchase agreement are recognised as a liability in “Other credit institutions’ resources – Sales operations with repurchase agreements” (note 19) and “Customer resources and other loans – Other resources – Operations with repurchase agreements” (note 20).

10. DERIVATIVES

The Group performs derivative operations as part of its activity to meet the needs of its customers and reduce its exposure to foreign exchange, interest rate and stock market fluctuations.

The Group controls the risk of its derivatives activities on the basis of operations approval procedures, a definition of exposure limits per product and customer and its daily oversight of the respective income.

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

	31-12-2015							
	Notional value			Book value				
	Trading derivatives	Hedging derivatives	Total	Assets held for trading (Note 7)	Liabilities held for trading	Hedging derivatives - Assets	Hedging derivatives - Liabilities	Total
Forward foreign exchange transactions								
Forwards exchange				2,145	(14,823)	-	-	(12,678)
Purchase	833,099	-	833,099					
Sale	845,006	-	845,006					
NDF's (Non Deliverable Forward)				961	(3,496)	-	-	(2,535)
Purchase	212,628	-	212,628					
Sale	216,481	-	216,481					
FRA (forward rate agreements)	10,000		10,000	-	(13)	-	-	(13)
Swaps								
Currency swaps				1,965	(3,757)			(1,792)
Purchase	661,197	-	661,197					
Sale	663,566	-	663,566					
Interest rate swaps and cross currency interest rate swaps				1,329,001	(1,459,131)	46,468	(10,812)	(94,474)
Purchase	58,562,454	236,205	58,798,659					
Sale	58,463,001	239,099	58,702,100					
Credit default swaps				21	(305)	-	-	(284)
Purchase	73,482	-	73,482					
Sale	70,926	-	70,926					
Futures			-					
Currency				-	-	-	-	-
Long positions	153,166	-	153,166					
Short positions	251,182	-	251,182					
Interest rate				-	-	-	-	-
Long positions	951,203	-	951,203					
Short positions	932,690	-	932,690					
Shares and indexes				547	(234)	-	-	313
Long positions	12,169	-	12,169					
Short positions	4,657	-	4,657					
Other			-	9,960	-	-	-	9,960
Long positions	323,250	-	323,250					
Short positions	497,762	-	497,762					
Options								
Currency				3,043	(3,227)	-	-	(184)
Purchase	417,466	-	417,466					
Sale	391,024	-	391,024					
Shares and indexes				54,596	(61,821)	-	-	(7,225)
Purchase	460,616	-	460,616					
Sale	392,220	-	392,220					
Interest rates (Caps & Floors)				176,985	(183,274)	-	-	(6,289)
Purchase	2,630,247	-	2,630,247					
Sale	3,159,459	-	3,159,459					
Other	-	-	-	30	(8,516)	-	-	(8,486)
	131,188,951	475,304	131,664,255	1,579,254	(1,738,597)	46,468	(10,812)	(123,687)

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

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

Derivatives recognised in "Assets held-for-trading", "Liabilities held-for-trading", "Hedge derivatives - assets" and "Hedge derivatives - liabilities" at December 31, 2015 and 2014, included operations collateralised by surety accounts, set up to hedge the fair value of lending and borrowing exposures between Caixa and various financial institutions. The balances deposited by the referred to financial institutions with Caixa and by Caixa with the same financial institutions, on the said dates, are recognised in "Other liabilities - resources - surety account" (note 24) and "Other assets - debtors and other assets - other debtors" accounts (note 18), respectively.

At December 31, 2015 the balance sheet carrying amount of operations with derivatives having positive and negative fair values collateralised by surety deposits or securities, amounted to €977,340 thousand and €1,596,755 thousand, respectively (€1,124,852 thousand and €1,953,450 thousand, respectively, in December 31, 2014).

Information on the distribution of the Group's derivatives operations, at December 31, 2015 and 2014, by periods to maturity is detailed below:

	31-12-2015					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Fowards exchange						
Purchase	551,033	63,902	217,883	281	-	833,099
Sale	547,232	77,686	219,803	285	-	845,006
NDF's (Non Deliverable Forward)						
Purchase	191,769	15,382	5,477	-	-	212,628
Sale	194,637	15,878	5,966	-	-	216,481
FRA (forward rate agreements)	-	-	-	10,000	-	10,000
Swaps						
Currency swaps						
Purchase	373,017	285,389	2,791	-	-	661,197
Sale	375,805	284,989	2,772	-	-	663,566
Interest rate swaps and cross currency interest rate swaps						
Purchase	2,852,294	1,750,094	4,501,608	25,748,443	23,946,220	58,798,659
Sale	2,856,977	1,750,725	4,494,960	25,721,359	23,878,079	58,702,100
Credit default swaps						
Purchase	-	-	-	73,482	-	73,482
Sale	-	-	25,000	45,926	-	70,926
Futures						
Currency						
Long positions	153,166	-	-	-	-	153,166
Short positions	249,925	193	906	158	-	251,182
Interest rate						
Long positions	100,097	295,086	556,020	-	-	951,203
Short positions	184,664	394,512	77,074	265,507	10,933	932,690
Shares and indexes						
Long positions	12,169	-	-	-	-	12,169
Short positions	2,286	2,371	-	-	-	4,657
Other						
Long positions	90,955	27,349	129,719	63,978	11,249	323,250
Short positions	95,686	30,733	125,008	246,335	-	497,762
Options						
Currency						
Purchase	53,471	161,692	78,158	124,145	-	417,466
Sale	54,465	162,066	70,690	103,803	-	391,024
Shares and indexes						
Purchase	130,233	42,862	89,048	190,977	7,496	460,616
Sale	135,410	75,207	76,854	98,131	6,618	392,220
Interest rates (Caps & Floors)						
Purchase	18,371	397,495	145,000	1,654,248	415,133	2,630,247
Sale	300,000	353,024	55,000	1,995,653	455,782	3,159,459
	9,523,662	6,186,635	10,879,737	56,342,711	48,731,510	131,664,255

	31-12-2014					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Fowards exchange						
Purchase	296,743	57,658	133,726	38,693	-	526,820
Sale	303,020	58,067	134,253	42,847	-	538,187
NDF's (Non Deliverable Forward)						
Purchase	149,173	2,225	-	-	-	151,398
Sale	147,660	2,450	-	-	-	150,110
FRA (forward rate agreements)	-	-	5,000	5,000	-	10,000
Swaps						
Currency swaps						
Purchase	1,479,014	188,795	121,728	17,816	-	1,807,353
Sale	1,468,694	186,619	121,807	17,862	-	1,794,982
Interest rate swaps and cross currency interest rate swaps						
Purchase	995,844	1,081,154	4,209,600	22,652,914	23,267,819	52,207,331
Sale	996,219	1,082,310	4,198,564	22,644,781	23,236,111	52,157,985
Credit default swaps						
Purchase	40,000	-	-	65,892	-	105,892
Sale	-	-	-	66,183	-	66,183
Futures						
Currency						
Long positions	143,018	-	-	-	-	143,018
Short positions	155,352	3,634	4,600	12,648	-	176,234
Interest rate						
Long positions	(1,153)	-	(373,655)	-	-	(374,808)
Short positions	1,947,253	-	-	-	-	1,947,253
Shares and indexes						
Long positions	12,036	-	-	-	-	12,036
Short positions	9,706	-	-	-	-	9,706
Other						
. Traded on behalf of customers						
Long positions	149,535	-	225,276	-	11,342	386,153
Short positions	(82,307)	45,879	(83,677)	309,150	9,735	198,780
Options						
Currency						
Purchase	-	149	42,052	133,385	-	175,586
Sale	193	144	45,887	133,728	-	179,952
Shares and indexes						
Purchase	234,484	119,427	37,515	228,602	7,448	627,476
Sale	212,512	83,287	27,244	184,872	6,666	514,581
Interest rates (Caps & Floors)						
Purchase	125,100	-	265,116	3,129,144	683,315	4,202,675
Sale	110,000	-	75,000	643,856	728,490	1,557,346
	8,892,096	2,911,798	9,190,036	50,327,373	47,950,926	119,272,229

The distribution of the Group's derivatives operations, at December 31, 2015 and 2014, by counterparty type is detailed below:

	31-12-2015		31-12-2014	
	Notional value	Book value	Notional value	Book value
Forward foreign exchange transactions				
Fowards exchange				
Financial institutions	1,385,619	181	903,472	(614)
Customers	292,486	(12,859)	161,535	(4,753)
	1,678,105	(12,678)	1,065,007	(5,367)
NDF's (Non Deliverable Forward)				
Customers	429,109	(2,535)	301,508	1,930
	429,109	(2,535)	301,508	1,930
FRA (forward rate agreements)				
Financial institutions	10,000	(13)	10,000	99
	10,000	(13)	10,000	99
Swaps				
Currency swaps				
Financial institutions	1,278,003	(2,977)	3,589,971	11,279
Customers	46,760	1,185	12,364	619
	1,324,763	(1,792)	3,602,335	11,898
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	107,970,007	(398,392)	95,259,061	(710,679)
Customers	9,530,752	303,919	9,106,255	544,191
	117,500,759	(94,473)	104,365,316	(166,488)
Credit default swaps				
Financial institutions	144,408	(284)	172,075	(520)
Customers			-	-
	144,408	(284)	172,075	(520)
Futures				
Currency				
Stock exchange	404,348	-	318,877	-
Financial institutions	-	-	375	-
	404,348	-	319,252	-
Interest rate				
Stock exchange	1,875,717	-	1,551,390	-
Financial institutions	8,176	-	21,055	-
	1,883,893	-	1,572,445	-
Shares and indexes				
Stock exchange	14,455	313	12,600	18
Financial institutions	2,371	-	9,142	-
	16,826	313	21,742	18
Other				
Stock exchange	809,763	-	573,591	8
Financial institutions	11,249	9,960	11,342	10,006
	821,012	9,960	584,933	10,014
Options				
Currency				
Financial institutions	675,366	1,571	355,345	982
Customers	133,124	(1,755)	193	(1,058)
	808,490	(184)	355,538	(76)
Shares and indexes				
Financial institutions	852,836	7,212	1,134,509	4,458
Customers	-	(14,437)	7,548	(11,383)
	852,836	(7,225)	1,142,057	(6,925)
Interest rates (Caps & Floors)				
Financial institutions	5,080,514	(104,334)	4,802,800	(117,577)
Customers	709,192	98,045	957,221	111,667
	5,789,706	(6,289)	5,760,021	(5,910)
Other				
Financial institutions	-	(3,833)	-	(321)
Customers	-	(4,653)	-	(3,946)
	-	(8,486)	-	(4,267)
	131,664,255	(123,686)	119,272,229	(165,594)

11. LOANS AND ADVANCES TO CUSTOMERS

This account heading comprises the following:

	31-12-2015	31-12-2014
Domestic and foreign loans		
Loans	47,701,256	49,732,256
Current account loans	2,523,881	3,181,401
Other loans	6,038,376	5,678,572
Other loans and amounts receivable - securitised		
. Commercial Paper	2,767,128	2,831,052
. Other	1,948,366	1,701,777
Property leasing operations	1,179,946	1,278,364
Discounts and other loans secured by bills	1,267,535	512,270
Purchase operations with resale agreement	-	1,246
Equipment leasing operations	736,179	703,759
Factoring	840,682	382,033
Overdrafts	397,602	355,126
	65,400,951	66,357,856
Adjustment to assets under hedging operations	95	459
Accrued interest	241,548	245,896
Deferred income, commissions and other cost and income associated with amortised cost	(80,788)	(58,236)
	65,561,806	66,545,975
Overdue loans and interest	5,394,933	5,547,888
	70,956,739	72,093,864
Impairment (Note 36)	(5,197,706)	(5,230,292)
	65,759,033	66,863,572

"Domestic credit – other loans", at December 31, 2015 and 2014, included €67,625 thousand and €73,082 thousand, respectively, relating to mortgage lending and personal loans issued by CGD to its employees.

The "Loans" account heading, at December 31, 2014, included €38,305 thousand for loans made by Caixa to Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. (notes 6 and 8) which were fully paid off in first half 2015. These loans had been collateralised by pledges and mortgages on the referred to vehicles' assets. The ownership of these companies was transferred to the sphere of the Portuguese state as a result of the completion of the former BPN's reprivatisation process, in March 2012.

This was also complemented by the state's assumption of liabilities under the commercial paper programme subscribed for by Caixa with BPN for the amount of €1 billion, at the said date, formalised by the transfer of the contractual position between the Bank and Parvalorem (note 6). This operation was recognised In "Other loans and amounts receivable – securitised – commercial paper" at December 31, 2015 and 2014.

The “Loans” account heading, at December 31, 2015 and 2014, included mortgage loans made by Caixa in the sphere of securitisation operations. Information on these loan movements, in 2015 and 2014, is set out below**:**

	Nostrum Mortgages nº1	Nostrum Mortgages nº2	Total
Balances at 31-12-2013	350,926	4,705,788	5,056,714
Sale of new loans	997	19,554	20,551
Payments	(35,286)	(165,953)	(201,239)
Repurchase	(997)	(26,686)	(27,683)
Other	6	(37,772)	(37,766)
Balances at 31-12-2014	315,646	4,494,931	4,810,577
Sale of new loans	448	-	448
Payments	(23,551)	(190,701)	(214,252)
Repurchase	(291,827)	(10,951)	(302,778)
Other	(716)	(27,742)	(28,458)
Balances at 31-12-2015	-	4,265,537	4,265,537

These loans comprise collateral for the liabilities issued by vehicles under the scope of such operations, which, in the case of the Nostrum Mortgage no. 1 operation, at December 31, 2014, totalled €79,074 thousand (note 21). These balances do not include the liabilities associated with the Nostrum Mortgages no. 2 operation, which are fully held by the Group and therefore eliminated when preparing the consolidated financial statements.

The early redemption option on the Nostrum Mortgages 2003-1 securitisation transaction was exercised, on September 15, 2015, in accordance with condition 8.6.2 of the terms and conditions. Under the terms of the “mortgage assets repurchase agreement”, CGD repurchased the securitised credit held by the Nostrum Mortgages 2003-1 FTC Fund, for the amount of €291,379 thousand, corresponding to the net book value of the credit with reference to August 31, 2015. The amounts received by the Fund under the credit repurchase option were used by the company for the early repayment of the nominal amount of the credit securitisation units subscribed for by Nostrum Mortgages 2003-1 PLC, which vehicle, in turn, used the funds received from the repayment of the securitization units to early redeem the bonds that had been issued to fund the acquisition of those units. As a consequence of these operations and in conformity with the terms of the Fund’s management regulations, the latter was liquidated on the date of the transfer of the securitised credit to CGD.

The “Loans” account heading, at December 31, 2015 and 2014, included mortgage loans allocated to the issuance of covered bonds with a book value of €10,478,994 thousand and €11,527,625 thousand, respectively.

The assets pool collateralising the referred to issuances, at December 31, 2015 and 2014, also included debt securities with a book value of €144,294 thousand and €127,537 thousand, at the said dates, respectively (notes 7 and 8).

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

	31-12-2015	31-12-2014
Up to three months	308,758	437,235
Three to six months	125,146	173,879
Six months to one year	226,858	471,895
One to three years	1,353,364	1,753,992
Over three years	3,380,807	2,710,887
	5,394,933	5,547,888

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

Non-current assets and liabilities held-for-sale, at December 31, 2015 and 2014, comprised the following:

	31-12-2015	31-12-2014
ASSETS		
Property and equipment	1,241,911	1,178,173
Subsidiaries		
LCS - Linha de Cuidados de Saúde	-	2,365
	1,241,911	1,180,538
Impairment - property and equipment (Note 36)	(411,509)	(376,098)
	830,402	804,440
LIABILITIES		
Subsidiaries		
LCS - Linha de Cuidados de Saúde	-	1,917
	-	1,917

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

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

Also pursuant to the terms of the conditions agreed for this transaction, the amount of the equity stake in Fidelidade – Companhia de Seguros, S.A. to be sold to Fosun International Limited may also increase to a maximum of 85%, considering the results of the public offering on 5% of the share capital and voting rights in the company for the workers of the insurance companies. At December 31, 2014, the equity stakes retained by the Group in Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A., and Multicare – Seguros de Saúde, S.A., were classified as investments in associates (note 16).

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

The results generated by the held for sale business units, in 2015 and 2014, are itemised in consolidated profit and loss under "Results of subsidiaries held for sale", as set out below:

	31-12-2015	31-12-2014
Results of subsidiaries held for sale		
Insurance companies owned by Caixa Seguros e Saúde [*]	-	287,559
LCS - Linha de Cuidado de Saúde	(1,610)	(1,624)
	(1,610)	285,935

[*] of which:		
appropriated untill the date of loss of control	-	52,628
gain on the disposal	-	234,931
	-	287,559

Property and equipment

As described in note 2.8., non-current assets held for sale also include auctioned property and other assets for credit recovery purposes.

Information on the above movements, for 2015 and 2014, is set out below:

	Balances at 31-12-2014						Balances at 31-12-2015	
	Gross value	Accumulated impairment	Additions	Sales and write-offs	Other transfers and adjustments	Impairment (Note 36)	Gross value	Accumulated impairment
Non-current assets held for sale								
Property	1,173,486	(373,410)	295,771	(217,188)	(517)	(49,492)	1,238,438	(409,788)
Other	4,688	(2,687)	8,558	(9,773)	1,327	(360)	3,473	(1,721)
	1,178,173	(376,098)	304,329	(226,961)	809	(49,852)	1,241,911	(411,509)

	Balances at 31-12-2013						Balances at 31-12-2014	
	Gross value	Accumulated impairment	Additions	Sales and write-offs	Other transfers and adjustments	Impairment (Note 36)	Gross value	Accumulated impairment
Non-current assets held for sale								
Property	988,360	(331,025)	362,649	(146,566)	(11,437)	(61,907)	1,173,486	(373,410)
Other	5,971	(3,530)	8,963	(5,812)	(1,732)	(1,860)	4,688	(2,687)
	994,331	(334,555)	371,612	(152,378)	(13,168)	(63,767)	1,178,173	(376,098)

Negative net income from non-current assets held for sale, in 2015 and 2014, totalled €22,316 thousand and €19,905 thousand, respectively (note 32) of which €9,778 thousand and €6,703 thousand for the payment of the maintenance costs of the referred to equipment in the period up to their sale. Upon recognition of the proceeds from the disposal of these assets, the accumulated amount of directly allocated impairment is reversed as a charge to profit and loss for the period, with the amount of the capital gains or losses on the operation being assessed by comparison to their respective acquisition cost.

13. INVESTMENT PROPERTIES

Information on “Investment properties” movements, for 2015 and 2014, is set out below:

Balances at 31-12-2013	1,308,253
Changes in consolidation perimeter	32,311
Acquisitions	7,299
Revaluations (Note 32)	(43,952)
Sales	(116,153)
Transfers from tangible assets and non-current assets held for sale	(1,051)
Other	2,539
Balances at 31-12-2014	1,189,246
Acquisitions	86,526
Revaluations (Note 32)	(38,890)
Sales	(134,600)
Transfers from tangible assets and non-current assets held for sale	18,139
Other	4,623
Balances at 31-12-2015	1,125,044

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

In 2014, Caixa integrated the assets of Fundo Ibéria FEIIF, which was founded on November 8, 2006 with an initial duration of 9 years. The Fund’s corporate object was to achieve growing capital appreciation and a stable income stream based on its management of a property portfolio. A *PER* (special fund regeneration plan) was approved during the course of 2013, following talks with creditor banks, including CGD, and with the objective of anticipating solutions making it possible to avoid a scenario of insolvency. In line with the provisions of the approved restructuring plan, Caixa acquired the other investors’ stakes in the Fund’s capital, having latterly (March 2014) fully subscribed for a capital increase to ensure both the vehicle’s solvency structure and the settlement of the debt to the Fund’s other creditors.

Measurement methodologies and fair value assessment

The measurement of the fair value of investment properties, in addition to other relevant factors, takes into consideration the nature, characteristics and geography of properties, with the objective of assessing the best price on disposal under normal market conditions. Fair value is assessed by individual appraisers who should use at least two of the following methods:

. Market comparison method. This method estimates the amount of a specific transaction using prices and other relevant information on market deals involving identical or comparable (similar) properties. It generally uses statistical methods after harmonising the various market data. This is the main method used whenever there is a significant number of known transactions.

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

  The availability of relevant data and its relative subjectivity may affect the choice of the valuation methods/techniques. The choice, in each case, should be particularly based on those which maximise the use of relevant observable variables.

The most relevant variables considered for each of the above referred to valuation methods are as follows:

(i) Market comparison method

- the presumed sales price per sqm or presumed sales price per unit (when what is relevant is not the area but rather the use given to the property e.g. car parks). In liquid markets, these variables are provided by directly or indirectly observable data in the transaction market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property being valued.

(ii) Income method

Capitalisation technique

- amount of the monthly rent per sqm or monthly rent per unit (when what is relevant is not the area but rather the use given to the property e.g. car parks). In active rental markets, these variables are provided by directly or indirectly observable data in the transaction market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property being valued.

- variables which contribute towards the assessment of operating income generated by the property. These variables may vary in line with the type of property and are generally assessed on the property's potential income generating capacity, taking into account the information available on the assumptions of market players. The data supplied by the entity operating the property may be used in the absence of reasonably available information indicating that market players would employ assumptions.

- capitalisation rate - associated with the risk on capital invested, income, liquidity, tax burden, risk-free interest rate, expectations of market evolution. In active markets, it establishes the existence of a linear relationship at a certain point of time between the rental and purchase/sales market, for a certain geography and a specific property product segment, with an identical risk and identical evolution of rents.

Discounted cash flow technique:

Diverse variables may contribute to the estimated cash flows based on the type of property. This technique is reliant on current expectations of changes in the values and times of the occurrence of future cash flows. It is usually necessary to include a risk adjustment factor based on the uncertainty of this type of measurement.

- discount rate - considered to be the value of money over time, associated with a risk-free interest rate and the price to be paid on the inherent uncertainty of cash flows (risk premium).

(iii) Cost method

- construction cost per sqm is a variable which is essentially reliant on the construction characteristics of the property but in which a contributory factor is the place of construction. It is based on directly or indirectly observable construction market data.

In compliance with IFRS 13 requirements, information on investment properties in the Group's portfolio, at December 31, 2015 and 2014, is herein submitted. They are classified on the basis of type, state of development regarding their preparation for use and current occupancy, considering the measurement methodologies used to assess their fair value:

			31-12-2015			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Shoping center	Under construction	Unoccupied	77,308	Income capitalisation method	Discount rate	[7,0%]
	Concluded	Rented	16,871	Income capitalisation method	Estimated rental value per m2 (area less than 250 m2)	5
			94,179			
Offices	Concluded	Rented	129	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,00-3,7
			124,065	Market comparable method / Income capitalisation method	Estimated rental value per m2	4,25-15,5
			224,609	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	500-2193,71
			108,941	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	2001,83-4435,65
		Unoccupied	2,675	Market comparable method / Income capitalisation method	Estimated rental value per m2 / Estimated rental value per m2	790-1820 / 0,9-10,3
			6,386	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	1700-1900
	Under construction	Capitalisation / sale	12,273	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	1700-1900
			479,078			
Housing	Concluded	Rented	144	Income capitalisation method	Estimated rental value per m2	4
			150	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,6-0,8
			142	Income capitalisation method / Market comparable method / Cost method	Estimated rental value per m2	2-7
		Unoccupied	78,290	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,3-4,8
			50,240	Income capitalisation method / Market comparable method	Estimated rental value per m2	4,0-13,4
	Under construction	Capitalisation / sale	8,665	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[390-490] [1750-1875]
			137,631			

			31-12-2015			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Stores	Concluded	Rented	976	Market comparable method	Estimated rental value per m2	540-2400
			390	Income capitalisation method / Market comparable method	Estimated rental value per m2	2,5-10
			76,988	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	[417,64-17663,64]
		Unoccupied	6,392	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,4-32,5
	Under construction	Capitalisation / sale	2,848	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	800-1600
			87,593			
Parking	Concluded	Rented	2,235	Market comparable method / Income capitalisation method	Estimated rental monthly amount	85-125
			56,999	Replacement cost method / DCF / Market comparable method		5427-46701
		Unoccupied	1,720	Income capitalisation method / Market comparable method	Estimated rental monthly amount	7-160
	Under construction	Capitalisation / sale	840	Replacement cost method / DCF / Market comparable method	Value of sales per parking	600-650
			572	Replacement cost method / DCF / Market comparable method	Value of sales per parking	7200-8500
			62,365			
Land	n.a.	Capitalisation / sale	54,054	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2 / housing	1050-1200
			220	Market comparable method / Table of expropriations	Estimated value of the land per m2	5
			355	Replacement cost method / Income capitalisation method	Estimated value of the land per m2 of construction	90-140
			2,219	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,3-3,7
			56,848			
Warehouse	Concluded	Rented	119,907	Replacement cost method / DCF / Market comparable method	Estimated value per m2	309-974
			4,315	Replacement cost method / DCF / Market comparable method	Estimated value per m2	2814-3218
		Unoccupied	671	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,1-3
			124,892			
			1,042,586			
Other			82,458			
			1,125,044			

			31-12-2014			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Shoping center	Under construction	Unoccupied	65,750	Income capitalisation method	Estimated rental value per m2	14.5
	Concluded	Rented	18,501	Income capitalisation method	Estimated rental value per m2 (area less than 250 m2)	5
			84,251			
Offices	Concluded	Rented	90	Market comparable method	Estimated rental value per m2	572
			1,730	Income capitalisation method / Market comparable method	Estimated rental value per m2	1,00-10,3
			6,348	Market comparable method / Income capitalisation method	Estimated rental value per m2	606-974
			162,501	Market comparable method / Income capitalisation method	Estimated rental value per m2	1041-2671
			122,165	Market comparable method / Income capitalisation method	Estimated rental value per m2	2001-2900
			32,299	Market comparable method / Income capitalisation method	Estimated rental value per m2	3104-3478
			132,329	Market comparable method / Income capitalisation method	Estimated rental value per m2	6-14
			35,543	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	500-2275
			34,491	DCF / Market comparable method / Income capitalisation method	Estimated rental value per m2	2011-3669
			29,178	Income capitalisation method / Market comparable method / Costh method	Estimated rental value per m2	984-1875
		Capitalisation / sale	300	Market comparable method / Income capitalisation method	Estimated rental value per m2 / Estimated rental value per m2	860-880 / 1,3-1,5
			6,919	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	1840-2220
		Unoccupied	6,424	Market comparable method / Income capitalisation method	Estimated rental value per m2	4,1-6,8 / 12,5
	Under construction	Capitalisation / sale	11,759	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	1840-2220
			582,076			
Housing	Concluded	Rented	385	Income capitalisation method	Estimated rental value per m2	4
			44,220	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,6-5,1
			9,013	Income capitalisation method / Market comparable method	Estimated rental value per m2	5,0-13,3
		Unoccupied	36,670	Income capitalisation method / Market comparable method	Estimated rental value per m2	0,9-6,1
			30,429	Income capitalisation method / Market comparable method	Estimated rental value per m2	5,0-10,8
	Under construction	Capitalisation / sale	27,456	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[500-625]/[1370-1820]
			148,175			

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

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

14. OTHER TANGIBLE ASSETS

Other tangible asset movements, net, in 2015 and 2014 were as follows:

	Balances at 31-12-2014									Balances at 31-12-2015	
	Gross value	Accumulated depreciation and impairment losses	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses, net of reversals, for the year	Sales and write-offs	Gross value	Accumulated depreciation and impairment losses
Premises for own use											
Land	83,335	-	23	(168)	-	(172)	-	-	(69)	82,949	-
Buildings	610,606	(266,054)	21,857	(16,705)	-	(2,880)	(15,459)	(3,087)	(12,457)	595,097	(279,276)
Leasehold improvements	162,153	(107,254)	2,661	(2,774)	1,526	3,058	(10,149)	1,460	(1,840)	157,954	(109,113)
Other premises	150	-	-	-	-	-	-	-	(150)	-	-
Equipment											
Fittings and office equipment	87,054	(71,683)	2,380	(546)	41	(562)	(4,024)	-	(20)	83,694	(71,054)
Machinery and tools	22,614	(19,418)	229	(136)	-	251	(1,309)	-	(12)	22,756	(20,537)
Computer equipment	222,570	(190,543)	10,417	(632)	290	7,889	(16,234)	-	(1,812)	240,066	(208,121)
Indoor facilities	341,371	(266,665)	2,177	(806)	6,423	1,847	(15,930)	(468)	(491)	347,662	(280,204)
Transport material	15,439	(10,248)	2,682	(452)	-	607	(2,526)	-	(260)	14,507	(9,265)
Safety/security equipment	47,307	(39,197)	755	(679)	74	413	(2,317)	-	(19)	47,349	(41,012)
Other equipment	9,630	(7,040)	1,467	(320)	(150)	294	(668)	-	(131)	10,053	(6,971)
Assets under finance lease	28,716	(27,035)	-	-	(65)	-	(889)	-	(256)	16,780	(16,309)
Other tangible assets	15,715	(11,807)	2,048	(658)	-	1,022	(962)	-	-	17,536	(12,178)
Tangible assets in progress	36,591	-	29,940	(5,263)	(8,139)	(16,122)	-	-	-	37,007	-
	1,683,251	(1,016,944)	76,636	(29,139)	-	(4,355)	(70,467)	(2,095)	(17,517)	1,673,410	(1,054,040)

	Balances at 31-12-2013										Balances at 31-12-2014	
	Gross value	Accumulated depreciation and impairment losses	Changes in consolidation perimeter	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses, net of reversals, for the year	Sales and write-offs	Gross value	Accumulated depreciation and impairment losses
Premises for own use												
Land	84,342	-	(166)	-	31	137	(1,009)	-	-	-	83,335	-
Buildings	598,350	(250,781)	(2,198)	10,946	5,025	287	6,177	(14,459)	(3,682)	(5,113)	610,606	(266,054)
Leasehold improvements	168,236	(108,563)	(183)	2,760	315	407	4,903	(9,827)	(889)	(2,260)	162,153	(107,254)
Other premises	-	-	-	150	-	-	-	-	-	-	150	-
Equipment												
Fittings and office equipment	85,972	(70,224)	(135)	2,727	343	76	835	(3,895)	-	(328)	87,054	(71,683)
Machinery and tools	22,006	(18,901)	(2)	1,112	67	(1)	310	(1,388)	-	(7)	22,614	(19,418)
Computer equipment	198,809	(170,990)	(39)	12,523	427	64	7,982	(15,003)	-	(1,746)	222,570	(190,543)
Indoor facilities	338,814	(253,938)	-	3,943	109	399	3,041	(16,771)	(112)	(779)	341,371	(266,665)
Transport material	14,207	(9,451)	(140)	2,128	92	-	(732)	(824)	-	(89)	15,439	(10,248)
Safety/security equipment	45,159	(36,201)	-	1,530	104	-	452	(2,931)	-	(3)	47,307	(39,197)
Other equipment	9,613	(7,498)	(85)	367	25	-	2,112	(1,087)	-	(857)	9,630	(7,040)
Assets under finance lease	43,298	(39,008)	-	-	-	(489)	-	(1,814)	-	(306)	28,716	(27,035)
Other tangible assets	15,551	(10,327)	-	17	218	-	(156)	(1,352)	-	(43)	15,715	(11,807)
Tangible assets in progress	26,570	-	(867)	39,187	637	(880)	(27,906)	-	-	(150)	36,591	-
	1,650,926	(975,881)	(3,815)	77,390	7,393	-	(3,991)	(69,351)	(4,683)	(11,681)	1,683,251	(1,016,944)

Accumulated impairment on other tangible assets, at December 31, 2015 and 2014, totalled €13,597 thousand and €11,502 thousand, respectively (note 36).

15. INTANGIBLE ASSETS

Movements in this account heading, for 2015 and 2014 were as follows:

	Balances at 31-12-2014							Balances at 31-12-2015	
	Gross value	Accumulated depreciation and impairment losses	Additions	Net disposals	Other transfers and adjustments	Exchange differences	Depreciation for the year	Gross value	Accumulated depreciation and impairment losses
Goodwill									
CGD Investimentos CVC	34,146	(20,400)	-	-	-	(8,640)	-	25,506	(20,400)
Banco Caixa Geral Angola	22,329	-	-	-	-	(5,841)	-	16,487	-
Software	731,431	(641,626)	8,816	(1,974)	11,874	(769)	(34,701)	746,536	(673,485)
Other intangible assets	13,819	(4,006)	402	-	966	(1,140)	(727)	11,275	(1,961)
Intangible assets in progress	26,024	-	27,354	(50)	(21,800)	(454)	-	31,074	-
	827,748	(666,031)	36,572	(2,024)	(8,961)	(16,844)	(35,429)	830,878	(695,846)

	Balances at 31-12-2013								Balances at 31-12-2014	
	Gross value	Accumulated depreciation and impairment losses	Additions	Net disposals	Other transfers and adjustments	Exchange differences	Depreciation for the year	Impairment losses (Note 36)	Gross value	Accumulated depreciation and impairment losses
Goodwill										
CGD Investimentos CVC	33,759	-	-	-	-	387	-	(20,400)	34,146	(20,400)
Banco Caixa Geral Angola	20,762	-	-	-	-	1,567	-	-	22,329	-
Software	703,918	(601,155)	8,454	(62)	19,008	655	(40,780)	-	731,431	(641,626)
Other intangible assets	13,848	(3,557)	189	(458)	106	244	(560)	-	13,819	(4,006)
Intangible assets in progress	26,107	-	22,775	-	(22,901)	43	-	-	26,024	-
	798,395	(604,712)	31,418	(520)	(3,786)	2,895	(41,339)	(20,400)	827,748	(666,031)

Intangible assets in progress, at December 31, 2015 and 2014, essentially refer to expenses incurred on the development of software which had still not come into operation at the said dates.

At December 31, 2015 and 2014, accumulated impairment on intangible assets totalled €20,639 thousand and €20,401 thousand, respectively (note 36).

Goodwill – Banco Caixa Geral Angola (BCGA)

Impairment tests were carried out on the goodwill of BCGA, based on an independent assessment made for the said purpose with reference to December 31, 2015.

The assessment incorporates the information available on its production date, namely macroeconomic conditions, the situation of the markets in which the Bank operates, *inter alia*. It was noted that as the asset's recoverable value exceeded its respective book value, there was no need to recognise impairment losses.

The following is a description of the methodology and the main assumptions used to produce the assessment:

(i) *Assessment methodology*

The dividend discount model valuation methodology was applied which assumes that an institution's value should be estimated by the present value of cash flows available to the shareholder that it will tend to generate in the future, discounted at a yield reflecting the opportunity cost of equity. Owing to the non-existence of any separation between operating and funding activities for this type of entity, this methodology is considered to be adequate for bank valuation purposes.

Flows available to shareholder

The flows available to a shareholder essentially translate the funds available for appropriation based on the cash flows generated by the activity and any investment operations after meeting potential capital requirements and complying with the regulatory requirements to which the entity is subject.

In the case of a bank, the flows generated by the activity essentially comprise its consolidated net operating income, other operating or non-operating income and the results of its associates which are consolidated by the equity accounting method (when not measured separately) net of employee costs and other administrative expenses, use of provisions or impairment and taxes on operating activity.

The needs/funding surpluses in respect of the development of the Bank's operations, such as an increase in credit or changes in other balance sheet headings having an impact on the use of own funds are also considered.

Discount rate

The discount rate on available flows for the shareholder comprise the opportunity cost of equity, assessed on the basis of the capital asset pricing model, considering the application of the formula Kcp = Rf + CRP + Beta * (Rm-Rf), in which:

Kcp = Return on equity requirement

Rf = Interest rate on a risk-free investment

CRP = Country risk premium

(Rm-Rf) = Average market risk premium

Beta = Beta coefficient on equity or systematic activity risk

Residual value

The residual value was calculated by the formula VR = DIVt / (Kcpt-g), in which:

VR = Residual value

DIVt = Dividend for year t (first year of perpetuity)

Kcpt = Required return on long term equity for the year t

g = Nominal growth rate in perpetuity

Equity value

The assessment of equity value was based on the updating of the assessment of the flows available to shareholders resulting from economic-financial projections produced on the bank's activity up to the date of the report.

(ii) *Principal assumptions underpinning the assessment*

The following components were assessed to calculate the discount rate:

. Risk-free interest rate - A risk-free interest rate of 8.3% was considered for the Angolan market, reflecting the risk associated with Angola's medium and long term public debt in US dollars;

. Market risk premium - A rate of 5.5%, corresponding to the risk premium used for mature markets, was used;

. Beta - Approximation to the beta value comprised a comparative analysis with listed, companies, comparable in terms of activity. A beta 1 level was considered, resulting from the beta averages presented by the universe of comparable institutions.

Taking into consideration the parameters appropriate to the characteristics of flows available to shareholders, a discount rate of 13.8% denominated in US dollars was used and retained over the projection period.

(iii) Sensitivity analysis

Based on the applied valuation methodology, sensitivity tests were performed on the value of the discount rate used, with changes of +50 bp and -50 bp, enabling the following deviations from the estimated amount of the Bank's equity at the valuations' reference date to be calculated:

SENSITIVITY OF PROJECTED EQUITY

- 50 bp	+ 50 bp
13,778	(12,859)

Goodwill – CGD Investimentos CVC

The impairment tests carried out on the goodwill of CGD Investimentos CVC, at December 31, 2015, resulted from a combination of the following elements:

(i) the results of the independent valuation of the economic rights acquired by CGD Investimentos CVC in 2014 on 51% of Rico's equity, deriving from the restructuring process on its activity and the integration of its "home brokering" segment in the business developed by the company (note 3), and

(ii) the reference value deriving from a recent takeover bid on Rico's present shareholders, for more than the amount resulting from the independent valuation mentioned in item (i) above.

The assessment incorporated the information available at the date of production, namely macroeconomic conditions, the situation of the markets in which the institution operates, *inter alia.* The methodological approach used favoured the application of the dividend discount model valuation methodology which assumes that an institution's value should be estimated by the present value of cash flows available to shareholders that it will tend to generate in the future, discounted at a yield reflecting the opportunity cost of equity.

Taking into consideration the parameters appropriate to the characteristics of flows available to shareholders, a discount rate of 9.74% denominated in US dollars was used and retained over the projection period.

The compilation of the data from the economic-financial valuation as well as the previously mentioned takeover bid, made it possible to conclude that the asset's present recoverable value exceeds its respective book amount, with no additional impairment losses for the year therefore being recognised.

In parallel and based on the valuation methodology applied, sensitivity tests were also performed on various critical valuation variables, used in the modelling exercise, enabling an assessment of the following minimum and maximum bands for the broker's equity on the valuation's reference date.

SENSITIVITY OF PROJECTED EQUITY

Deviation from the minimum value	Deviation from the maximum value
(1,700)	1,900

Research and development expenses

Caixa spent €492 thousand and €1,675 thousand on its development of research and development and innovation projects, in 2015 and 2014, respectively.

16. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTERPRISES

Information on the composition of this account heading, at December 31, 2015 and 2014, is set out below:

	31-12-2015		31-12-2014	
	Effective participating interest (%)	Book Value	Effective participating interest (%)	Book Value
Jointly controlled entities				
Locarent, S.A.	50.00	12,707	50.00	8,898
Esegur, S.A.	50.00	7,139	50.00	6,910
		19,846		15,808
Associated companies				
Fidelidade – Companhia de Seguros, S.A	15.00	204,208	19.99	252,752
Fidelidade Assistence Consolidated (a)	20.00	6,037	20.00	5,024
Multicare - Seguros de Saúde, S.A.	20.00	12,014	20.00	10,506
SIBS - Sociedade Interbancária de Serviços, S.A.	21.60	22,607	21.60	19,866
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	3,403	27.00	3,259
Prado - Cartolinas da Lousã, S.A.	38.15	3,835	38.15	3,613
Torre Ocidente Imobiliária, S.A.	-	-	25.00	4,577
Other		5,546		3,440
		257,650		303,038
		277,496		318,846

(a) Ex-Cares - Companhia de Seguros, S.A.

Information on the statutory financial data (unaudited financial statements) of the main associates and jointly controlled enterprises, at December 31, 2015 and 2014, is set out below:

Business sector / Entity	Registered office	31-12-2015				
		Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	93,379	80,771	12,608	1,172	8,695
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	n.d.	n.d.	n.d.	n.d.	n.d.
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	355,246	492,406	(137,160)	(16,406)	17,549
Insurance						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	15,092,905	13,167,774	1,891,367	286,287	1,931,041
Fidelidade Assistence Consolidated (c)	Lisbon	65,310	35,860	28,122	6,121	43,510
Multicare - Seguros de Saúde, S.A.	Lisbon	134,253	77,009	57,244	8,370	203,850
Other						
Esegur, S.A.	Lisbon	37,823	23,545	14,278	1,400	48,910
Locarent, S.A.	Lisbon	234,974	209,560	25,414	7,500	76,724
Companhia de Papel do Prado, S.A.	Tomar	4,430	1,054	3,376	(7)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	14,758	4,705	10,053	1,060	16,761
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	165,755	61,087	104,668	23,279	154,166

(a) Equity includes net income for the year and excludes non-controlling interests.
(b) Data taken from the consolidated financial statements.
(c) Ex-Cares - Companhia de Seguros, S.A.

Business sector / Entity	Registered office	31-12-2014				
		Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	93,836	81,761	12,075	1,238	8,323
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	64,039	45,730	18,309	5,585	9,421
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	360,015	480,328	(120,313)	(18,969)	28,510
Insurance						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	14,100,835	12,762,915	1,296,552	178,232	1,512,767
Fidelidade Assistence Consolidated (c)	Lisbon	56,099	36,901	19,199	6,003	44,469
Multicare - Seguros de Saúde, S.A.	Lisbon	127,431	77,130	50,301	4,797	199,002
Other						
Esegur, S.A.	Lisbon	37,366	23,546	13,820	1,530	51,134
Locarent, S.A.	Lisbon	239,293	221,500	17,792	4,148	78,032
Companhia de Papel do Prado, S.A.	Tomar	4,441	1,057	3,384	(11)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	15,092	5,622	9,470	1,841	19,930
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	155,007	63,028	91,979	19,137	149,702

(a) Equity includes net income for the year and excludes non-controlling interests.
(b) Data taken from the consolidated financial statements.
(c) Ex-Cares - Companhia de Seguros, S.A.

As set out in greater detail in note 12, the Group completed its disposal of 80% of the share capital of Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A. and Multicare – Seguros de Saúde, S.A. to Fosun International Limited in May 2014. The equity stakes retained by the Group in the referred to entities following this transaction were recognised as investments in associates, in accordance with the conditions described in note 2.5..

17. INCOME TAX

Tax assets and liabilities balances, at December 31, 2015 and 2014, were as follows:

	31-12-2015	31-12-2014
Current tax assets		
Income tax recoverable	25,805	40,468
Other	11,321	14,479
	37,126	54,947
Current tax liabilities		
Income tax payable	(4,184)	8,960
Other	20,048	29,573
	15,864	38,533
	21,263	16,414
Deferred tax assets		
Temporary differences	1,232,298	1,087,235
Reported tax losses	241,620	337,947
	1,473,918	1,425,182
Deferred tax liabilities	253,224	370,362
	1,220,694	1,054,819

The following table provides information on deferred tax movements in 2015 and 2014:

	Balance at 31-12-2014	Change in		Transfers	Other	Balance at 31-12-2015
		Equity	Profit or loss			
Special regime applicable to deferred tax assets						-
Impairment losses on credit	-	-	182,129	855,499	-	1,037,628
Employee benefits	-	2,013	16,604	164,014	-	182,632
Impairment in other loans not covered by special regime	-	-	(60,385)	(186,293)	(463)	(247,142)
Employee benefits not covered by special regime	-	-	(2,552)	19,066	(1)	16,513
Employee benefits	183,080	-	-	(183,080)	-	-
Impairment losses on credit	669,206	-	-	(669,206)	-	-
Impairment and adjustments to property and tangible and intangible assets	25,173	1,181	7,719	-	-	34,072
Measurement of available-for-sale assets	(126,699)	57,367	(6,115)	-	-	(75,447)
Impairment and other value changes in equity stakes and other securities	(54,394)	-	43,757	-	-	(10,637)
Other provisions and impairment not tax deductible	33,986	-	4,721	-	(515)	38,191
Tax loss carry forward	337,947	-	(95,108)	-	(1,219)	241,620
Other	(13,479)	17,131	1,835	-	(2,223)	3,264
	1,054,819	77,693	92,604	-	(4,422)	1,220,694

	Balance at 31-12-2013	Change in		Other	Balance at 31-12-2014
		Equity	Profit or loss		
Employee benefits	154,708	2,763	203	25,406	183,080
Impairment losses on credit	880,521	-	(116,484)	(94,831)	669,206
Impairment and adjustments to property and tangible and intangible assets	20,486	293	11,827	(7,433)	25,173
Measurement of available-for-sale assets	9,354	(163,010)	-	26,957	(126,699)
Impairment and other value changes in equity stakes and other securities	11,036	-	(15,696)	(49,734)	(54,394)
Other provisions and impairment not tax deductible	-	-	-	33,986	33,986
Tax loss carry forward	179,942	-	158,006	(1)	337,947
Other	(61,372)	-	-	47,894	(13,479)
	1,194,674	(159,954)	37,857	(17,757)	1,054,819

In 2014, Caixa Geral de Depósitos and Caixa - Banco de Investimento subscribed for the special deferred tax assets regime. This regime, approved by law 61/2014, of August 26 covered deferred tax assets resulting from the non-deduction of expenses and negative equity changes with impairment losses on credit (as provided for in nos. 1 and 2 of article 28-A of the *CIRC* (corporate tax code) and its respective exclusions) and with post employment or long term employee benefits and applies to the taxation periods starting on or after January 1, 2015.

For this purpose and after having expressed its intention to subscribe for the regime in accordance with the contents of article 2 of the law in question, the referred to intention was submitted for the approval of its general meeting of shareholders which ratified the decision.

The deferred tax assets resulting from the non-deduction of expenses and negative equity changes with impairment losses on credit and with post employment or long term employee benefits are converted into tax credits when taxpayers recognise negative net income in the respective taxation period or in the event of liquidation based on voluntary dissolution or insolvency under a legal ruling. In a conversion scenario resulting from negative net income, the amount of the tax credit to be attributed will be proportional to the negative net income for the period and taxpayers' total shareholders' equity (assessed prior to the deduction of this result), applied to the eligible balance of the deferred tax assets. When the conversion arises on liquidation or insolvency or when taxpayers' equity is negative, the conversion of the deferred tax assets into tax credit is made for the full amount.

In the case of the conversion of tax credit (not based on liquidation or dissolution) a special reserve should be set up for the respective amount, plus 10%, together with the issuance of securities in the form of conversion rights to be attributed to the state that, in the case of Caixa Geral de Depósitos is simultaneously its sole shareholder. The exercising of the conversion rights results in an increase in the taxpayers' share capital based on an incorporation of the special reserve and the issuance of new ordinary shares for free delivery to the state. It should be noted that on the date of the issuance of the conversion rights, shareholders have the incontestable right to acquire them in proportion to their respective equity stake.

To complement the expenses and negative equity changes accounted for after the regime has come into effect (January 1, 2015), this also encompasses the eligible deferred tax assets which have been recognised in the accounts at December 31, 2014, which in the case of the Group totalled €1,019,513 thousand at the said date.

There was no carry-back of fiscal losses deriving from the application of the regime in 2015.

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

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

The amount of tax associated with the contributed component of the actuarial deviations originated after the date of the change of accounting policy, considered deductible under the terms of the limits of numbers 2 and 3 of article 43 of the IRC code or under number 8 of the referred to article are recognised in an equity account, in conformity with the recognition basis of the originating liabilities.

Information on income tax costs recognised in profit and loss, in addition to the fiscal burden measured by the tax appropriation and net profit for the period before tax ratio, is set out below:

	31-12-2015	31-12-2014
Current tax		
For the period	126,084	48,262
Extraordinary contribution on the banking sector	32,178	29,788
Prior year adjustments (net)	(5,448)	(10,413)
	152,814	67,636
Deferred tax	(92,604)	(37,857)
Total	60,209	29,780
Consolidated income before tax and non-controlling interests	(21,267)	(233,515)
Tax charge	(283.10%)	(12.75%)

Information on “Adjustments for past years”, in 2015 and 2014, is set out below:

	31-12-2015	31-12-2014
Insufficiency / (excess) of estimated tax for 2014 and 2013	(4,613)	(8,306)
Adjustments to previous years taxable income	(694)	(1,840)
Other	(141)	(267)
	(5,448)	(10,413)

The following is an analysis of the reconciliation between the nominal and effective tax rates in 2015 and 2014**:**

	31-12-2015		31-12-2014	
	Rate	Tax	Rate	Tax
Income before income tax		(21,267)		(233,515)
Tax at the nominal rate	27.35%	(5,817)	27.35%	(63,866)
Investments recorded in accordance with the equity method	58.50%	(12,441)	35.76%	(83,508)
Impact of companies with tax rates different from the nominal rate in Portugal	(40.58%)	8,631	3.54%	(8,273)
Definitive differences to be deducted:				
Tax exempted capital gains	(3.43%)	729	0.36%	(850)
Other	3.13%	(665)	0.55%	(1,282)
Definitive difference to be added:				
Non deductable provisions	(74.17%)	15,774	(4.61%)	10,763
Other	(7.00%)	1,488	(1.93%)	4,500
Impairment on available-for-sale financial assets, net of write-offs	444.22%	(94,474)	1.20%	(2,792)
Annulment of tax losses (not recoverable)	(586.11%)	124,651	(0.80%)	1,870
Differential of tax rate on tax losses carry forward (*)	0.00%	-	(22.34%)	52,169
Autonomous taxation	(12.39%)	2,636	(1.36%)	3,169
Contribution on the banking sector	(151.30%)	32,178	(12.76%)	29,788
Effect of change in nominal tax rate	0.00%	-	(30.33%)	70,837
Other	44.39%	(9,441)	(10.95%)	25,563
	(297.39%)	63,247	(16.31%)	38,087
Tax adjustments relative to prior years				
Insufficiency / (excess) of tax estimate, net of deferred tax	13.62%	(2,897)	3.44%	(8,040)
Other	0.66%	(141)	0.11%	(267)
	14.28%	(3,038)	3.56%	(8,307)
	(283.10%)	60,209	(12.75%)	29,780

(*) The computation of deffered taxes relating to tax losses carry forward is based on a regulatory tax rate of 21% and does not include State or Municipal subcharges

CGD's nominal tax rate, in 2015 and 2014, considering the state surcharges applicable to its operations was 27.35%.

The assessment of CGD's nominal tax rate considers the increase in the municipal and state surcharges on taxable profit. In the case of the state surcharge, reference should be made to the change in the wording of article 87-A of the IRC code brought in by law 2-2014 of January 16 (IRC reform law) whose number 1 (for fiscal years starting on or after January 1, 2014) provides for the application of the following rates on the part of the taxable profit classified in the following tax bands:

- a rate of 3% between €1,500 thousand and €7,500 thousand;
- a rate of 5% between €7,500 thousand and €35,000 thousand;
- a rate of 7% on more than €35,000 thousand.

The changes brought in under the state budget law for 2015, also revised the nominal IRC rate on taxable income (with the exceptions provided for by current legislation) which was cut from 23% to 21%.

During the course of 2015, Caixa derecognised deferred tax assets on fiscal losses assessed in 2013 for the amount of €124,651 thousand as it considered the recoverability prospects up to the end of the regulatory period available for the purposes (end of 2018) to be remote. As a result of this cancellation, at December 31, 2015, the deferred tax assets balance associated with the carry-back of fiscal losses that continue to be recognised in Caixa’s financial statements is solely for 2014.

According to the changes brought in under the law reforming the IRC code, the period for reporting the carry-back of tax losses for tax periods starting after January 1, 2014 was extended to 12 years. However, as regards taxation periods starting on or after January 1, 2014, the deduction of fiscal losses may not exceed 70% of the respective taxable profit.

Deriving from the dispositions of article 141 of the state budget law for 2011 (law 55-A/2010 of December 31), which introduced a new contribution regime applicable to the banking sector, the Group recognised costs of €32,178 thousand and €29,788 thousand for 2015 and 2014, respectively, in respect of the total costs of this tax in the respective tax periods. The new tax base, regulated under the terms of ministerial order 121/2011 of March 30, is levied on the amount of the liabilities of credit institutions headquartered on Portuguese territory, net of the own and complementary funds therein included and the deposits covered by the deposit guarantee fund as well as the notional amount of derivatives other than hedge derivatives. The tax is also payable by the subsidiaries of credit institutions headquartered outside Portuguese territory as well as the branches in Portugal of credit institutions headquartered outside the European Union.

The tax authorities are normally entitled to review the tax situation during a certain period, which in Portugal is four years (unless tax losses have been carried back, in addition to any other deduction or tax credit expiring in the same year as this right). Owing to different interpretations of the legislation, this may result in the eventual possibility of adjustments being made to the taxable profit of former years (2012 to 2015 in the case of most entities headquartered in Portugal, with, in the case of Caixa Geral de Depósitos, 2012 and 2013 in this latter case, only on a level of its separate activity, but not the consolidated taxation perimeter having been inspected). Any possible adjustments, given the nature thereof, cannot be quantified at present. Caixa’s board of directors considers, however, that any adjustments for the above years are unlikely to have a significant effect on the consolidated financial statements.

18. OTHER ASSETS

This account heading comprises the following:

	31-12-2015	31-12-2014
Other assets		
Debt certificates of the Territory of Macau	770,810	630,413
Other	9,727	9,724
Debtors and other investments		
Central and local government	7,840	7,489
Shareholders' loans	213,041	210,378
Debtors - futures contracts	41,335	42,513
Amount receivable from the sale of EDP	481,456	481,456
Other debtors	1,175,835	1,571,417
Grants receivable from		
The State	22,237	22,117
Other entities	11,633	13,811
Amount receivable from the sale of assets received as settlement of defaulting loans	18,168	11,749
Other	107,740	229,963
Commitments with pension and other employee benefits	13,423	-
Income receivable	41,071	47,526
Deferred costs		
Rent	5,103	5,569
Other	20,509	25,779
Deferred income	(4,674)	(5,999)
Operations pending settlement	176,278	129,107
Stock exchange operations	-	9,131
	3,111,532	3,442,141
Impairment (Note 36)	(245,760)	(235,456)
	2,865,772	3,206,685

Information on impairment movements on debtors and other investments for 2015 and 2014 is set out in note 36.

The amount receivable on the sale of EDP, at December 31, 2015 and 2014, derives from CGD's disposal of an equity stake in the company to Parpública.

The "Debtors and other assets – other debtors" account heading, at December 31, 2015 and 2014, included €720,361 thousand and €1,148,158 thousand, respectively, for surety accounts in diverse financial institutions. The referred to sureties derive from liquidity-providing operations collateralised by financial assets and from "Interest rate swaps" (IRS) with these entities (note 10).

The "Debtors and other investments – other debtors" account heading, at December 31, 2015 and 2014, included €50,282 thousand for a Caixa surety deposit with the tax authorities as part of the proceedings to suspend the fiscal execution of a tax settlement, referred to in greater detail in note 22.

Under the contract to issue notes between Banco Nacional Ultramarino, S.A. (Macau) and the Territory of Macau, the Bank provides the Territory with convertible currency corresponding to the counter value of notes in circulation, receiving in return, a debt certificate for an equivalent amount to cover the liability resulting from the currency issuances (note 24). The amounts to be provided to the Territory by the Bank are reconciled on a monthly basis, in the first fifteen days of each month, based on the preceding month's average daily balances. The debt certificate of the Macau government, at December 31, 2015 and 2014, totalled €770,810 thousand and €630,413 thousand, respectively. No interest is payable on the certificate, as the consideration for the functions attributed to Banco Nacional Ultramarino, S.A. (Macau) is given by a permanent non-interest-bearing deposit.

Shareholders' loans, at December 31, 2015 and 2014, comprised the following:

	31-12-2015	31-12-2014
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	86,000	86,000
Moretextile, SGPS, S.A.	36,123	35,191
A. Silva & Silva - Imobiliário & Serviços, S.A.	28,977	28,977
Sagesecur - Estudo, Desenvolvimento e Participações em Projetos, S.A.	12,863	13,643
PP3E - Projetos e Participações em Empreendimentos de Energia Elétrica, S.A.	10,200	10,200
Other	38,878	36,367
	213,041	210,378

Details on shareholders' loans to Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A., at December 31, 2015 and 2014, are set out below:

- A shareholders' loan of €36,000 thousand at the 3 month Euribor rate plus a spread of 0.75%. Interest is paid quarterly on February 1, May 1, August 1 and November 1 of each year. An addendum to the loan extending the maturity up to June 30, 2018 was signed in first half 2014.
- A shareholders' loan of €50,000 thousand. Quarterly interest at the 3 month Euribor rate plus a spread of 3% is paid on this operation. Interest is paid quarterly on January 1, April 1, July 1 and October 1 each year. An addendum to the initial loan contract was signed between the two parties, in second half 2015, under which the maturity period of September 30, of the said year was extended for another year.

Caixa made shareholders' loans of €31,182 thousand to Moretextile, SGPS, S.A. under the terms of the financial restructuring agreement for the Coelima, JMA - José Machado de Almeida and AAF – António Almeida & Filhos textiles groups. Interest at the 6 month Euribor rate plus a spread of 2.5% is charged on these shareholders' loans which are repayable in full (principal and interest) in a lump sum on May 13, 2018, which term is renewable for an additional period of five years. The repayment of these shareholders' loans is subordinated to payment of the overdue and unpaid loans of other creditors by Moretextil and its associates. Caixa recognised impairment of €36,123 thousand on this asset's unrealised capital losses of which €932 thousand during the course of 2015.

This account heading, at December 31, 2015 and 2014, also included an assignment of credit rights over 19.5% of the partners' loans made by Parpública to Sagesecur, in the sphere of the payment of the entity's share capital, at the date of its formation.

19. CREDIT INSTITUTIONS' AND CENTRAL BANKS' RESOURCES

This account heading comprises the following:

	31-12-2015	31-12-2014
Resources of central banks		
Resources - European Central Bank		
Loans, deposits and other resources		
Caixa Geral de Depósitos	1,250,000	1,500,000
Other Group entities	1,515,574	1,610,330
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	278	467
Of foreign credit institutions	90,334	101,384
Sales operations with repurchase agreement	-	17,305
Other resources	1,554	1,701
Interest payable	2,637	12,399
	2,860,377	3,243,587
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	668,123	684,256
Of foreign credit institutions	950,046	838,449
Interbank money market resources	14,300	170,000
Immediate short term resources		
Of domestic credit institutions	192,891	287,747
Of foreign credit institutions	56,566	38,150
Loans		
Of foreign credit institutions	18,572	27,562
Resources of international financial entities	79,652	57,353
Sale operations with repurchase agreement	587,298	644,115
Adjustments to liabilities under hedging operations	(4,473)	2,302
Interest payable	11,271	10,488
Charges with deferred cost	(1,551)	(2,323)
	2,572,694	2,758,100
	5,433,070	6,001,687

The “Central banks’ resources – resources – European Central Bank” account heading at December 31, 2015 and 2014, refers to loans obtained from the European Central Bank, collateralised by debt instruments and other loans in the Group’s portfolio. These assets are not available for free circulation and are recognised at their nominal value in “Asset-backed guarantees” (note 22) in off-balance sheet account headings.

“Sales operations with a repurchase agreement”, at December 31, 2015 and 2014, refer to contracts for the assignment of financial assets with an agreement to purchase at a future date at a predefined price, entered into between the Group and various financial institutions.

The assignment of financial instruments in sales operations with a repurchase agreement is not derecognised in the balance sheet and continues to be measured in accordance with the accounting policies applicable to the underlying assets (note 9). The difference between the sale and repurchase price is recognised as an interest expense and deferred over the lifetime of the contract.

The referred to operations were contracted for under GMRA (global master repurchase agreements) or bilateral liquidity injection agreements, which provide mechanisms to strengthen the collateral associated with these transactions based on the evolution of respective market value assessed in accordance with the specifications agreed between the counterparties, usually comprising surety deposits.

20. CUSTOMER RESOURCES AND OTHER LOANS

This account heading comprises the following:

	31-12-2015	31-12-2014
Savings deposits	2,004,439	1,702,130
Other debts		
Repayable on demand	25,185,826	21,339,112
Term		
Deposits	44,034,310	45,961,403
Mandatory deposits	299,577	299,100
Other resources:		
Cheques and orders payable	86,270	70,184
Loans	188,534	198,932
Operations with repurchase agreement	117,004	99,227
Other	1,241,509	982,008
	45,967,205	47,610,855
	71,153,031	68,949,966
Interest payable	253,757	452,029
Deferred costs net of deferred income	(13,807)	(11,955)
Commissions associated with amortised cost (deferred)	(3,834)	(8,825)
Adjustments to liabilities under hedging operations	32,679	50,830
	268,794	482,080
	73,426,265	71,134,176

21. DEBT SECURITIES

This account heading comprises the following:

	31-12-2015	31-12-2014
Bonds in circulation:		
Bonds issued under the EMTN Programme		
- Remuneration indexed to interest rates	40,000	74,402
- Fixed interest rate	638,483	1,842,181
- Remuneration indexed to shares / indexes	-	36,000
- Remuneration indexed to exchange rates	201,416	298,674
	879,899	2,251,257
Covered bonds	5,484,982	4,484,986
Other cash bonds		
- Remuneration indexed to interest rates	42,430	60,247
	42,430	60,247
	6,407,311	6,796,490
Other		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
- Commercial Paper	110,500	100,738
Securities issued under securitisation operations		
- Mortgage loans (Note 11)	-	79,074
- Other collateralized emissions	11,915	14,392
	122,415	194,204
Adjustments to liabilities under hedging operations	29,396	51,206
Deferred costs net of income	(16,022)	(13,183)
Interest payable	156,981	145,761
	6,700,081	7,174,478

The breakdown of the debt securities account heading, at December 31, 2015 and 2014, is net of the accumulated debt balances repurchased in the meantime, with the following amounts:

	31-12-2015	31-12-2014
Bonds issued under the EMTN programme	15,000	15,388
Covered bonds	1,500,000	2,400,000
	1,515,000	2,415,388

Caixa issued two Portuguese state-backed bond loans for €1,800,000 thousand and €2,800,000 thousand, on July 19 and December 23, 2011, respectively, according to the following terms:

. Issuance of a bond loan of €1,800,000 thousand (1st issuance) – interest at the 3 month Euribor rate plus a spread of 4.95% is payable on these bonds which mature on July 19, 2014;

. Issuance of a bond loan of €2,800,000 thousand (2nd issuance) - interest at the 6 month Euribor rate plus a spread of 5% is payable on these bonds which mature on December 23, 2014.

The referred to issuances comply with the dispositions of law 60-A/2008 of 20 October, law 55-A/2010 of December 31 and ministerial orders 1219-A/2008 of October 23, and 946/2010 of September 22.

These issuances, fully repurchased by Caixa, were used to collateralise European Central Bank liquidity injection operations.

CGD repaid these loans in full in 2014.

CGD uses the following specific programmes to diversify its funding sources:

(i) Euro commercial paper and certificates of deposit (ECP and CCP)

Under the "€10 billion Euro commercial paper and certificates of deposit" programme, CGD (either directly or through its France branch) is entitled to issue certificates of deposit (CDs) and notes with a maximum maturity of 5 years and 1 year, respectively, in euros, US dollars, sterling, Japanese yen or any other currency agreed between the parties. Fixed or variable-rate interest is payable on these issuances which may also be indexed to indices or shares.

(ii) US commercial paper

Under this programme, CGD North America Finance LLC is entitled to issue notes for up to a total amount of USD 2,000,000,000. The notes have a maximum maturity of 1 year and a minimum amount of USD 250,000. The notes may be issued at a discount or at par. All issuances are guaranteed by CGD.

(iii) Euro medium term notes (EMTN)

CGD Group, through CGD (either directly or through its France and London branches) and CGD Finance, are entitled to issue debt securities under this programme for a maximum amount of €15 000,000 thousand. The France branch guarantees all CGD Finance issuances.

Bonds may be issued in any currency with minimum maturities of one month and 5 years for subordinated and non-subordinated issuances, respectively. There are no maximum maturities on these operations.

These securities may be issued at a discount. Fixed or variable-rate interest is payable on these issuances which may also be indexed to indices or shares.

(iv) Covered bonds

CGD initiated a covered bond programme, to be directly issued by CGD, for up to a current maximum amount of €15,000,000 thousand, in November 2006. The bonds are backed by a mortgage loan portfolio which must, at any point of time, comply with the minimum conditions required by the regulation applicable to issuances of such assets, i.e. decree law 59/2006, official notices 5, 6, 7 and 8 and Bank of Portugal instruction 13.

The bonds may be issued in any currency with a minimum term of 2 and a maximum term of 50 years. Fixed or variable-rate interest is payable on these issuances which may also be indexed to indices or shares.

These bonds entitle their holders to special credit rights – over any other creditors – on assets which have been set aside in the issuing entity's balance sheet to guarantee the debt, to which bondholders enjoy access, in the event of insolvency.

Assets eligible for the constitution of an asset pool comprise mortgage loans for housing or commercial purposes in a European Union member state or, alternatively, loans and advances to the central governments or the regional and local authorities of one of the European Union member states and loans with the express and legally binding guarantee of such entities. Mortgage loans cannot exceed 80% of the mortgaged assets given as collateral in respect of property for housing (60% for other property).

In accordance with the issuance conditions defined by the programme, the following criteria must also be complied with during the period of the issuance:

- The total nominal value of covered bonds in circulation may not exceed 95% of the total value of mortgage loans and other assets allocated to the referred to bonds;
- The average maturity of covered bonds issuances may not, for issuances as a whole, exceed the average life of the associated mortgage loans;
- The total amount of interest payable on the covered bonds may not, for issuances as a whole, exceed the amount of interest charged to the borrowers of mortgage loans allocated to the referred to bonds;
- The present value of the covered bonds may not exceed the present value of the assets allocated to them, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

The asset pool may also include autonomous assets, up to a maximum of 20% of its value, i.e. deposits with the Bank of Portugal or securities eligible for Eurosystem credit operations and others defined by law.

The nominal value of covered bonds, issued by Caixa, at December 31, 2015 and 2014, totalled €7,001,450 thousand and €6,901,450 thousand, respectively, with the following characteristics:

DESIGNATION	Nominal		Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 31-12-2015	Interest rate at 31-12-2014
	31-12-2015	31-12-2014						
Hipotecárias Série 1 2006/2016 1st tranche	1,256,450	1,256,450	06-12-2006	06-12-2016	Annually, on 6 December	Fixed rate	3.875%	3.875%
Hipotecárias Série 2 2007/2015 (*)	-	900,000	30-03-2007	30-09-2015	Half yearly, on 30 March and 30 September	6 month Euribor rate + 0.04%	-	0.223%
Hipotecárias Série 4 2007/2022	250,000	250,000	28-06-2007	28-06-2022	Quarterly, on 28 March, June, September and December	3 month Euribor rate + 0.05%	0.000%	0.129%
Hipotecárias Série 7 2008/2016	150,000	150,000	31-03-2008	15-03-2016	Quarterly, on 15 March, June, September and December	3 month Euribor rate - 0.012%	0.000%	0.070%
Hipotecárias Série 1 2006/2016 2nd tranche	150,000	150,000	09-09-2008	06-12-2016	Annually, on 6 December	Fixed rate	3.875%	3.875%
Hipotecárias Série 8 2008/2038	20,000	20,000	01-10-2008	01-10-2038	Annually, on 1 October	Fixed rate	5.380%	5.380%
Hipotecárias Serie 9 15/09/2016	175,000	175,000	08-10-2009	15-09-2016	Half yearly, on 15 March and 15 September	6 month Euribor rate + 0.575%	0.612%	0.763%
Hipotecárias Série 10 2010/2020	1,000,000	1,000,000	27-01-2010	27-01-2020	Annually, on 27 January	Fixed rate	4.250%	4.250%
Hipotecárias Série 14 2012/2022 (*)	1,500,000	1,500,000	31-07-2012	31-07-2022	Quarterly, on 31 January, April, July and October	3 month Euribor rate + 0.75%	0.683%	0.838%
Hipotecárias Série 15 2013/2018	750,000	750,000	18-01-2013	18-01-2018	Annually, on 18 January	Fixed rate	3.750%	3.750%
Hipotecárias Série 16 2013/2019	750,000	750,000	15-01-2014	15-01-2019	Annually, on 15 January	Fixed rate	3.000%	3.000%
Hipotecárias Série 17 2015/2022	1,000,000	-	27-01-2015	27-01-2022	Annually, on 27 January	Fixed rate	1.000%	-
	7,001,450	6,901,450						

(*) Issue fully repurchased by CGD. These securities are collaterising liquidity providing operations with the European Central Bank

The assets pool used to collateralise the issuances includes mortgage loans made in Portugal with a book value of €10,478,994 thousand and €11,527,625 thousand at December 31, 2015 and 2014, respectively (note 11).

The assets pool used to collateralise the covered bonds, at December 31, 2015 and 2014, also comprised debt securities, with a book value of €144,294 thousand and €127,537 thousand respectively, at the same date (notes 7 and 8).

Moody's and Fitch's ratings on these covered bonds, at December 31, 2015, were A3 and BBB, respectively.

(v) Bonds for the public sector

CGD initiated a programme for issuances of bonds for the public sector up to a maximum amount of €5,000,000 thousand, in February 2009. The bonds are collateralised by a public sector loan portfolio which must, at any point of time, comply with the minimum conditions required by the regulations applicable to the issuances of such instruments, i.e. decree law 59/2006, official notices 5, 6, 7 and 8 and instruction 13 of the Bank of Portugal of the same year.

The bonds may be issued in any currency with a minimum term of 2 and a maximum term of 50 years. Fixed or variable-rate interest is payable on these issuances which may also be indexed to the evolution of an indexer.

These bonds entitle their holders to special credit rights – over any other creditors – to assets which have been set aside in the issuing entity's balance sheet to collateralise the debt, to which bondholders enjoy access, in the event of the issuing entity's insolvency.

Assets eligible for the constitution of an assets pool comprise amounts owed by central governments or the regional and local authorities of one of the European Union member states and loans with the express and legally binding guarantee of the same entities.

In accordance with the issuance conditions defined by the programme, the following criteria must also be complied with during the period of the issuance:

- The total amount of loans owed by central governments or the regional and local authorities of one of the European Union member states and loans with the express and legally binding guarantee of the same entities and autonomous assets allocated to bonds for the public sector in circulation must comprise a minimum 100% of the total nominal value of the referred to bonds;
- The average maturity of bond issuances for the public sector may not, for issuances as a whole, exceed the average lifetime of the allocated eligible assets;
- The total amount of interest payable on the bonds for the public sector may not, for issuances as a whole, exceed the amount of interest charged on the eligible assets allocated to the referred to bonds;
- The present value of bonds for the public sector may not exceed the present value of the asset allocations, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

The asset pool could also include autonomous assets, up to a maximum of 20% of its value, i.e. deposits with the Bank of Portugal or securities eligible for Eurosystem credit operations, sight or term deposits with credit institutions with a rating of "A-" or higher or equivalent and other assets defined in an official notice issued by the Bank of Portugal.

Caixa was only responsible for one public issuance under this programme, placed in the institutional market in July 2009, for the amount of €1,000 thousand and a maturity of five years, having decided to demobilise the programme at the end of 2014.

Details on bond issuances, by type of interest and periods to maturity, in the financial statements, at December 31, 2015 and 2014, are set out below:

	31-12-2015					
	Type of asset or underlying index used to calculate the remuneration			Covered bonds	Other bonds	Total
	Exchange rate	Interest rate	Sub total			
Up to one year	40,000	415,726	455,726	1,731,450	18,097	2,205,273
One to five years	117,026	137,498	254,524	2,483,532	24,333	2,762,389
Five to ten years	6,000	115,259	121,259	1,250,000	-	1,371,259
Over ten years	38,390	10,000	48,390	20,000	-	68,390
	201,416	678,483	879,899	5,484,982	42,430	6,407,311

	31-12-2014						
	Type of asset or underlying index used to calculate the remuneration				Covered bonds	Other bonds	Total
	Shares / Indexes	Exchange rate	Interest rate	Sub total			
Up to one year	36,000	35,595	1,237,209	1,308,804	-	-	1,308,804
One to five years	-	155,943	513,493	669,436	3,220,596	60,247	3,950,279
Five to ten years	-	24,148	155,881	180,029	1,244,390	-	1,424,419
Over ten years	-	82,988	10,000	92,988	20,000	-	112,988
	36,000	298,674	1,916,583	2,251,257	4,484,986	60,247	6,796,490

Derivatives were contracted for to convert the amounts of most EMTN programme issuances into euros and their respective interest into 3 or 6 month Euribor rates, net of a spread.

22. PROVISIONS AND CONTINGENT LIABILITIES

Provisions

Movements in provisions for employee benefits and for other risks, in 2015 and 2014, were as follows:

	Balance at 31-12-2014	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31-12-2015
Provision for employee benefits (Note 34)	572,386	1,587	(25,988)	(1,888)	96,861	642,958
Provision for litigation	15,928	1,050	(4)	(1,602)	369	15,740
Provision for guarantees and other commitments	150,300	4,936	-	38	731	156,006
Provision for other risks and charges	103,044	29,638	(2,906)	(1,206)	49,189	177,760
	269,272	35,624	(2,910)	(2,770)	50,290	349,506
	841,658	37,211	(28,898)	(4,658)	147,150	992,464

	Balance at 31-12-2013	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31-12-2014
Provision for employee benefits (Note 34)	539,438	(1,319)	(23,859)	388	57,739	572,386
Provision for litigation	15,083	213	-	49	583	15,928
Provision for guarantees and other commitments	207,763	(57,959)	-	497	(1)	150,300
Provision for other risks and charges	118,961	(3,783)	(7,516)	393	(5,011)	103,044
	341,807	(61,529)	(7,516)	939	(4,428)	269,272
	881,245	(62,849)	(31,375)	1,327	53,310	841,658

In 2015, the amount recognised in the “Others” column in “Provisions for other risks and liabilities” refers to investments in vehicles set up in connection with transfers of financial assets (loans and advances to customers) (note 8).

In 2015, the amount of the “Provisions for the costs of employee benefits” includes around €60.3 million recognised in “Employee costs” (note 33), resulting from early retirement plans under the *Horizonte* plan.

Information on the composition of and movements in provisions for employee costs and benefits, including the movements recognised in the “Transfers and other” account heading is given in note 34.

Provisions for other risks and liabilities cover contingencies arising from the Group’s activity.

Provisions for legal contingencies comprise the Group’s best estimate of any amounts to be spent on their resolution, based on estimates of the Legal Department and its attendant lawyers.

Contingent liabilities and commitments

Contingent liabilities associated with banking activity are recognised in off-balance sheet account headings, as follows:

	31-12-2015	31-12-2014
Contingent liabilities		
Assets given as collateral	14,421,170	14,912,605
Guarantees and sureties	3,793,082	4,066,099
Open documentary credits	502,154	670,168
Stand by letters of credit	57,816	53,400
Other contingent liabilities	-	377,878
	18,774,223	20,080,151
Commitments		
Revocable commitments	8,690,214	8,289,653
Securities subscription	1,654,834	2,019,997
Irrevocable lines of credit	1,273,964	1,474,941
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155,553	155,553
Term operations	100,500	155,936
Investor Compensation System	37,693	35,911
Other irrevocable commitments	2,230	-
Forward deposit agreements		
Receivable	-	128,571
To be created	85,618	-
Other	-	121,253
	12,000,606	12,381,814
Deposit and custody of securities	40,103,407	38,613,510

The composition of asset-backed guarantees is as follows:

	31-12-2015	31-12-2014
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	943,500	803,000
Council of Europe Development Bank	10,000	-
Bank of Portugal (*)	13,116,015	13,894,038
Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E.	133,272	4,093
Deposit Guarantee Fund	175,240	167,440
Royal Bank of Scotland	15,000	15,000
Investor Compensation System (futures)	21,000	21,430
Euronext	6,500	6,500
Other Assets		
Other	643	1,104
	14,421,170	14,912,605

(*) Includes the securities portfolio associated with liquidity-taking with the European Central Bank, as well as the securities given to the Bank of Portugal as collateral, in the scope of the "Daily Market Credit Agreement" in the amount of EUR 500 million and other interbank money market transactions.

Asset-backed guarantees, at December 31, 2015 and 2014, are for debt instruments classified in assets held-for-trading, available-for-sale financial assets, loans and advances to customers and debt securities accounts (note 21). The market value of debt instruments given as collateral, at December 31, 2015 and 2014, was €14,962,937 thousand and €15,085,127 thousand, respectively.

The market value of securities collateralising the Group's term liabilities for its annual contributions to the deposit guarantee fund and investors' indemnity system was €205,290 thousand and €220,975 thousand, at December 31, 2015 and 2014, respectively.

The object of the deposit guarantee fund is to guarantee customers' deposits in conformity with the limits defined by the general credit institutions regime to which regular annual contributions are made. In past years a part of the liabilities comprised an irrevocable commitment to make the referred to contributions when requested by the Fund, with the amount, to-date, not having been recognised as a cost. Total commitments assumed since 1996 amount to €155,553 thousand. The Group recognised costs of €5,100 thousand and €18,680 thousand for its annual contribution to the deposit guarantee fund, at December 31, 2015 and 2014, respectively.

Asset-backed guarantees are not available for the Group's free use in its operations and are recognised at their nominal value in off-balance sheet accounts.

In 2009, CGD was notified by the Portuguese tax authorities of their inspection report for 2005 on corrections to taxable income for the year amounting to €155,602 thousand. In addition to other situations, the referred to amount included a correction of €135,592 thousand on account of the fact that Caixa had benefited from the full elimination of double taxation on its share of Caixa Brasil SGPS, S.A.'s results in the said year. Caixa contested the referred to corrections, considering that the procedure adopted by it was in compliance with the fiscal legislation in force, as it was in possession of data enabling it to show that Caixa Brasil, SGPS S.A.'s earnings were subject to taxation. In 2014, the Lisbon tax court issued a ruling annulling, *inter alia*, the corrections made by the tax and customs authorities during the said year on the component allocated to the gains on the liquidation of Caixa

Brasil, backing CGD's decision not to set up any provision for this situation in its financial statements at December 31, 2014.

In April 2015, Caixa was notified of the contents of the ruling of the central administrative court of Lisbon which, in the second instance, decided to revoke the ruling decreed in the first instance by the Lisbon tax court. Notwithstanding Caixa's board of directors' conviction regarding the conformity of the adopted procedures and having already taken the steps permitted by law to contest the ruling, in light of the developments occurring in the meantime, CGD decided to record a provision in 2015 for an approximate amount of €26 million to cover the contingencies inherent to this process.

As a result of these fiscal executive actions deriving from the referred to past corrections, during the course of 2010, Caixa took out a surety deposit as a guarantee in respect of the suspension of the tax settlement procedure. The referred to surety deposit for the amount of €50,282 thousand, has been recognised in "Other assets – debtors and other assets – other debtors" (note 18).

On June 3, 2015, CGD was notified of the contents of the "Declaration of Unlawfulness" under which the competition authority accused it, as well as fourteen other credit institutions, of various practices in the form of the exchange of information with a part of the referred to credit institutions, which, in the eyes of the referred to competition authority, constituted collusion with the objective of significantly distorting competition in the market.

Based on requests submitted by several of the respective credit institutions, the initial period was extended on more than one occasion and has still not expired. Caixa has prepared a full defence in order to comply with the deadline of November 17, 2015.

Caixa's defence considers that there are neither any de facto nor legal assumptions leading to Caixa Geral de Depósitos being condemned for any market restrictive practice, for which reason it has expressly requested the process to be filed.

The resolution fund was created by decree law 31-A/2012 of February 10 and its resources are generated by the payment of contributions by participating institutions and the banking sector levy. In addition, whenever these resources are considered insufficient to meet obligations, other funding means may be used, i.e. (i) special levies on credit institutions; and (ii) amounts generated by loans.

<u>Resolution measure applied to Banco Espírito Santo, S.A</u>.

The board of trustees of the Bank of Portugal decided, on August 3, 2014, to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), transferring most of its activity and assets to Novo Banco S.A., a new, transitional banking institution created for the purpose, the total amount of whose capital is now owned by the resolution fund.

Following the resolution measure, Novo Banco, S.A. was deemed to have capital requirements of €4,900,000 thousand to be realised by the sole shareholder under the terms of the legislation in force. Considering that the resolution fund did not have the necessary resources for the said operation on the referred to date, the capital was subscribed for in the form of two loans:

- €3,900,000 thousand from the Portuguese state; and
- €700,000 thousand from eight Fund member institutions (of which €174,000 thousand from CGD).

In September 2015, the Bank of Portugal suspended the sales process of the resolution fund's equity stake in Novo Banco, started in 2014 and concluded the process without accepting any of the three binding offers, considering that the terms and conditions thereof were not satisfactory. In its announcement of December 21, 2015, the Bank of Portugal disclosed information on the agreement reached with the European Commission, providing for, *inter alia*, the extending of the period for the full disposal of the equity stake held by the resolution fund in Novo Banco.

On December 29, 2015, the Bank of Portugal, announced the approval of a series of decisions to complete the resolution measure applied to BES. The Bank of Portugal decided to return back to BES the responsibility for non-subordinated bonds issued by it and subscribed by institutional investors issued by it back to BES. The nominal amount of the bonds whose liabilities were returned to BES is €1,941 million, with a book value of €1,985 million. The issuances were originally made by BES and specifically sold to institutional investors. In addition to this measure, the Bank of Portugal also clarified that the resolution fund is responsible for neutralising the eventual negative effects of future decisions deriving from the resolution process which may result in liabilities or contingencies, by compensating Novo Banco.

The disposal process of the resolution fund's equity stake in Novo Banco was re-launched in January 2016 and is currently in progress.

<u>Resolution measure applied to Banif – Banco Internacional do Funchal, S.A.</u>

According to the Bank of Portugal's announcement of December 20, 2015 a decision was taken to sell off the activity of Banif – Banco Internacional do Funchal, S.A. (Banif) and most of its assets and liabilities to Banco Santander Totta for the amount of €150 million. According to the referred to announcement, the impositions of European institutions and the impossibility of the voluntary sale of Banif led to the disposal being made in the context of a resolution measure.

Most of the assets which were not disposed of were transferred to the Oitante, S.A. (Oitante) asset management vehicle which was specifically created for the purpose and whose sole shareholder is the resolution fund. Oitante proceeded, herein, to issue debt bonds all of which were acquired by Banco Santander Totta, with the provision of a guarantee by the resolution fund with a counter guarantee from the Portuguese state.

The operation involved the payment of around €2,255 million from the public purse to cover future contingencies, of which €489 million by the resolution fund and €1,766 million directly by the Portuguese state, as a result of the options to define the perimeter of assets and liabilities disposals agreed between the Portuguese authorities, European instances and Banco Santander Totta.

Up to the date of the approval of the accounts by the board of directors, CGD was not in possession of any information allowing it to estimate, with a reasonable level of reliability, if, following these processes, there will be any insufficiency of resources of the resolution fund and, if applicable, the way in the deficit will be funded.

Therefore, it is not possible, at the present, to evaluate the eventual impact of this situation on CGD's financial statements, as any costs to be incurred are contingent upon the completion of the referred to processes and any resolutions which may be issued by the ministry of finance, in the sphere of its lawful competencies.

According to the information available at the present: i) it does not appear likely that the resolution fund will propose the creation of a special contribution to fund the above described resolution measures and therefore the possibility of any special contribution appears to be remote, and (ii) any eventual resolution fund deficits are expected to be financed by periodic contributions under article 9 of decree law 24/2013 of February 19, which stipulates that periodic contributions to the resolution fund should be paid by the institutions therein participating and which are active on the last day of the month of April of the year to which the periodic contribution refers.

23. OTHER SUBORDINATED LIABILITIES

This account heading comprises the following:

	31-12-2015	31-12-2014
Bonds	2,385,982	2,388,244
Loans	21,209	21,209
	2,407,191	2,409,453
Interest payable	40,575	49,007
Deferred income net of charges	(18,880)	(26,012)
Adjustment to liabilities under hedging operations	39	(4,543)
	2,428,925	2,427,905

At June 29, 2012, CGD issued €900,000 thousand in hybrid financial instruments eligible as core tier 1 own funds, fully subscribed for by the Portuguese state (conditions defined in ministerial order 8840-C/2012 of June 28, 2012). These bonds are convertible into shares in the following circumstances:

- CGD's full or part cancellation or suspension of the payment of interest on the hybrid financial instruments;
- Materially relevant non-compliance with the recapitalisation plan;
- CGD's failure to repurchase the full amount of the hybrid financial instruments up to the end of the investment period (five years);
- Exercising of conversion rights specified by the state in the issuance conditions;
- If the hybrid financial instruments cease to be eligible as core tier 1 own funds.

The following is a summary of the conditions attached to the main issuances:

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2015	Book value at 31-12-2014	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Caixa Geral de Depósitos	Capital Core Tier 1 capital instruments subscribed by the State	EUR	900.000	900.000	900.000	29-06-2012	29-06-2017	1st year 8.5%, 2nd year 8.75%, 3rd year 9%, 4th year 9.5% and 5th year 10%. Half yearly interest payment on 29 June and December.	The redemption option can be made at any time, with prior authorisation of the Bank of Portugal.
Caixa Geral de Depósitos	Step Up Switchable Subordinated Notes due May 2019	EUR	538.552	536.748	536.748	11-05-2009	13-05-2019	12 month Euribor rate + 1.15%. If there is no early redemption, 12 month Euribor rate + 1.65%. Annual interest payment on 11 May.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 11 May 2014.
Caixa Geral de Depósitos	Caixa Subordinadas CGD 2008/2018 (1st issue)	EUR	369.045	368.530	368.530	03-11-2008	05-11-2018	2nd year, 12 month Euribor rate + 0.125%; 3rd year, 12 month Euribor rate + 0.250%, 4th year, 12 month Euribor rate + 0.500% and 5th year, 12 month Euribor rate + 1.00%. If there is no early redemption, 12 month Euribor rate + 1.50%. Annual interest payment on 3 November.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from the 5th year.
Caixa Geral de Depósitos	Floating Rate Notes due December 2017	EUR	125.000	125.000	125.000	27-12-2007	27-12-2017	5.733%. If there is no early redemption, 3 month Euribor rate + 1.70%. Annual interest rate payment on 27 December. Quarterly interest payment on 27 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 27 December 2012.
Caixa Geral de Depósitos	Floating Rate Notes due December 2017	EUR	120.000	104.720	104.720	17-12-2007	17-12-2017	3 month Euribor rate + 1.08%. 3 month Euribor rate + 1.58%, if there is no early redemption . Quarterly interest payment on 17 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 17 December 2012.
CGD (France branch)	Floating Rate Undated Subordinated Notes	EUR	110.000	209	209	18-12-2002	Perpetual	3 month Euribor rate + 1.30%. 3 month Euribor rate + 2.80%, if there is no early redemption. Quarterly interest payment on 18 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 18 December 2012.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2015	Book value at 31-12-2014	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Caixa Geral de Depósitos	Lower Tier 2 due March 3, 2028	EUR	100,000	100,000	100,000	03-03-2008	03-03-2028	5.980%. Annual interest payment on 3 March.	N/A.
Caixa Geral de Depósitos	Caixa Subordinadas CGD 2007/2017 (2nd issue)	EUR	81,595	81,245	81,245	12-11-2007	13-11-2017	1st year 5.00%, 2nd year 5.50%, 3rd year 6.00%, 4th and 5th years 7.50% and 10%, if the weight of all underlying assets is over its initial value, otherwise it will pay 0.00%. 3 month Euribor rate + 0.7%, if there is no early redemption. Annual interest payment on 12 November. Quarterly interest payment on 12 February, May, August and November (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from the 5th year.
Caixa Geral de Depósitos	Floating Rate Notes due December 2017	EUR	50,000	50,000	50,000	28-12-2007	28-12-2017	3 month Euribor rate + 1.08%. 3 month Euribor rate + 1.58%, if there is no early redemption . Quarterly interest payment on 28 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 28 December 2012.
CGD (France branch)	Floating Rate Notes	EUR	21,000	21,000	21,000	14-07-2005	28-06-2016	6 month Euribor rate + 0.22%. Half yearly interest payment on 28 June and December.	N/A.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes due July 2017	EUR	20,000	-	-	30-07-2007	31-07-2017	1st coupon 21.00%. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2008. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes due July 2017	EUR	20,000	-	-	30-07-2007	31-07-2017	1st coupon 21.50%. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2009. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2015	Book value at 31-12-2014	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Caixa Geral de Depósitos	Fixed to Floating Rate Notes due July 2017	EUR	20,000	-	-	30-07-2007	31-07-2017	1st coupon 22.00%. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2010. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes due July 2017	EUR	20,000	-	-	30-07-2007	31-07-2017	1st coupon indexed to Fundo Caixagest Ações Portugal. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2011. Quarterly interest payment on 30 October, January, April and July (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes due July 2017	EUR	20,000	-	-	30-07-2007	31-07-2017	1st coupon indexed to Fundo Caixagest Ações Portugal. 3 month Euribor rate + 0.65%, if there is no early redemption. Interest payment on 30 July 2012. Interest payment on 30 October, January, April and July (if there is no early redemtion).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 30 July 2012.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes December 2017	EUR	6,000	6,000	6,000	03-12-2007	04-12-2017	1st coupon 22.50%.3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2008. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
Caixa Geral de Depósitos	Fixed to Floating Rate Notes December 2017	EUR	6,000	6,000	6,000	03-12-2007	04-12-2017	1st coupon 23.00%. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2009. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2015	Book value at 31-12-2014	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Caixa Geral de Depósitos	Fixed to Floating Rate Notes December 2017	EUR	6,000	6,000	6,000	03-12-2007	04-12-2017	1st coupon 23.50%. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2010. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes December 2017	EUR	6,000	6,000	6,000	03-12-2007	04-12-2017	1st coupon indexed to Fundo Caixagest Ações Oriente. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 5 December 2011. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
Caixa Geral de Depósitos	Fund Linked to Floating Rate Notes December 2017	EUR	6,000	6,000	6,000	03-12-2007	04-12-2017	1st coupon indexed to Fundo Caixagest Ações Oriente. 3 month Euribor rate + 0.85%, if there is no early redemption. Interest payment on 3 December 2012. Quarterly interest payment on 3 March, June, September and December (if there is no early redemption).	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 3 December 2012.
CGD Finance	Floating Rate Undated Subordinated Notes	EUR	110,000	765	765	18-12-2002	Perpetual	3 month Euribor rate + 1.30%. 3 month Euribor rate + 2.80%, if there is no early redemption. Quarterly interest payment on 18 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 18 December 2012.
CGD Finance	Floating Rate Notes due December 2017	EUR	55,000	55,000	55,000	17-12-2007	17-12-2017	3 month Euribor rate + 1.08%. 3 month Euribor rate + 1.58%, if there is no early redemption. Quarterly interest payment on 17 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 17 December 2012.
CGD Finance	Floating Rate Notes due 2016	USD	265,000	20,620	18,490	06-12-2006	20-12-2016	3 month Libor rate + 0.25%. 3 month Libor rate + 0.75%, if there is no early redemption. Quarterly interest payment on 20 March, June, September and December.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 20 December 2011.

Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2015	Book value at 31-12-2014	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Banco Comercial e de Investimentos	Subordinanted bonds BCI 2008-2018	MZN	216,000	3,949	4,944	16-10-2008	16-10-2018	1st coupon 15.25%. Following coupons indexed to the average weighted rate of the last six Treasury Bills issues with maturities equal or over 90 days, plus 1%. Quarterly interest payment on 16 January, April, July and October.	The issuer has an early redemption option, in full or in part, at par, by reduction from nominal value at the date of the 2nd period of calculation of interest and subsequently, at each interest payment date.
Banco Comercial do Atlântico	Bonds BCA Crescente 2017	CVE	500,000	1,794	2,691	17-12-2010	17-12-2017	1st and 2nd years 5.75%, 3rd and 4th years 5.85%, 5th and 6th years 6% and 7th year 6.25%. Half yearly interest payment on 17 June and December.	The issuer has an early redemption option at nominal value of outstanding debt, applicable as from the 5th coupon, and from this date onwards, every six months, with a 0.5% premium payment over the nominal value of the bonds that would be amortised in subsequent periods.
Banco Interatlântico	Bonds BI 2014	CVE	500,000	4,255	4,210	08-07-2008	08-07-2018	6 month Euribor rate + 0.9% until the 2nd coupon. 6.0% until July 2013 . From this date on, the rate of the last five year Treasury Bonds issue + 0,5%. Half yearly interest payment on 8 January and July.	The issuer has an early redemption option at nominal or partly value of the outstanding debt at the end of the 1st year and, after this date, every six months, with a 0.5% premium payment over the nominal value of the bonds that would be amortised in subsequent periods.
Banco Comercial e de Investimentos	Subordinated loan IFC	USD	8,500	-	2,824	20-03-2009	15-06-2015	3 month Libor rate + 3.00% + 0.5% , if contractual conditions are fulfilled.Quarterly interest payment on 15 March, June, September and December.	The issuer (BCI) has an early redemption option, in full or part, at any interest payment date on 15 December 2009 or after this date, with at least 30 days advance notice to IFC.
Banco Comercial e de Investimentos	Subordinated loan BPI	USD	3,704	3,356	3,077	30-07-2008	30-07-2018	3 month Libor rate + 3.00%. Quarterly interest payment on 30 January, April, July and October.	Early redemption of principal, in full or part, may only occur at BCI's initiative and with prior authorisation of the Bank of Mozambique.

24. OTHER LIABILITIES

This account heading comprises the following:

	31-12-2015	31-12-2014
Creditors		
Consigned resources	870,069	638,901
Suppliers of finance leasing assets	10,342	13,124
Other suppliers	63,059	54,892
Resources - collateral account	135,100	173,520
Resources - subscription account	68,668	70,395
Resources - secured account	2,264	1,988
Other creditors:		
Creditors for factoring ceded	88,079	43,012
Caixa Geral de Aposentações	5,127	5,554
CGD's Pension Fund	360	67,531
Creditors for futures contracts	15,161	26,161
Creditors for operations on securities	113	114
Other	878,415	1,143,894
Other liabilities:		
Notes in circulation - Macau (Note 18)	790,046	646,506
Withholding taxes	43,058	50,360
Social Security contributions	11,313	16,261
Other taxes payable	5,585	9,164
Collections on behalf of third parties	490	281
Other	2,872	29,012
Accrued costs	213,803	237,651
Deferred income	61,550	60,738
Liabilities pending settlement	297,374	238,329
Stock exchange operations	155,609	2
	3,718,457	3,527,392

The “Resources – collateral account” heading, at December 31, 2015 and 2014, included €133,198 thousand and €158,853 thousand, respectively, relating to interest rate swap (IRS) contracts deposits made in CGD by several financial institutions.

The "Miscellaneous creditors - other" account heading, at December 31, 2015 and 2014, included €644,807 thousand and €671,535 thousand, respectively, relative to financial liabilities with minority shareholders of investment funds included in CGD Group’s consolidation perimeter.

The following table summarises the conditions attached to the "Consigned resources" account, at December 31, 2015.

DESIGNATION	COUNTERPART	Balances at 31-12-2015	Start date	Payment date
CGD Loan for SMES and other PRIO II	Banco Europeu de Investimento	300,000	10-04-2015	06-04-2023
CGD Empréstimo Global XI	Banco Europeu de Investimento	106,667	25-06-2003	15-06-2023
CGD Empréstimo Global X	Banco Europeu de Investimento	93,333	21-11-2002	15-09-2022
Mid-Cap I taxa revisível	Banco Europeu de Investimento	65,140	29-11-2007	15-09-2022
CGD - Empréstimo Global XII - B	Banco Europeu de Investimento	56,250	19-11-2004	15-09-2024
CGD - Empréstimo Global XIII	Banco Europeu de Investimento	51,563	12-10-2006	15-09-2026
Projeto Scut Açores	Banco Europeu de Investimento	54,286	14-12-2007	15-09-2034
Hospital Braga	Banco Europeu de Investimento	41,786	03-06-2009	09-06-2020
CGD Reabilitação Urbana	Banco Europeu de Investimento	39,556	11-12-2003	15-12-2023
Projeto Tejo Energia CCGT	Banco Europeu de Investimento	37,169	09-12-2009	15-09-2026
CEB - PARES	CEB - Council of Europe Development Bank	13,836	23-12-2009	23-12-2024
CEB - Educação	CEB - Council of Europe Development Bank	9,830	21-11-2008	21-11-2023
Operations carried out by Banco Comercial e de Investimentos, S.A.R.L.		549		
Other		104		
		870,069		

Interest on CGD's "Consigned resources" account, at December 31, 2015, was paid at an average annual rate of 0.465%.

25. CAPITAL

At December 31, 2015 and 2014, CGD's share capital was totally held by the Portuguese state, as follows:

	31-12-2015	31-12-2014
Number of shares	1,180,000,000	1,180,000,000
Unit price (Euros)	5	5
Share capital	5,900,000,000	5,900,000,000

26. RESERVES, RETAINED EARNINGS AND PROFIT ATTRIBUTABLE TO THE SHAREHOLDER CGD

The composition of reserves and retained earnings, at December 31, 2015 and 2014, was as follows:

	31-12-2015	31-12-2014
Fair value reserve, net of deferred tax		
Available-for-sale financial assets (Note 8)	241,050	398,836
Assets with repurchase agreement	17,766	12,974
	258,816	411,810
Other reserves and retained earnings		
- Legal reserve - CGD	862,906	862,906
- Other reserves	1,837,725	951,652
- Retained earnings	(3,391,333)	(2,252,495)
	(690,702)	(437,937)
Net income attributable to the shareholder of CGD	(171,453)	(348,044)
	(603,339)	(374,171)

According to CGD's articles of association a minimum of 20% of its annual profit must be transferred to the legal reserve each year. This reserve may only be used to cover accumulated losses or to increase capital.

"Other reserves and retained earnings", at December 31, 2015 and 2014, included CGD's legal reserves for the amount of €862,906 thousand and the legal reserves, free reserves and legal revaluation reserves of its subsidiaries, jointly controlled enterprises and associates. Legal revaluation reserves may only be used to cover accumulated losses or increase capital. In the case of CGD, the reserves which were not distributed for this reason totalled €110,425 thousand in compliance with the following legislation:

Tangible fixed assets	
Decree-Law nº 219/82, of 2 June	1,752
Decree-Law nº 399 - G/84, of 28 December	1,219
Decree-Law nº 118 - B/86, of 27 May	2,304
Decree-Law nº 111/88, of 2 April	8,974
Decree-Law nº 49/91, of 25 January	22,880
Decree-Law nº 264/92, of 24 November	24,228
Decree-Law nº 31/98, of 11 February	48,345
Financial fixed assets	723
	110,425

The "Fair value reserve" recognises unrealised capital gains and losses on available-for-sale financial assets and assets with repurchase agreements as a charge to shareholders' equity, net of the corresponding fiscal effect.

The currency translation reserve, which recognises the effect of translating subsidiaries' statements expressed in foreign currency, is included in "Other reserves".

The net contribution to CGD's consolidated profit made by branches and subsidiaries, at December 31, 2015 and 2014, was as follows:

	31-12-2015	31-12-2014
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	(395,510)	(602,967)
France Branch	43,242	(41,074)
Spain Branch	(20,756)	(66,110)
Cayman Branch	(17,171)	(9,710)
London Branch	8,036	11,792
New York Branch	4,091	3,890
East Timor Branch	1,972	3,320
Luxembourg Branch	(1,581)	(1,750)
Macau Branch	978	856
Zhuhai Branch	(19)	(69)
	(376,719)	(701,821)

	31-12-2015	31-12-2014
Contribution of subsidiaries to net income:		
Banco Nacional Ultramarino, S.A. (Macau)	58,815	41,939
Caixa Seguros e Saúde, SGPS, S.A. (a)	36,903	277,739
Banco Caixa Geral Angola, S.A.	33,875	18,112
Banco Caixa Geral, S.A.	25,266	20,103
Caixagest Private Equity - Fundo Especial de Investimento	20,666	5,207
Banco Comercial e de Investimentos, S.A.R.L.	19,781	15,630
Caixa Imobiliário, S.A.	(18,403)	(46,663)
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	13,421	5,379
Caixa Leasing e Factoring – Instituição Financeira de Crédito, S.A.	12,370	8,378
Fundimo - Fundo de Investimento Imobiliário Aberto	12,204	(1,834)
Cibergradual, Investimento Imobiliário, S.A.	(11,516)	(8,263)
Mercantile Bank Holdings, Ltd.	10,315	8,913
Inmobiliaria Caixa Geral, S.A.U.	(9,560)	(7,768)
Partang, SGPS	(9,031)	41
Beirafundo - Fundo de Investimento Imobiliário Fechado	(8,552)	(3,506)
Banco Caixa Geral Brasil, S.A.	(6,909)	3,819
Caixagest Infra-Estruturas - Fundo Especial de Investimento	6,600	1,962
Caixagest - Técnicas de Gestão de Fundos, S.A.	6,439	3,130
Fundiestamo - Fundo de Investimento Imobiliário Fechado	5,270	3,931
Fundo de Capital de Risco – Grupo CGD - Caixa Capital	(4,204)	(12,061)
Wolfpart, SGPS, S.A.	3,459	(48)
CGD Investimentos CVC, S.A.	(3,382)	(7,161)
Parcaixa, SGPS, S.A. (a)	3,044	5,149
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	2,500	3,894
Banco Comercial do Atlântico, S.A.R.L.	2,164	1,886
Caixa – Banco de Investimento, S.A. (a)	(2,140)	14,418
CGD Pensões, S.A.	2,060	1,451
Imocaixa - Gestão Imobiliária, S.A.	(1,978)	(2,909)
Fundo de Capital de Risco Empreender Mais	1,891	(432)
Fundolis - Fundo de Investimento Imobiliário Fechado	(1,501)	(2,759)
Caixa Imobiliário - Fundo Investimento Imobiliário Fechado para Arrendamento Habitacional	(1,398)	(1,215)
Fundo de Capital de Risco Caixa Fundos	1,250	(888)
Parbanca Sgps (Moçamb)	(1,205)	(413)
Ibéria - Fundo Especial de Investimento Imobiliário Fechado	(894)	(2,348)
Fundo de Investimento Imobiliário de Arrendamento Habitacional - Cidades de Portugal	(869)	680
Other	(849)	169
	195,902	343,664
Contribution of associates and jointly controlled entities to net income:		
Locarent, S.A.	3,750	2,172
SIBS – Sociedade Interbancária de Serviços, S.A.	3,514	4,012
Esegur – Empresa de Segurança, S.A.	700	765
Fundo Turismo	667	671
Prado - Cartolinas da Lousã, S.A.	404	702
Banco Internacional de São Tomé e Príncipe	316	334
Other	12	1,458
	9,364	10,114
Consolidated net income attributable to the shareholder of CGD	(171,453)	(348,044)

(a) Data taken from the consolidated financial statements.

Appropriation of net income for the year

2014

A resolution was passed by the general meeting of shareholders, held in May 2015, to recognise €1,139,320 thousand in losses, made in 2014, in the "Other reserves and retained earnings" balance sheet account heading.

2013

A resolution was passed by the general meeting of shareholders, held in May 2014, to recognise €1,090,515 thousand in losses, made in 2013, in the "Other reserves and retained earnings" balance sheet account heading.

27. NON-CONTROLLING INTERESTS

The amount of third party investments in subsidiaries is distributed among the following entities:

	31-12-2015	31-12-2014
Parcaixa, SGPS, S.A. (a)	506,107	493,642
Banco Caixa Geral Angola, S.A.	142,428	153,362
Banco Comercial e de Investimentos, S.A.R.L.	98,584	85,017
Caixa Geral Finance	96,249	96,249
Fundiestamo - Fundo de Investimento Imobiliário Fechado	32,062	32,055
Banco Comercial do Atlântico, S.A.R.L.	12,784	11,187
Partang, SGPS, S.A.	(9,639)	78,595
Banco Interatlântico, S.A.R.L.	4,582	4,465
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1,540	1,518
Banco Caixa Geral, S.A.	1,014	1,014
Caixa Arrendamento - Fundo de Investimento Imobiliário de Arrendamento Habitacional	-	14,150
Other	1,338	(4,323)
	887,048	966,931

(a) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

Caixa Geral Finance, with a share capital of €1,000 is headquartered in the Cayman Islands. On June 28, 2014, the company issued €250,000 thousand in non-voting preference shares. If a decision is made by its directors to pay dividends, a quarterly dividend equivalent to annual interest at the 3 month Euribor rate plus 0.8% up to June 28, 2014 and 1.8% thereafter, will be paid to shareholders, as from the said date. Caixa Geral Finance may redeem the preference shares, in part or in full, from June 28, 2014, at their nominal price of €1,000 per share plus the monthly payment of dividends accrued since the last payment.

On September 30, 2005, Caixa Geral Finance issued €350,000 thousand in non-voting preference shares. If a decision is made to pay dividends, a quarterly dividend equivalent to annual interest at the 3 month Euribor rate plus 0.77% up to September 30, 2015 and 1.77% thereafter, will be paid to shareholders, as from the said date. Caixa Geral Finance may redeem the preference shares, in part or in full, from September 30, 2015, at their nominal price of €50 per share, plus the monthly payment of dividends accrued since the last payment.

In accordance with CGD’s issuance conditions on hybrid financial instruments eligible as core tier 1 own funds, dividends on the above referred to preference shares cannot be paid until the issuance has been fully redeemed.

During the course of its activity, the Group repurchased the preference shares issued by Caixa Geral Finance for an accumulated amount of €504,241 thousand, at December 31, 2015 and 2014.

Detailed information on the amount of consolidated profit attributable to non-controlling interests, for 2015 and 2014, is set out below:

	31-12-2015	31-12-2014
Banco Caixa Geral Angola, S.A.	51,271	51,850
Banco Comercial e de Investimentos, S.A.R.L.	19,766	14,861
Parcaixa, SGPS, S.A. (a)	16,376	14,950
Banco Comercial do Atlântico, S.A.R.L.	1,573	2,053
Fundiestamo - Fundo de Investimento Imobiliário Fechado	1,049	770
Other	(59)	264
	89,976	84,749

(a) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

28. INTEREST AND INCOME AND INTEREST AND SIMILAR COSTS

Information on the composition of these account headings is set out in the following table:

	31-12-2015	31-12-2014
Interest and similar income		
Interest on loans and advances to domestic credit institutions	4,314	8,259
Interest on loans and advances to foreign credit institutions	35,513	26,048
Interest on domestic credit	986,061	1,209,511
Interest on foreign credit	618,473	564,970
Interest on overdue credit	35,514	51,113
Interest on financial assets held for trade		
- Derivatives	582,361	686,483
- Securities	17,185	21,586
Interest on financial assets at fair value through profit or loss	675	1,708
Interest on available-for-sale financial assets	375,413	425,154
Interest on hedging derivatives	13,129	18,035
Interest on debtors and other investments	7,486	14,402
Interest on cash equivalents	5,125	10,262
Interest on other loans and other amounts receivable	137,992	165,488
Other interest and similar income	3,332	3,715
Commissions received relating to amortised cost	135,498	132,511
	2,958,069	3,339,246
Interest and similar costs		
Interest on deposits of		
- Central and local government	2,244	5,977
- Other residents	493,182	797,890
- Emigrants	31,447	51,491
- Other non-residents	282,966	274,101
- Other	406	507
Interest on resources of foreign credit institutions	29,868	39,963
Interest on resources of domestic credit institutions	18,408	22,201
Interest on swaps	597,739	688,330
Interest on other trading liabilities	5,675	13,809
Interest on unsubordinated debt securities	238,127	304,458
Interest on hedging derivatives	2,322	3,781
Interest on subordinated liabilities	112,424	120,451
Other interest and similar costs	21,063	19,664
Commissions paid relating to amortised cost	8,552	7,886
	1,844,421	2,350,511

"Interest and similar costs - interest on subordinated liabilities", at December 31, 2015 and 2014, included €81,093 thousand and €78,476 thousand, respectively, on CGD's issuance of a total amount of €900 million in hybrid financial instruments, eligible as core tier 1 own funds, on June 29, 2012. These securities were fully subscribed for by the Portuguese state (note 23).

29. INCOME FROM EQUITY INSTRUMENTS

This account heading comprises the following:

	31-12-2015	31-12-2014
ADP - Águas de Portugal, S.A.	4,558	5,985
EDP - Energias de Portugal, S.A.	2,226	5,205
Sumol + Compal, S.A,	2,005	-
Galp Energia, SGPS, S.A.	1,733	1,185
Portucel, S.A.	1	1,040
REN - Redes Energéticas Nacionais, SGPS, S.A.	1	1,011
Income received from investment funds	59,087	30,900
Other	4,655	4,227
	74,267	49,554

30. INCOME AND COSTS OF SERVICES AND COMMISSIONS

Information on the composition of these account headings is set out below:

	31-12-2015	31-12-2014
Income from services rendered and commissions:		
On guarantees provided	61,593	67,535
On commitments to third parties	23,122	23,703
On operations on financial instruments	1,302	909
On services provided		
Deposit and safekeeping of valuables	18,543	19,823
Collection of valuables	6,970	6,766
Management of securities	16,854	13,663
Collective investment in transferable securities	25,956	24,455
Transfer of valuables	21,762	25,125
Cards managements	17,349	16,493
Annuities	53,628	46,492
Assembly operations	9,588	37,590
Credit operations	47,871	37,486
Other services rendered	190,017	193,571
On operations carried out on behalf of third parties	5,316	10,269
Other commissions received	142,081	135,174
	641,952	659,055
Cost of services and commissions:		
On guarantees received	3,871	4,516
On commitments assumed by third parties	226	189
On operations on financial instruments	284	369
On banking services rendered by third parties	113,795	120,061
On operations carried out by third parties	5,374	9,018
Other commissions paid	6,906	9,886
	130,456	144,039

31. INCOME FROM FINANCIAL OPERATIONS

Information on the composition of these account headings is set out below:

	31-12-2015	31-12-2014
Result from foreign exchange operations:		
Revaluation of foreign exchange position	42,771	(2,739)
Results from currency derivatives	25,612	69,432
	68,383	66,692
Result from financial assets and liabilities held for trading:		
Securities:		
Debt instruments	(3,504)	9,223
Equity instruments	1,401	(8,808)
Other instruments	(19)	886
	(2,122)	1,301
Derivatives:		
Interest rate	23,055	(267,730)
Shares and indexes	2,026	3,945
Credit default	582	1,033
Other	34,925	38,770
	60,587	(223,981)
	58,465	(222,680)

(cont)	31-12-2015	31-12-2014
Result from other financial assets at fair value through profit or loss		
Debt instruments	764	474
Equity instruments	10,948	4,789
Other securities	35,020	17,182
Loans and other amounts receivable	-	(173)
	46,732	22,273
Result from the sale of loans and advances to customers	(46)	(1,459)
Result from available-for-sale financial assets:		
	179,647	334,539
Equity instruments		
REN - Redes Energéticas Nacionais, SGPS, S.A. (Note 8)	-	6,933
Galp Energia, SGPS, S.A. (Note 8)	-	1,903
Finangest, S.A. (Note 8)	(931)	-
Other	34	(2,611)
	(897)	6,225
	178,751	340,763
Other securities	25,409	3,570
	204,159	344,334
Result of hedging operations:		
Hedging derivatives	(15,361)	93,177
Value adjustments of hedged assets and liabilities	15,488	(92,782)
	128	394
Other	(27,811)	(7,897)
	350,011	201,657

The "Other" account heading, at December 31, 2015 and 2014, includes €34,179 thousand and €13,003 thousand, respectively, in respect of the results of minority investors in the unit trust investment funds included in CGD Group's consolidation perimeter.

During the course of 2015 and 2014, the Group disposed of a global amount of approximately €149,434 thousand and €131,766 thousand of loans and advances to customers from its corporate portfolio, excluding financial asset transfer operations. These transactions resulted in losses of €46 thousand (€1,459 thousand at December 31, 2014).

32. OTHER OPERATING INCOME

Information on the composition of these account headings is set out below:

	31-12-2015	31-12-2014
Other operating income:		
Rendering of services	42,782	31,358
Expense reimbursement	8,598	4,637
Gains on subsidiaries and joint ventures	1,031	-
Lease income under operating lease agreements	54,113	62,427
Gains on non-financial assets:		
- Non-current assets held for sale (Note 12)	36,500	20,860
- Other tangible assets	475	3,651
- Investment property	14,803	22,812
- Other	356	350
Secondment of employees to Caixa Geral de Aposentações	693	693
Sale of cheques	11,257	13,300
Other	47,055	55,046
	217,665	215,133
Other operating costs:		
Donations and subscriptions	10,367	6,773
Losses on non-financial assets:		
- Non-current assets held for sale (Note 12)	58,816	40,765
- Other tangible assets	1,635	2,715
- Investment property	50,718	79,734
- Other	130	202
Other taxes	25,144	25,959
Contribution to the Deposit Guarantee Fund	5,100	18,680
Contribution to the Resolution Fund	32,977	6,394
Administrative expenditure of the Unified Council Resolution	103	-
Fines and penalties	555	776
Other	39,530	49,682
	225,075	231,678
	(7,410)	(16,545)

“Investment properties”, at December 31, 2015 and 2014, include unrealised capital losses for the amount of €38,890 thousand and €43,952 thousand, respectively (note 13).

The resolution fund, created by decree law 31-A/2012 of February 10, introduced a resolution regime in the general credit institutions and financial companies regime approved by decree law 298/92 of December 31.

The measures provided for in the new regime have been designed, as the case may be, to recover or prepare the orderly liquidation of credit institutions and certain investment companies in financial distress. They comprise three intervention stages by the Bank of Portugal, in the form of corrective intervention, provisional administration and resolution.

The resolution fund's main mission, herein, is to provide financial support to the application of the resolution mechanisms adopted by the Bank of Portugal.

As a result of the transposition of the bank recovery and resolution directive (2014/59/EU) into domestic legislation, a common resolution regime for the European Union providing for the internalisation of the losses deriving from the bankruptcy processes by their shareholders and creditors was introduced. It will be funded by mandatory contributions to be paid into the single resolution fund.

In 2015, the Group posted its initial contribution to the single European resolution fund and its periodic contribution to the national resolution fund for the amounts of €27,158 thousand and €5,819 thousand, respectively. In 2014, the amount of the periodic contribution to the national resolution fund totalled €6,394 thousand.

33. EMPLOYEE COSTS

This account heading comprises the following:

	31-12-2015	31-12-2014
Remuneration of management and supervisory bodies	14,263	12,033
Remuneration of staff	542,391	535,217
Provision for suspension of labour agreements (Note 34)	61,657	330
	618,311	547,580
Other charges relating to remuneration	39,471	40,844
Healthcare - CGD		
- Normal cost (Note 34)	21,083	26,618
- Contributions relating to current staff	20,351	21,788
Pension liability - CGD (Note 34)		
- Normal cost	77,157	59,713
- Retirements before the normal retirement age	10,014	1,803
Other pension costs		
Other	3,347	2,920
Other mandatory social charges	12,527	13,030
	183,948	166,716
Other staff costs	17,782	15,284
	820,041	729,580

Taking into account the aim of reducing operating costs and adjusting CGD’s structure and resources to the business’s current and future dimension, the executive committee approved a social plan, referred to as the *Horizonte* plan to create new voluntary redundancy opportunities for its employees.

The *Horizonte* plan aims to reduce the number of workers in the form of early retirements. The process is already open to all workers who have reached the age of 55 by December 31, 2016.

In 2015, CGD recognised total employee costs of around €65 million (around €60.6 million in “Provisions for agreements to suspend employment contracts” and the remainder in “Liabilities for pensions and early retirements”).

The total amount accounted for of around €65 million corresponded to redundancies and approvals thereof in 2015 (around €31.4 million) as well as approved candidatures for the *Horizonte* in respect of employees who will generally continue enjoy pre-retirement status of less than 48 months (around €33.6 million).

The average number of employees in Caixa and its subsidiaries in 2015 and 2014, by type of function, was as follows:

	31-12-2015	31-12-2014
Senior management	568	523
Management	3,020	2,827
Technical staff	5,284	5,109
Administrative staff	6,970	7,040
Auxiliary	332	346
	16,174	15,845
Number of employees at the end of the period	16,004	15,834

Employees subscribing for the *Horizonte* plan who will be leaving the Bank in 2016 have been included in 2015.

These numbers, at December 31, 2015 and 2014, do not include Caixa Geral de Aposentações support department employees (237 and 255 respectively), employees assigned to CGD's social services (54 and 62 respectively) and other situations, i.e. on secondment or extended leave of absence (139 and 134 respectively).

34. RETIREMENT PENSIONS AND OTHER LONG TERM BENEFITS

Retirement pensions and death grants after retirement age

Liabilities for CGD employees

Under article 39 of decree law 48.953 of April 5, 1969 and decree law 161/92 of 01 August, CGD is responsible for the payment of sickness, disability or old age and survivors' pensions of its employees engaged after January 1, 1992. Caixa Geral de Aposentações ("CGA") was responsible for the survivors' pensions of employees engaged prior to January 1, 1992. These employees discounted 2.5% of their remuneration to CGA, for the purpose in question.

In conformity with the "vertical" collective wage bargaining negotiations in force in the banking sector, the former BNU also undertook to grant its employees cash payments on early retirement and for old age, disability and survivors' pensions. These payments comprised a percentage, increasing in line with the number of years' service, on the salary scales annually negotiated with bank employee unions. In 2001, following BNU's incorporation into CGD, pensions liabilities for BNU employees were transferred to CGD. Former BNU employees, still working at the date of the merger, were therefore included in CGD's current pensions and benefits plan. The pensions plan in force at the date of the respective retirements continues to be applied to BNU retirees and pensioners.

All retirement pension liabilities for Caixa employees, relative to the length of service provided up to December 31, 2000, under decree laws 240-A/2004 of December 29 and 241-A/2004 of November 30 were transferred to CGA with reference to November 30, 2004. The transfer included a liability for death grants after the standard retirement age, relative to the above referred to length of service.

Caixa's pensions liabilities, at December 31, 2015 and 2014, therefore comprised the following:

. Liabilities for the services of working employees up to December 31, 2000;

. Part share of liabilities for the length of service provided in the said period, for employees retiring between January 1, 2001 and December 31, 2014;

. Liabilities for retirement pensions and respective survivors' pensions being paid to BNU employees at the merger date;

. Liabilities for death grants on the length of service provided after December 31, 2000.

The pensions are paid on the basis of a worker's length of service and respective compensation upon the retirement date and are revised on the basis of the remuneration of working employees.

CGD's pension plan does not apply to current working employees hired by CGD after January 1, 2006.

Caixa makes the necessary contributions to cover its pensions liabilities, for which it set up a pension fund, in December 1991. Under the regime applicable to Caixa, employees pay the following percentages of their remuneration into the pension fund:

- Employees hired before January 1, 1992 - 7.5%
- Employees hired after January 1, 1992 - 10.0%

The full amount of the latter's contribution is paid into the pension fund which is liable for the respective survivors' pensions.

The transfer of liabilities to CGA implied the transfer of an equivalent amount of pension fund assets.

The liability for defined benefit plans, recognised in the balance sheet, comprises the difference between the present value of liabilities and fair value of pension funds' assets. Total liabilities are calculated annually by specialised actuaries, using the unit credit projected method and based on adequate actuarial assumptions. The rate used for liabilities discounting procedures is based on market interest rates on investment grade corporate bonds denominated in the currencies in which the liabilities are paid and with similar periods to maturity to the average settlement period on liabilities.

Gains and losses on the differences between actuarial and financial assumptions and the effective amounts of liabilities and pension fund yield projections, as well as on changes in actuarial assumptions are directly recognised in a shareholders' equity account heading.

Retirement and survivors' pensions for the period, including current servicing requirements and interest costs, net of the expected yield, are recognised in the net amount of the "Employee costs" account heading.

The impact of employees' early retirements, as defined in the actuarial study, is directly recognised in "Employee costs".

Assessment of liabilities for retirement pensions and death grants after retirement age

Actuarial studies have been produced by specialised entities to assess liabilities on current retirement pensions and the past services of working employees, with reference to December 31, 2015 and 2014.

The following hypotheses and technical bases were used:

	31-12-2015	31-12-2014
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
. Men	TV 73/77 (-2 year)	TV 73/77 (-2 year)
. Women	TV 88/90 (-2 year)	TV 88/90 (-2 year)
Disability table	EKV 80	EKV 80
Discount rate	2.50%	2.50%
Salary growth rate	0,5% on 2016/2017 and 1,0% from that date	0,3% on 2015/2017 and 1,0% from that date
Pension growth rate	0% on 2016/2017 and 0,5% from that date	0% on 2015/2017 and 0,5% from that date
Turnover rate:		
. Under 30 years old	0%	5%
. Between 30 and 40 years old	0%	1%
. Older than 40 years	0%	0%

The study performed in 2015 considered that the standard retirement age would be reached after 36 years' service with a minimum age of 60 and maximum age of 65.

The study carried out in 2014 considered that the standard retirement age would be reached at the age of 60 or after 36 years' service.

As defined under IAS 19, the discount rate is assessed on the basis of market rates on low risk bonds, with a similar maturity to Caixa's liabilities (20 years). The economic environment and sovereign debt crisis, essentially in Southern Europe, have implied significant instability in the Eurozone debt market and consequently, a very large drop in market yields on the debt of the companies with the highest ratings, as well as a reduction of the available bonds basket. To reflect these circumstances and maintain the representativeness of the discount rate, at December 31, 2015 and 2014, Caixa incorporated the information on yields which can be obtained for bonds issued by Eurozone entities considered to be of high quality in terms of credit risk.

Information on the comparison between the actuarial and financial assumptions used to assess CGD's pension costs for 2015 and 2014 and their effective amounts is set out in the following table:

	31-12-2015		31-12-2014	
	Assumption	Real	Assumption	Real
Rate of return of fund asset	2.50%	4.88%	2.50%	5.73%
Salary growth rate	0.30%	0.21%	0.30%	0.26%
Pension growth rate	0.00%	1.80%	0.00%	0.27%

Pensions growth, in 2015, is related with the part reinstatement of pension cuts.

The impact of reinstating the amount of the pensions has already been recognised in liabilities, in the form of actuarial deviations.

Mandatory, seniority-based promotions and the projection of continuity payments are autonomously and directly considered in the estimate of the evolution of salaries and are not considered in salary growth assumptions. Salary growth based on continuity payments was 0.44% and 0.39%, respectively at December 31, 2015 and 2014.

Salary growth assumptions reflect other remuneratory changes in the form of increases in salary scales and merit-based promotions.

At the end of December 2015, CGD changed its salaries discount rate to 0.5% for 2016 and 2017 and 1% thereafter.

Liabilities for the Group's past services in accordance with actuarial studies and the funds and provisions available for their cover, at December 31, 2015 and 2014, amounted to:

	31-12-2015			31-12-2014		
	CGD	Other	Total	CGD	Other	Total
Past service liability:						
Current employees	1,435,392	23,057	1,458,449	1,499,590	30,962	1,530,552
Retired and early retired employees	852,307	25,693	878,000	711,973	18,735	730,708
	2,287,699	48,749	2,336,448	2,211,563	49,697	2,261,260
Autonomous pension funds	2,301,561	972	2,302,533	2,144,032	949	2,144,981
Provision for pensions and similar charges	-	47,799	47,799	-	48,771	48,771
	2,301,561	48,772	2,350,333	2,144,032	49,720	2,193,752
Difference	13,862	22	13,884	(67,531)	23	(67,508)
Funding level	100.61%	100.05%	100.59%	96.95%	100.05%	97.01%

Under the Bank of Portugal's official notice 4/2005 of February 28, financial entities headquartered in Portugal must fully finance their liabilities for retirees and pre-retirees with a minimum financing level of 95% of the liabilities for the past services of working employees. 100.61% and 96.95% of Caixa's liabilities, at December 31, 2015 and 2014 were respectively funded.

CGD had €13,862 thousand and €360 thousand in assets and liabilities related to liabilities for past services, respectively. Liabilities, at December 31, 2014, amounted to €67,531 thousand.

At December 31, 2015, the sensitivity analysis on the change of the main actuarial assumptions applied to the time span under assessment would have the following impacts on the present value of liabilities for past services:

	%	Value
Change in the discount rate		
Increase of 0,5%	(8.68%)	(197,741)
Decrease of 0,5%	9.93%	226,323
Change in the salary growth rate		
Increase of 0,5%	2.65%	60,387
Decrease of 0,5%	(2.48%)	(56,407)
Change in pension growth rate		
Increase of 0,5%	5.80%	132,047
Decrease of 0,5%	(5.33%)	(121,381)
Changes in mortality table		
Increase of 1 year in the life expectancy	3.05%	69,392

Liabilities for the future services of working CGD employees, at December 31, 2015 and 2014, totalled €1,096,568 thousand and €1,137,567 thousand, respectively.

At December 31, 2015 and 2014, the provisions for pensions and similar costs of "Other entities", included €11,150 thousand for healthcare costs.

The number of beneficiaries in 2015 and 2014 was as follows:

	31-12-2015	31-12-2014
Current employees	7,405	8,062
Retired and early retired employees	6,703	6,088
	14,108	14,150

Pension funds, mathematical provisions and provisions for pensions and similar costs movements, for 2015 and 2014, were as follows:

	CGD	Other	Total
Balances at 31 December 2013	1,712,206	54,773	1,766,979
Contributions paid			
Regular contributions			
By employees	23,108	174	23,283
By the entity	58,095	302	58,397
Outstanding contributions	297,277	-	297,277
Change in provisions for pensions and similar charges	-	(3,348)	(3,348)
Pensions paid	(44,279)	(1,709)	(45,988)
Net income of the pension fund	97,624	240	97,864
Other changes	-	(713)	(713)
Balances at 31 December 2014	2,144,032	49,720	2,193,752
Contributions paid			
Regular contributions			
By employees	22,903	164	23,067
By the entity	77,157	279	77,436
Change in provisions for pensions and similar charges	-	1,671	1,671
Pensions paid	(47,264)	(2,210)	(49,474)
Net income of the pension fund	104,734	(662)	104,072
Other changes	-	(192)	(192)
Balances at 31 December 2015	2,301,561	48,772	2,350,333

The estimated contribution of Caixa's workers, for 2016, will be €23,018 thousand and €69,475 thousand for Caixa itself.

The pension funds of CGD and Caixa Seguros e Saúde, at December 31, 2015 and 2014, were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

Information on the composition of the elements comprising Caixa's employees' pension fund, at December 31, 2015 and 2014, is set out below:

	31-12-2015	31-12-2014
Equity investments categorised by sector:		
Consumer industry	33,626	27,060
Manufacturing industry	29,762	25,259
Financial institutions	23,633	19,964
Health and care	11,972	10,575
Energy	8,974	9,356
Telecom	5,404	4,527
subtotal	113,371	96,742
Debt investments categorised by issuer' credit rating:		
AA	13,903	-
A	74,198	23,168
BBB	146,812	55,911
BB and lower	348,022	327,730
Not rated	6,734	29
subtotal	589,669	406,839
Equity instrument funds	570,422	397,539
Deposits in credit institutions	567,354	795,046
Properties	450,988	451,441
Others	9,757	(3,575)
Balances at the end of the year	2,301,561	2,144,032

An amount of €7,448 thousand for an adjustment deriving from the fair value measurement of public debt securities accounted for in the Fund's assets at amortised cost was added to the value of CGD's pension fund, calculated by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A., at December 31, 2014.

The following is an analysis of shares and bonds, at December 31, 2015 and 2014:

	31-12-2015	31-12-2014
Portuguese shares	32,424	25,585
Listed	100.00%	100.00%
Foreign shares	80,948	71,157
Listed	100.00%	100.00%
Fixed rate bonds	481,239	337,219
Listed	75.40%	64.95%
Floating rate bonds	108,429	69,620
Listed	100.00%	100.00%

CGD's pension fund, at December 31, 2015 and 2014, had buildings rented to Caixa Geral de Depósitos for the amounts of €391,840 thousand and €395,691 thousand, respectively. It also had €334,000 thousand and €271,012 thousand in securities issuances and investment units in Funds managed by Group companies, respectively.

CGD's pension fund, at December 31, 2015 and 2014, had deposits of €567,187 thousand and €792,449 thousand with Caixa Geral de Depósitos, respectively. Of this amount, €32,829 thousand and €355,372 thousand comprised contributions received at the end of 2015 and 2014, respectively.

The Fund's assets are subject to interest rate, credit, equity market, property market, liquidity and foreign exchange risk.

The Fund's investment policy involves exposures to equities, bonds and property markets and also defines exposure to alternative investments such as private equity and infrastructure funds.

The Fund's investment policy aims to mitigate a part of interest rate and inflation risks. This protection comprises the defined allocation of investments to long term variable-rate bonds, affording some protection against the oscillations of the financial market's long term yield curve.

The Fund may use futures and options on indices and forward exchange rates to mitigate market and foreign exchange risk.

The economic environment over the last few years, allied with the scarcity of alternative, longer maturity investments, has not made it possible to match different asset categories to the average duration of liabilities, based on an ALM (asset liability matching) approach.

The evolution of the liabilities and the balance on CGD's employees' pension fund in addition to its actuarial gains and losses during this and over the last 4 years is analysed below:

	31-12-2015		31-12-2014		31-12-2013		31-12-2012		31-12-2011	
	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan
Liabilities	2,287,699	512,756	2,211,563	500,622	1,712,206	466,908	1,541,754	452,245	1,307,899	415,857
Value of the fund	2,301,561		2,144,032	-	1,712,206	-	1,560,979	-	1,423,271	-
Provisions	-	512,756	-	500,622	-	466,908	-	452,245	-	415,857
Under (Over) financed liabilities	(13,862)	-	67,531	-	-	-	(19,225)	-	(115,372)	-
Gains / (Losses) resulting from liabilities	39,776	(13,445)	(391,003)	(28,967)	(56,942)	(9,053)	(123,745)	(27,354)	120,947	30,850
Gains / (Losses) resulting from the fund's assets	51,631	-	29,616		10,908	-	75,617	-	(116,514)	-
	91,407	(13,445)	(361,388)	(28,967)	(46,034)	(9,053)	(48,128)	(27,354)	4,433	30,850

Information on changes in the spread between the Group's liabilities for past services and respective cover and corresponding impact in the financial statements, at December 31, 2015 and 2014, is given below:

	CGD	Other	Total
Situation at 31 December 2013	-	(1,765)	(1,765)
Current service cost	(59,713)	(1,385)	(61,098)
Interest cost	-	2	2
Normal cost for the year (Note 33)	(59,713)	(1,383)	(61,096)
Increase in liabilities due to early retirements (Note 33)	(1,803)	-	(1,803)
Other	-	4,365	4,365
Changes with impact on profit or loss	(61,516)	2,982	(58,534)
Liability	(391,003)	(229)	(391,232)
Income	29,616	(3,070)	26,545
Actuarial gains and losses	(361,388)	(3,299)	(364,687)
Contributions made	355,372	302	355,675
Other	-	1,804	1,804
Situation at 31 December 2014	(67,531)	23	(67,508)
Current service cost	(77,724)	(2,776)	(80,500)
Interest cost	567	1	568
Normal cost for the year (Note 33)	(77,157)	(2,774)	(79,931)
Increase in liabilities due to early retirements (Note 33)	(10,014)	-	(10,014)
Other	-	(37)	(37)
Changes with impact on profit or loss	(87,171)	(2,811)	(89,982)
Liability	39,776	(220)	39,556
Income	51,631	3,031	54,662
Actuarial gains and losses	91,407	2,810	94,217
Contributions made	77,157	-	77,157
Situation at 31 December 2015	13,862	22	13,884

The composition of liabilities deviations, on a CGD level, in 2015 and 2014, was as follows:

	31-12-2015	31-12-2014
Change in the salary growth rate	4,491	104,042
Change in pension growth rate	21,054	107,370
Change in the discount rate	-	(547,438)
Other actuarial gains and losses	14,231	(54,977)
	39,776	(391,003)

Healthcare

Healthcare for CGD headquarters' working and retired employees is the responsibility of Caixa Geral de Depósitos's social services. CGD's annual contribution to its social services comprises 7.80% of salaries and pension payments. Caixa also has liabilities for its contributions to SAMS (medico-social assistance services) for former BNU workers retired up to July 23, 2001.

Healthcare liabilities for past services were assessed by actuarial studies produced by specialised entities based on identical actuarial assumptions to those presented above for pensions liabilities.

Liabilities for past services, totalling €512,756 thousand and €500,622 thousand, at December 31, 2015 and 2014, respectively, are recognised in "Provisions".

At December 31, 2015, a 0.5% reduction of the actuarial discount rate in the timeframe under assessment would increase the amount of present liabilities for past services on healthcare by €38,963 thousand. A similar increase in the discount rate would reduce liabilities by €34,605 thousand.

Other long term benefits

Caixa pays a bonus of one, two or three months' effective wages to all employees in the year they complete ten, twenty or thirty years of full time service. A bonus for an amount proportional to the amount they would have received if they had continued to be employed until reaching the following band is also paid to workers on their transfer to retirement status. The corresponding liabilities of €37,028 thousand and €35,977 thousand, respectively (note 24) at December 31, 2015 and 2014, were recognised in "Other liabilities".

Caixa also assesses its liabilities for death grants prior to the standard retirement age. The corresponding liabilities of €393 thousand and €356 thousand, at December 31, 2015 and 2014, respectively, are recognised in "Provisions".

The France branch also pays long term benefits to employees. Liabilities of €11,150 thousand were assessed at December 31, 2015 and 2014.

Provisions

Information on the composition of provisions for the costs of employee benefits, at December 31, 2015 and 2014, is set out below:

	31-12-2015	31-12-2014
CGD		
Provision for post-employment healthcare	512,756	500,622
Provision for labour suspension agreements	64,029	4,599
Provision for death grant liability	393	356
France branch liability	11,150	11,150
	588,328	516,727
Provision for pension and other liabilities		
Banco Comercial do Atlântico, S.A.	43,678	42,500
Banco Comercial de Investimento (Mozambique)	2,955	2,918
Other	1,166	669
	47,799	46,086
Provision for post-employment healthcare		
Banco Comercial do Atlântico, S.A.	2,892	2,716
Mercantile	2,132	2,372
Other	1,807	191
	6,831	5,279
Other	-	4,294
	642,958	572,386

Caixa recognises a specific liability for the impact of the change to non-working status of workers with whom it has agreed voluntary redundancy arrangements. There was also a significant increase in this liability, in 2015, owing to the implementation of the *Horizonte* plan. At December 31, 2015 and 2014, the liabilities recognised by Caixa in respect thereof totalled €64,029 thousand and €4,599 thousand, respectively and are recognised in "Provisions".

Information on the movements in provisions for the costs of employee benefits, in 2015 and 2014 is set out below (note 22):

	31-12-2015	31-12-2014
Balances at the beginning of the year	572,386	539,438
Provisions recognised as staff costs:		
Healthcare – CGD (Note 33)	21,083	26,618
Labour suspension agreements (Note 33)	61,657	330
Actuarial gain and loss on post-employment healthcare liability:	13,142	29,549
Other	979	1,242
	96,861	57,739
Net increase recorded by corresponding entry to "Provisions"	1,587	(1,319)
Payments to SAMS and CGD's Social Services	(22,395)	(21,870)
Other	(5,481)	(1,601)
Balances at the end of the year	642,958	572,386

35. OTHER ADMINISTRATIVE COSTS

This account heading comprises the following:

	31-12-2015	31-12-2014
Specialised services		
- IT services	79,367	85,786
- Safety and security	13,451	11,934
- Cleaning	7,996	7,761
- Information services	7,212	7,294
- Contracts and service fees	6,107	7,445
- Studies and consultancy	3,782	11,180
- Other	94,595	92,508
Leases	73,332	77,709
Communications and postage	38,041	39,966
Maintenance and repairs	38,764	35,991
Advertising and publications	29,179	33,995
Water, energy and fuel	22,682	23,109
Transport of cash and other values	12,606	12,402
Travel, lodging and representation expenses	11,026	11,145
Standard forms and office supplies	8,456	9,144
Other	19,779	20,022
	466,374	487,393

Information on the composition of total future operating lease payments, at December 31, 2015 and 2014, under the terms of the main contracts in force at the referred to dates, is as follows:

	31-12-2015	31-12-2014
Up to one year	20,993	21,133
One to five years	71,803	73,744
Over five years	166,807	183,622

Information on the statutory auditors' fees, for their statutory revision of the annual accounts and other services, in 2015 and 2014, is detailed below:

	31-12-2015	31-12-2014
Statutory audit of annual accounts	243	243
Other services	80	80
	323	323

(a) Balances include VAT

36. IMPAIRMENT OF ASSETS

Information on impairment movements, for 2015 and 2014, is set out below:

	Balances at 31-12-2014	Addition and reversals	Write-offs	Exchange differences	Transfers and other	Balances at 31-12-2015	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 11)	5,230,292	579,045	(568,208)	(1,468)	(41,955)	5,197,706	(21,786)
Impairment of loans and advances to credit institutions (Note 6)	11,817	(425)	-	3	-	11,394	
Impairment of available-for-sale financial assets (Note 8)							
Equity instruments	108,408	5,768	(1,888)	236	6	112,532	
Debt instruments	668	17,063	(15,357)	(123)	(1,221)	1,029	
Other instruments	204,547	26,106	(32,717)	9,579	39,623	247,138	
Impairment of other tangible assets (Note 14)	11,502	2,095	-	-	-	13,597	
Impairment of intangible assets (Note 15)	20,401	-	-	-	238	20,639	
Impairment of non-current assets held for sale (Note 12)							
Properties	373,411	49,492	(8,041)	(136)	(4,937)	409,788	
Equipment	2,687	360	(1,313)	(14)	-	1,721	
Impairment of other assets (Note 18)	235,456	21,529	(11,426)	(1,024)	1,225	245,760	
impairment in associates	-	(1)	-	-	1	-	
	968,896	121,987	(70,742)	8,521	34,935	1,063,598	
	6,199,188	701,032	(638,950)	7,053	(7,020)	6,261,304	(21,786)

	Balances at 31-12-2013	Addition and reversals	Write-offs	Exchange differences	Transfers and other	Balances at 31-12-2014	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 11)	4,512,411	884,247	(274,797)	13,211	95,219	5,230,292	(30,124)
Impairment of loans and advances to credit institutions (Note 6)	11,996	(322)	-	144	-	11,817	
Impairment of available-for-sale financial assets (Note 8)							
Equity instruments	89,973	19,543	(1,604)	247	250	108,408	
Debt instruments	835	13	(181)	-	1	668	
Other instruments	153,081	40,669	(2,078)	12,875	-	204,547	
Impairment of other tangible assets (Note 14)	6,818	4,683	-	-	-	11,502	
Impairment of intangible assets (Note 15)	239	20,400	-	-	(238)	20,401	
Impairment of non-current assets held for sale (Note 12)							
Properties	331,025	61,907	(19,497)	59	(83)	373,411	
Equipment	3,530	1,860	(2,703)	-	-	2,687	
Impairment of other assets (Note 18)	235,257	9,573	(6,266)	85	(3,192)	235,456	
	832,754	158,326	(32,329)	13,409	(3,263)	968,896	
	5,345,165	1,042,573	(307,126)	26,620	91,956	6,199,188	(30,124)

During the course of 2015, CGD recognised impairment of €15,324 thousand on its exposure to the debt securities of a Greek bank. In the same year, CGD disposed of this exposure and used the impairment that had been recorded.

37. SEGMENT REPORTING

The Group has adopted the following business segments to comply with IFRS 8 requirements and to assess own funds requirements for operational risk, using the standard method under the Bank of Portugal's official notice 9/2007 of 18/04/2007:

- Trading and sales: including banking activity related to the management of the own securities portfolio, management of issuance of debt instruments, money and foreign exchange markets operations, repo type operations, securities lending operations and wholesale brokerage. Investments in and claims on other credit institutions and derivatives are also included in this segment;

- Retail banking: comprising banking operations with individual customers, self-employed and micro-enterprises. This segment includes consumer finance, mortgage lending, credit cards and deposits taken from individual customers;

- Commercial banking: including lending operations and resource-taking from major enterprises and SMEs. This segment includes loans, current accounts, investment project finance, bills discounting operations, venture capital, factoring, equipment and property leasing, syndicated loans underwriting and loans to the public sector;

- Asset management: including activities associated with the management of customer portfolios, management of open-ended or closed end unit trust and property funds and discretionary wealth management funds;

- Corporate finance: including activities related with acquisitions, mergers, restructuring operations, privatisations, subscriptions for and placements of securities (primary market), securitisations, preparation and organisation of syndicated loans (merchant banking – loan placements), investment management, market and corporate financial analyses and advisory services;

- Other: including all operating segments not described in the above business segments.

Information on the appropriation of results and main balance sheet aggregates divided up by business areas and geographic markets, in 2015 and 2014, is given below:

Business areas

	2015-12-31						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	408,033	530,621	133,381	2,859	35,903	2,851	1,113,648
Income from equity instruments	10,369	2	18,671	41,465	415	3,345	74,267
Income from services rendered and commissions	33,772	184,116	119,239	39,658	44,501	220,665	641,952
Cost of services and commissions	(6,210)	(3,564)	(4,819)	(6,496)	(331)	(109,037)	(130,456)
Results from financial operations	366,531	(4,662)	3,434	30,485	(54,531)	8,754	350,011
Other net operating income	(9,493)	445	(1,137)	20,609	(6,064)	(11,770)	(7,410)
Total operating income	803,003	706,958	268,769	128,579	19,894	114,809	2,042,012
Other costs and income							(2,213,465)
Net income attributable to the shareholder of CGD							(171,453)
Cash balances and loans and advances to credit institutions (net)	7,191,656	424,005	33,070	8,205	-	7,388	7,664,323
Investments in securities and derivatives (net)	18,598,963	143,077	384,110	573,441	140,186	274,176	20,113,953
Loans and advances to customers (net)	1,330,698	33,696,896	30,144,052	185,354	377,754	24,278	65,759,033
Total net assets	28,343,933	34,052,694	30,861,456	1,877,648	579,081	5,186,655	100,901,467
Resources of central banks and credit institutions	4,575,989	172,168	463,292	92,232	-	129,388	5,433,070
Customer resources	1,179,471	54,112,569	17,714,553	156,922	239,542	23,207	73,426,265
Debt securities	6,663,564	268	36,249	-	-	-	6,700,081

	2014-12-31						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	(56,200)	784,810	171,707	4,520	82,580	1,318	988,735
Income from equity instruments	14,741	2	8,320	24,628	335	1,528	49,554
Income from services rendered and commissions	40,399	184,649	100,297	34,621	51,214	247,876	659,055
Cost of services and commissions	(14,203)	(6,331)	(8,708)	(6,601)	(297)	(107,898)	(144,039)
Results from financial operations	134,443	(221)	37,479	24,090	8,695	(2,829)	201,657
Other net operating income	(9,230)	(4,659)	(4,992)	14,861	429	(12,954)	(16,545)
Total operating income	109,949	958,250	304,103	96,119	142,956	127,042	1,738,417
Other costs and income							(2 086 461)
Net income attributable to the shareholder of CGD							(348,044)
Cash balances and loans and advances to credit institutions (net)	4,611,137	463,421	32,450	7,135	-	15,848	5,129,991
Investments in securities and derivatives (net)	18,962,358	116,201	408,899	643,738	(5,956)	205,862	20,331,102
Loans and advances to customers (net)	1,417,230	35,141,387	30,027,774	174,400	92,725	10,056	66,863,572
Total net assets	25,067,683	35,043,208	32,277,075	2,037,908	138,386	5,587,773	100,152,034
Resources of central banks and credit institutions	5,284,867	230,835	392,420	85,376	-	8,189	6,001,687
Customer resources	1,260,602	52,743,726	16,939,596	147,223	-	43,029	71,134,176
Debt securities	7,043,396	79,102	51,979	-	-	-	7,174,478

Geographic markets

	2015-12-31							
	Portugal	Rest of European Union	North America	Latin America	Asia	Africa	Other	Total
Net interest income	567,469	205,872	9,131	31,239	87,131	216,093	(3,286)	1,113,648
Income from equity instruments	507,951	5,250	-	-	147	21,162	(460,244)	74,267
Income from services rendered and commissions	496,276	47,767	764	5,499	41,155	100,622	(50,131)	641,952
Cost of services and commissions	(130,609)	(16,566)	(82)	(636)	(17,390)	(18,436)	53,262	(130,456)
Results from financial operations	284,433	20,646	8	(9,729)	9,420	91,401	(46,168)	350,011
Other net operating income	265,013	(3,261)	32	(1,322)	1,413	14,588	(283,873)	(7,410)
Total operating income	1,990,533	259,708	9,853	25,051	121,875	425,431	(790,440)	2,042,012
Other costs and income								(2,213,465)
Net income attributable to the shareholder of CGD								(171,453)
Cash balances and loans and advances to credit institutions (net)	13,344,605	3,321,639	1,945,634	133,100	4,348,713	1,490,911	(16,920,279)	7,664,323
Investments in securities and derivatives (net)	22,351,100	1,600,863	136,379	133,326	196,297	1,252,464	(5,556,477)	20,113,953
Loans and advances to customers (net)	49,873,513	12,126,239	582,097	175,372	3,078,773	2,875,970	(2,952,931)	65,759,033
Total net assets	97,856,791	17,389,971	2,664,568	500,674	8,432,383	6,172,878	(32,115,798)	100,901,467
Resources of central banks and credit institutions	10,624,810	6,696,936	2,211,298	182,815	230,653	310,954	(14,824,396)	5,433,070
Customer resources	58,365,352	5,344,561	572,656	172,162	6,789,070	4,576,583	(2,394,120)	73,426,265
Debt securities	6,417,077	4,670,423	-	-	-	54,352	(4,441,771)	6,700,081

	2014-12-31							
	Portugal	Rest of European Union	North America	Latin America	Asia	Africa	Other	Total
Net interest income	530,395	197,207	9,997	25,946	62,979	189,144	(26,934)	988,735
Income from equity instruments	161,191	7,729	-	-	109	16,215	(135,690)	49,554
Income from services rendered and commissions	510,357	46,533	641	16,942	35,754	94,910	(46,080)	659,055
Cost of services and commissions	(139,542)	(12,602)	(49)	(4,325)	(16,509)	(18,912)	47,900	(144,039)
Results from financial operations	56,365	18,175	(57)	(2,706)	7,006	91,325	31,549	201,657
Other net operating income	76,129	(10,547)	(113)	(2,808)	5,767	5,469	(90,443)	(16,545)
Total operating income	1,194,894	246,496	10,419	33,048	95,106	378,150	(219,697)	1,738,417
Other costs and income								(2,086,461)
Net income attributable to the shareholder of CGD								(348,044)
Cash balances and loans and advances to credit institutions (net)	11,522,500	3,513,460	1,951,179	70,897	3,567,960	1,356,902	(16,852,907)	5,129,991
Investments in securities and derivatives (net)	24,250,993	2,009,272	62,035	186,786	83,975	1,168,154	(7,430,114)	20,331,102
Loans and advances to customers (net)	52,178,219	11,989,965	612,719	222,395	2,277,653	2,924,054	(3,341,434)	66,863,572
Total net assets	101,347,118	17,893,197	2,627,905	531,924	6,604,753	5,960,024	(34,812,886)	100,152,034
Resources of central banks and credit institutions	10,899,739	6,991,300	2,067,894	137,533	212,139	139,253	(14,446,171)	6,001,687
Customer resources	58,084,728	5,106,098	649,734	210,355	5,221,368	4,477,330	(2,615,438)	71,134,176
Debt securities	8,297,564	5,035,501	-	-	-	74,646	(6,233,233)	7,174,478

The "Other" column includes balances between Group companies, cancelled out in the consolidation process.

Contributions to the Group’s results by business area, for 2015 and 2014, based on internal management criteria, is broken-down as follows:

	Banking business in Portugal	International business	Investment banking	Insurance	Other	Total
Interest and similar income	2,232,397	1,007,740	178,958	-	(461,026)	2,958,069
Interest and similar costs	(1,735,345)	(459,274)	(149,685)	-	499,882	(1,844,421)
Income from equity instruments	17,739	6,756	3,345	-	46,427	74,267
Net interest income	514,791	555,222	32,618	-	85,283	1,187,915
Income from services rendered and commissions	403,763	195,807	44,318	-	(1,936)	641,952
Cost of services and commissions	(81,263)	(52,111)	(7,114)	(1)	10,032	(130,456)
Results from financial operations	261,007	114,274	(27,540)	-	2,271	350,011
Other net operating income	181	10,443	1,993	27	(20,054)	(7,410)
Net operating income	583,689	268,412	11,658	26	(9,687)	854,097
TOTAL OPERATING INCOME	1,098,480	823,634	44,276	26	75,596	2,042,012
Other costs and income	(1,493,990)	(684,237)	(47,532)	36,877	(24,582)	(2,213,465)
Net income attributable to the shareholder of CGD	(395,510)	139,397	(3,257)	36,903	51,014	(171,453)

	2014-12-31					
	Banking business in Portugal	International business	Investment banking	Insurance	Other	Total
Interest and similar income	2,753,896	956,510	202,498	-	(573,659)	3,339,246
Interest and similar costs	(2,298,833)	(472,398)	(174,724)	-	595,445	(2,350,511)
Income from equity instruments	7,933	8,487	1,728	-	31,405	49,554
Net interest income	462,996	492,600	29,502	-	53,191	1,038,289
Income from services rendered and commissions	417,009	194,778	53,092	-	(5,823)	659,055
Cost of services and commissions	(90,611)	(51,235)	(9,397)	(3)	7,208	(144,039)
Results from financial operations	64,887	113,273	(14,737)	(468)	38,702	201,657
Other net operating income	5,032	(2,231)	1,611	40	(20,997)	(16,545)
Net operating income	396,317	254,584	30,568	(431)	19,090	700,128
TOTAL OPERATING INCOME	859,314	747,184	60,070	(431)	72,281	1,738,417
Other costs and income	(1,462,280)	(749,999)	(59,196)	278,171	(93,158)	(2,086,461)
Net income attributable to the shareholder of CGD	(602,967)	(2,815)	874	277,739	(20,877)	(348,044)

The "Other” column includes balances between Group companies, cancelled out in the consolidation process. As regards business segments reference should also be made to the effects of the Group’s property activities.

38. RELATED ENTITIES

Associates, jointly controlled enterprises, the Group's boards of directors and other entities controlled by the Portuguese state are considered to be entities related with the Group.

The Group's financial statements, at December 31, 2015 and 2014, included the following balances and transactions with related entities, excluding management bodies:

	31-12-2015			31-12-2014		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:						
Claims and investment in other credit institutions	-	-	-	-	141,771	-
Bonds and trading derivatives	8,740,379	2,640,255	27,010	9,150,624	3,127,874	98,861
Loans and advances to customers	7,278	2,637,099	243,323	12,130	2,928,032	399,042
Impairment for loans and advances to customers	-	842	11,773	-	3,586	969
Other assets	364	489,296	91,068	1,161	482,995	344,908
Liabilities:						
Customer resources	264,131	1,185,912	1,744,206	1,419	2,204,352	1,151,308
Bonds and trading derivatives	148,099	32,125	-	81,123	39,535	-
Other liabilities	912,069	19,171	492,016	920,985	3,335	764,155
Guarantees given	-	30,721	75,919	62,613	35,221	30,077
Income:						
Interest and similar income	171,481	185,835	7,427	223,048	256,128	8,057
Gains from financial operations	1,014,890	340,609	5,022	789,827	183,288	22
Income from services rendered and commissions	571	17,837	54,855	58	6,375	44,407
Other operating income	6	545	532	-	196	595
Costs:						
Interest and similar costs	117,772	19,008	30,657	109,939	28,472	50,992
Losses from financial operations	974,633	313,506	1,628	488,973	97,339	1,127
Commissions	28	2,087	558	-	1,501	597
Other operating costs	9	8	171	-	-	236
General administrative costs	13	1,111	1,441	-	601	2,256

Transactions with related entities are generally made on the basis of market values on the respective dates.

The "Other Portuguese state entities" column, at December 31, 2015 and 2014, does not include balances with regional or local government.

Management bodies

The costs paid on remuneration and other benefits attributed to members of the statutory bodies of Caixa and Caixa Group companies (considered, for this purpose as relevant key management employees in line with the respective IAS 24 requirements) totalled €14,215 thousand (€14,295 thousand in 2014). Information on the amount of the referred to costs for 2015 is itemised below:

	31-12-2015	31-12-2014
Short-term employee benefits	14,021	13,632
Post-employment benefits	162	197
Other long-term benefits	32	466
	14,215	14,295

Loans to members of management bodies, at December 31, 2015 and 2014 also totalled €2,275 thousand and €9,052 thousand respectively.

39. PROVISION OF INSURANCE BROKERAGE SERVICES

In 2015 and 2014, the total remuneration in respect of the provision of insurance brokerage services amounted to €43,456 thousand and €32,170 thousand respectively, all of which in respect of cash fees received.

All remuneration for the years 2015 and 2014 derives from the provision of brokerage services for Fidelidade – Companhia de Seguros S.A. (Group company), with the following breakdown:

	31-12-2015	31-12-2014
Life insurance	36,444	25,400
Non-life insurance	7,012	6,769
	43,456	32,170

The fees received for brokerage activities on the life and non-life insurance of Fidelidade – Companhia de Seguros S.A. through its branch office network are fully recognised by Caixa in profit and loss for the year at the time of the origination thereof and accounted for in the "Income from services and commissions" account heading (note 30).

At December 31, 2015 and 2014 the balances receivable by Caixa from Fidelidade – Companhia de Seguros S.A. for brokerage fees, totalled €2,469 thousand and €3,228 thousand respectively. In the sphere of its activity as a broker, Caixa does not collect any monies from customers in respect of payments associated with insurance contracts.

An agreement to continue to commercialise Fidelidade's insurance products at Caixa branches was entered into, in the sphere of the disposal of its equity stake in Fidelidade – Companhia de Seguros S.A. (Fidelidade) to Fosun International in May 2014.

At December 31, 2015 and 2014, the nominal value of Fidelidade's financial insurance in force, commercialised at Caixa branches, totalled €6,957,128 thousand and €6,453,734 thousand respectively, mainly in respect of *PPRs* (retirement savings plans).

Notwithstanding the fact that CGD Group retains a minority equity stake in Fidelidade, it does not have any direct interference in the Company's investment policy nor does it have any contractual liability to customers in respect of these products.

40. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Management policies for the financial risks involved in the Group's activity

CGD adopted a centralised risk management model, in 2001, encompassing the assessment and control of all of the Group's credit, market and liquidity risks, based on the principle of separation between commercial and risk area functions.

Credit Risk

Implicit credit risk in CGD's customer portfolio is controlled by the oversight of a collection of indicators, split up by product, customer segment, maturity, type of guarantee, level of exposure to the financial system, sector of activity and geography. The amount of large exposures *vis-à-vis* the maximum limits defined by the supervisors is also analysed.

In the sphere of its implementation of the International Accounting Standards, CGD calculates the amount of impairment on each credit sub-sector every month by splitting them up into like-for-like risk segments based on the use of PD (probability of default) and migration to and recoveries after LGDs (loss given defaults) which are calculated annually on the basis of historic information.

Risks on entities and control of the established limits are regularly monitored.

As regards loans and advances to companies, in addition to natural portfolio oversight, when a loan proposal is submitted by the commercial area, a team of specialised credit analysts produces a more detailed analysis of customers with an exposure of more than €1 million, based on an economic group approach.

The analysis is based on a customer's credit risk as well as the operations set out in the proposal, separating functions with the commercial area which is responsible for submitting the proposal from the conditions of the operations. Caixa's Risk Management Division (DGR) is responsible for proposing the conditions it considers necessary to mitigate the risk, adjusting the operations to the level of risk defined for CGD's portfolio.

The analysis is based on the ratings issued by specialised agencies and internal valuation models as well as by quantitative and qualitative weighting factors relative to the customer and the operation in question. The market and the economy in which the entities operate such as the identification of aspects/conditions which may mitigate credit risk are also taken into consideration.

The credit monitoring and recovery policy was approved in 2015. This policy defines a set of guidelines on CGD Group activities in respect of its credit oversight and recovery functions, across the lifetime of the credit. A specific monitoring function with the objective of contributing to the more effective control of portfolio credit risk, whose diverse procedures are based on a computer application guaranteeing the process's workflow as a whole, was also implemented.

The new credit monitoring and recovery policy is therefore based on four pillars:

- Knowledge and holistic management of customers. Operations in the credit oversight and recovery sphere should include all operations contracted for by the same customer. This approach assumes exhaustive knowledge of each customer and respective operations, as well as the compilation of all information needed to enable the various parties to make decisions;
- Optimisation of value for CGD Group. Operations in the credit oversight and recovery sphere should endeavour to maximise CGD Group's capital recovery probability;

- Proactive, permanent management. Operations in the credit oversight and recovery sphere should concentrate on continuous preventative actions on corrective actions;
- Integrated approach. In the credit oversight and recovery sphere CGD Group is responsible, as a whole, based on cooperation with all organisational levels and sectors with a clear delegation of competencies.

Market risk

CGD Group's market risk management rules for each portfolio or business unit, include market and exposure to credit and liquidity risk limits, required level of return, types of instruments authorised and stop loss levels.

The executive functions of market operations and control of the respective risk incurred are completely separate.

Market risk hedge operations are decided by portfolio managers or business units, on the basis of risk limits and authorised instruments, with the risk management area collaborating on an assessment of the impact of hedges on the total risk or change in authorised market risk levels, if advisable under the circumstances.

The market risk measure used is value at risk (VaR) on all types of market risk (interest rate, equities, exchange rates and volatility) based on the historic simulation method, whose confidence levels used in the simulation are contingent upon the objectives for holding the portfolios. Other market risk measures, such as sensitivity to the price changes of underlying assets (basis point value (bpv) for interest rates) and other sensitivity indicators frequently applied to options portfolios (commonly referred to as "Greeks") are also used. Stress tests are also performed on impacts on results.

Daily theoretical and real backtesting analyses of the VaR measure are performed, with the calculation of technical backtesting values accompanied by a monthly real backtesting exercise. The number of exceptions obtained i.e. the number of times theoretical or real losses exceed VaR, enable the method's accuracy to be assessed and any necessary adjustments made.

Management rules place restrictions on each portfolio in terms of composition, regarding assets and risk levels. Risk levels have been defined both for credit exposure (concentration by name, sector, rating and country) and market (maximum total risk level, by risk factor and maturity), liquidity (number of minimum market prices required, authorised percentage portfolio limit on each issuance, composition of the equities portfolio based on their inclusion in authorised indices). Monthly analyses and profitability controls are produced with an assessment of credit risk based on the regulatory definitions in force and market risk based on the internal models approach.

Exchange risk

Foreign exchange risk control and its assessment are performed separately on a daily level in the case of domestic activity and for each of the branches and subsidiaries and fortnightly on a consolidated level for the Group as a whole. VaR amounts and limits and total open position by currency are calculated.

Liquidity risk and balance sheet interest risk

Liquidity and balance sheet interest risk policies are defined by the ALCO (asset-liability) committee. The Risk Management Division's liquidity and balance sheet interest risk areas measure, monitor and report on the two types of risk.

The ALCO committee is the executive committee's decision-making body responsible for integrated assets and liabilities management, designed to proactively manage the balance sheet and CGD Group's profitability. In the risk management domain, the ALM process concentrates on liquidity and balance sheet interest rate risk, as a space for the rapid dissemination of management information across the Group.

Liquidity risk management includes an analysis of the periods to maturity of different balance sheet assets and liabilities, evidencing cash inflow/outflow volumes for each bucket and respective liquidity gaps (spreads).

Liquidity risk management also includes stress tests based on an internally developed methodology articulated with the present liquidity contingency plan, designed to assess funding prospects at any point of time, strengthening the Institution's resistance to adverse shocks and the study of funding alternatives.

Over the course of the year CGD Group has pursued a resource-taking policy designed to promote a sustainable funding structure for its activity, based on the liquidity and period to maturity characteristics of its assets and off-balance sheet exposures.

The measurement methodology adopted for interest rate management risk includes a short term or accounting perspective and a long term or economic perspective.

The short term or accounting perspective for interest rate risk assessments aims to estimate the effect of adverse changes in interest rates on the interest margin. The methodology used for this purpose aggregates all assets and liabilities sensitive to interest rate changes into time bands, in accordance: (i) with their periods to maturity in the case of fixed-rate financial instruments, and (ii) with the periods elapsing up to the repricing of their interest rates in the case of variable-rate instruments. The respective interest rate gaps are then calculated for these time bands, enabling the effects of interest rate changes on net interest income to be gauged.

Net interest income was also simulated with the objective of improving the reliability of the estimations obtained from interest rate gaps on the sensitivity of interest income. They include projections on the evolution of the Group's balance sheet, integrating behaviours and trends relevant to banking activity, in addition to scenarios for the evolution of the different market rates and expectations reflected in the yield curves.

The long term or economic perspective on the assessment of interest rate risk aims to estimate the effect of adverse changes in interest rates on the economic value of capital. The methodology used for the purpose involves the calculation of the effective duration of assets and liabilities sensitive to interest rate changes, in addition to the respective duration gap, enabling the effect of interest rate changes on the economic value of capital to be gauged.

Simulation techniques are also used to improve the reliability of the estimations obtained from the duration gap of the sensitivity of the economic value of capital, they include the assessment and respective estimation of all future cash flows generated by assets and liabilities sensitive to interest rate changes (full valuation).The management of liquidity and balance sheet interest rates and the banking portfolio is sustained by a collection of guidelines approved by the ALCO committee which include the setting of limits on a collection of significant exposure variables to such types of risk. The guidelines aim to ensure that CGD Group has a means of managing the return-risk trade-off for balance sheet management purposes and that it is simultaneously able to ensure a convenient exposure level and control the results of its assumption of risk policies and positions.

Credit risk

Maximum exposure to credit risk

The following is a breakdown of the Group's maximum exposure to credit risk at December 31, 2015 and 2014:

	31-12-2015	31-12-2014
Trading securities		
Public debt	908,167	303,634
Private debt	17,136	13,532
	925,303	317,166
Financial assets at fair value through profit or loss		
Private debt	6,681	6,960
	6,681	6,960
Available-for-sale financial assets		
Public debt	10,256,470	10,200,845
Private debt	3,922,330	4,359,975
	14,178,801	14,560,821
Financial assets with repurchase agreement		
Public debt	294,968	231,700
Private debt	367,332	358,683
Credit and securities	418,866	690,743
	1,081,166	1,281,126
	16,191,950	16,166,072
Derivatives	1,625,723	1,975,077
Cash balances at other credit institutions	773,163	878,298
Loans and advances to credit institutions	4,013,842	2,137,069
Loans and advances to customers	65,850,180	66,933,228
Other debtors	2,658,818	3,042,495
Other operations pending settlement	176,278	129,107
	75,098,004	75,095,274
Other commitments		
Personal/Institutional guarantees given		
Guarantees and sureties	3,637,077	3,915,799
Stand-by letters of credit	57,816	53,400
Open documentary credits	502,154	670,168
Other personal guarantees and other contingent liabilities	-	377,878
Forward deposit agreements	85,618	-
Irrevocable lines of credit	1,273,964	1,474,941
Securities subscription	1,654,834	2,019,997
Other irrevocable commitments	2,230	-
Credit default swaps	73,482	105,892
	7,287,175	8,618,075
Maximum exposure to credit risk	98,577,129	99,879,422

Credit quality of investments in credit institutions

The following table splits up the balance sheet carrying amounts of investments in credit institutions, with reference to December 31, 2015 and 2014, considering risk aggregating categories (reduced, average and high) associated with external ratings and the counterparty's country of origin:

	31-12-2015						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	-	1,297,389	60,472	349,576	-	324,328	2,031,765
Medium risk	71,842	101,755	-	-	5,851	4,612	184,060
No Rating	35,446	9,200	-	11,507	-	37,708	93,861
Central and Supranational banks	-	-	283,986	1,058,598	125,540	233,706	1,701,829
	107,289	1,408,344	344,458	1,419,680	131,391	600,354	4,011,515

	31-12-2014						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	-	392,502	9,133	256,438	4,443	63,086	725,602
Medium risk	272,707	54,160	-	-	5,090	42,281	374,238
No Rating	37,046	8	-	2,062	-	40,391	79,507
Central and Supranational banks	-	-	170,826	603,562	48,310	131,619	954,318
	309,753	446,670	179,959	862,063	57,843	277,377	2,133,665

Credit quality of debt securities

The following table splits up the balance sheet value of portfolio debt securities, net of impairment (excluding matured securities), in accordance with the Standard & Poor's or equivalent rating, by type of guarantor or issuing entity and the guarantor's or issuing entity's geography, with reference to December 31, 2015 and 2014:

	2015-12-31				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
AA+ to AA-	-	168,241	-	3,456	171,697
A+ to A-	-	584	-	1,164	1,748
BBB+ to BBB-	-	711,188	-	1,516	712,704
BB+ to BB-	11,921	4,299	171	19,410	35,801
B+ to B-	-	636	-	-	636
Lower than B-	-	-	-	251	251
No Rating	7,480	-	-	1,667	9,147
	19,401	884,948	171	27,464	931,984
Issued by:					
General governments	11,127	878,117	-	18,923	908,167
Non-financial corporations	8,274	5,837	-	7,748	21,859
Credit institutions	-	-	-	453	453
Other issuers	-	994	171	340	1,505
	19,401	884,948	171	27,464	931,984
Financial assets at fair value through revaluation reserves					
AAA	-	211,413	-	-	211,413
AA+ to AA-	-	4,194	155,815	11,541	171,550
A+ to A-	367,560	238,882	114,313	21,437	742,192
BBB+ to BBB-	48,390	448,687	57,041	50,453	604,571
BB+ to BB-	11,529,491	107,696	4,329	898,345	12,539,861
B+ to B-	2,963	18,175	150	323,035	344,323
Lower than B-	-	4,013	-	2,133	6,146
No Rating	208,788	-	-	12,257	221,045
	12,157,192	1,033,060	331,648	1,319,201	14,841,101
Issued by:					
General governments	11,458,237	455,138	136,379	1,238,322	13,288,076
Non-financial corporations	134,797	189,936	15,384	36,580	376,697
Credit institutions	54,665	313,756	173,871	34,092	576,384
Other issuers	509,493	74,230	6,014	10,207	599,944
	12,157,192	1,033,060	331,648	1,319,201	14,841,101

	2014-12-31				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
AA+ to AA-	-	222,881	-	-	222,881
A+ to A-	-	42,853	-	-	42,853
BBB+ to BBB-	-	1,459	286	40,692	42,437
BB+ to BB-	1,165	6,385	-	582	8,132
B+ to B-	-	482	-	-	482
No Rating	5,341	-	-	1,999	7,340
	6,506	274,060	286	43,273	324,125
Issued by:					
General governments	1,106	265,266	-	37,572	303,944
Non-financial corporations	5,400	7,594	91	4,705	17,790
Credit institutions	-	999	-	677	1,676
Other issuers	-	201	195	319	715
	6,506	274,060	286	43,273	324,125
Financial assets at fair value through revaluation reserves					
AAA	-	232,508	-	-	232,508
AA+ to AA-	-	25,349	62,036	15,497	102,882
A+ to A-	391,405	236,709	4,371	15,588	648,073
BBB+ to BBB-	45,153	408,351	23,876	113,304	590,684
BB+ to BB-	12,072,598	145,116	-	759,021	12,976,735
B+ to B-	10,914	9,775	218	277,085	297,992
Lower than B-	-	26,069	-	1,773	27,842
No Rating	169,499	3,958	-	101,031	274,488
	12,689,569	1,087,835	90,501	1,283,299	15,151,204
Issued by:					
General governments	12,001,169	434,209	62,036	1,130,013	13,627,427
Non-financial corporations	75,649	128,678	4,575	88,506	297,408
Credit institutions	91,928	461,808	23,081	43,034	619,851
Other issuers	520,823	63,140	809	21,746	606,518
	12,689,569	1,087,835	90,501	1,283,299	15,151,204

Exposure to the sovereign debt of peripheral Eurozone countries

The main characteristics of these Caixa Group issuances at December 31, 2015 and 2014, are as follows:

	Book value net of impairment at 31-12-2015				Fair value	Fair value reserve	Rating
	Residual maturities						
	2016	after 2016	no maturity	Total			
Financial assets at fair value trough profit or loss							
Portugal	-	11,127	-	11,127	11,127	-	
Greece	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	
Spain	459,189	304	-	459,493	459,493	-	
Italy	250,054	329	-	250,383	250,383	-	
	709,242	11,760	-	721,003	721,003	-	
Financial assets at fair value through revaluation reserves							
Portugal	4,969,137	3,957,676	689	8,927,501	8,927,501	15,751	
Greece	-	4,013	-	4,013	4,013	(2,395)	
Ireland	-	-	-	-	-	-	
Spain	1,309	183,901	-	185,210	185,210	3,524	
Italy	-	66,007	-	66,007	66,007	3,079	
	4,970,446	4,211,596	689	9,182,730	9,182,730	19,959	
Total							
Portugal	4,969,137	3,968,803	689	8,938,628	8,938,628	15,751	BB
Greece	-	4,013	-	4,013	4,013	(2,395)	CCC
Ireland	-	-	-	-	-	-	
Spain	460,498	184,205	-	644,703	644,703	3,524	BBB
Italy	250,054	66,336	-	316,389	316,389	3,079	BBB
	5,679,688	4,223,356	689	9,903,733	9,903,733	19,959	

	Book value net of impairment at 31-12-2014				Fair value	Fair value reserve	Rating
	Residual maturities						
	2015	after 2015	no maturity	Total			
Financial assets at fair value trough profit or loss							
Portugal	26	1,080	-	1,106	1,106	-	
Greece	-	-	-	-	-	-	
Ireland	-	-	-	-	-	-	
Spain	-	260	-	260	260	-	
Italy	-	271	-	271	271	-	
	26	1,611	-	1,637	1,637	-	
Financial assets at fair value through revaluation reserves							
Portugal	6,275,115	2,717,077	3,655	8,995,847	8,995,847	206,767	
Greece	-	3,497	-	3,497	3,497	(2,911)	
Ireland	-	-	-	-	-	-	
Spain	-	93,510	-	93,510	93,510	3,809	
Italy	49,958	88,548	-	138,505	138,505	2,242	
	6,325,072	2,902,632	3,655	9,231,359	9,231,359	209,907	
Total							
Portugal	6,275,141	2,718,157	3,655	8,996,953	8,996,953	206,767	BB
Greece	-	3,497	-	3,497	3,497	(2,911)	B
Ireland	-	-	-	-	-	-	
Spain	-	93,770	-	93,770	93,770	3,809	BBB
Italy	49,958	88,819	-	138,777	138,777	2,242	BBB
	6,325,098	2,904,243	3,655	9,232,996	9,232,996	209,907	

The evolution of these markets reflects the consequences of the serious liquidity crisis and, in general, the high level of insecurity regarding the risk perception associated with sovereign debt issuances in this economic space and particularly so in the case of countries with European Central Bank, International Monetary Fund and European Union bailout programmes (Greece and Ireland in 2010 and Portugal in 2011).

Second quarter 2015 was also marked by the worsening crisis in Greece, especially its financial system, with the necessary consequences of an increase in volatility levels and uncertainty across the period, partially mitigated by the formalising of a new bailout package agreed, in the meantime, with its international creditors.

Measurement criteria

The sovereign debt issuances of the peripheral Eurozone countries considered in the above table were measured at observable market prices, when applicable or, in the absence of an active market, prices supplied by external counterparties. At December 31, 2015 and 2014, these portfolios were, accordingly, segmented into levels 1 and 2 of the fair value ranking. Greater detail on the distinguishing elements of these categories along with the main assumptions are given in the item on “Fair value”.

Exposures affected by the period of turbulence

The Group’s available-for-sale financial assets portfolio at December 31, 2015 and 2014 included the following types of securities which were particularly affected by the period of financial turmoil:

TYPE	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	31-12-2015 Book value (net of impairment)	31-12-2015 Fair value reserve	31-12-2014 Book value (net of impairment)	31-12-2014 Fair value reserve
Available-for-sale financial assets							
Residential mortgage-backed securities	A- to A+	Senior	European Union	1,533	(384)	4,146	22
	Lower than A-	Senior	European Union	28,694	(2,618)	33,098	(685)
		Mezzanine	European Union	908	(1,457)	6,124	(2,675)
				31,135	(4,459)	43,369	(3,337)

(a) Presentation of securities conducted in accordance with information about the ratings available on 31-12-2015, with the exception of alienated species whose information provided should be referenced 31-12-2014.

Information on such securities' movements, in 2015 and 2014, is set out below:

TYPE	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31-12-2014	Sales and amortisations	Acquisitions	Impact on results for the period: Capital gains / (losses) recognised against results	Change in the fair value reserve	Book value (net) at 31-12-2015
Available-for-sale financial assets									
Residential mortgage-backed securities									
	A- to A+	Senior	European Union	4,146	(2,615)	-	408	(406)	1,533
	Lower than A-	Senior	European Union	33,098	(9,110)	6,515	123	(1,933)	28,694
		Mezzanine	European Union	6,124	(7,241)	-	806	1,217	908
				43,369	(18,966)	6,515	1,338	(1,121)	31,135

(a) Presentation of securities conducted in accordance with information about the ratings available on 31-12-2015, with the exception of alienated species whose information provided should be referenced 31-12-2014.

TYPE	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31-12-2013	Sales and amortisations	Acquisitions	Impact on results for the period: Capital gains / (losses) recognised against results	Change in the fair value reserve	Book value (net) at 31-12-2014
Available-for-sale financial assets									
Residential mortgage-backed securities									
	A- to A+	Senior	European Union	2,580	(858)	-	(143)	208	1,786
	Lower than A-	Senior	European Union	33,038	(3,171)	-	44	5,547	35,459
		Mezzanine	European Union	4,491	(2,953)	-	120	3,778	5,436
	CCC	Mezzanine	European Union	1,512	-	-	7	(832)	688
Collateralized Loan obligations									
	Lower than A-	Mezzanine	European Union	7,229	(8,731)	-	(187)	1,689	-
				48,851	(15,713)	-	(159)	10,391	43,369

(a) Presentation of securities conducted in accordance with information about the ratings available on 31-12-2014, with the exception of alienated species whose information provided should be referenced 31-12-2013.

"Capital gains / (losses) recognised as a charge to profit and loss" include accrued interest and proceeds from foreign exchange revaluations.

Quality of loans and advances to customers

The disclosures on asset quality and credit risk management required by the Bank of Portugal's Circular 2/2014 are set out below.

Qualitative

1. Credit risk management policy

1.1 Credit risk management

To provide for diverse legal and regulatory requirements and with the objective of using best credit risk management practice, Caixa Geral de Depósitos (CGD) has implemented a credit risk management process encompassing the different funding stages:

1.1.1 Issuance of loans

Lending activity is performed in such a way as to comply with the credit risk management strategy and policy defined by CGD's competent bodies.

Credit risk assessment in the retail segment is based on the use of statistical risk measurement tools (scoring and rating models), a collection of internal regulations which establish objective criteria to be complied with on lending operations and the delegation of competencies in accordance with the ratings allocated to customers.

Credit risk measurement in the corporate segment, in addition to the use of internal rating models, may also be subject to a separate analysis by a team of analysts in the situations defined in an internal regulation.

1.1.2 Credit portfolio oversight

Credit portfolio oversight operations enable potential default situations to be identified.

A new credit oversight and recovery policy, articulated with a fully computerised workflow process across commercial and credit oversight and recovery areas, with the following objectives, was approved during the course of 2015.

i) Classification of credit portfolio by severity of the event:
   a. Customers with performing credit, warning signs, financial difficulties; in default; quarantined;
ii) Transfers of customers between the commercial and oversight and recovery areas;
iii) Definition of measures to be taken based on a customer's classification;
iv) Monitoring by the Risk management Division for diagnostics and procedural improvements.

1.1.3 Credit recovery

As soon as any arrears have been noted, adequate steps are taken to recover the overdue credit to enable a settlement of the situation, in due compliance with the dispositions of decree law 227/2012 – *PARI* ("action plan for the risk of default") and *PERSI* ("extrajudicial procedure for the settlement of situations of default") for loans and advances to individual customers.

The credit recovery process has been revised in line with the new credit oversight and recovery process, based on greater standardisation of procedures and measures, based on the workflow tool implemented in 2015.

1.2 Concentration risk management

Credit concentration risk management within CGD Group is the responsibility of the Risk Management Division (DGR) which identifies, measures and controls significant exposures.

Decisions to enter into agreements for operations entailing materially relevant exposures (as defined in an internal regulation) require the opinion of DGR. The limit naturally includes the amount of CGD Group's total exposure to a relevant customer and/or group of customers.

2. Loan write-off policy

The decision to write-off a loan from assets is taken at a senior level when any amount still remains unpaid following all of the legal proceedings with the parties involved in a loan agreement.

3. Impairment reversal policy

The quantification of impairment losses is conditioned by the identification of events which indicate a deterioration of the counterparty's creditworthiness when having an impact on the loan's future cash flows.

In situations of significant improvements in the creditworthiness of debtors and/or an adequate strengthening of real guarantees, a previously recognised loss is reduced to the level of the new calculated loss, resulting in a direct reversal of impairment.

A reversal of impairment is also recognised in situations in which the loans are sold for a higher amount than net impairment exposure.

4. Description of the restructuring measures applied and respective associated risks, in addition to their respective control and monitoring mechanisms

A credit restructuring operation is defined as any change to the conditions in force on operations involving loans and advances to customers in financial distress when resulting in a modification to the parties' rights or duties.

Specialised oversight and recovery areas endeavour to apply the best solutions to protect CGD Group's interests pursuant to the terms of the delegated decision and the limits defined in an internal regulation for each specific situation.

The application of the recovery solutions always bears in mind a customer's individual circumstances and the best interests of the customer and CGD.

Most loans are subject to specific treatment for impairment calculation purposes, across the whole of the period of surveillance defined in the referred to instruction.

5. Description of measurement and collateral management process

Property

The main components of the property valuation methodology within CGD Group are:

i. Property inspections. Properties are inspected when all new mortgage lending operations are entered into, with the objective of measuring their presumable transaction price in a free market.

   The value of the property is documented and comprises, *inter alia*, copies of the plans, property registration booklet and its description in the land registry, when supplied. These valuations are complemented by direct observation *in situ*;

ii. Revision of the property's value by an expert appraiser. Mortgage lending operations whose contractual terms have been changed usually require a new valuation which is performed as if they were new operations. This is also the procedure used for operations in default, deriving from a request made by the credit recovery areas;

Property valuation procedures:

iii. CGD's property valuation area has engineers and architects with significant experience in the valuations area. Those with technical approval functions have complementary training in the form of CMVM certified property valuation courses;

iv. CGD has a network of external service providers in its property valuation area made up of around 100 external corporate and individual appraisers, spread out over the whole of the country based on the area in which they perform their professional activity. There are several appraisers for each municipal district to ensure adequate diversification and rotation;

v. Valuation requests are received by CGD in digital format together with the essential documentation for property valuation purposes. An internal technical operative is responsible for the approval process by type of valuation and the municipal district in which the property is located;

vi. The appraisers are set out on a list defining the priority municipal districts for operational purposes, based on criteria of efficiency in terms of travel and in-depth knowledge of the local market. Requests for appraisals are delivered to appraisers via CGD's property portal. The appraiser records the date of the visit and appraisal report in the portal in a standardised format which includes the relevant documents for the valuation and photographs of the property.

Other collateral

In addition to property the following collateral is eligible for the purpose of mitigating the calculation of credit impairment:

- Pledges over term deposits – assessed on the amount of the pledge;
- Pledges over bonds issued by CGD – assessed on the nominal value of the bonds;
- Pledges over listed shares – assessed at market value at the calculation's reference date.

6. Type of principal judgments, estimates and hypotheses used to measure impairment

The credit impairment model used in CGD encompasses loans and advances to companies and to individual customers and includes the provision of bank guarantees and irrevocable lines of credit.

The following concepts are used to calculate credit impairment:

i) Individual impairment based on an assessment of customers with individually significant exposures by filling in an impairment form and the estimated future cash flows schedule at the agreement's original interest rate;

ii) Collective or parametric impairment is automatically assessed by the credit impairment model. The parametric calculation is performed by dividing the portfolio up into risk sub-segments which include assets with similar risk characteristics.

7. Description of impairment calculation methodologies, including the way in which portfolios are segmented to reflect the different characteristics of the loans

The credit impairment model assesses each operation's risk profile which it classifies in the credit portfolio sub-segments defined on the basis of the historical valuation of portfolios and the operation's current and past performance.

The purpose of the loan, type of collateral and sector of economic activity are also considered for segmentation purposes.

8. Indication of signs of impairment by credit segments.

Performing credit

- No signs of loss at the time of the analysis.

Performing credit with signs of impairment – with at least one of the following signs of loss being recorded:

- Amounts overdue in CGD for less than 90 days;
- Bank of Portugal indicators (amounts overdue for more than 30 days to other credit institutions, barring from the use of cheques);
- Cheques returned to CGD;
- Individual assessments made by customer accounts – only for credit to other than non-individual customers;
- Identification of debts to the tax authorities and social security services, on the basis of a quarterly survey performed by customer account managers – only for loans to non-individual customers;
- A 20% decline in the value of real guarantees when resulting in an LTV of more than 80% (applicable to property projects);
- Interim grace periods;
- Insolvency processes (e.g. *PER*) other than a declaration of insolvency;
- Credit contamination, based on signs of losses on other operations involving the same customer.

Restructured credit for customers in financial distress

- Default lifetime probability curves, specifically estimated for the sub-segments defined in the credit impairment model for operations defined in this classification are applied to loans identified as restructured owing to financial difficulties, as described in item 4.

Credit in default – the following <u>loss events</u> are considered

- Contractual defaults to CGD Group, particularly credit more than 90 days overdue, provided that the materiality limits in force have been complied with;
- Existence of an impairment provision resulting from an individual analysis of customers with individually significant exposures;
- Declaration of insolvency;
- Operations at a pre-legal/legal stage in CGD;
- Contamination of credit, only for credit other than to individual customers based on the identification of loss events on other operations involving the same customer;
- Restructured operations owing to a customer's financial difficulties when the loan is overdue for more than 30 days or with significant losses of value or in which a second restructuring process has been registered during the period of quarantine defined in the Bank of Portugal's instruction 32/2013.

9. <u>Indication of thresholds defined for individual analyses.</u>

The definition of limits for individual impairment assessments within CGD Group, set out in an internal regulation, takes the specifications of the diverse credit portfolios into account.

10. <u>Policy relating to internal risk levels, specifying the treatment afforded to a borrower classified as being in default</u>

Pursuant to an internal regulation, customers entering into a default situation are allocated to specialised credit oversight and recovery areas. The allocation decision may be made by the Credit Oversight Board (CDAC).

Based on an analysis, the recovery solution considered to be the most adequate to the customer's and CGD's interests is applied.

11. <u>General description of the form of calculating the present value of future cash flows for individual and collective impairment loss assessments</u>

<u>Individual assessment</u>

The assessment of future cash flows expected on loans considers to what extent the customer will generate the cash flow for debt payment purposes. A loan's recoverable amount is the sum of the expected future cash flows, estimated in accordance with the contractual terms in force (maturity, interest rate, repayment method, etc.), discounted at the agreement's original effective interest rate.

An assessment is made to evaluate whether the expected cash flows of customers with signs of loss are less than the contractual cash flows. The amount of the impairment, in such cases, is consequently adjusted.

<u>Collective impairment</u>

The assessment of cash flow using the collective impairment model is based on the contractual cash flow and the risk factors applicable to the operation.

Expected future cash flows are latterly revised at the operation's original effective interest rate to assess its respective present value.

12. Description of the emergent period used for the different segments and justification of its adequacy.

For credit without any observable signs of impairment, IAS 39 permits provisions to be set up on IBNR losses.

Based on this definition, the calculation of impairment is contingent upon the definition of an emergence period, which is the period of time elapsing between the occurrence and observation of the event loss, which may be broken down into a period of the appearance of the information and a latter time when the signs are identified. The current emergence period has been set at 12 months.

In CGD the use of the emergence period is based on the use of diverse early warning signs designed to identify, as soon as possible, any potential deterioration of a customer's creditworthiness which could lead to losses.

Quantitative

The following tables provide information on the loans and advances to customers portfolio and property received in kind or repossessed, based on the contents applicable to the Group's activity:

a) Details of exposures and impairment by segment.

	Exposure in 31-12-2015						Impairment in 31-12-2015		
	Performing loans			Non-performing loans		Total	Performing loans	Non-performing loans	Total
		Which off: cured	Which off: reestrutured		Which off: reestrutured				
Segment									
Government	5,368,097	10,496	491,022	93,825	36,061	5,461,922	2,051	3,154	5,205
Corporate	15,042,118	137,698	1,203,553	2,281,186	1,041,370	17,323,303	248,936	1,282,407	1,531,343
Construction and real estate (CRE)	7,251,569	234,397	581,728	4,159,634	2,329,005	11,411,204	238,801	2,064,196	2,302,997
Households - Housing	30,854,250	193,158	632,912	2,141,132	477,887	32,995,381	96,622	716,507	813,128
Households - Consumption and other purposes	2,412,370	36,017	63,237	645,654	389,354	3,058,024	53,195	363,853	417,048
Other financial institutions	772,172	40,814	39,236	353,599	40,933	1,125,771	14,520	113,465	127,985
	61,700,576	652,580	3,011,688	9,675,029	4,314,611	71,375,604	654,125	4,543,582	5,197,706

	Exposure in 31-12-2014						Impairment in 31-12-2014		
	Performing loans			Non-performing loans		Total	Performing loans	Non-performing loans	Total
		Which off: cured	Which off: reestrutured		Which off: reestrutured				
Segment									
Government	5,781,249	2,504	420,779	122,768	65,288	5,904,017	1,432	3,638	5,069
Corporate	14,675,519	314,120	1,074,071	2,621,371	1,078,691	17,296,890	306,087	1,504,988	1,811,075
Construction and real estate (CRE)	7,251,544	510,841	868,676	3,954,225	2,189,243	11,205,769	265,133	1,793,149	2,058,282
Households - Housing	31,612,086	1,049,486	712,394	2,295,426	526,146	33,907,512	138,202	644,129	782,331
Households - Consumption and other purposes	2,028,653	33,943	86,652	696,618	460,022	2,725,271	47,163	374,269	421,432
Other financial institutions	1,489,860	38,586	161,500	255,287	11,135	1,745,146	52,017	100,085	152,102
	62,838,911	1,949,481	3,324,072	9,945,695	4,330,525	72,784,606	810,034	4,420,257	5,230,292

	Exposure in 31-12-2015							Impairment in 31-12-2015				
	Performing loans			Non-performing loans				Performing loans		Non-performing loans		
	Days past due < 30 days			Days late due		Sub-total	Total exposure	Days late due		Days late due		Total impairment
	Without evidence	With evidence		<=90 (*)	>90 (*)			<30	between 30 - 90	<=90 (*)	>90 (*)	
Segment												
Government	4,350,299	1,017,791	5,368,097	38,100	55,725	93,825	5,461,922	1,854	197	-	3,154	5,205
Corporate	14,076,362	925,123	15,042,118	983,121	1,298,064	2,281,186	17,323,303	235,709	13,227	473,779	808,628	1,531,343
Construction and real estate (CRE)	6,312,958	911,298	7,251,569	1,171,072	2,988,562	4,159,634	11,411,204	221,017	17,785	515,340	1,548,855	2,302,997
Households - Housing	29,207,558	1,419,565	30,854,250	147,415	1,993,716	2,141,132	32,995,381	80,012	16,610	27,732	688,774	813,128
Households - Consumption and other purposes	2,242,137	152,255	2,412,370	372,065	273,589	645,654	3,058,024	44,880	8,315	179,743	184,109	417,048
Other financial institutions	758,287	13,329	772,172	30,697	322,901	353,599	1,125,771	14,343	177	11,753	101,712	127,985
	56,947,600	4,439,361	61,700,576	2,742,471	6,932,557	9,675,029	71,375,604	597,814	56,310	1,208,348	3,335,234	5,197,706

(*)Credit installments of principal and accrued interest less than 90 days, but about w hich there is evidence to justify its classification as non-performing loans, particularly bankruptcy, the debtor's liquidation or individual impairment allocation, among others.

	Exposure in 31-12-2014							Impairment in 31-12-2014				
	Performing loans			Non-performing loans				Performing loans		Non-performing loans		
	Days past due < 30 days			Days late due		Sub-total	Total exposure	Days late due		Days late due		Total impairment
	Without evidence	With evidence		<=90 (*)	>90 (*)			<30	between 30 - 90	<=90 (*)	>90 (*)	
Segment												
Government	4,743,074	1,038,171	5,781,249	53,323	69,446	122,768	5,904,017	732	700	-	3,638	5,069
Corporate	14,052,206	589,892	14,675,519	652,748	1,968,623	2,621,371	17,296,890	271,324	34,763	358,809	1,146,179	1,811,075
Construction and real estate (CRE)	6,587,781	650,863	7,251,544	888,875	3,065,350	3,954,225	11,205,769	250,629	14,504	307,590	1,485,559	2,058,282
Households - Housing	29,798,411	1,539,051	31,612,086	270,495	2,024,931	2,295,426	33,907,512	112,591	25,612	15,069	629,061	782,331
Households - Consumption and other purposes	1,878,342	118,695	2,028,653	361,558	335,060	696,618	2,725,271	41,369	5,794	169,600	204,669	421,432
Other financial institutions	1,332,559	55,997	1,489,860	8,370	246,917	255,287	1,745,146	48,165	3,853	4,301	95,784	152,102
	58,392,373	3,992,669	62,838,911	2,235,368	7,710,327	9,945,695	72,784,606	724,809	85,225	855,369	3,564,889	5,230,292

(*)Credit installments of principal and accrued interest less than 90 days, but about w hich there is evidence to justify its classification as non-performing loans, particularly bankruptcy, the debtor's liquidation or individual impairment allocation, among others.

b) Details of credit portfolio by segment and year of production

	Government			Corporate			Construction and real estate (CRE)			Households - Housing			Households - Consumption and other purposes			Other financial institutions			Total		
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
Year of production																					
2004 and before	1,638	690,135	313	12,425	654,139	126,341	3,368	769,716	175,286	353,767	9,630,665	322,494	31,477	85,280	26,870	30	32,082	341	402,705	11,862,017	651,646
2005	243	87,061	84	1,272	141,192	16,101	607	189,068	43,934	49,447	2,650,986	77,310	32,214	90,422	12,451	11	32,963	104	83,794	3,191,692	149,985
2006	190	90,618	289	3,437	336,738	53,794	1,237	686,941	193,436	46,709	2,868,119	80,365	114,623	165,822	20,612	18	45,565	3,812	166,214	4,193,802	352,308
2007	152	225,856	5	5,403	551,965	127,031	2,242	1,055,715	412,636	55,939	3,426,708	118,314	36,978	137,517	34,306	69	396,958	92,385	100,783	5,794,718	784,677
2008	133	305,195	1	5,224	1,366,726	144,904	2,044	1,362,131	280,202	47,742	3,005,816	80,964	37,511	127,872	31,622	72	24,026	1,557	92,726	6,191,766	539,250
2009	117	349,585	13	5,649	707,386	110,430	1,852	1,253,778	125,639	42,812	3,117,654	49,918	47,061	151,582	26,299	64	8,293	1,340	97,555	5,588,279	313,639
2010	118	410,824	274	7,312	634,547	126,533	2,213	689,986	110,587	33,946	2,807,383	37,902	54,416	217,105	27,971	64	5,073	958	98,069	4,764,917	304,224
2011	89	188,781	3	7,292	874,660	106,812	2,010	651,643	99,846	17,287	1,412,918	13,177	55,222	251,878	24,188	95	10,456	1,764	81,995	3,390,336	245,792
2012	112	279,328	131	8,759	1,036,609	81,167	1,939	776,244	166,554	8,583	731,405	7,120	59,304	549,712	155,627	101	57,731	2,080	78,798	3,431,029	412,679
2013	146	190,245	47	12,247	1,621,305	116,370	2,560	1,048,734	244,564	9,425	823,523	4,627	154,763	298,643	15,259	97	71,761	13,081	179,238	4,054,211	393,947
2014	117	1,247,836	382	17,107	2,223,057	110,606	3,219	1,323,146	239,812	11,505	1,120,833	5,567	112,358	386,502	15,217	137	327,177	5,248	144,443	6,628,552	376,832
2015	239	1,396,458	3,664	42,830	7,174,979	411,253	10,267	1,604,102	210,501	17,845	1,399,372	15,370	263,278	595,689	26,626	323	113,685	5,313	334,782	12,284,285	672,727
	3,294	5,461,922	5,205	128,957	17,323,303	1,531,343	33,558	11,411,204	2,302,997	695,007	32,995,381	813,128	999,205	3,058,024	417,048	1,081	1,125,771	127,985	1,861,102	71,375,604	5,197,706

c) Details of gross credit exposure and individually and collectively recognised impairment by segment, sector (Code of Economic Activities) and geography

	31-12-2015													
	Government		Corporate		Construction and real estate (CRE)		Households - Housing		Consumer and other purposes		Other financial institutions		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Avaliation														
Individual	41,955	2,966	3,093,889	915,039	4,359,610	1,818,215	198,507	4,292	448,788	189,709	452,615	120,757	8,595,363	3,050,978
Collective	5,419,967	2,239	14,229,414	616,303	7,051,594	484,783	32,796,874	808,836	2,609,235	227,339	673,156	7,228	62,780,241	2,146,728
	5,461,922	5,205	17,323,303	1,531,343	11,411,204	2,302,997	32,995,381	813,128	3,058,024	417,048	1,125,771	127,985	71,375,604	5,197,706

	31-12-2014													
	Government		Corporate		Construction and real estate (CRE)		Households - Housing		Consumer and other purposes		Other financial institutions		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Avaliation														
Individual	76,416	3,519	4,701,153	1,294,820	5,522,858	1,619,113	13,676	1,943	525,712	216,995	566,256	139,402	11,406,071	3,275,793
Collective	5,827,602	1,550	12,595,738	516,255	5,682,911	439,168	33,893,836	780,389	2,199,559	204,436	1,178,890	12,700	61,378,535	1,954,498
	5,904,017	5,069	17,296,890	1,811,075	11,205,769	2,058,282	33,907,512	782,331	2,725,271	421,432	1,745,146	152,102	72,784,606	5,230,292

	31-12-2015											
	Government				Households and Corporate				Total			
	Individual		Colective		Individual		Colective		Individual		Colective	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Activity sector												
Construction and real estate (CRE)	-	-	39,546	781	4,359,610	1,818,215	7,051,594	484,783	4,359,610	1,818,215	7,091,140	485,564
Agriculture, forestry and fishing	-	-	348	-	121,576	26,337	383,413	13,041	121,576	26,337	383,761	13,041
Mining and quarrying	-	-	-	-	15,079	1,919	95,173	4,502	15,079	1,919	95,173	4,502
Manufacturing	-	-	1,447	5	854,497	329,712	2,840,740	167,018	854,497	329,712	2,842,187	167,022
Electricity, gas, steam and air conditioning supply	-	-	-	-	161,405	5,383	838,688	4,988	161,405	5,383	838,688	4,988
Water supply	-	-	25,606	8	58,339	18,336	392,737	3,626	58,339	18,336	418,342	3,634
Wholesale and retail trade	-	-	2,065	11	499,120	142,375	2,635,042	222,371	499,120	142,375	2,637,107	222,382
Transport and storage	-	-	17,843	190	383,814	78,174	785,264	21,765	383,814	78,174	803,107	21,955
Accommodation and food service activities	-	-	-	-	104,282	17,750	909,010	34,046	104,282	17,750	909,010	34,046
Information and communication	-	-	9,281	76	90,624	13,814	208,570	12,603	90,624	13,814	217,851	12,679
Professional, scientific and technical activities	-	-	1,033,943	319	111,014	24,641	485,109	24,661	111,014	24,641	1,519,052	24,981
Administrative and support service activities	-	-	35,484	145	90,375	20,321	307,166	18,066	90,375	20,321	342,650	18,211
Public administration and defence, compulsory social security	27,713	-	2,884,205	95	1,364	49	8,083	46	29,076	49	2,892,288	141
Education	-	-	13,441	44	20,648	2,124	131,757	5,387	20,648	2,124	145,199	5,431
Human health services and social work activities	-	-	7,604	298	68,880	4,679	293,536	10,899	68,880	4,679	301,139	11,197
Arts, entertainment and recreation	-	-	1,406	10	63,480	6,530	116,785	6,216	63,480	6,530	118,191	6,226
Other services	14,242	2,966	52,887	257	114,960	26,439	571,938	16,673	129,202	29,406	624,824	16,930
Other financial activities	-	-	1,294,863	-	787,046	317,213	3,899,559	57,625	787,046	317,213	5,194,422	57,625
Households - housing	-	-	-	-	198,507	4,292	32,796,874	808,836	198,507	4,292	32,796,874	808,836
Households - other	-	-	-	-	448,788	189,709	2,609,235	227,339	448,788	189,709	2,609,235	227,339
	41,955	2,966	5,419,967	2,239	8,553,409	3,048,012	57,360,274	2,144,489	8,595,363	3,050,978	62,780,241	2,146,728

	31-12-2014											
	Government				Households and Corporate				Total			
	Individual		Colective		Individual		Colective		Individual		Colective	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Activity sector												
Construction and real estate (CRE)	-	-	-	-	5,522,858	1,619,113	5,682,911	439,168	5,522,858	1,619,113	5,682,911	439,168
Agriculture, forestry and fishing	-	-	-	-	87,325	27,490	317,584	11,578	87,325	27,490	317,584	11,578
Mining and quarrying	-	-	-	-	18,951	2,863	180,552	9,872	18,951	2,863	180,552	9,872
Manufacturing	-	-	1,242	36	1,152,886	441,349	2,507,922	122,160	1,152,886	441,349	2,509,164	122,196
Electricity, gas, steam and air conditioning supply	-	-	2,259	1	96,393	3,048	964,086	7,598	96,393	3,048	966,345	7,598
Water supply	-	-	1,294	4	52,460	17,491	433,107	6,074	52,460	17,491	434,401	6,078
Wholesale and retail trade	-	-	937	6	481,730	209,771	2,375,757	180,632	481,730	209,771	2,376,694	180,638
Transport and storage	1,031	-	72,476	611	373,619	75,934	754,522	20,266	374,650	75,934	826,998	20,876
Accommodation and food service activities	-	-	-	-	75,696	15,890	383,877	24,251	75,696	15,890	383,877	24,251
Information and communication	-	-	-	-	75,932	12,584	239,493	11,206	75,932	12,584	239,493	11,206
Professional, scientific and technical activities	-	-	1,001,675	50	362,349	132,718	478,728	19,843	362,349	132,718	1,480,402	19,893
Administrative and support service activities	15,530	1,444	2,903	17	84,162	21,892	306,103	14,862	99,692	23,336	309,006	14,879
Public administration and defence, compulsory social security	22,282	-	3,305,058	799	191	85	32,587	49	22,473	85	3,337,645	848
Education	-	-	5,338	16	14,931	774	153,002	7,171	14,931	774	158,339	7,187
Human health services and social work activities	86	-	1,999	1	184,224	10,054	294,326	11,288	184,310	10,054	296,325	11,289
Arts, entertainment and recreation	543	109	-	-	45,200	7,165	195,082	5,612	45,743	7,274	195,082	5,612
Other services	36,944	1,966	80,005	10	236,774	41,113	642,494	35,827	273,718	43,080	722,499	35,837
Other financial activities	-	-	1,352,418	-	1,924,586	414,002	3,515,405	40,667	1,924,586	414,002	4,867,823	40,667
Households - housing	-	-	-	-	13,676	1,943	33,893,836	780,389	13,676	1,943	33,893,836	780,389
Households - other	-	-	-	-	525,712	216,995	2,199,559	204,436	525,712	216,995	2,199,559	204,436
	76,416	3,519	5,827,602	1,550	11,329,656	3,272,274	55,550,933	1,952,948	11,406,071	3,275,793	61,378,535	1,954,498

	31-12-2015													
	Portugal		Spain		France		Africa		Asia		Rest of the world		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Measure														
Individual	6,477,159	2,603,019	807,062	317,596	87,742	32,217	654,310	40,760	619	619	568,470	56,766	8,595,363	3,050,978
Coletive	49,592,044	1,870,667	3,455,312	72,712	3,941,196	69,586	2,285,859	51,185	3,154,296	75,854	351,534	6,724	62,780,241	2,146,728
	56,069,203	4,473,687	4,262,374	390,307	4,028,939	101,804	2,940,169	91,945	3,154,915	76,473	920,004	63,491	71,375,604	5,197,706

	31-12-2014													
	Portugal		Spain		France		Africa		Asia		Rest of the world		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Measure														
Individual	9,295,418	2,588,417	1,190,755	475,874	227,911	149,107	199,155	36,132	-	-	492,832	26,263	11,406,071	3,275,793
Coletive	49,216,411	1,667,862	3,219,833	76,683	3,499,184	67,222	2,608,597	64,657	2,342,734	65,786	491,776	12,288	61,378,535	1,954,498
	58,511,829	4,256,279	4,410,588	552,557	3,727,095	216,329	2,807,752	100,789	2,342,734	65,786	984,608	38,551	72,784,606	5,230,292

d) Details of restructured credit portfolio by restructuring method applied

	31-12-2015											
	Performing loans				Non-performing loans				Total			
	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective
Measure												
Credit term extension	5,134	421,845	7,320	22,865	3,395	1,061,260	404,572	53,345	8,529	1,483,105	411,891	76,211
Grace period	2,643	727,936	287	6,071	1,459	272,964	42,847	28,846	4,102	1,000,899	43,134	34,917
Interest rate changes	2,069	539,310	6,727	15,545	1,586	1,356,386	636,715	33,717	3,655	1,895,696	643,442	49,262
Other	11,179	1,322,598	27,095	35,160	7,077	1,624,001	476,306	134,705	18,256	2,946,599	503,400	169,865
	21,025	3,011,688	41,428	79,641	13,517	4,314,611	1,560,440	250,613	34,542	7,326,299	1,601,868	330,255

	31-12-2014								
	Performing loans			Non-performing loans			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Measure									
Credit term extension	7,261	900,725	78,758	4,163	954,963	302,969	11,424	1,855,688	381,728
Grace period	3,814	355,901	13,294	1,946	204,893	29,401	5,760	560,794	42,694
Interest rate changes	1,692	705,956	35,943	1,350	1,539,665	587,853	3,042	2,245,620	623,796
Other	11,881	1,361,490	63,572	8,110	1,631,005	547,620	19,991	2,992,495	611,192
	24,648	3,324,072	191,567	15,569	4,330,525	1,467,843	40,217	7,654,597	1,659,410

e) Restructured credit portfolio - entries and exits

Balance of restructured loans at 31-12-2014	7,654,597
New restructured loans	1,685,585
Accrued interest of the restructured loans	62,395
Restructured loans liquidation (partial or total)	(1,016,795)
Reclassifyed loans from "restructured" to "normal"	(1,069,685)
Other	10,201
Balance of restructured loans at 31-12-2015	7,326,299

f) Details of the fair value of the credit portfolio's underlying collateral, i.e. corporate, construction, "Commercial Real Estate" (CRE) and housing.

	31-12-2015											
	Corporate				Construction and real estate (CRE)				Households - Housing			
	Real Estate		Other real collaterals		Real Estate		Other real collaterals		Real Estate		Other real collaterals	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Fair value												
<0.5 M€	8,779	1,025,018	15,078	622,108	3,983	548,324	3,295	194,985	511,904	60,481,587	1,273	1,711,837
≥ 0.5 M€ and < 1 M€	971	528,305	485	395,657	632	355,188	240	132,618	2,874	2,165,568	21	189,857
≥ 1 M€ and < 5 M€	928	1,427,823	268	1,008,958	1,074	1,761,615	314	530,888	396	617,932	6	66,468
≥ 5 M€ and < 10 M€	122	563,620	30	460,100	185	900,496	56	298,444	36	266,372	-	-
≥ 10 M€ and < 20 M€	32	236,230	13	582,615	84	880,515	26	355,756	22	300,718	-	-
≥ 20 M€ and < 50 M€	9	147,856	21	961,093	59	1,035,622	12	418,322	7	181,076	-	-
≥ 50 M€	5	467,791	6	3,752,753	27	2,758,354	13	1,034,582	3	634	-	-
	10,846	4,396,644	15,901	7,783,284	6,044	8,240,113	3,956	2,965,595	515,242	64,013,886	1,300	1,968,162

	31-12-2014											
	Corporate				Construction and real estate (CRE)				Households - Housing			
	Real Estate		Other real collaterals		Real Estate		Other real collaterals		Real Estate		Other real collaterals	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Fair value												
<0.5 M€	7,941	1,204,070	13,666	570,585	2,892	509,074	3,257	221,413	525,339	60,430,374	1,346	118,945
≥ 0.5 M€ and < 1 M€	1,059	534,804	510	232,547	612	337,062	263	159,067	2,863	1,536,257	22	15,939
≥ 1 M€ and < 5 M€	985	1,409,685	248	515,659	1,088	1,797,641	340	647,677	372	424,355	6	8,075
≥ 5 M€ and < 10 M€	135	615,916	35	226,206	197	964,641	64	345,114	36	261,074	-	-
≥ 10 M€ and < 20 M€	36	296,927	18	181,155	83	897,686	24	291,046	27	371,029	-	-
≥ 20 M€ and < 50 M€	11	172,755	22	660,730	70	1,145,767	15	362,256	9	214,832	-	-
≥ 50 M€	3	173,174	7	602,354	28	1,436,164	13	905,194	5	1,718	-	-
	10,170	4,407,332	14,506	2,989,237	4,970	7,088,036	3,976	2,931,767	528,651	63,239,639	1,374	142,959

g) LTV ratio of corporate, construction and CRE and housing segments

	31-12-2015			
Segment / Ratio	Number of properties	Performing loans	Non-performing loans	Impairment
Corporate				
With no associated collateral		11,160,972	1,238,101	1,011,289
< 60%	4,261	1,773,216	103,106	38,325
>= 60% and < 80%	2,133	427,681	53,004	20,415
>= 80% and < 100%	1,823	425,087	482,409	229,118
>= 100%	2,999	1,255,161	404,566	232,195
	11,216	15,042,118	2,281,186	1,531,343
Construction and real estate (CRE)				
With no associated collateral		4,634,215	1,775,205	1,364,281
< 60%	2,396	661,590	180,201	57,546
>= 60% and < 80%	972	412,001	314,166	119,561
>= 80% and < 100%	1,122	715,860	389,339	131,908
>= 100%	2,262	827,904	1,500,723	629,701
	6,752	7,251,569	4,159,634	2,302,997
Households - Housing				
With no associated collateral		663,278	201,858	178,311
< 60%	391,926	13,440,059	350,339	52,141
>= 60% and < 80%	148,279	9,852,541	395,543	87,600
>= 80% and < 100%	82,252	5,969,078	522,352	166,847
>= 100%	20,707	929,295	671,039	328,228
	643,164	30,854,250	2,141,132	813,128
Households - Consumption and other purposes				
With no associated collateral		1,542,660	537,245	361,086
< 60%	2,996	554,677	9,408	11,782
>= 60% and < 80%	714	95,842	10,876	4,155
>= 80% and < 100%	685	85,154	23,038	9,994
>= 100%	1,022	134,036	65,087	30,030
	5,417	2,412,370	645,654	417,048
Other financial institutions				
With no associated collateral		629,160	169,529	68,558
< 60%	97	37,548	104,143	5,369
>= 60% and < 80%	25	75,032	52	5,669
>= 80% and < 100%	39	27,465	18,992	5,108
>= 100%	33	2,968	60,883	43,281
	194	772,172	353,599	127,985
	666,743	56,332,479	9,581,204	5,192,501

Segment / Ratio	31-12-2014			
	Number of properties	Performing loans	Non-performing loans	Impairment
Corporate				
With no associated collateral		11,485,880	1,482,270	1,242,970
< 60%	3,602	420,192	86,856	27,078
>= 60% and < 80%	1,869	332,372	51,641	25,413
>= 80% and < 100%	1,618	450,474	113,591	54,416
>= 100%	5,863	1,986,601	887,013	461,198
	12,952	14,675,519	2,621,371	1,811,075
Construction and real estate (CRE)				
With no associated collateral		4,791,620	1,539,163	1,071,255
< 60%	2,576	400,382	203,804	72,622
>= 60% and < 80%	957	366,836	380,347	163,096
>= 80% and < 100%	1,201	738,766	517,376	178,939
>= 100%	3,470	953,941	1,313,535	572,370
	8,204	7,251,544	3,954,225	2,058,282
Households - Housing				
With no associated collateral		716,067	180,311	129,634
< 60%	389,177	12,440,848	401,889	85,769
>= 60% and < 80%	156,081	10,495,504	449,748	107,801
>= 80% and < 100%	93,428	6,960,157	627,182	177,280
>= 100%	22,113	999,510	636,296	281,847
	660,799	31,612,086	2,295,426	782,331
	681,955	53,539,150	8,871,022	4,651,688

h) Details of fair value and net accounting value of property received in kind or repossessed by type of assets and seniority.

Asset	31-12-2015		
	Total number	Fair value	Book value
Land			
Urban	636	170,398	104,327
Rural	61	5,238	4,071
Under construction buildings			
Commercial	8	6,097	4,632
Housing	617	88,970	56,345
Other	199	10,690	5,893
Concluded buildings			
Commercial	700	232,528	183,177
Housing	4,220	378,912	256,255
Other	2,525	306,668	213,949
	8,966	1,199,500	828,650

Time elapsed since the initial recognition / repossesssion	31-12-2015				
	< 1 year	≥ 1 year and < 2.5 years	≥ 2,5 years and < 5 years	≥ 5 years	Total
Land					
Urban	19,857	23,751	27,822	32,898	104,327
Rural	3,178	139	259	496	4,071
Under construction buildings					
Commercial	923	2,982	726	-	4,632
Housing	8,206	28,090	11,160	8,888	56,345
Other	1,770	1,577	1,644	903	5,893
Concluded buildings					
Commercial	56,243	59,411	50,586	16,936	183,177
Housing	51,777	139,918	31,205	33,356	256,255
Other	66,022	77,764	53,661	16,502	213,949
	207,975	333,632	177,063	109,979	828,650

Asset	31-12-2014		
	Number of real estate	Fair value of assets	Book value
Land			
Urban	559	157,729	89,578
Rural	1	12	6
Buildings in development			
Business	115	42,016	27,341
Housing	564	97,018	64,951
Other	46	127	67
Built buildings			
Business	1,617	407,226	294,111
Housing	4,406	441,978	283,871
Other	994	44,935	39,984
Other	17	31	165
	8,319	1,191,072	800,075

Time elapsed since the initial recognition / repossesssion	31-12-2014				
	< 1 year	>= 1 year e < 2.5 years	>= 2.5 years e < 5 years	>= 5 years	Total
Land					
Urban	14,361	32,338	15,617	27,263	89,578
Rural	-	-	-	6	6
Buildings in development					
Business	3,754	21,646	561	1,381	27,341
Housing	14,455	30,369	13,370	6,758	64,951
Other	4	7	9	48	67
Built buildings					
Business	96,327	146,409	30,941	20,433	294,111
Housing	98,405	124,398	35,868	25,201	283,871
Other	27,566	8,468	1,243	2,707	39,984
Other	-	150	-	16	165
	254,872	363,783	97,608	83,812	800,075

Explanatory notes for filling in the quantitative disclosures:

. Common definitions

Segmentation – the segments used are based on the definitions provided in the Bank of Portugal's *Monetary and Financial Statistics* publication:

i. "Government" – the *local and central government* sector which includes institutional units whose main activity consists of the production of non-mercantile goods and services for individual or collective consumption and/or the redistribution of income and national wealth;

ii. "Corporate" – *non-financial corporations* sector, comprising institutional units with their own legal personality whose main activity consists of producing non-financial goods and services;

iii. "Construction CRE" – *non-financial corporations* ("Corporates") whose economic activity is related to the "construction" or "property activities" sectors, according to the respective "CAE" (Classification of Economic Activity) Release 3.

Household sector – includes individuals or groups thereof, in their capacity as consumers, producers of goods and services for their own end use or producers of financial or non-financial goods and services, provided that such activities are not allocated to quasi-companies.

Also included are the self-employed who are members of individual companies and companies of persons not having a legal personality which are mercantile producers.

iv. "Individuals – housing" – household sector comprising loans for housing purposes;

v. "Individuals - consumption and other purposes" – household sector not comprising mortgage loans (usually consumer credit);

vi. "Other " – *Other financial corporations* (financial *institutions* sector which includes institutional units having their own legal personality which are mercantile producers and whose main activity consists of producing financial services, excluding financial brokerage) and other institutions or individuals.

Performing/non-performing loans follow the default criteria defined in item 8. of the qualitative information.

Restructured credit follows the criteria defined in item 4. of the qualitative information.

Individual and collective analyses – difference between credit with individual and collective impairment in accordance with the impairment model.

. Table a)

Cured credit refers to performing credit that, according to the credit impairment model has already been in default.

N.B.: in the case of *cured credit* which has been *restructured*, the classification as restructured credit prevails.

Performing loans with signs (of default), follow the default criteria defined in item 8. of the qualitative information.

Non-performing credit in arrears for less than 90 days refers to the other event losses defined in item 8. of the qualitative information.

. Table b)

Year of production refers to the date upon which the portfolio operations in December 2015 were entered into.

. Table c)

Activity sectors refer to the Classification of Economic Activity - Release 3 of customers in the “Corporate” and “Government” sectors.

i. Customers in the “Other financial institutions” segment were included in the “Other financial activities” sector.
ii. Customers classified as being “Individual customers – Housing” and – “Individual customers - Other” were allocated.

Reference is made, in each geography, to the portfolio credit of the entities with an activity in the said region/geography.

. Table d)

In the case of restructuring measures, the first event on a level of contractual changes after having been marked as restructured is assumed to derive from financial difficulties. The “Other” restructuring measure includes the following events:

a. Capitalisation of interest;
b. Refinancing operations;
c. Moratoria on payments/maturity;
d. Capital deferments;
e. Other non-systemised automatic or manual markings.

. Table f)

Real collateral considered in the impairment model:

- Property refers to mortgage guarantees on such properties;

- Other real collateral includes mortgage guarantees on material/moveable assets and financial collateral such as deposits, bonds, shares, other;

The fair value of collateral is understood to be the valuation price in the case of mortgage collateral and market value for financial collateral. In cases in which the same guarantee/collateral covers more than one credit operation, fair value is duly weighted by the operations based on the amount of the credit.

. Table g)

LTV is the ratio between outstanding credit and the fair value of the collateral held.

Liquidity risk

Liquidity risk derives from the possibility of difficulties (i) in obtaining resources to finance assets, which normally leads to higher borrowing costs but may also imply a restriction on asset growth, and (ii) the prompt settlement of obligations to third parties deriving from significant mismatches between the periods to maturity of an institution’s financial assets and liabilities. Liquidity risk may, for example, translate the impossibility of selling a financial asset quickly at a price close to its fair value.

Under IFRS 7, the contractual periods to maturity of financial instruments, at December 31, 2015 and 2014, were as follows:

	31-12-2015									
	Residual term to contractual maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	2,881,731	-	-	-	-	-	-	-	-	2,881,731
Cash balances at other credit institutions	770,636	-	-	-	-	-	-	-	-	770,636
Loans and advances to credit institutions	3,322,779	252,240	94,691	273,204	9,424	3,270	9,813	36,731	38,249	4,040,401
Securities										
Trading	150	12,632	250,160	465,180	22,897	147,950	35,447	3,397	1,639,552	2,577,364
Other (net of impairment)	468,196	1,045,823	1,230,077	3,991,191	2,455,484	2,093,440	3,369,695	895,000	2,611,100	18,160,006
Loans and advances to customers (gross)	3,566,676	2,802,165	4,096,862	3,579,653	10,681,101	10,854,742	15,905,664	30,558,101	(45,782)	81,999,183
Assets with repurchase agreement	2,187	20	76,687	40,344	728,684	159,166	144,692	-	37,390	1,189,170
Hedging derivatives	-	-	-	-	-	-	-	-	46,468	46,468
	11,012,356	4,112,880	5,748,478	8,349,573	13,897,589	13,258,567	19,465,311	31,493,228	4,326,978	111,664,960
Liabilities										
Resources of central banks and credit institutions	(958,523)	(288,660)	(408,231)	(306,561)	(2,929,496)	(161,505)	(497,925)	-	(37,239)	(5,588,141)
Customer resources	(29,124,073)	(6,936,404)	(10,936,301)	(10,131,560)	(12,268,621)	(3,918,427)	(637,862)	(183,526)	(62,749)	(74,199,523)
Debt securities	(180,514)	(280,077)	(166,324)	(1,893,908)	(1,113,611)	(2,077,231)	(1,392,644)	(48,417)	4,159	(7,148,567)
Financial liabilities at fair value through profit or loss	(8,513)	(1,037)	(891)	(2,125)	(10,074)	(6,813)	(8,243)	(975)	(1,699,926)	(1,738,597)
Hedging derivatives	-	-	-	-	-	-	-	-	(10,812)	(10,812)
Subordinated liabilities	(7,305)	(7,600)	(77,219)	(75,493)	(1,814,236)	(559,637)	(30,332)	(118,206)	(22)	(2,690,049)
Consigned resources	-	(936)	(19,724)	(53,370)	(148,249)	(145,221)	(502,412)	(34,417)	(653)	(904,983)
	(30,278,928)	(7,514,715)	(11,608,691)	(12,463,017)	(18,284,287)	(6,868,834)	(3,069,418)	(385,541)	(1,807,241)	(92,280,672)
Derivatives	(1,743)	(7,702)	7,716	15,239	12,743	33,400	114,379	361,865	-	535,897
Difference	(19,268,315)	(3,409,537)	(5,852,497)	(4,098,206)	(4,373,955)	6,423,134	16,510,273	31,469,552	2,519,737	19,920,185

	31-12-2014									
	Residual term to contractual maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	2,118,280	-	-	-	-	-	-	-	-	2,118,280
Cash balances at other credit institutions	875,106	-	-	-	-	-	-	-	-	875,106
Loans and advances to credit institutions	1,514,803	224,741	135,266	182,973	8,165	2,821	4,425	32,788	46,269	2,152,250
Securities										
Trading	62,245	4,825	17,288	16,768	30,968	159,460	60,836	18	1,937,085	2,289,493
Other (net of impairment)	432,972	1,751,355	1,532,900	4,140,528	2,792,913	2,278,920	2,561,576	314,576	2,305,373	18,111,113
Loans and advances to customers (gross)	3,340,043	2,940,101	4,776,407	3,568,660	11,005,923	9,525,917	15,820,092	31,256,708	58,464	82,292,316
Assets with repurchase agreement	2,286	167,653	178,101	33,095	470,118	187,473	179,310	7,311	193,550	1,418,897
Hedging derivatives	-	-	-	-	-	-	-	-	78,008	78,008
	8,345,734	5,088,676	6,639,961	7,942,022	14,308,088	12,154,591	18,626,239	31,611,402	4,618,749	109,335,462
Liabilities										
Resources of central banks and credit institutions	(2,018,030)	(1,169,294)	(204,733)	(220,250)	(456,690)	(1,456,545)	(569,586)	-	(79,824)	(6,174,952)
Customer resources	(28,428,836)	(7,216,442)	(8,610,234)	(8,221,123)	(14,482,522)	(4,644,233)	(395,059)	(172,738)	(68,584)	(72,239,771)
Debt securities	(112,448)	(81,177)	(105,219)	(1,336,102)	(2,667,517)	(1,802,155)	(1,494,290)	(169,032)	(43,654)	(7,811,594)
Financial liabilities at fair value through profit or loss	(1,118)	(482)	(1,647)	(2,300)	(1,901)	(1,000)	(7,567)	-	(2,105,111)	(2,121,127)
Hedging derivatives	-	-	-	-	-	-	-	-	(20,040)	(20,040)
Subordinated liabilities	(8,021)	(10,487)	(52,283)	(53,483)	(1,585,459)	(942,816)	(30,349)	(124,269)	6,051	(2,801,115)
Consigned resources	-	(369)	(485)	(3,074)	(9,268)	(12,443)	(521,416)	(169,458)	(130)	(716,643)
	(30,568,453)	(8,478,251)	(8,974,602)	(9,836,332)	(19,203,357)	(8,859,191)	(3,018,267)	(635,497)	(2,311,292)	(91,885,241)
Derivatives	(1,642)	(15,133)	2,731	4,444	(46,277)	(40,142)	(73,519)	11,396	-	(158,142)
Difference	(22,224,361)	(3,404,708)	(2,331,910)	(1,889,865)	(4,941,547)	3,255,257	15,534,453	30,987,301	2,307,458	17,292,078

The above tables also include cash flow projections on principal and interest and are not therefore directly comparable to the accounting balances at December 31, 2015 and 2014. Interest projections on variable-rate operations incorporate the forward rates implicit in the current yield curve in force on the respective references dates.

In the specific case of mortgage loans, the distribution of principal and interest flows took expectations on early repayment rates into account, based on an analysis of the track record of operations and the present macroeconomic situation.

The following tables, which contain information on CGD Group's "structural" (as opposed to contractual) periods to maturity, at December 31, 2015 and 2014, differ from the former tables on the basis of the following assumptions:

- Debt and equity securities: reallocation of amounts with adequate liquidity to the "up to 1 month" bucket, except for collateralised debt securities which are allocated to buckets corresponding to the maturity of the operations they are collateralising;
- Customer sights deposits: reallocation of the balance of core deposits (i.e. deposits comprising a stable funding source for lending operations) from the "up to 1 month" bucket to more than 4 years buckets in conformity with internally developed studies and models;

- Term deposits and savings accounts (CGD headquarters): reallocation of balances by buckets in accordance with an estimation model on their expected useful lives (as opposed to their contractual period to maturity.

The amounts presented also correspond to outstanding capital balances and do not include interest or accrued interest projections.

	31-12-2015									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	2,879,591	-	-	-	-	-	-	-	-	2,879,591
Cash balances at other credit institutions	770,636	-	-	-	-	-	-	-	-	770,636
Loans and advances to credit institutions	3,324,150	247,776	94,617	271,266	7,207	1,043	4,274	31,630	38,249	4,020,211
Securities										
Trading	541,189	4,877	37,500	68,904	161,049	21,109	5,008	179,027	1,530,493	2,549,155
Other (net of impairment)	8,300,790	203,537	183,090	593,972	2,759,755	273,625	467,776	2,841,751	812,866	16,437,163
Loans and advances to customers (gross)	3,439,852	2,618,948	3,782,294	3,074,469	8,827,650	9,126,984	11,812,614	22,764,012	(45,872)	65,400,951
Assets with repurchase agreement	112,200	-	290,490	40,000	582,233	-	-	-	52,877	1,077,800
	19,368,407	3,075,138	4,387,991	4,048,610	12,337,894	9,422,761	12,289,671	25,816,420	2,388,613	93,135,506
Liabilities										
Resources of central banks and credit institutions	(957,778)	(279,100)	(405,437)	(294,809)	(2,878,065)	(117,001)	(455,759)	-	(37,239)	(5,425,187)
Customer resources	(8,862,193)	(7,904,078)	(11,324,542)	(11,504,506)	(11,951,990)	(4,594,436)	(1,270,763)	(15,690,170)	(54,783)	(73,157,461)
Debt securities	(75,000)	(273,820)	(159,315)	(1,806,500)	(882,700)	(1,926,901)	(1,361,259)	(48,390)	4,159	(6,529,726)
Financial liabilities at fair value through profit or loss	(8,513)	(1,037)	(891)	(2,125)	(10,074)	(6,813)	(8,243)	(975)	(1,699,926)	(1,738,597)
Subordinated liabilities	(7,305)	-	(21,662)	(21,073)	(1,720,400)	(536,729)	-	(100,000)	(22)	(2,407,191)
Consigned resources	-	(864)	(18,841)	(49,856)	(139,761)	(136,004)	(491,094)	(32,995)	(653)	(870,069)
	(9,910,789)	(8,458,899)	(11,930,687)	(13,678,869)	(17,582,989)	(7,317,885)	(3,587,117)	(15,872,531)	(1,788,464)	(90,128,231)
Difference	9,457,618	(5,383,761)	(7,542,696)	(9,630,259)	(5,245,096)	2,104,876	8,702,554	9,943,890	600,149	3,007,275

	31-12-2014									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	2,118,000	-	-	-	-	-	-	-	-	2,118,000
Cash balances at other credit institutions	875,106	-	-	-	-	-	-	-	-	875,106
Loans and advances to credit institutions	1,513,613	224,372	135,210	182,802	6,162	1,064	-	27,550	46,269	2,137,042
Securities										
Trading	190,780	21,032	3,117	1,891	4,148	55,138	10,430	61,941	1,902,441	2,250,918
Other (net of impairment)	8,763,347	1,188,554	230,912	612,418	366,978	1,617,097	332,808	2,894,932	714,002	16,721,049
Loans and advances to customers (gross)	3,192,716	2,724,194	4,437,456	3,045,501	9,158,270	7,892,666	12,167,154	23,681,435	58,464	66,357,856
Assets with repurchase agreement	45,000	412,500	130,000	-	494,833	-	-	-	193,550	1,275,883
	16,698,562	4,570,652	4,936,696	3,842,611	10,030,392	9,565,965	12,510,391	26,665,858	2,914,726	91,735,853
Liabilities										
Resources of central banks and credit institutions	(2,015,769)	(1,159,115)	(199,863)	(206,500)	(410,534)	(1,401,942)	(505,275)	-	(79,824)	(5,978,820)
Customer resources	(8,369,666)	(6,128,998)	(4,687,411)	(9,304,679)	(18,621,379)	(7,767,827)	(2,667,200)	(13,036,383)	(68,553)	(70,652,096)
Debt securities	(8,401)	(73,858)	(95,551)	(1,211,557)	(2,362,375)	(1,618,374)	(1,426,152)	(150,772)	(43,654)	(6,990,694)
Financial liabilities at fair value through profit or loss	(1,118)	(482)	(1,647)	(2,300)	(1,901)	(1,000)	(5,893)	(1,674)	(2,105,111)	(2,121,127)
Subordinated liabilities	(8,021)	(2,824)	(384)	(384)	(1,393,707)	(910,183)	-	(100,000)	6,051	(2,409,453)
Consigned resources	-	-	-	-	-	-	(484,751)	(154,020)	(130)	(638,901)
	(10,402,975)	(7,365,278)	(4,984,855)	(10,725,421)	(22,789,897)	(11,699,325)	(5,089,271)	(13,442,848)	(2,291,221)	(88,791,092)
Difference	6,295,587	(2,794,626)	(48,160)	(6,882,810)	(12,759,505)	(2,133,360)	7,421,120	13,223,009	623,505	2,944,762

Interest rate risk

Interest rate risk derives from the possibility that the cash flows associated with a certain financial instrument, or its fair value, may change as the result of a change in market interest rates.

Short term or accounting perspective

Interest rate gap

Detailed information on financial instruments exposed to interest rate risk, based on their maturity or interest refixing date, at December 31, 2015 and 2014, is set out in the following tables:

	31-12-2015								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	2,859,273	20,317	-	-	-	-	-	-	2,879,591
Cash balances at other credit institutions	770,636	-	-	-	-	-	-	-	770,636
Loans and advances to credit institutions	2,224,270	1,096,924	256,227	93,367	272,516	7,207	31,452	38,249	4,020,211
Securities									
Trading	-	2,113	11,361	250,000	459,358	9,467	169,308	68,293	969,900
Other (net of impairment)	136,547	933,163	1,440,934	1,289,765	5,350,030	855,618	3,698,798	2,732,308	16,437,164
Loans and advances to customers (gross)	3,101,608	14,178,326	20,424,795	17,752,891	1,641,192	1,560,900	6,744,042	(2,803)	65,400,950
Assets with repurchase agreement	-	83,000	205,000	455,695	-	206,932	89,783	37,390	1,077,800
	9,092,333	16,313,843	22,338,317	19,841,718	7,723,096	2,640,124	10,733,384	2,873,438	91,556,252
Liabilities									
Resources of central banks and credit institutions	(650,787)	(456,991)	(950,522)	(331,563)	(327,819)	(2,647,503)	(22,763)	(37,239)	(5,425,187)
Financial liabilities at fair value through profit or loss	(95)	(8,418)	(1,037)	(891)	(2,125)	(10,074)	(16,031)	(1,699,926)	(1,738,597)
Customer resources	(25,746,062)	(6,710,025)	(11,155,297)	(14,534,035)	(6,805,501)	(5,996,584)	(2,155,146)	(54,811)	(73,157,461)
Debt securities	-	(79,264)	(698,832)	(159,315)	(1,671,500)	(913,640)	(3,011,334)	4,159	(6,529,726)
Subordinated liabilities	-	-	(474,661)	(558,391)	(368,976)	(905,142)	(100,000)	(22)	(2,407,191)
Consigned resources	-	-	(398,428)	-	(16,191)	(33,020)	(421,777)	(653)	(870,069)
	(26,396,945)	(7,254,698)	(13,678,776)	(15,584,195)	(9,192,112)	(10,505,962)	(5,727,052)	(1,788,491)	(90,128,231)
Derivatives									
Interest Rate Swaps (IRSs)	5,232,788	(498,000)	(1,972,141)	(1,075,139)	(271,501)	203,988	(1,523,437)	-	96,559
Interest rate futures	71,861	-	1,406,113	44,229	77,074	227,624	56,993	-	1,883,893
Forward Rate Agreements (FRAs)	-	-	-	-	-	-	10,000	-	10,000
Interest rate options	(400)	3,200	(535,573)	(13,554)	(10,486)	30,000	(2,400)	-	(529,212)
	5,304,249	(494,800)	(1,101,601)	(1,044,463)	(204,913)	461,612	(1,458,845)	-	1,461,240
Net exposure	(12,000,362)	8,564,344	7,557,940	3,213,060	(1,673,928)	(7,404,226)	3,547,487	1,084,946	2,889,261

	31-12-2014								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	2,070,061	47,938	-	-	-	-	-	-	2,118,000
Cash balances at other credit institutions	875,106	-	-	-	-	-	-	-	875,106
Loans and advances to credit institutions	1,297,847	227,025	214,333	135,210	182,802	6,162	27,393	46,269	2,137,042
Securities									
Trading	36	41,700	3,985	16,887	8,179	16,269	195,854	70,939	353,849
Other (net of impairment)	97,203	914,979	2,165,864	1,633,417	6,162,873	1,113,617	2,237,346	2,395,751	16,721,049
Loans and advances to customers (gross)	2,619,717	15,410,302	22,711,161	18,429,255	1,299,304	1,258,476	4,516,880	112,760	66,357,856
Assets with repurchase agreement	-	83,000	357,500	626,833	-	-	15,000	193,550	1,275,883
	6,959,971	16,724,944	25,452,843	20,841,603	7,653,157	2,394,525	6,992,473	2,819,269	89,838,784
Liabilities									
Resources of central banks and credit institutions	(1,056,941)	(2,387,698)	(1,782,664)	(394,342)	(244,000)	(16,778)	(14,617)	(81,781)	(5,978,820)
Financial liabilities at fair value through profit or loss	-	(1,118)	(482)	(1,647)	(2,300)	(1,901)	(33,957)	(2,079,722)	(2,121,127)
Customer resources	(22,121,080)	(6,669,960)	(11,382,256)	(15,350,290)	(8,700,607)	(4,032,773)	(2,323,703)	(71,429)	(70,652,096)
Debt securities	(22,660)	(8,401)	(704,710)	(95,000)	(1,250,447)	(2,032,959)	(2,832,862)	(43,654)	(6,990,694)
Subordinated liabilities	(8,021)	-	(473,609)	(558,835)	(368,907)	(906,132)	(100,000)	6,051	(2,409,453)
Consigned resources	-	-	(451,799)	-	(96,250)	-	(90,723)	(130)	(638,901)
	(23,208,702)	(9,067,177)	(14,795,520)	(16,400,115)	(10,662,510)	(6,990,543)	(5,395,862)	(2,270,664)	(88,791,092)
Derivatives									
Interest Rate Swaps (IRSs)	4,377,768	74,153	(1,330,427)	(1,098,001)	(1,089,742)	191,537	(1,075,941)	-	49,347
Interest rate futures	-	-	1,551,390	-	-	-	21,055	-	1,572,445
Forward Rate Agreements (FRAs)	-	-	-	-	-	-	10,000	-	10,000
Interest rate options	-	-	-	-	-	-	2,645,330	-	2,645,330
	4,377,768	74,153	220,963	(1,098,001)	(1,089,742)	191,537	1,600,444	-	4,277,122
Net exposure	(11,870,963)	7,731,920	10,878,286	3,343,487	(4,099,095)	(4,404,482)	3,197,055	548,606	5,324,814

The above tables include the amounts of outstanding capital, excluding accrued interest and value adjustments.

Their production was based on the following assumptions:

- Claims on central banks were classified in the up to 1 month column and customers' sight deposits were classified in the "<= 7 days" column;

- The difference between the nominal and market value of debt securities recognised at fair value is considered in the "indeterminate" column and includes the accrued interest component;
- Equity instruments were classified in the "indeterminate" column.

Sensitivity analysis

With the objective of improving the reliability of the estimations obtained from the interest rate gap of the sensitivity of interest margin, the following table sets out the effect on net interest income projected for CGD Group of a parallel shift of the reference interest rate curves of ±50, ±100 and ±200 bp, for 2016 and 2015:

ESTIMATED NET INTEREST INCOME

	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
2015	6,400	9,846	7,537	100,404	201,554	405,974
2016	(11,979)	(2,545)	(332)	130,238	267,553	544,257

The analysis set out in the above table, at December 31, 2015, excludes the effect on net interest income of the parallel shifts in the reference interest rates curve for the operations of the Timor and Zhuhai branches and for the operations of Banco Caixa Geral - Brasil, S.A., Banco Comercial e de Investimento, SARL, Banco Interatlântico, S.A., Banco Comercial do Atlântico, S.A., Mercantile Bank and Banco Caixa Geral Angola. At December 31, 2014, the sensitivity analysis also excluded the operations of Banco Nacional Ultramarino, Caixa Leasing e Factoring – IFIC Nostrum Mortgage 2.

In assessing the impacts, it was considered that the evolution of balance sheet assets and liabilities stocks sensitive to interest rate risk on the calculation's reference dates would be in line with the macroeconomic framework expected for 2016 and 2015, respectively, with its renewal, whenever applicable, to market conditions and the business strategy planned for the referred to years.

The information set out in the preceding tables does not take into consideration structural balance sheet changes or interest rate risk management policies which may be adopted as a consequence of an analysis of the performance of sensitivity analyses.

Long term or economic perspective

Fair value

The following tables provide information on the balance sheet and fair values of the principal financial assets and liabilities, at amortised cost, at December 31, 2015 and 2014;

	31-12-2015						
	Balances analysed					Balances not analysed	Total book value
	Book value	Fair value			Difference	Book value	
		Level 1	Level 2	Level 3			
Assets							
Cash and cash equivalents at central banks	2,879,645	-	-	2,879,645	-	-	2,879,645
Cash balances at other credit institutions	773,163	-	-	773,163	-	-	773,163
Loans and advances to credit institutions	3,545,300	-	-	3,554,028	8,728	466,215	4,011,515
Assets with repurchase agreement	418,866	-	-	436,511	17,645	-	418,866
Loans and advances to customers	62,583,352	-	-	60,200,975	(2,382,377)	3,175,681	65,759,033
	70,200,325	-	-	67,844,322	(2,356,004)	3,641,896	73,842,221
Liabilities							
Resources of central banks and other credit institutions	5,051,338	-	-	5,115,621	64,283	381,732	5,433,070
Customer resources	68,679,522	-	-	68,991,342	311,820	4,746,743	73,426,265
Debt securities	6,620,491	5,179,588	-	1,586,134	145,231	79,589	6,700,081
Subordinated liabilities	2,415,300	516,239	-	1,953,311	54,249	13,625	2,428,925
Consigned resources	869,416	-	-	866,025	(3,391)	653	870,069
	83,636,067	5,695,827	-	78,512,433	572,192	5,222,343	88,858,410

	31-12-2014						
	Balances analysed					Balances not analysed	Total book value
	Book value	Fair value			Difference	Book value	
		Level 1	Level 2	Level 3			
Assets							
Cash and cash equivalents at central banks	2,118,028	-	-	2,118,028	-	-	2,118,028
Cash balances at other credit institutions	878,298	-	-	878,298	-	-	878,298
Loans and advances to credit institutions	1,863,968	-	-	1,870,542	6,573	269,697	2,133,665
Assets with repurchase agreement	690,743	-	-	717,170	26,427	-	690,743
Loans and advances to customers	61,320,818	-	-	55,614,434	(5,706,384)	5,542,753	66,863,572
	66,871,855	-	-	61,198,472	(5,673,383)	5,812,450	72,684,305
Liabilities							
Resources of central banks and other credit institutions	5,794,865	-	-	5,850,931	56,065	206,821	6,001,687
Customer resources	66,356,098	-	-	66,964,066	607,968	4,778,078	71,134,176
Debt securities	7,004,972	5,389,050	122,714	1,692,613	199,405	169,506	7,174,478
Subordinated liabilities	2,420,551	-	-	2,517,743	97,192	7,355	2,427,905
Consigned resources	638,901	-	-	661,384	22,483	-	638,901
	82,215,387	5,389,050	122,714	77,686,738	983,114	5,161,760	87,377,147

Fair value is assessed on the following assumptions:

- The book value of balances payable on demand corresponds to their fair value;
- For listed debt issuances whose prices are considered net, the fair value corresponds to the respective market price;
- The fair value of the remaining financial instruments is assessed on the basis of discounted cash flows up to the maturity of the operation for both fixed and variable interest rate instruments. The contractual conditions of the operations as well as, for the estimated variable-rate instruments, the cash flows, incorporating the forward rates implicit in the yield curve in force on the respective reference dates are considered for the purpose in question together with the use of discount curves appropriate to the type of instrument, including:
  - → Market interest rates, incorporating average spreads on credit institutions' new investment operations and resources;
  - → Market interest rates incorporating average spreads charged on new lending operations and customer deposits on like-for-like loans and deposits.
- The "Balances not analysed" column essentially includes:
  - → Overdue credit, net of provisions;
  - → The balances of several entities not included in Caixa's centralised calculation.

Sensitivity analysis

The impact of parallel shifts of the reference interest rates yield curve for ±50, ±100 and ±200 basis points (bp), on the fair value of financial instruments sensitive to interest rate risk, excluding derivatives, at December 31, 2015 and 2014, is set out in the following tables:

	Fair Value						
	31-12-2015						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	2,324,567	2,324,567	2,324,567	2,324,548	2,324,362	2,324,177	2,323,806
Loans and advances to credit institutions	4,300,068	4,301,383	4,301,884	4,300,162	4,295,330	4,290,489	4,280,948
Securities							
Trading	909,099	908,986	908,553	906,817	900,622	894,546	882,740
Other	13,223,368	13,176,927	13,065,794	12,934,610	12,761,215	12,595,947	12,287,444
Assets with repurchase agreement	653,033	653,032	652,020	650,053	645,065	640,200	630,818
Loans and advances to customers	60,273,146	60,249,109	60,212,141	60,185,122	60,125,168	60,067,149	59,957,905
Asset	**81,683,281**	**81,614,003**	**81,464,959**	**81,301,313**	**81,051,762**	**80,812,509**	**80,363,661**
Resources of central banks	2,809,118	2,809,118	2,809,114	2,807,534	2,772,666	2,737,797	2,670,000
Resources of other credit institutions	2,801,736	2,801,736	2,801,874	2,801,336	2,797,495	2,793,685	2,786,152
Customer resources	70,666,511	70,663,016	70,609,447	70,537,368	70,183,183	69,834,681	69,154,116
Debt securities	6,798,516	6,797,072	6,787,123	6,752,723	6,671,475	6,592,300	6,439,857
Subordinated liabilities	2,568,548	2,567,150	2,562,942	2,558,556	2,544,965	2,531,690	2,506,028
Liabilities	**85,644,429**	**85,638,092**	**85,570,501**	**85,457,517**	**84,969,784**	**84,490,154**	**83,556,153**
Market value	**(3,961,148)**	**(4,024,088)**	**(4,105,542)**	**(4,156,204)**	**(3,918,022)**	**(3,677,645)**	**(3,192,493)**

	Fair Value						
	31-12-2014						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	1,414,754	1,414,754	1,414,754	1,414,750	1,414,574	1,414,399	1,414,049
Loans and advances to credit institutions	3,248,928	3,262,098	3,263,496	3,260,160	3,254,520	3,248,955	3,238,093
Securities							
Trading	284,246	284,045	283,408	279,437	274,064	268,860	258,933
Other	18,557,129	18,508,541	18,439,335	18,332,314	18,190,458	18,056,953	17,810,427
Assets with repurchase agreement	404,002	404,002	403,968	403,657	402,754	401,862	400,113
Loans and advances to customers	50,023,312	50,035,889	50,069,430	50,118,224	50,154,001	50,185,109	50,236,972
Asset	**73,932,373**	**73,909,330**	**73,874,392**	**73,808,540**	**73,690,371**	**73,576,139**	**73,358,587**
Resources of central banks	3,170,967	3,170,967	3,170,967	3,159,774	3,157,764	3,155,017	3,147,532
Resources of other credit institutions	4,278,438	4,278,438	4,278,603	4,275,766	4,269,515	4,263,312	4,251,047
Customer resources	64,468,041	64,467,974	64,467,468	64,378,365	64,105,191	63,835,706	63,307,425
Debt securities	7,390,683	7,389,120	7,384,336	7,335,976	7,249,719	7,165,599	7,003,429
Subordinated liabilities	2,615,631	2,614,739	2,610,357	2,600,261	2,581,505	2,563,246	2,528,121
Liabilities	**81,923,759**	**81,921,239**	**81,911,732**	**81,750,143**	**81,363,694**	**80,982,880**	**80,237,555**
Market value	**(7,991,387)**	**(8,011,910)**	**(8,037,340)**	**(7,941,602)**	**(7,673,323)**	**(7,406,742)**	**(6,878,968)**

At December 31, 2015, the analysis set out in the above table excludes the effect on fair value of parallel shifts of the reference interest rate curves for the operations of the Timor and Zhuhai branches and for the operations of Banco Caixa Geral – Brasil, S.A., Banco Comercial e de Investimento, SARL, Banco Interatlântico, S.A., Banco Comercial do Atlântico, S.A., Mercantile Bank and Banco Caixa Angola. At December 31, 2014, the sensitivity analysis also excluded the operations of Banco Nacional Ultramarino, Caixa Leasing e Factoring – IFIC and Nostrum Mortgage 2.

The internal interest rate risk measurement models from an economic perspective, i.e. the support methodology for performing sensitivity analyses, were fully revised and approved by the ALCO committee at the start of second half 2015, for which, in order to ensure the comparability of information, the comparative data at December 31, 2014 was re-expressed in conformity with the new methodology in force.

The form of measuring the fair value of financial instruments recognised in the financial statements at fair value, at December 31, 2015 and 2014, may be summarised as follows:

	31-12-2015			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held for trading	964,393	5,085	422	969,900
Securities at fair value through profit or loss (*)	316,060	-	500,662	816,722
Available-for-sale financial assets	9,722,252	3,812,181	1,911,300	15,445,733
Assets with repurchase agreement	326,218	215,396	120,686	662,300
Trading derivatives	1,164	(695,295)	534,788	(159,343)
Other financial liabilities at fair value through profit or loss	-	-	-	-
Hedging derivatives	-	35,657	-	35,657
	11,330,087	3,373,024	3,067,859	17,770,970

(*) The amounts presented exclude loans and other receivables

	31-12-2014			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held for trading	352,349	1,183	317	353,849
Securities at fair value through profit or loss (*)	293,749	-	528,909	822,658
Available-for-sale financial assets	9,780,015	4,481,690	1,459,623	15,721,327
Assets with repurchase agreement	258,378	203,663	128,342	590,383
Trading derivatives	1,001	(756,315)	531,752	(223,562)
Other financial liabilities at fair value through profit or loss	(496)	-	-	(496)
Hedging derivatives	-	67,308	(9,340)	57,968
	10,684,996	3,997,529	2,639,602	17,322,127

(*) The amounts presented exclude loans and other receivables

The preparation of the above table was based on the following criteria:

. **Level 1** – Market prices – this column includes financial instruments measured on the basis of prices in active markets;

. **Level 2** – Measurement techniques – observable market input – this column includes financial instruments measured on the basis of internal models using observable market input (interest rates, foreign exchange rates, ratings of external entities, other). It also includes financial instruments measured on the bid prices supplied by external counterparties;

. **Level 3** – Other measurement techniques – this column includes financial instruments measured on the basis of internal models, prices supplied by external entities including non-observable market parameters or NAV (net asset value) supplied by restructuring or closed-end fund management companies.

Movements in financial instruments, classified in the "Other measurement techniques" column, in 2015 and 2014 were as follows:

	Financial assets at fair value through profit or loss			Available-for-sale financial assets					Derivates financial instruments	Total
	Equity instruments	Debt instruments	Subtotal	Equity instruments	Debt instruments			Subtotal		
		Corporate bonds			Asset-backed securities	Collateralized Loan Obligation	Corporate bonds			
Book value (net) at 31-12-2014	522,230	6,996	529,225	1,031,575	397,588	-	158,803	1,587,965	522,412	2,639,602
Acquisitions	51,837	13	51,850	158,390	9,615	-	117,711	285,716	90,429	427,995
Amortisations	-	(49)	(49)	-	(44,583)	-	(16,202)	(60,785)	106,602	45,768
Sales	(124,427)	-	(124,427)	(74,461)	(10,747)	-	(26,252)	(111,460)	-	(235,887)
Gains / (losses) recognised as a charge to results - alienated instruments	(7,832)	(0)	(7,832)	(281)	826	-	(129)	417	-	(7,416)
Gains / (losses) recognised as a charge to results - portfolio instruments [*]	42,186	228	42,413	23,840	7,192	-	3,123	34,155	(181,394)	(104,826)
Impairment for the period	-	-	-	(69,853)	-	-	-	(69,853)	-	(69,853)
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	32,555	8,639	-	674	41,868	-	41,868
Transfers from / (to) other levels (Levels 1 and 2)	2	-	2	150	-	-	266,738	266,888	(3,261)	263,629
Exchange differences	10,408	(506)	9,902	12,955	-	-	-	12,955	-	22,858
Other	-	-	-	44,122	-	-	-	44,122	-	44,122
Book value (net) at 31-12-2015	494,403	6,681	501,084	1,158,991	368,530	-	504,466	2,031,987	534,788	3,067,859

	Financial assets at fair value through profit or loss			Available-for-sale financial assets					Derivates financial instruments	Total
	Equity instruments	Debt instruments	Subtotal	Equity instruments	Debt instruments			Subtotal		
		Corporate bonds			Asset-backed securities	Collateralized Loan Obligation	Corporate bonds			
Book value (net) at 31-12-2013	264,042	4,730	268,772	922,694	375,291	7,229	231,029	1,536,243	330,518	2,135,533
Changes in consolidation perimeter	17,327	-	17,327	(261)	-	-	(1,144)	(1,405)	-	15,922
Acquisitions	45,882	2,035	47,917	92,943	13,676	-	6,156	112,774	(1,433)	159,258
Amortisations	-	-	-	-	(43,469)	(255)	(19,188)	(62,912)	(13,819)	(76,731)
Sales	(5,747)	-	(5,747)	(4,607)	(2,958)	(8,738)	(34,777)	(51,080)	-	(56,827)
Gains / (losses) recognised as a charge to results - alienated instruments	101	-	101	2,610	151	74	(28)	2,807	-	2,909
Gains / (losses) recognised as a charge to results - portfolio instruments	13,945	231	14,176	209	8,715	-	3,488	12,413	207,146	233,735
Impairment for the year	-	-	-	(60,234)	-	-	-	(60,234)	-	(60,234)
Gains / (losses) recognised as a charge to fair value reserves	-	-	-	69,823	51,493	1,689	7,958	130,964	-	130,964
Transfers from / (to) other levels (Levels 1 and 2)	186,679	-	186,679	(3,888)	(5,311)	-	(34,691)	(43,890)	-	142,789
Exchange differences	-	-	-	13,036	-	-	-	13,036	-	13,036
Other	-	-	-	(752)	-	-	-	(752)	-	(752)
Book value (net) at 31-12-2014	522,230	6,996	529,225	1,031,575	397,588	0	158,803	1,587,965	522,412	2,639,602

At December 31, 2015 and 2014, a positive shift of 100 bp on the interest rate curve, used to discount estimated future flows on debt instruments measured by internal models, would result in a decrease of around €280 thousand and €208 thousand in fair balance sheet value and revaluation reserves and results, respectively.

Equity instruments measured by other measurement techniques (level 3) at December 31, 2015 and 2014, essentially include investment structures measured on the basis of data on the underlying net asset values provided by management entities or other information service providers.

Assets classified at level 3 also include the €22,341 thousand equity stake in Visa Europe Limited as a result of its measurement in the sphere of the transaction in progress with Visa International.

Transfers between levels 1 and 2 of the fair value ranking, in 2015 and 2014, were as follows:

	31-12-2015			
	Securities at fair value through profit or loss		Available-for-sale financial assets	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Debt instruments	-	304	69,138	32,350
Equity investments	-	-	144	-
	-	304	69,282	32,350

	31-12-2014			
	Securities at fair value through profit or loss		Available-for-sale financial assets	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Debt instruments	260	15,359	68,275	6,173
	260	15,359	68,275	6,173

The transfers between classification levels in the fair value ranking are essentially on account of the changes in the sources available for the measurement of these assets (market or external counterparties).

Derivatives

Derivatives are transacted in organised and OTC markets.

Listed derivatives operations are measured on prices taken from financial information systems (Reuters/Bloomberg).

OTC derivatives are measured by commonly accepted theoretical, reasonably complex models, depending on the characteristics of the product in question:

- Discounted cash flow projections based on an adequate yield curve;
- Measurements based on statistical models, accepted in the market, such as Black & Scholes.

The type of input necessary for the measurement also depends upon the characteristics of the operations, which generally include yield curves, volatility curves, equity prices/indices, exchange rates and dividend yields.

Yield curves are produced on deposit rates and swap prices taken from Reuters/Bloomberg. An adjustment based on interest rate futures or FRAs is applied to currencies with the largest exposures. Different yield curves are available on future cash flows, depending on the period of the operation's indexer.

Volatility curves are produced on the basis of the implicit volatilities in the prices of listed options on underlying assets. If there are no listed options for an underlying asset, historic volatility is calculated on the basis of the historical price series of its component parts.

Prices of shares/indices, exchange rates and dividend yields are supplied by Reuters/Bloomberg.

According to IFRS 13 requirements, Caixa incorporated add-ons to its measurement of the said financial instruments to reflect its own credit risk based on a market discount curve considered to reflect the associated risk profile. Simultaneously, based on its current exposure, the Group adopted a similar methodology to reflect counterparty credit risk in derivatives with positive fair value. The fair value thus obtained comprises the risk-free valuation affected by this addition.

The value of CVA (credit value adjustments), recognised In "Financial assets held-for-trading" and DVA (debit value adjustments) recognised in "Financial liabilities held-for-trading", at December 31, 2015 and 2014, totalled €156,428 thousand and €3,197 thousand, respectively and €128,234 thousand and €2,156 thousand, respectively.

Debt instruments of financial and non-financial entities

Whenever possible, securities are valued at market prices, based on an internally developed algorithm. This algorithm endeavours to obtain the most appropriate price for each security in accordance with a hierarchy of contributors defined internally by CGD. Price changes are analysed daily with the aim of ensuring the quality of the prices used.

In general the input used for internal valuations is obtained from Bloomberg and Reuters systems.

There are several securities for which market prices cannot be obtained: assets classified at levels 2 and 3. These securities are priced by the use of internal/external valuation techniques. The valuations are generally based on expected future discounted cash flows. The forecast may be the result of a reasonably complex model ranging from simple discounted cash flows resulting from forward rates (obtained from the most adequate yield curve, which, in turn, is produced on the basis of money market rates and swap prices, whose money market component is adjusted by interest rate futures or FRAs) to a CLO (collateralised loan obligations) cascade payment (projected on the basis of information disclosed in investor reports).

For discount purposes, internal measurements use a listed credit curve complying with the issuance's currency/sector/rating trinomial to consider the risk attached to each. Segmentation between levels 2 and 3 is essentially associated with the viability of the direct observation of the information input sources for measurement purposes. The measurements provided by structurers, issuing entities or counterparties (external measurements) are generally allocated to level 3.

Yield curves are produced on money market rates and swap prices. In the case of euro, GBP and USD yield curves, an adjustment is made using the market price of interest rate futures and/or FRAs.

The values of the curves of the currencies with greater exposure, at December 31, 2015 and 2014, were as follows:

	31-12-2015			31-12-2014		
	EUR	USD	GBP	EUR	USD	GBP
O/N	-0.3000	0.4500	0.4500	-0.1700	0.1800	0.4500
1 month	-0.2300	0.6300	0.5400	0.0100	0.3000	0.5700
2 months	-0.2055	0.6700	0.6300	0.0349	0.3300	0.6000
3 months	-0.1813	0.6976	0.6492	0.0599	0.3380	0.6110
6 months	-0.1043	0.7379	0.6537	0.1239	0.3209	0.6149
9 months	-0.1056	0.8090	0.6936	0.1250	0.3715	0.6350
1 year	-0.0890	0.8864	0.7472	0.1385	0.4537	0.6658
2 years	-0.0489	1.1982	0.9973	0.1769	0.9043	0.8670
3 years	0.0634	1.4205	1.3094	0.2223	1.2750	1.1536
5 years	0.3310	1.7545	1.6017	0.3554	1.7580	1.4710
7 years	0.6197	1.9970	1.8146	0.5272	2.0295	1.6725
10 years	1.0013	2.2190	2.0245	0.8129	2.2660	1.8737
15 years	1.4033	2.4520	2.1925	1.1459	2.4920	2.1026
20 years	1.5713	2.5830	2.2232	1.3199	2.6010	2.2200
25 years	1.6093	2.6390	2.2027	1.4100	2.6500	2.2565
30 years	1.6143	2.6470	2.1796	1.4649	2.6740	2.2713

Credit curve values are obtained from the Bloomberg/Thomson Reuters Eikon system and assessed on the prices of a series of securities complying with the currency/sector/rating trinomial. The values of the credit curve of the Portuguese and German governments, at December 31, 2015 and 2014, were as follows:

	31-12-2015		31-12-2014	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	0.0000	-0.6342	0.1370	-0.2880
6 months	-0.0033	-0.3915	0.2211	-0.1295
9 months	0.0072	-0.4205	0.1875	-0.1260
1 year	0.0201	-0.3763	0.3075	-0.1265
2 years	0.1218	-0.3495	0.5062	-0.1075
3 years	0.4672	-0.2763	1.0137	-0.0960
5 years	1.2839	-0.0437	1.5997	0.0090
7 years	1.9467	0.2359	2.1690	0.1835
10 years	2.5534	0.6275	2.8665	0.5385
15 years	3.1914	1.0553	3.4403	0.8875
20 years	3.4541	1.3408	3.6264	1.1440
25 years	3.6125	1.4148	3.7159	1.2475
30 years	3.7117	1.4888	3.7396	1.3510

Foreign exchange rates are assessed on the prices set by the central bank. The following table provides information on the foreign exchange rate pairings of several relevant currencies at December 31, 2015 and 2014:

	31-12-2015	31-12-2014
EUR/USD	1.0887	1.2141
EUR/GBP	0.7340	0.7789
EUR/CHF	1.0835	1.2024
EUR/AUD	1.4897	1.4829
EUR/JPY	131.0700	145.2300
EUR/BRL	4.3117	3.2207

Equity instruments held as part of a venture capital activity

Unlisted own equity instruments, held as part of a venture capital activity, are measured by the following criteria:

i) Prices of materially relevant transactions made by independent entities over the last six months;

ii) Multiples of comparable companies in terms of sector of activity, size and profitability;

iii) Discounted cash flows;

iv) Settlement price corresponding to the net amount of an associated company's assets;

v) Acquisition cost.

Market risk

Market risk is the risk of a change in the fair value or cash flows of financial instruments based on changes in market prices including foreign exchange, interest rate, price and volatility risks.

Market risk is assessed using the following methodologies:

- Value at Risk (VaR) on the following portfolios:
  - Held for trading portfolio – perimeter of positions and held for trading transactions originating in CGD Group;
  - Trading portfolio - includes securities and derivatives transactions with the objective of detecting business opportunities over the short term;
  - Own portfolio – securities acquired for investment but presently used for deleveraging purposes;
  - Investment portfolio – with the aim of setting up a value and liquidity reserve including the remaining securities in Caixa's own portfolio and associated hedges, except for equity stakes and securitised credit;
  - Treasury management – funding in the money market, derivatives associated with this activity and debt issuances exposed to market risk;
  - Branches – CGD London, CGD New York and CGD Cayman;
  - Subsidiaries – Caixa BI, BCG Spain, BCG Brasil and BNU Macau.
- Sensitivity analysis on all financial instruments sensitive to interest rate risk recognised in Caixa's separate financial statements and the following Group businesses:
  - Caixa - Banco de Investimento;
  - BCG Spain;
  - BNU Macau.
- Sensitivity analysis on all financial instruments with optionality;
- Stress tests.

VaR analysis – market risk

VaR is an estimate of the maximum unrealised loss on a specific assets portfolio over a given timeframe, considering a given confidence level, based on normal market patterns.

The calculation methodology is based on historical simulation, i.e. future events are totally explained by past events, based on the following assumptions:

- holding period: 10 days (investment and own portfolios, branches and subsidiaries) and 1 day (trading portfolio and treasury management activity);
- confidence level: 99% (investment and own portfolios, branches and subsidiaries) and 95% (trading portfolio and treasury management activity);
- price sampling period: 730 calendar days;
- decay factor = 1, i.e. past observations all carry the same weight.

The theoretical price for options is calculated by the use of adequate models with the use of implied volatility. Given the methodology used, correlations are not calculated but empirical.

The following is a breakdown of VaR, at December 31, 2015 and 2014:

Activity of Caixa Geral de Depósitos (headquarters and branches)

Held for Trading portfolio Group CGD (VaR 99%, 10 days)

	31-12-2015	Maximum	Minimum	31-12-2014
VaR by type of risk	22,804	30,467	17,354	20,478

Trading portfolio (VaR 95%, 1 day)

	31-12-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	787	1,544	731	1,473
Foreign exchange rate	72	1,647	8	144
Price	118	299	-	-
Volatility	2	8	-	-
Diversification effect	(163)	-	-	(128)
	816	1,979	779	1,489

Treasury management (VaR 95%, 1 day)

	31-12-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	449	3,327	441	2,459
Foreign exchange rate	4,973	5,725	264	1,864
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(144)	-	-	(1,611)
	5,278	5,948	755	2,712

Own portfolio (VaR 99%, 10 days)

	31-12-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	11	60	6	47
Foreign exchange rate	146	5,202	-	26
Price	2,879	2,955	1,296	1,453
Volatility	-	-	-	-
Diversification effect	(194)	-	-	(67)
	2,841	4,567	1,258	1,458

Investment portfolio (VaR 99%, 10 days)

	31-12-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	85,760	193,816	85,637	91,475
Foreign exchange rate	14	33	14	33
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(12)	-	-	2
	85,762	193,831	85,639	91,511

London branch activity (VaR 99%, 10 days)

	31-12-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	1,077	2,740	453	2,111
Foreign exchange rate	66	659	42	144
Price	1,179	1,960	644	848
Volatility	367	587	309	539
Diversification effect	(1,211)	-	-	(1,130)
	1,478	3,141	826	2,512

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	31-12-2015	Maximum	Minimum	31-12-2014
VaR by type of risk				
Interest rate	12,701	17,223	5,702	5,730
Foreign exchange rate	2,514	4,924	8	22
Price	90	241	54	95
Volatility	850	2,017	180	241
Diversification effect	(1,378)	-	-	(507)
	14,777	17,199	5,553	5,581

The diversification effect is calculated implicitly. Total VaR refers to the combined effect of interest rate, price, foreign exchange and volatility risks.

Foreign exchange risk

Breakdown of financial instruments by currency

Financial instruments were broken down into the following currencies, at December 31, 2015 and 2014:

	31-12-2015											
	Currency											
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Other	Book value of trading derivatives	Total
Assets												
Cash and cash equivalents at central banks	1,800,142	154,154	3,268	1,206	36,807	190,366	269,019	24,799	40,550	359,334		2,879,645
Cash balances at other credit institutions	540,193	96,397	63,694	6,506	22,812	26,092	381	137	960	15,991		773,163
Loans and advances to credit institutions	247,763	1,966,052	54,596	133,530	1,113,330	34,861	33,562	-	169,608	269,607		4,022,909
Financial assets at fair value though profit or loss	1,635,158	117,744	4,198	320	-	421	-	-	2,315	26,467	1,579,254	3,365,877
Available-for-sale financial assets	14,070,422	587,420	-	-	165,535	-	325,894	32,413	67,585	731,872		15,981,141
Loans and advances to customers (gross)	64,085,121	1,401,130	82,750	5,206	1,146,573	1,719,537	923,946	432,024	556,483	603,969		70,956,739
Assets with repurchase agreement	1,065,679	-	-	-	-	-	-	-	-	15,487		1,081,166
Other assets	2,186,997	429,525	(156,347)	(133,639)	880,752	280,592	11,732	63,800	13,448	(465,331)		3,111,529
Accumulated impairment (financial instruments)	(5,901,634)	(182,582)	(3,655)	(52)	(29,364)	(14)	(30,596)	(3,570)	(50,574)	(25,028)		(6,227,069)
	79,729,841	4,569,840	48,504	13,077	3,336,445	2,251,855	1,533,938	549,603	800,375	1,532,368	1,579,254	95,945,100
Liabilities												
Resources of central banks and other credit institutions	(4,630,121)	(627,875)	(1,393)	(22)	(14,343)	(19,733)	(13,496)	(7,808)	(3,960)	(114,319)		(5,433,070)
Customer resources	(60,988,655)	(3,847,746)	(60,344)	(6,947)	(3,388,451)	(1,202,686)	(1,365,936)	(380,883)	(807,650)	(1,376,967)		(73,426,265)
Debt securities	(6,602,097)	(1,378)	-	(42,254)	-	-	(18,103)	(36,249)	-	-		(6,700,081)
Financial liabilities at fair value through profit or loss											(1,738,597)	(1,738,597)
Subordinated liabilities	(2,415,361)	(7,390)	-	-	-	-	-	-	(6,174)	-		(2,428,925)
Consigned resources	(869,520)	(7)	-	-	-	-	(542)	-	-	-		(870,069)
Other	(1,344,241)	(69,651)	5,666	(3,732)	(1,048,517)	(19,183)	(33,015)	(126,249)	(24,776)	(184,689)		(2,848,387)
	(76,849,995)	(4,554,047)	(56,071)	(52,955)	(4,451,311)	(1,241,602)	(1,431,092)	(551,189)	(842,560)	(1,675,975)	(1,738,597)	(93,445,394)
Derivatives (Notional)												
Currency swaps	(103,755)	(84,399)	(48,556)	(93,844)	-	335,817	(7,249)	(570)	-	187	-	(2,369)
Interest rate swaps	(289,425)	311,950	-	40,436	-	-	-	-	-	33,598	-	96,559
Other swaps	(25,000)	27,556	-	-	-	-	-	-	-	-	-	2,556
Futures	428,080	111,078	39,853	-	-	-	-	-	-	(825,514)	-	(246,503)
Forward Rate Agreements	(10,000)	-	-	-	-	-	-	-	-	-	-	(10,000)
Options and Caps & Floors	(121,019)	(137,477)	(1,145)	(15,212)	-	-	-	-	-	(159,521)	-	(434,374)
Forward foreign exchange transactions	149,142	(751,798)	2,710	(1,925)	-	569,683	-	4,536	-	11,892	-	(15,760)
	28,023	(523,090)	(7,138)	(70,545)	-	905,500	(7,249)	3,966	-	(939,358)	-	(609,891)
Net exposure	2,907,869	(507,297)	(14,705)	(110,423)	(1,114,866)	1,915,753	95,597	2,380	(42,185)	(1,082,965)	(159,343)	1,889,815

	31-12-2014											
	Currency											
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Other	Book value of trading derivatives	Total
Assets												
Cash and cash equivalents at central banks	1,235,162	213,705	3,296	1,409	28,558	110,759	246,732	26,339	81,728	170,340	-	2,118,028
Cash balances at other credit institutions	559,966	120,226	7,003	9,896	77,461	70,886	11,860	325	3,830	16,845	-	878,298
Loans and advances to credit institutions	317,149	578,109	12,987	53,805	604,062	136,642	81,161	215	112,860	248,492	-	2,145,482
Financial assets at fair value though profit or loss	1,028,422	102,598	1,642	436	-	408	-	-	2,689	40,312	1,897,069	3,073,576
Available-for-sale financial assets	14,508,165	430,133	-	-	24,394	-	287,912	31,859	68,062	861,490	-	16,212,015
Loans and advances to customers (gross)	65,946,248	1,453,994	67,404	5,340	894,232	1,177,217	945,630	448,226	557,190	598,383	-	72,093,864
Assets with repurchase agreement	1,281,126	-	-	-	-	-	-	-	-	-	-	1,281,126
Other assets	2,628,012	21,332	770	1	644,663	3,682	17,443	91,402	13,387	21,449	-	3,442,141
Accumulated impairment (financial instruments)	(5,486,670)	(169,743)	(4,024)	(105)	(20,883)	(14)	(39,443)	(2,885)	(51,330)	(16,091)	-	(5,791,188)
	82,017,580	2,750,354	89,078	70,782	2,252,487	1,499,580	1,551,295	595,481	788,416	1,941,220	1,897,069	95,453,342
Liabilities												
Resources of central banks and other credit institutions	(5,143,836)	(741,921)	(5,709)	(34)	(21,227)	(20,305)	-	(1,658)	(18,404)	(48,593)	-	(6,001,687)
Customer resources	(60,539,332)	(3,355,145)	(44,243)	(4,632)	(2,513,889)	(860,638)	(1,421,503)	(406,300)	(744,191)	(1,244,303)	-	(71,134,176)
Debt securities	(6,979,770)	(17,852)	-	(102,209)	-	-	(22,667)	(51,979)	-	(1)	-	(7,174,478)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	(496)	(2,120,631)	(2,121,127)
Subordinated liabilities	(2,409,929)	(5,923)	-	-	-	-	(5,025)	-	(7,028)	-	-	(2,427,905)
Consigned resources	(638,901)	-	-	-	-	-	-	-	-	-	-	(638,901)
Other	(2,049,715)	(21,949)	(677)	(11)	(672,586)	(4,163)	(27,627)	(39,297)	(138)	(72,328)	-	(2,888,491)
	(77,761,483)	(4,142,790)	(50,629)	(106,886)	(3,207,702)	(885,106)	(1,476,822)	(499,234)	(769,761)	(1,365,721)	(2,120,631)	(92,386,765)
Derivatives (Notional)												
Currency swaps	(1,227,240)	789,540	(10,068)	-	-	421,792	-	1,924	-	36,423	-	12,371
Interest rate swaps	(219,761)	186,615	-	43,380	-	-	-	-	-	39,112	-	49,346
Other swaps	15,000	24,709	-	-	-	-	-	-	-	-	-	39,709
Futures	(1,696,746)	102,021	27,912	-	-	-	-	-	-	(598,761)	-	(2,165,574)
Forward Rate Agreements	10,000	-	-	-	-	-	-	-	-	-	-	10,000
Options and Caps & Floors	2,187,562	682,047	(115,607)	-	-	-	-	-	-	(144)	-	2,753,858
Forward foreign exchange transactions	63,300	(442,867)	8,919	(2,020)	-	366,408	-	(36)	-	(3,783)	-	(10,079)
	(867,885)	1,342,065	(88,844)	41,360	-	788,200	-	1,888	-	(527,153)	-	689,631
Net exposure	3,388,212	(50,371)	(50,395)	5,256	(955,215)	1,402,674	74,473	98,135	18,655	48,346	(223,562)	3,756,208

VaR analysis – foreign exchange risk

In order to guarantee the control and measurement of foreign exchange risk, Caixa calculates Value-at-Risk (VaR) and limits on its total open and currency positions.

Information on CGD Group's VaR (10 days with a 99% confidence level) by currency, with reference to December 31, 2015 and 2014, is shown in the following table:

	VaR	
	31-12-2015	31-12-2014
Hong Kong Dollar	63,848	38,018
Macau Pataca	59,529	33,012
South African Rand	7,450	11,340
US Dollar	6,425	2,697
Mozambican Meticais	17,483	33,441
Pound Sterling	249	120
Japanese Yen	190	189
Other currencies	23,628	16,631
Diversification effect	(132,978)	(101,588)
Total	45,824	33,860

With the application of the above referred to methodology the diversification effect is calculated implicitly.

41. EQUITY MANAGEMENT

Current regulatory environment

Equity management objectives, in Caixa Geral de Depósitos, are governed by the following general principles:

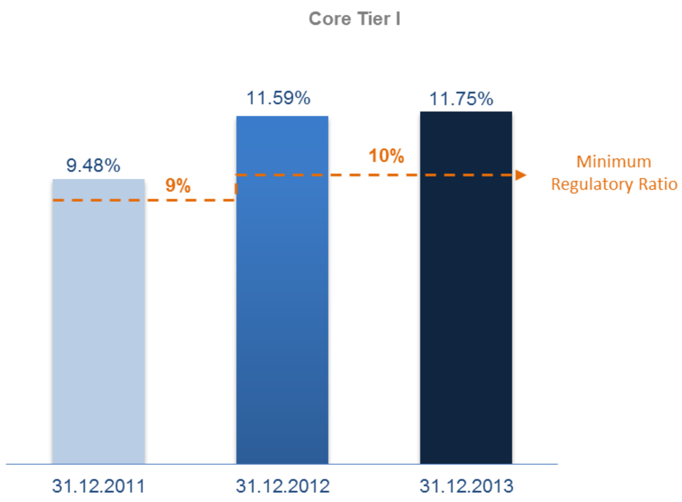
- To comply with the regulatory requirements established by the supervisors, i.e. Bank of Portugal and the National Council of Financial Supervisors;
- To generate an adequate level of return for the company, creating value for its shareholder and return on capital employed;
- To sustain the development of operations that CGD is legally authorised to perform, maintaining a solid capital structure, capable of providing for the growth of activity and adequate to its respective risk profile;
- To maintain the Institution's and Group's reputation, preserving the integrity of the operations performed during the course of activity.

To achieve the above referred to objectives, Caixa Geral de Depósitos plans its short and medium term capital requirements to fund its operations, particularly using its own and taking in other resources. This planning is based on internal estimates of the evolution of the growth of its balance sheet operations and funding by borrowings, primarily raised from subordinated debt issuances, including complementary own funds within certain limits.

The activity of credit institutions in Portugal is governed by the general credit institutions and financial companies regime approved by decree law 298/92, which plays a primary role in Portuguese prudential regulation, largely reflecting Community directives applicable to the financial system (directives 2006/48/EC, 2006/49/EC and 2010/76/EU).

The regulatory framework referred to as Basel II was in force up to December 31, 2013, with capital ratios (and their respective component parts) being stipulated in official notice 6/2010 with the changes made by official notices 7/2011, 2/2012 and 3/2013, all of which issued by the Bank of Portugal.

Caixa's ratios in the period ended 31/12/2013 were higher than the minimum requirements (core tier 1 of 9% or higher in 2011 and 10% or higher in 2012 and 2013), i.e.



To achieve the levels noted in 2012 and 2013, CGD benefited from the capital increase of €750 million made by its sole shareholder, in addition to an issuance of €900 million in hybrid instruments (CoCo bonds) eligible as core tier 1, in accordance with the Bank of Portugal's official notice 4/2012.

The Group uses the respective standard method to calculate own funds requirements for hedging its credit and market risk. It has used the standard method for operational risk since June 2009 (instead of the basic method).

Basel III

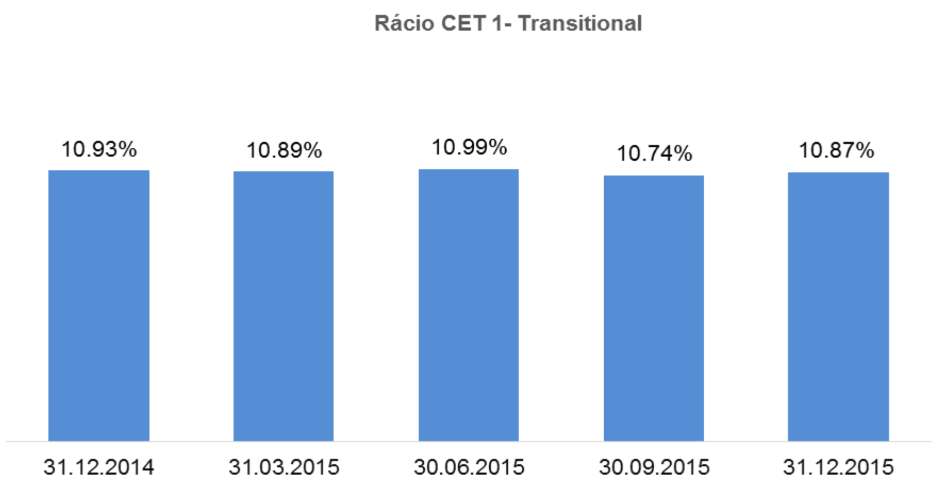
The new regulatory framework referred to as Basel III (regulation 575/2013/EU and directive 2013/36/EE, of the European Parliament and the Council, both of June 26), mandatory in all member states of the European Union, came into force in January 2014. It defined the prudential requirements applicable to credit institutions and investment companies.

The new regulatory framework provides for a collection of transitional dispositions permitting the staged application of the new requirements, with the competent authorities of member states being entitled to maintain or bring forward its respective implementation.

The Bank of Portugal, herein, issued official notice 6/2013 which regulates the transitional regime provided for in regulation 575/2013/EU, having established that the transitional implementation of the impacts of own funds components will take place up to 2017, except for the impact of deferred tax assets which are contingent upon future returns whose schedule has been extended to 2023.

Article 3 of the referred to official notice 6/2013 also ruled that the institutions should ensure the permanent existence of a level 1 (common equity tier 1 or CET1) ratio of not less than 7%.

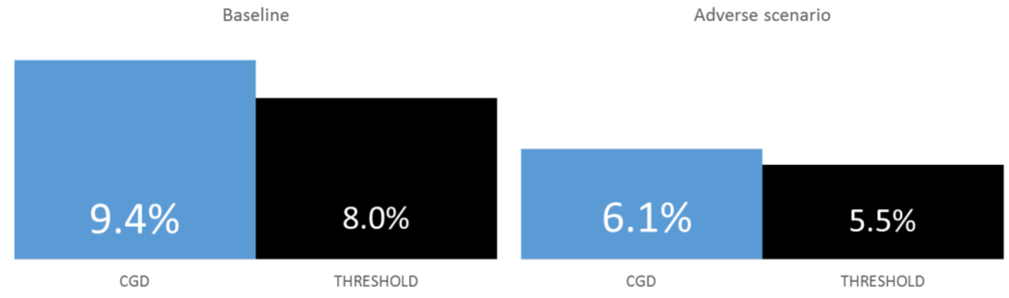
CGD's CET1 ratios, on a consolidated basis, as set out below, are higher than the minimum limit.



Prior to the transfer to the ECB of the supervision function on a collection of banking institutions considered significant, the ECB carried out a "comprehensive assessment" on 130 European banks whose results were announced on October 26, 2014. CGD successfully completed this appraisal.

The referred to appraisal, applied to the consolidated perimeter, including the asset quality review (AQR) and stress test, confirmed CGD's balance sheet's capacity to comply with highly rigorous valuation criteria, in addition to the effects of a hypothetical new sovereign debt crisis

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



Subscription to the deferred tax assets regime

On October 17, 2014, CGD's sole shareholder issued a *Unanimous Written Corporate Declaration* approving CGD's subscription for the special regime applicable to deferred tax assets resulting from the non-deduction of expenses and negative equity changes with impairment losses on credit and the post employment or long term employee benefits as set out in law 61/2014 of August 26, 2014.

With this measure CGD complied with the second premise required by article 2 of the law in question. The first premise – an expression of intent to subscribe in the form of a written communication addressed to the member of government responsible for the area of finance to be submitted to the tax and customs authority ("AT") was complied with by CGD in due course.

The regime is applicable to expenses and negative equity changes accounted for in the tax periods starting on or after January 1, 2015 as well as to the deferred tax assets recognised in the annual accounts for 2014 and the associated part of the expenses and negative equity changes.

The special regime provides for the following:

− The application of specific rules on the future deductibility of the referred to expenses and negative equity changes, with the deduction provided for in the IRC code in each year being limited to the amount of taxable profit calculated prior to the deduction of such expenses and negative equity changes permitting the deduction from taxable profit, with the same limit. Accordingly the deduction of such expenses or negative changes in equity may not result in fiscal losses, thus avoiding the recognition of deferred tax assets.

− The conversion of the referred to deferred tax assets into tax credit when the taxpayer assesses negative net income or is liquidated on the basis of an involuntary dissolution, insolvency decreed by a judicial ruling or, when applicable, the revocation of the respective authorisation by a competent supervisory body in which case the associated expenses and equity changes also cease to be included in the taxpayer's fiscal income. On the other hand, the amount of the tax credit may be used to offset several tax debts of the taxpayer who shall be reimbursed for the unused part.

The special regime sets out the measures which grant the referred to assets the characteristics of non-deductibility from the principal level 1 own funds of paragraph 2 of article 39 of the European Parliament and the Council regulation 575/2013/EU of June 26, 2013 in respect of the new prudential legislation, which came into force on January 1, 2014.

The practical effect of subscribing for the regime consists of the non-deduction of the part of the deferred tax assets resulting from temporary differences from principal level 1 own funds. The weighting of the part which has not been written-off from such deferred assets also declines from 250% to 100%, for the purposes of calculating risk-weightings.

Requirement to set up a capital conservation buffer

In September 2015, the Bank of Portugal, in its official notice 1/2015, required credit institutions headquartered in Portugal to set up an own funds conservation buffer of 2.5% under the terms of article 138-D of the general credit institutions and financial companies regime.

With the coming into effect of this capital conservation buffer, the minimum regulatory ratios are now:

. Common equity tier 1 = 7.0%

. Tier 1 = 8.50%

. Total ratio = 10.5%

Requirement to set up a capital buffer for "Other systemically important institutions"

The Bank of Portugal, in article 138-Q of the general credit institutions and financial companies regime and in accordance with the guidelines of the European Banking Authority (EBA) for the identification of "Other systemically important institutions – OSIIs) identified CGD as an O-SII having informed the European Banking Authority and the European Central Bank thereof.

The practical consequence of this decision for CGD consists of the obligation to set up an O-SII buffer totally covered by CET1, on a consolidated basis. The amount of this capital buffer was set by the Bank of Portugal at 1%, equivalent to 50% of the maximum limit (to be applied starting January 1, 2017 and announced on December 29, 2015).

The Bank of Portugal, taking the guidelines of the European Banking Association into consideration published the following information on the process for the identification of other systemically important institutions (O-SIIs) and the calibration of the O-SII buffer at: http://www.bportugal.pt/pt-PT/Estabilidade Financeira/MedidasMacroprudenciais.

With the O-SII buffer having been set at 1% and there being no other regulatory amendments in 2017, the minimum regulatory CET1 ratio to be presented by CGD will be 8% (4.5% CET1 regulatory minimum and +2.5% conservation buffer + 1% O-SII).

Requirement to set up a countercycle buffer

The Bank of Portugal in the performance of its competence as the national macroprudential entity, may request credit institutions to set up an additional own funds reserve with the objective of protecting the banking sector in the periods in which cyclical systemic risk increases owing to excessive credit growth.

The countercycle buffer (measured as a percentage of the Institution's total amount of risk positions) will be set at between 0% and 2.5%, except for when exceptional circumstances justify the definition of a higher percentage.

The buffer's percentage for each institution, i.e. the "percentage of the institution's specific counter cycle buffer" is a weighted average of the countercycle buffer's percentages applicable in the countries in which the said institution's credit risk positions are located.

For the first and second quarters of 2016 the Bank of Portugal set the countercycle buffer at 0% of the total amount of risk positions.

Requirement to set up other capital buffers

The ECB, in the sphere of its attributes under regulation 1024/2013/EU of 15 October, undertakes revisions and assessments of institutions, including stress tests and on the basis of this revision process, may force credit institutions to comply with specific additional own funds requirements in addition to specific information disclosure requirements.

The current regulatory framework entitles supervisors to request the setting up and maintenance of other capital buffers, both to provide for an institution's specific risks (up to +2%) and to meet the Pillar 2 requirements (up to +2%).

CGD has an internal process enabling it to assess the adequacy of capital to its risk profile. In light of the general principles guiding the activity of CGD Group, the Group's dimension, the complexity of its activity and listed requirements, the Institution aims to strengthen its common equity tier 1 ratio to a level of more than 12% over the short and medium term.

It should be pointed out that an eventual default in respect of any of the buffers previously identified (O-SII, countercyclic buffer and specific buffer) does not call into question the continuity of an institution's activity. It does, however, imply restrictions on the payment of dividends and repurchase of own shares, in addition to a requirement for the said institutions to submit a properly scheduled own funds conservation plan to the Bank of Portugal with the objective of fully complying with the combined own funds requirement. The Bank of Portugal is responsible for defining the timeline for the production of the plan.

Caixa complied with the minimum capital ratios applicable to its activity, at December 31, 2015. They include a CET 1 of 7% and the other capital buffers required by the European Central Bank, in the sphere of the current legal framework and to provide for the Institution's specific risks and Pillar 2 requirements,

EBA's transparency exercise in 2015

The EBA's Council of Supervisors decided to carry out a transparency exercise, in 2015, for the supply of detailed information on European banks' balance sheets, to ensure a sufficient and appropriate level of information for market players.

The sample for the year comprised 105 banks, with the following information in respect of December 31, 2014 and June 30, 2015 being supplied for each of them: capital, risk exposure, financial statements, market risk, credit risk, sovereign exposure, credit quality, leverage ratio and mortgage loan collateral.

The data collection was based on the information regularly sent to the EBA via the supervisory reporting system (FINREP and COREP) and additional information on exposure to sovereign debt and leverage ratios.

CGD disclosed the information on the transparency exercise on November 25, 2015 on its website: https://www.cgd.pt/Investor-Relations/Informacao-aos-Investidores/Divulgacao-Informacao/Informacao-Privilegiada.

2015 was marked by an intense regulatory schedule imposed by the supervisory authorities with their issuance of a broad range of official notices and other normative instruments related with prudential-type matters.

From a capital viewpoint, Basel III redefines the concept of available capital in financial institutions (including new deductions and increasing eligible equity instrument requirements), increases the minimum capital requirement, requires institutions to permanently operate with capital buffers and adds new demands to the considered risks.

With Basel III already implemented, the Basel Committee also foresees amendments to capital regulations on the banking sector, on certain matters, such as:

- Standard credit risk method: open to public consultation up to March 2016.
- Standard market risk method: a fundamental revision of the negotiation.
- Standard operational risk method: public consultation at the start of 2016.

- IRB models: reduction of eligible models project options, particularly in several portfolios.
- Internal operational risk models: the consultation will be made with a view to their elimination.
- Securitisation: the processing of securitisations fitting the definition of "simple, transparent and comparable" will be modified.
- Minimum requirements (levels): substitution on a single level, to different levels by type of risk, defined on the basis of the new, standardised, revised methods.
- Structural interest rate risk: the Commission stated its intention to establish a structural interest rate risk capital requirement for banks' balance sheets.
- The calibration of the leverage ratio: the minimum reference value of 3% was set and will be revised in 2017. Calibration is scheduled for completion in 2016 and implementation in 2018.

Capital ratios

The following table provides a summary of Caixa Geral de Depósitos's regulatory capital at December 31, 2015, for its consolidated activity.

CONSOLIDATED	Transitional	Full
Paid in capital	5,900,000	5,900,000
Retained earnings	(812,075)	(812,075)
Net income	(184,876)	(184,876)
Revaluation reserves	**160,340**	**392,887**
unrealised gains on available for sale items - others	111,951	279,877
unrealised gains on available for sale items of Central Governments	-	52,925
unrealised losses on available for sale items - others	(10,956)	(27,391)
unrealised losses on available for sale items of Central Governments	-	(43,839)
unrealised gains and losses from a foreign currency hedge of a net investment in a foreign operation	11,367	11,367
property revaluation reserve and unrealised gains in investment properties	47,979	119,947
Non-controlling interests (minority interests to prudential purpose) total recognition in CET 1 capital	552,221	227,735
	5,615,610	**5,523,671**
State Aid Instruments considered eligible for CET 1	900,000	900,000
Total CET 1 capital prior to regulatory adjustments	**6,515,610**	**6,423,671**
Goodwill, net of related DTLs	(16,797)	(41,993)
Intangibles other than goodwill, net of related DTLs	(37,215)	(93,038)
DTAs (excluding temporary differences only), net of related DTLs	(42,660)	(241,565)
Total CET 1 capital after the regulatory adjustments above	**6,418,937**	**6,047,074**
Investments in the capital of financial entities not owned more than 10% (amount above the 10% threshold)	-	-
DTAs arising from temporary differences (amount above 10% threshold)	-	-
Total CET 1 capital after the regulatory adjustments above	**6,418,937**	**6,047,074**
Regulatory adjustments to be applied to CET 1 (arising from insufficient AT 1)	(13,890)	-
Total CET 1 capital after the regulatory adjustments above	**6,405,047**	**6,047,074**
Amount exceeding the 15% threshold	-	-
National filters and deductions that affect CET1	146,062	
CET 1 capital	**6,551,110**	**6,047,074**
AT 1	67,129	-
AT 1 - subsidiaries	-	-
Regulatory adjustments	(67,129)	-
Tier 1 capital	**6,551,110**	**6,047,074**
Tier 2 capital instruments	884,023	100,000
Tier 2 capital instruments - subsidiaries	8,823	22,057
Regulatory adjustments	(34,056)	-
Total capital	**7,409,899**	**6,169,131**
Total RWA	**60,282,359**	**60,316,415**
Credit	53,718,633	53,718,633
Market	2,839,418	2,839,418
Operational	2,936,527	2,936,527
CVA	136,889	136,889
Others	650,893	684,949
CET1 ratio	**10.87%**	**10.03%**
T1 ratio	**10.87%**	**10.03%**
Total ratio	**12.29%**	**10.23%**

Differences between the consolidation method for accounting purposes and the consolidation method for the purposes of calculating regulatory capital.

The prudential consolidation perimeter differs from CGD Group's accounting perimeter on account of the treatment afforded to entities whose economic activity is different from the activity characterising credit institutions and financial corporations as set out in the "general credit institutions and financial companies regime”. Subsidiaries with an activity in economic sectors which are not subject to prudential supervision (e.g. commerce, industry, agriculture and insurance) are recognised in the prudential consolidation perimeter by the equity accounting method.

There are several collective investment entities within the Group, as well as special purpose vehicles which were not included in the banking supervision perimeter as they are not classifiable as financial companies as determined in the “general credit institutions and financial companies regime”. The Nostrum Mortgage 2003 and Nostrum Mortgage 2, funds were included in the prudential perimeter at the decision of the supervisory body.

CGD Group’s accounting and prudential consolidation perimeter, at December 31, 2015, comprised the following entities:

	Consolidation Method		Percentage	Country	Activities
	Financial Perimeter	Prudential Perimeter			
Branches					
Cayman Islands Branch	Full	Full	100.00%	Cayman Islands	Financial institutions
Macau Off-Shore Branch	Full	Full	100.00%	China (Macau)	Financial institutions
Luxembourg Branch	Full	Full	100.00%	Luxembourg	Financial institutions
New York Branch	Full	Full	100.00%	USA	Financial institutions
France Branch	Full	Full	100.00%	France	Financial institutions
London Branch	Full	Full	100.00%	United Kingdom	Financial institutions
East Timor Branch	Full	Full	100.00%	Timor	Financial institutions
Zhuhai Branch	Full	Full	100.00%	China	Financial institutions
Spain Branch	Full	Full	100.00%	Spain	Financial institutions
Subsidiaries					
Banco Caixa Geral Brasil, S.A.	Full	Full	100.00%	Brazil	Financial institutions
Banco Caixa Geral, S.A.	Full	Full	99.79%	Spain	Financial institutions
Caixa - Banco de Investimento, S.A.	Full	Full	99.72%	Portugal	Financial institutions
Banco Comercial e de Investimentos, S.A..	Full	Full	51.26%	Mozambique	Financial institutions
Banco Interatlântico, S.A.	Full	Full	70.00%	Cape Verde	Financial institutions
Banco Comercial do Atlântico, S..A.	Full	Full	57.91%	Cape Verde	Financial institutions
Banco Nacional Ultramarino, S.A.	Full	Full	100.00%	China (Macau)	Financial institutions
Caixa - Participações, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
Parbanca, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
Caixa Seguros e Saúde, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
Caixa - Gestão de Activos, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
Wolfpart, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
Parcaixa, SGPS, S.A.	Full	Full	51.00%	Portugal	Financial (holding)
Partang, SGPS, S.A. .	Full	Full	100.00%	Portugal	Financial (holding)
CGD Finance	Full	Full	100.00%	Cayman Islands	Financial institutions
Caixa Geral Finance	Full	Full	0.00089%	Cayman Islands	Financial institutions
CGD - North America Finance	Full	Full	100.00%	USA	Financial institutions
CGD INVESTIMENTOS CVC	Full	Full	99.86%	Brazil	Financial institutions
A Promotora, S.A.	Full	Full	45.30%	Cape Verde	Venture Capital
Esegur - Empresa de Segurança, S.A.	Equity	Equity	50.00%	Portugal	Ancillary Services
Fundger - Soc. Gestora de Fundos de Investimento Imobiliário, S.A.	Full	Full	100.00%	Portugal	Asset Management
Caixagest - Técnicas de Gestão de Fundos, S.A.	Full	Full	100.00%	Portugal	Asset Management
CGD Pensões - Soc. Gestora de Fundos de Pensões, S..A.	Full	Full	100.00%	Portugal	Asset Management
Locarent - Comp. Portuguesa de Aluguer de Viaturas, S.A.	Equity	Equity	50.00%	Portugal	Financial institutions
Caixa Leasing e Factoring, IFIC, S.A.	Full	Full	51.00%	Portugal	Financial institutions
Promoleasing, S.A.	Full	Full	28.37%	Cape Verde	Financial institutions
Imobci, Lda.	Full	Full	45.13%	Mozambique	Real Estate Management
Imocaixa - Gestão Imobiliária, S.A.	Full	Full	100.00%	Portugal	Real Estate Management
Caixanet - Telemática e Comunicações, S.A.	Full	Full	80.00%	Portugal	Ancillary Services
Caixatec, Tecnologias de Comunicação, S.A.	Full	Full	100.00%	Portugal	Ancillary Services
Sogrupo - Compras e Serviços Partilhados, S.A.	Full	Full	90.00%	Portugal	Ancillary Services
Sogrupo - Serviços de Informação, ACE	Full	Full	80.00%	Portugal	Ancillary Services
Sogrupo - Gestão de Imóveis, ACE	Full	Full	33.30%	Portugal	Ancillary Services
GIE - Groupment d'Interet Economique	Full	Full	100.00%	France	Ancillary Services
Mercantile Lisbon Bank Holdings, Ltd.	Full	Full	100.00%	South Africa	Financial institutions
Banco Caixa Geral Angola	Full	Full	51.00%	Angola	Financial institutions
SCI - Rue du Helder	Full	Full	100.00%	France	Real Estate Management
Inmobiliaria Caixa Geral, S.L.	Full	Full	100.00%	Spain	Real Estate Management
Caixa - Imobiliário, S.A.	Full	Full	100.00%	Portugal	Real Estate Management
CIBERGRADUAL, Invest. Imobiliário, SA	Full	Full	100.00%	Portugal	Real Estate Management
Special Purpose Entities					
Fundo Nostrum Mortgage 2003-1	Full	Full	100.00%	Portugal	Securitisation Fund
NOSTRUM MORTGAGES 2	Full	Full	100.00%	Portugal	Securitisation Fund
FCR - Grupo CGD - Caixa Capital	Full	-	100.00%	Portugal	Venture Capital Fund
FCR - Empreender+	Full	-	100.00%	Portugal	Venture Capital Fund
FCR - Caixa Fundos	Full	-	100.00%	Portugal	Venture Capital Fund
FCR - Caixa Crescimento	Full	-	100.00%	Portugal	Venture Capital Fund
FCR - Cx Tech Trsf Accelerator Ventures	Full	-	100.00%	Portugal	Venture Capital Fund
Caixa Arrendamento - Fundo Fechado (FIIAH)	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
Fundo Especial de Investimento Aberto Estratégias Alternativas	Full	-	72.58%	Portugal	Investment Fund (open-end)
Caixa Imobiliário - Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
Caixagest Private Equity (FEI)	Full	-	44.57%	Portugal	Investment Fund (open-end)
Caixagest Imobiliário Internacional (FEI)	Full	-	44.57%	Portugal	Investment Fund (open-end)
Caixagest Infra-Estruturas (FEI)	Full	-	25.62%	Portugal	Investment Fund (open-end)
Beirafundo - Fundo de Investimento Imobiliário Fechado	Full	-	95.88%	Portugal	Real Estate Investment Fund (closed-end)
Cidades de Portugal FIIAH	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
Caixa Reabilita FEII	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
Fundolis - Fundo de Investimento Imobiliário Fechado	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
FUNDIMO	Full	-	56.06%	Portugal	Real Estate Investment Fund (open-end)
Fundo Obrigacoes Rendimento Nacional FEI	Full	-	25.39%	Portugal	Investment Fund (open-end)
FUNDIESTAMO	Full	-	77.92%	Portugal	Real Estate Investment Fund (closed-end)
IBERIA - FEIIF	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
Associated					
GCI - Sociedade Gestora de Fundos, S.A.R.L.	Equity	Equity	34.61%	Mozambique	Venture Capital
SIBS - Sociedade Interbancária de Serviços, S.A.	Equity	Equity	21.60%	Portugal	Financial institutions
Companhia do Papel do Prado, S.A.	Equity	Equity	38.15%	Portugal	Industry
Prado - Cartolinas da Lousã, S.A.	Equity	Equity	38.15%	Portugal	Industry
Yunit Serviços, S.A.	Equity	Equity	33.33%	Portugal	Telecommunication services
Turismo Fundos, SGFII, S.A.	Equity	Equity	33.47%	Portugal	Asset management
Vale do Lobo - Resort Turístico Luxo S.A.	Equity	Equity	24.00%	Portugal	Real Estate Management
Bem Comum, Sociedade Capital Risco	Equity	Equity	32.00%	Portugal	Venture Capital
Xsource, ACE	Equity	Equity	25.60%	Portugal	Other
Banco Internacional de S.Tomé e Príncipe	Equity	Equity	27.00%	São Tomé Príncipe	Financial institutions

Reconciliation between the consolidation perimeter balance sheet for accounting purposes and the prudential consolidation perimeter balance sheet.

	Publication Perimeter	Differences between perimeters	Reclassification	Prudencial perimeter	Identifier*
Assets					
Cash and cash equivalents with central banks	2,879,645	-	-	2,879,645	--
Availabilities on Other InstitutionsCredit	773,163	(22)	-	773,141	--
Applications in credit institutions	4,011,515	(1,550)	-	4,009,965	--
Other financial assets at fair value through results	3,365,877	(237,628)	-	3,128,249	--
Financial assets available for sale	15,620,442	953,381	-	16,573,822	--
Derivatives hedging with positive revaluation	46,468	-	-	46,468	--
Assets with repurchase agreement	1,081,166	-	-	1,081,166	--
Loans to customers	65,759,033	113,213	-	65,872,245	--
Non-current assets held for sale	830,402	-	-	830,402	--
Investment properties	1,125,044	(1,015,833)	-	109,212	--
Other tangible assets	619,370	(31,995)	-	587,375	--
Intangible assets	135,032	-	-	135,032	10
Investments in associated companies	277,496	(100)	-	277,395	--
Current tax assets	37,126	-	-	37,126	--
Deferred tax assets arising from temporary differences	1,232,298	(14,384)	-	1,217,914	--
Deferred tax assets arising from tax losses	241,620	-	-	241,620	9
Others assets	2,865,772	(96,280)	-	2,769,492	--
Total Assets	**100,901,467**	**(331,199)**	**-**	**100,570,268**	
Liabilities					
Central bank´s and credit institution's resources	5,433,070	-	-	5,433,070	--
Customer resources	73,426,265	190,841	-	73,617,105	--
Liabilities represented by debt security	6,700,081	-	-	6,700,081	--
Financial liabilities held for trading	1,738,597	-	-	1,738,597	--
Derivatives coverage with negative revaluation	10,812	-	-	10,812	--
Non-current liabilities held for sale	-	-	-	-	--
Provisions for employee benefits	642,958	-	-	642,958	--
Provisions for other risks	349,506	(1,623)	-	347,883	--
Current tax liabilities	15,864	33,439	-	49,302	--
Deferred tax liabilities	253,224	(55,987)	-	197,237	--
Subordinated liabilities	1,528,925	99,726	-	1,628,651	8
Subordinated liabilities (CoCos)	900,000	-	-	900,000	7
Other liabilities	3,718,457	(564,799)	-	3,153,658	--
Total Liabilities	**94,717,758**	**(298,403)**	**-**	**94,419,355**	
Equity					
Capital	5,900,000	-	-	5,900,000	1
Reserves Revaluation (fair value)	258,816	14,124	119,947	392,887	2
Other reserves and retained earnings	(690,702)	(1,426)	(119,947)	(812,075)	3
Net income for the year	(171,453)	(13,423)	-	(184,876)	4
Anticipated dividends	-	-	-	-	--
Minority interest (common shares)	791,289	(32,071)	-	759,219	5
Minority interests (preferred shares)	95,759	-	-	95,759	6
Total Equity	**6,183,710**	**(32,796)**	**-**	**6,150,914**	
Total Equity and Total Liabilities	**100,901,467**	**(331,199)**	**-**	**100,570,268**	

Identifier*: link between elements on Prudential Balance Sheet and regulatory Own Funds

	Identifier*	Prudential Balance Sheet	Transitional
Paid in capital	1	5,900,000	5,900,000
Retained earnings	3	(812,075)	(812,075)
Net income	4	(184,876)	(184,876)
Revaluation reserves	2	392,887	160,340
Non-controlling interests (minority interests to prudential purpose) total recognition in CET 1 capital	5	759,219	552,221
State Aid Instruments considered eligible for CET 1	7	900,000	900,000
Total CET 1 capital prior to regulatory adjustments			**6,515,610**
Intangibles (Includes goodwill), net of related DTLs	10	135,032	(54,013)
DTAs (excluding temporary differences only), net of related DTLs	9	241,620	(42,660)
Total CET 1 capital after the regulatory adjustments above			**6,418,937**
Investments in the capital of financial entities not owned more than 10% (amount above the 10% threshold)	--		-
DTAs arising from temporary differences (amount above 10% threshold)	--		-
Total CET 1 capital after the regulatory adjustments above			**6,418,937**
Regulatory adjustments to be applied to CET 1 (arising from insufficient AT 1)	--		(13,890)
Total CET 1 capital after the regulatory adjustments above			**6,405,047**
Amount exceeding the 15% threshold	--		-
National filters and deductions that affect CET1	--		146,062
Common Equity Tier 1 (CET 1)			**6,551,110**
Additional Tier 1	6	95,759	67,129
Regulatory adjustments	--		(67,129)
Tier 1 capital			**6,551,110**
Tier 2 capital instruments	8	1,628,651	892,846
Regulatory adjustments	--		(34,056)
Total capital			**7,409,899**
Total RWA			**60,282,359**
Credit			53,718,633
Market			2,839,418
Operational			2,936,527
CVA			136,889
Others			650,893
CET1 ratio			**10.87%**
Tier 1 ratio			**10.87%**
Total ratio			**12.29%**

Identifier*: link between elements on Prudential Balance Sheet and regulatory Own Funds

42. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal. In the event of discrepancies, the Portuguese version language version prevails.

2.2. Information on Asset Encumbrances

Bank of Portugal Instruction 28/2014 of 15 January 2015

Consolidated Operations (EUR)

MODEL A – ASSETS

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
		010	040	060	090
010	**Assets of the reporting institution**	17,575,081,505		82,995,186,668	
030	Equity instruments	0	0	3,012,032,278	3,012,032,278
040	Debt securities	4,469,674,097	4,469,674,097	16,488,366,665	16,488,366,665
120	Other assets	13,105,407,408		63,494,787,725	

MODEL B – COLLATERAL RECEIVED

		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
130	**Collateral received by the reporting institution**	0	0
150	Equity instruments	0	0
160	Debt securities	0	0
230	Other collateral received	0	0
240	**Own debt securities issued other than own covered bonds or ABSs**	0	0

MODEL C – ENCUMBERED ASSETS, COLLATERAL RECEIVED AND ASSOCIATED LIABILITIES

		Associated liabilities, contingent liabilities or securities lent	Assets, collateral received and own securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	11,347,343,041	16,693,185,136

2.3. Information by Country

DISCLOSURE OF FINANCIAL INFORMATION UNDER DECREE LAW N.157/2014

Name, nature of activities and geographic location

Consult Note 3 - *Group companies and transactions in period*, from chapter 2.1. - *Notes to the Consolidated Financial Statements*.

Business volume (*)

(EUR thousand)

	2014-12	2015-12
Domestic activity	**991,233**	**1,218,378**
International activity	**747,184**	**823,634**
Europe	**246,026**	**262,235**
Spain	109,778	111,497
France	111,102	127,471
United Kingdom	23,233	21,318
Luxembourg	1,913	1,950
America	**43,468**	**34,904**
North America	10,419	9,853
Brazil	33,048	25,051
Africa	**362,585**	**404,619**
South Africa	36,512	43,201
Angola	132,627	138,274
Mozambique	165,573	193,978
Cape Verde	27,874	29,166
Asia	**95,106**	**121,875**
China	87,475	114,611
Timor	7,630	7,264
Total	**1,738,417**	**2,042,012**

(*) refers to total operating income.

Note: Values refer to each geographic area contribution to consolidated total operating income.

Number of employees

	2014-12	2015-12
Europe	**11,162**	**10,708**
Portugal	10,010	9,546
Spain	541	537
France	533	548
United Kingdom	32	33
Luxembourg	33	30
Switzerland	5	6
Belgium	3	3
Germany	5	5
Africa	**4,007**	**4,624**
Angola	522	552
Mozambique	2,458	3,015
Cape Verde	583	581
South Africa	443	475
Algeria	1	1
America	**139**	**114**
Brazil	115	88
USA	13	14
Cayman	2	3
Canada	2	2
Mexico	2	2
Venezuela	5	5
Asia	**588**	**612**
China	475	484
Timor	110	125
India	3	3
Total	**15,896**	**16,058**

Income tax

(EUR thousand)

	2014-12	2015-12
Domestic activity	**39,189**	**18,697**
International activity	**-9,409**	**41,512**
Europe	**-46,709**	**18,147**
Spain	-36,322	-562
France	-14,167	16,279
United Kingdom	4,439	3,025
Luxembourg	-659	-595
America	**1,219**	**-11,613**
North America	-2,063	-4,924
Brazil	3,282	-6,689
Africa	**29,532**	**24,869**
South Africa	3,680	4,122
Angola	13,811	3,302
Mozambique	11,299	16,436
Cape Verde	742	1,009
Asia	**6,548**	**10,109**
China	5,298	9,367
Timor	1,250	742
Total	**29,780**	**60,209**

Note: Values refer to each geographic area contribution.

Income before tax

(EUR thousand)

	2014-12	2015-12
Domestic activity	**-306,040**	**-292,153**
International activity	**-12,224**	**180,909**
Europe	**-131,223**	**63,084**
Spain	-90,097	-5,612
France	-54,948	59,810
United Kingdom	16,231	11,061
Luxembourg	-2,408	-2,176
America	**-7,943**	**-34,984**
North America	-7,882	-18,004
Brazil	-61	-16,980
Africa	**74,348**	**80,955**
South Africa	12,593	14,437
Angola	31,964	28,146
Mozambique	26,729	34,779
Cape Verde	2,727	3,278
São Tomé e Príncipe	334	316
Asia	**52,594**	**71,854**
China	48,024	69,141
Timor	4,570	2,714
Total	**-318,264**	**-111,244**

Note: Values refer to each geographic area contribution, and include non-controlling interests.

2.4. EBA Reports

ADOPTION OF FINANCIAL STABILITY FORUM (FSF) AND COMMITTEE OF EUROPEAN BANKING AUTHORITY (EBA) RECOMMENDATIONS ON TRANSPARENCY OF INFORMATION AND ASSETS MEASUREMENT

Bank of Portugal Circular Letter 97/2008/DSB, of 03 December

I.	Business Model	
1.	Description of business model (i.e. reasons for the development of activities/businesses and their respective contribution to the value creation process) and, if applicable, the changes made (e.g. as a result of the period of turmoil);	See Board of Directors' Report - Chapters: • Message from the Chairman and CEO of Board of Directors; • Business Strategy and Operating Segments. See Report on Corporate Governance.
2.	Description of strategies and objectives (including strategies and objectives specifically related with securitisation operations and structured products);	See I.1 above. See Notes to the Consolidated Financial Statements: Notes 11 and 21 on securities issued under securitisation operations and structured products.
3.	Description of the importance of the activities performed and their respective contribution to the business (including a quantitative approach);	The Board of Directors' Report contains a detailed description of CGD Group's activity, its objectives and results, contribution to business, consequences of the turmoil in the Financial Statements, both in quantitative and qualitative terms. Particular note should be taken of the Chapters referred to in item I.1 above and the Chapter on Results, Balance Sheet, Liquidity and Solvency. See Notes 26 and 37 of the Notes to the Consolidated Financial Statements.
4.	Description of the type of activities performed, including a description of the instruments used, their operation and qualification criteria with which the products / investments must comply;	See items I.1 to I.3 above. See Board of Directors' Report – Chapter on Risk Management. See Note 2 of the Notes to the Consolidated Financial Statements.
5.	Description of the objective and amplitude of the institution's involvement (i.e. commitments and obligations assumed) for each activity performed;	See items I.1 to I.3 above.

II.	**Risks and Risk Management**	
6.	Description of the nature and amplitude of the risks incurred on activities performed and instruments used;	See Board of Directors' Report: • Chapter on Risk Management. See Notes to the Consolidated Financial Statements: • Note 39: containing a detailed description of the financial risk management policies inherent to the group's activity, the monitoring thereof, maximum exposure to credit risk, credit quality, liquidity risk, interest rate risk, foreign exchange risk, market risk and VaR analyses and sensitivity to interest rate.
7.	Description of risk management practices relevant to the activities (particularly including liquidity risk in the present context), description of any fragilities / weaknesses identified and the corrective measures taken;	See II.6 above.
III.	**Impact of period of financial turmoil on results**	
8.	A qualitative and quantitative description of the results, particularly losses (when applicable) and impact of write-downs on results;	See Board of Directors' Report – Chapter: • Results, Balance Sheet, Liquidity and Solvency. See Notes 6, 8, 18 and 36 of Notes to the Consolidated Financial Statements.
9.	Breakdown of write-downs/losses by types of products and instruments affected by the period of turmoil, namely: commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised debt obligations (CDO), assetbacked securities (ABS);	See Board of Directors' Report – Chapter: • Results, Balance Sheet, Liquidity and Solvency. See Note 39 of Notes to the Consolidated Financial Statements.
10.	Description of the reasons and factors responsible for the impact;	See Board of Directors' Report – Reference is made, in the various chapters, to the consequences of the turmoil in financial markets on the banking system and on CGD, in particular, namely in the following chapters: • Message from the Chairman and CEO of Board of Directors • Economic-Financial Environment • Results, Balance Sheet, Liquidity and Solvency See items III. 8 and III.9 above:

III.	Impact of period of financial turmoil on results	
11.	Comparison of: i) impacts between (relevant) periods; ii) Financial statements before and after the impact of the period of turmoil;	See items III.8 to III.10 above.
12.	Breakdown of “write-downs” between realised and unrealised amounts;	See items III.8 to III.10 above, particularly Note 39 of the Notes to the Consolidated Financial Statements.
13.	Description of the influence of the financial turmoil on the entity’s share prices;	N.A.
14.	Disclosure of maximum loss risk and description of how the institution’s situation could be affected by the prolongation or worsening of the period of turmoil or market recovery;	See Board of Directors’ Report, particularly the Chapter on Main Risks and Uncertainties in 2016.
15.	Disclosure of impact of the evolution of the spreads associated with the institution’s own liabilities on results in addition to the methods used to determine this impact;	See Board of Directors’ Report – Chapter: • Results, Balance Sheet, Liquidity and Solvency. Liabilities issued by CGD Group are recognised at amortised cost.
IV.	Levels and types of exposures affected by the period of turmoil	
16.	Nominal (or amortised cost) and fair value of "live” exposures;	See Board of Directors’ Report – Chapter: • Risk Management. See Notes to the Consolidated Financial Statements: • Note 2; • Note 39, setting out a comparison between the fair and book value of assets and liabilities recognised at amortised cost.
17.	Information on credit risk mitigating factors (e.g. credit default swaps) and respective effect on present exposures;	See Notes to the Consolidated Financial Statements: • Note 2, describes the accounting policies for derivatives and hedge accounting. Notes 10 and 39, setting out detailed information on derivatives, notional amounts and book values of Caixa operations using such instruments for which there are exposure limits per product and per customer and daily monitoring of results.

IV.	Levels and types of exposures affected by the period of turmoil	
18.	Detailed disclosure of exposures, broken down by: - Level of seniority of exposures / tranches held; - Level of credit quality (e.g. ratings, vintages); - Geographic areas of origin; - Sector of activity; - Origin of exposures (issued, retained or acquired); - Product characteristics: e.g. ratings, weight / proportion of associated sub-prime assets, discount rates, spreads, finance; - Characteristics of underlying assets: e.g. vintages, loan-to-value ratio, credit rights; weighted average life of underlying asset, presuppositions on the evolution of prepayment situations,expected losses;	See Board of Directors' Report: • See Note 39 of Notes to the Consolidated Financial Statements.
19.	Movements occurring in exposures between relevant reporting periods and reasons underlying such changes (sales, write-downs, purchases, etc.);	See Board of Directors' Report on exposure of assets affected by the period of turmoil: See items III.8 to III.15 above.
20.	Explanations of exposures (including "vehicles" and, in this case, respective activities) which have not been consolidated (or which have been recognised during the crisis) and associated reasons;	N.A.
21.	Exposure to monoline type insurance companies and quality of insured assets: - Nominal amount (or amortised cost) of insured exposures in addition to the amount of credit protection acquired; - Fair value of "live" exposures and respective credit protection; - Value of write-downs and losses, split up between realised and unrealised amounts; - Breakdown of exposures by rating or counterparty;	CGD does not have any exposure to monoline type insurance companies.

V.	Accounting policies and valuation methods	
22.	Classification of transactions and structured products for accounting and respective processing purposes;	See Notes to the Consolidated Financial Statements: • Note 2, setting out a description of the financial instruments and how they are processed in the accounts.
23.	Consolidation of Special Purpose Entities (SPEs) and other "vehicles" and their reconciliation with the structured products affected by the period of turmoil;	N.A.
24.	Detailed disclosure of the fair value of financial instruments: - Financial instruments at fair value; - Fair value ranking (breakdown of all exposures measured at fair value in the fair value ranking and breakdown between liquid assets and derivative instruments in addition to disclosure of information on migration between ranking levels); - Processing of “day 1 profits” (including quantitative information); - Use of fair value option (including conditions of use) and respective amounts (with an adequate breakdown);	See Notes 7 and 39 of the Notes to the Consolidated Financial Statements. See item IV.16 above, particularly the presentation of the determination of the fair value of the financial instruments.
25.	Description of modelling techniques used to value financial instruments, including information on: - Modelling techniques and instruments on which they are applied; - Valuation processes (particularly including the assumptions and inputs upon which the models are based); - Types of adjustment applied to reflect the modelling risk and other valuation uncertainties; - Sensitivity of fair value (namely changes to assumptions and key inputs); - Stress Scenarios.	See Notes to the Consolidated Financial Statements: • Note 2 setting out information and processes applied by CGD in the valuation of financial instruments; • Note 39.
VI.	Other relevant disclosure aspects	
26.	Description of disclosure policies and principles used for reporting disclosures and financial reporting.	See Note 2 of the Notes to the Consolidated Financial Statements.

2.5. Audit Reports and Opinions

2.5.1. STATUTORY AUDIT CERTIFICATE ON THE SEPARATE ACCOUNTS

OLIVEIRA REGO & ASSOCIADOS
Sociedade de Revisores Oficiais de Contas

STATUTORY AUDIT CERTIFICATE ON THE SEPARATE ACCOUNTS

Introduction

1. We have examined the separate financial statements of **Caixa Geral de Depósitos, S.A.** ("Caixa" or "CGD") comprising its balance sheet, at 31 December 2015 (showing total assets of €90,002,664 thousand and total shareholders' equity of €3,806,544 thousand, including net income of €12,211 thousand), its financial statements, results and other comprehensive income, changes to shareholders' equity and cash flow statements for the year then ended and corresponding notes to the financial statements

Responsibilities

2. It is the responsibility of the board of directors to prepare financial statements which provide a true and appropriate description of Caixa's financial position, results and comprehensive income from its operations, changes to its shareholders' equity and cash flows, in addition to the adoption of adequate accounting policies and criteria and the maintenance of appropriate internal control systems.
3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

Scope

4. Our examination was performed in accordance with the revision/audit technical standards and guidelines issued by the Ordem dos Revisores Oficiais de Contas (Order of Statutory Auditors) which require that the examination be planned and performed with the objective of obtaining an acceptable degree of assurance as to whether the financial statements are free from any materially relevant distortions. The referred to examination therefore included: (i) verification of samples of supporting documents for the amounts and disclosures set out in the financial statements and an assessment of estimates, based on judgements and criteria defined by the board of directors and used for the preparation thereof; (ii) an assessment of whether the accounting policies used and disclosure thereof are adequate, based on the circumstances; (iii) verification of the applicability of the going-concern principle; and (iv) an assessment of whether the global presentation of the financial statements, is adequate.
5. Our examination also included the verification of concordance between the financial information set out in the board of directors' report and the financial statements.

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Sociedade de Revisores Oficiais de Contas

6. We consider that our examination has provided an acceptable basis upon which to express our opinion.

Opinion

7. In our opinion, the referred to separate financial statements, provide a true and appropriate description, in all materially relevant aspects, of the financial position of **Caixa Geral de Depósitos, S.A.** at 31 December 2015, its results and comprehensive income from its operations, changes to shareholders' equity and cash flows for the year then ended, in conformity with the "adjusted accounting standards" issued by the Bank of Portugal.

Emphases of matters

8. Without affecting the opinion expressed in the preceding paragraph, we wish to make special reference to the following situations:

   8.1 Number 41 of the notes to the separate financial statements describes the regulatory capital management framework in CGD and shows that the minimum capital ratios applicable to its activity have been met. However, owing to growing regulatory capital demands, Caixa may require additional capital, which process must be analysed and approved by the European Central Bank and the European Commission's Directorate General for Competition.

   8.2 Under the terms of current legislation, Caixa has prepared consolidated financial statements for separate publication in accordance with the international financial reporting standards, as adopted by the European Union.

Report on other legal requirements

9. It is also our opinion that the information contained in the board of directors' report is in agreement with the financial statements for the year.

Lisbon, 29 April 2016

Oliveira Rego & Associados

Sociedade de Revisores Oficiais de Contas

Represented by Pedro Miguel Marques Antunes Bastos

2.5.2. AUDIT REPORT - CONSOLIDATED ACCOUNTS

AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Amounts expressed in thousands of Euro - EUR thousand)

(Translation of a report originally issued in Portuguese - see Note 42)

Introduction

1. Pursuant to Article 245 of the Portuguese Securities Market Code (Código dos Valores Mobiliários), we present our Audit Report on the consolidated financial information included in the Directors' Report and the accompanying consolidated financial statements of Caixa Geral de Depósitos, S.A. and subsidiaries ("Caixa" or "CGD") for the year ended 31 December 2015, which comprise the consolidated balance sheet as of 31 December 2015, that reflects a total of EUR 100 901 467 thousand and total equity of EUR 6 183 710 thousand, including a consolidated net loss attributable to the shareholder of CGD of EUR 171 453 thousand, the Consolidated Statements of Income, Comprehensive Income, Changes in Shareholders' Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Board of Directors of Caixa is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated income and comprehensive income from their operations, the changes in consolidated shareholders’ equity and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as endorsed by the European Union, which is complete, true, up-to-date, clear, objective and licit as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate systems of internal control; and (iv) the disclosure of any significant facts that have influenced its operations and the operations of the companies included in the consolidation, their financial position and their net income or comprehensive income.

3. Our responsibility is to examine the financial information contained in the documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e Diretrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require the examination to be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by Caixa's Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used and the application of the equity method, and verifying that the financial statements of the companies included in the consolidation were adequately examined, assessing the adequacy of the accounting principles used, their uniform application and their disclosure considering the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the consolidated financial statements, and assessing if, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated documents of account as well as the verifications set out in paragraphs 4 and 5 of Article 451 of the Commercial Companies Code *("Código das Sociedades Comerciais")*. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above present fairly, in all material respects, the consolidated financial position of Caixa Geral de Depósitos, S.A. and its subsidiaries as of 31 December 2015, the consolidated income and comprehensive income from their operations, the changes in their consolidated shareholders' equity and their consolidated cash flows for the year then ended in conformity with the International Financial Reporting Standards as endorsed by the European Union and the information included therein is complete, true, up-to-date, clear, objective and licit in accordance with the definitions included in the standards referred to in paragraph 4 above.

Emphasis of matter

6. As explained in Note 41, at 31 December 2015 CGD was in compliance with the minimum capital requirements applicable to its operations, which include the regulatory minimum of 7% ("Common Equity Tier I"), as well as other capital reserves established by the European Central Bank, in its current legal framework. Considering the increasing regulatory capital requirements, including the additional requirement of 1% as from 1 January 2017 announced by the Bank of Portugal in December 2015, CGD may need additional capital in 2016. The plans which in principle will be necessary for this will be analysed and subject to approval by the shareholder, the European Central Bank and the Directorate-General for Competition of the European Commission. The financial statements for the year ended 31 December 2015 were prepared in accordance with the applicable International Financial Reporting Standards, which take into account the current expectations and intentions of the Board of Directors regarding the management and future holding of Caixa's assets, namely in the determination of their impairment. In this respect, the financial statements referred to do not take into account the impact of changes in those expectations and intentions or other aspects which may result from measures to be implemented under the conditions that may be established for approval of the plans.

Report on other legal requirements

7. It is also our opinion that the 2015 consolidated financial information included in the Directors' Report is consistent with the consolidated financial statements for the year and the report on corporate governance practices includes the information required from Caixa under Article 245 - A of the Portuguese Securities Market Code.

Lisbon, 29 April 2016

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by Maria Augusta Cardador Francisco

2.5.3. STATUTORY AUDIT CERTIFICATE ON THE CONSOLIDATED ACCOUNTS

OR&A

OLIVEIRA REGO & ASSOCIADOS
Sociedade de Revisores Oficiais de Contas

STATUTORY AUDIT CERTIFICATE ON THE CONSOLIDATED ACCOUNTS

Introduction

1. We have examined the consolidated financial statements of **Caixa Geral de Depósitos, S.A.** ("Caixa" or "CGD") comprising its consolidated balance sheet, at 31 December 2015 (showing total assets of €100,901,467 thousand and total shareholders' equity of €6,183,710 thousand, including negative net income of €171,453 thousand attributable to CGD's shareholder), its consolidated income statement, results and other comprehensive income, changes to shareholders' equity and cash flow statements for the year then ended and corresponding notes to the consolidated financial statements

Responsibilities

2. It is the responsibility of the board of directors to prepare consolidated financial statements which provide a true and appropriate description of the companies included in the consolidation, their consolidated results and comprehensive income from their operations, changes to consolidated shareholders' equity and consolidated cash flows, in addition to the adoption of adequate accounting policies and criteria and the maintenance of appropriate internal control systems.
3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

Scope

4. Our examination was performed in accordance with the revision/audit technical standards and guidelines issued by the *Ordem dos Revisores Oficiais de Contas* (Order of Statutory Auditors) which require that the examination be planned and performed with the objective of obtaining an acceptable degree of assurance as to whether the consolidated financial statements are free from any materially relevant distortions. The referred to examination therefore included: (i) verification of whether the financial statements of the companies included in the consolidation have been appropriately examined and for significant cases in which this is not the case, verification of samples of supporting documents for the amounts and disclosures therein disclosed and an assessment of estimates, based on judgements and criteria defined by Caixa's board of directors and used for the preparation thereof; (ii) verification of the consolidation operations and the application of the equity accounting method (iii) an assessment of whether the accounting policies used are adequate, their uniform application and disclosure, based on the circumstances; (iii) verification of the applicability of the going-concern principle; and (iv) an assessment of whether the global presentation of the consolidated financial statements, is adequate.

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5. We consider that our examination has provided us with an acceptable basis upon which to express our opinion.

Opinion

6. In our opinion, the referred to consolidated financial statements, provide a true and appropriate description, in all materially relevant aspects, of the consolidated financial position of **Caixa Geral de Depósitos, S.A.** at 31 December 2015, its results and consolidated comprehensive income from its operations, changes to consolidated shareholders' equity and consolidated cash flows for the year then ended, in conformity with the international financial reporting standards as adopted by the European Union.

Emphasis of matters

7. Without affecting the opinion expressed in the preceding paragraph, we wish to make reference to the fact that number 41 of the notes to the consolidated financial statements describes the regulatory capital management framework in CGD and shows that the minimum capital ratios applicable to its activity have been met. However, owing to growing regulatory capital demands, Caixa may require additional capital, which process must be analysed and approved by the shareholder, European Central Bank and the European Commission's Directorate General for Competition.

Report on other legal requirements

8. It is also our opinion that the consolidated financial information contained in the board of directors' report is in agreement with the consolidated financial statements for the year.

Lisbon, 29 April 2016

Oliveira Rego & Associados

Sociedade de Revisores Oficiais de Contas

Represented by Pedro Miguel Marques Antunes Bastos

2.5.4. REPORT AND OPINION OF THE AUDIT COMMITTEE

Caixa Geral de Depositos

Comissão de Auditoria

Caixa Geral de Depósitos, S.A.

Report and opinion of the audit committee for 2015

1. Introduction

In conformity with the dispositions of sub-paragraph g) of no. 1 of articles 423-F and 508-D of the commercial companies code, the audit committee is responsible for producing a report on its inspection activities and issuing an opinion on **Caixa Geral de Depósitos's** (hereinafter referred to as Caixa or CGD) accounting documents for the year ended 31 December 2015.

2. Works performed

Oversight of Caixa's activity

The audit committee, pursuant to its competencies, has overseen and inspected the management acts performed in CGD, on the basis of information set out in the minutes of the weekly meetings of the executive committee and consultation, when considered necessary, of documentation upon which the decisions were based.

The audit committee held meetings with Caixa's main central structures with the objective of assessing and overseeing the conditions under which they perform their activity.

The audit committee oversaw the compliance, risk management and internal audit activities, with special interest. The Group's international activity was monitored on the basis of information produced by the above referred to control functions and by overseeing the works of the corporate management delegate board.

Meetings dealing with the main areas and issues of relevance to Caixa's activity were also held with the statutory and external auditors. The committee took note of the works performed by the referred to entities, the articulation between them and respective conclusions.

The audit committee, during the course of 2015, developed a market consultation process for the function of CGD's external auditor, in the sphere of its competencies, based on the dispositions of law 140/2015 of 7 September, approving the statutory auditors' statute and law 148/2015 of 9 September which approves the legal regime on audit supervision. The CMVM (securities market commission) was informed of the external auditor's selection process, with the audit committee's final decision on the selected entity, being in accordance with the CMVM's position on extending the deadline for the performance of CGD's auditor.

Reports issued by the committee

The audit committee complied with its responsibility to ascertain that the law and CGD's articles of association were complied with, having issued the quarterly report referred to in no. 2 of article 6 of decree law 287/93 of 20 August which is sent to the ministry of finance with the knowledge of the chairman of CGD's board of directors.

The opinions on the adequacy and efficacy of CGD's separate and Group internal control system were issued on 24 June 2015 under the terms of the Bank of Portugal's official notice 5/2008 of 25 June. In general it was considered that CGD's internal control system is adequate vis-à-vis the dimension, nature and risk of the activities performed and the committee is not aware of any information which could lead to the conclusion that the control procedures analysed do not reasonably provide for all materially relevant aspects as regards the objectives described in official notice 5/2008.

The committee, on 24 June 2015, also issued its opinion on CGD's internal anti-money laundering and countering the financing of terrorism (AML/CFT) control system, under the terms of the Bank of Portugal's official notice 9/2012 of 29 May. In general it was considered that the internal control system implemented in Caixa, in the specific AML/CFT sphere is, in materially relevant aspects, adequate vis-à-vis the terms of the applicable legislation and regulation of the Bank of Portugal.

Reports issued by the statutory and external auditors

The audit committee considered the information contained in the statutory auditor's opinion on the internal control system associated with the process for the preparation and disclosure of separate and consolidated financial information under the terms of the Bank of Portugal's official notice 5/2008 and the external auditor's opinion on the adequacy of the procedures and measures adopted by CGD for guaranteeing and safeguarding its customers' assets, in the sphere of the dispositions of articles 306 to 306-D of the securities market code.

The committee took note of the reports on the quantification process of impairment on CGD Group's credit portfolio, produced every six months by the external auditor, in conformity with the Bank of Portugal's instruction 5/2013 of 15 April, in which the methodologies and information sources used to calculate separate and collective impairment, in addition to the inherent procedures and controls are assessed.

Capital funding and restructuring plan

CGD Group's current capital funding plan for the period 2015 to 2017 has been periodically revised to include all of its strategic undertakings, interconnection with the restructuring plan's targets and revision of the respective assumptions based on the known evolution of Caixa Group's activity.

CGD's restructuring plan, approved by the European Commission in July 2013, was submitted by the Portuguese state in the sphere of CGD's recapitalisation process, in the context of the European Banking Authority's (EBA's), new regulatory requirements and resulted in additional capital requirements of €1,650 million (a €750 million increase in CGD's share capital and issuance of €900 million in hybrid financial instruments eligible as core tier 1 own funds), subscribed for in June 2012 by the state shareholder and considered by the European Commission as state aid.

To comply with the plan, Caixa's performance is based on the following undertakings: (i) the deleveraging of CGD Group's balance sheet, including the already completed sales of its insurance arm and non-strategic equity stakes; (ii) improved operational efficiency providing continuity to already existing endeavours to reduce operating costs; and (iii) the restructuring and optimisation of the Spain operation, to ensure its respective sustainability, funding autonomy and positive contribution to the Group's results. The first phase of the Spain plan was completed in December 2015.

The audit committee has been overseeing the implementation of the plan and progress reports on the respective monitoring process produced in the sphere of the undertakings with the European Commission.

3. Relevant issues or decisions

In terms of decisions made and/or issues having a relevant impact for the year ended, the audit committee emphasises the following situations:

(i) In January 2015, CGD launched a covered bonds issuance of €1 billion euros with a maturity of 7 years and a coupon rate of 1%. The amount was higher than that of the preceding issuances, with a longer term maturity at a lower price.

(ii) CGD's board of directors approved CGD Group's risk appetite statement on 11 February 2015.

(iii) A resolution was passed at the general meeting of 21 May 2015 approving the recognition of €1,139.3 million in negative net income for 2014, in respect of CGD's separate operations in "Other reserves and retained earnings".

(iv) Caixa disposed of its 4.47% equity investment in Finangeste – Empresa Financeira de Gestão e Desenvolvimento, SA, in June 2014 in an operation which merited the favourable opinion of the audit committee.

(v) The exercising of the put option on 8 July 2015, by Banco Santander Totta, SA and Santotta – Internacional, SGPS, Sociedade Unipessoal, Lda on the 49% equity stake in Partang SGPS, SA, gave CGD 100% of the equity capital of this company which, in turn, has a 51% equity stake in Banco Caixa Geral Angola, SA.

(vi) The report on the process for quantifying impairment on CGD Group's credit portfolio, produced by the external auditor, identifies a series of loans for oversight purposes, which merited the particular attention of the audit committee in conformity with the quarterly reports issued for the supervisor.

(vii) On 22 September 2015, Standard & Poor's revised its outlook on CGD, from "stable" to "positive". It simultaneously reaffirmed its long and short term ratings of 'BB-' and 'B' respectively, on the Bank. On 20 November 2015, DBRS reaffirmed its long and short term ratings of BBB (low) and R-2 (middle), respectively on CGD.

(viii) At 31 December 2015, CGD's nominal exposure to Parvalorem, SA, Parups, SA and Parparticipadas, SGPS, SA, included €2.1 billion in bonds and €1.0 billion in commercial paper subscribed for by CGD. The amounts owed to CGD by the vehicles are being repaid according to the terms agreed between the Portuguese state, European Central Bank, International Monetary Fund and the European Union.

(ix) The trajectory of CGD Group's funding from the ECB, continued to decline to an amount of €2.8 billion in December 2013 (against €3.1 billion at the end of 2014).

(x) CGD's exposure to the funds/vehicles set up in the sphere of asset lending operations, net of impairment, amounted to €716.7 million at 31 December 2015. These operations require periodic prudential reporting operations to the Bank of Portugal and were overseen by the committee in its quarterly reports.

(xi) Liabilities for retirement pensions totalled €2,287.7 million at 31 December 2015 (up €76.1 million year-on-year) and are 100.6% funded by CGD's pension fund. Liabilities of €512.8 million associated with post-employment medical benefits at year end were fully provisioned.

(xii) CGD's board of directors analysed the *Horizonte* plan, approved by the executive committee, which is a one-off retirement and early retirement programme, in force up until 31 December 2016. At the end of 2015 the costs of provisioning the *Horizonte* plan, amounted to around €65 million.

(xiii) Following the resolution measure applied to Banif, at the end of 2015, CGD does not have sufficient information to enable it to estimate with a reasonable degree of certainty the possibility of a deficit in the resolution fund's resources and, if applicable, how it will be funded.

(xiv) On 15 January 2016, the Bank of Portugal communicated its decision to resume the disposal process on the resolution fund's equity stake in Novo Banco. The audit committee has, in its quarterly reports, been evidencing the need to oversee the available information on the disposal process in order to assess its eventual impacts on CGD.

(xv) Although Caixa complied with the minimum capital ratios applicable to its activity at 31 December 2015, owing to the growing regulatory requirements on capital, it may, however, require additional capital. The measures to be taken and their respective impacts will be analysed and approved by the shareholder, European Central Bank and the European Community's Directorate General for Competition.

4. Operating indicators

Separate accounts

- CGD's net assets were down €0.9 billion over 31 December 2014 to €90.0 billion. Particular reference should be made to the reduction of loans and advances to customers and the growth of investments in credit institutions.
- CGD's liabilities were down €0.9 billion over the preceding year to €86.2 billion. Reference should be made to the reductions of central banks' and credit institutions' resources and debt securities.

- Shareholders' equity of €3.8 billion remained virtually unchanged from 2014, with the reduction of other reserves and retained earnings having been offset by the improvement of net income for the year.
- The cost-to-income ratio at the end of the year was 53.2%, down 31.5 pp year-on-year, owing to the growth of total operating income from banking.
- The fully implemented and phased-in common equity tier 1 (CET 1) ratios calculated under CRD IV / CRR rules, at 9.2% and 9.4%, respectively, on a separate basis, in December 2015, were higher than the required minimum.
- Separate net income was €12.2 million in comparison to the preceding year's negative net income of €1,139.3 million, reflecting an improvement in net operating income before impairment and a reduction of provisioning costs for the year.

Consolidated accounts

- CGD Group's net assets were up €0.7 billion over last year to €100.9 billion. Reference should be made to the growth of investments in credit institutions and decrease in loans and advances to customers.
- Liabilities totalled €94.7 billion (up €1.1 billion over 31 December 2014). Reference should be made to the growth of customer resources and other loans.
- The Group's shareholders' equity, which was particularly influenced by the evolution of other reserves and retained earnings, was down €309.1 million over the preceding year to €6.2 billion.
- Cost-to-income was 66.6% in December 2015 (75.5% in the preceding year). This change particularly derived from the improvement of total operating income.
- The fully implemented and phased-in common equity tier 1 (CET 1) ratios calculated under CRD IV / CRR rules, on a consolidated basis were, at 10.0% and 10.9%, respectively, in December 2015, higher than the required minimum.
- Consolidated net income attributable to CGD's shareholder comprised a negative €171.5 million. This was a year-on-year improvement of around 51% (negative net income of €348.0 million in 2014).

5. Final procedures for the issue of an opinion

In the period following year end and pursuant to the functions provided for in the commercial companies code, the audit committee analysed the annual report and accounts submitted by the board of directors, which it has articulated, in technical terms with the statutory auditors.

The audit committee has examined the contents of the "statutory audit certificate" issued on the separate and consolidated accounts by the statutory auditor and the "audit report" (separate and consolidated accounts) issued by the external auditor under the terms of article 245 of the securities code.

6. <u>Opinion of committee</u>

Taking all of the above items into consideration, it is the audit committee's opinion that the general meeting should:

a) approve the board of directors' report and the separate and consolidated accounts for 2015, as submitted by the board of directors;

b) issue a resolution on the proposal for the appropriation of net income which is an integral part of the board of directors' report.

c) undertake a general appraisal of the management and inspection of the company and draw the respective conclusions referred to in article 455 of the commercial companies code.

LISBON, 29 APRIL 2016

AUDIT COMMITTEE

Eduardo Manuel Hintze da Paz Ferreira

(Chairman)

Daniel Abel Monteiro Palhares Traça

(Vice-chairman)

Pedro Miguel Ribeiro de Almeida Fontes Falcão

(Member)

2.6. Non Financial Information Verification Statement

Deloitte.

Deloitte & Associados, SROC S.A.
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Registo na CMVM nº 231

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REVIEW REPORT

Translation of a report originally issued in Portuguese.

To the Executive Committee of
Caixa Geral de Depósitos, S.A.

Introduction

1. We have performed a review of the 2015 sustainability information disclosed by Caixa Geral de Depósitos, S.A. ("CGD") that covered:

   – The compliance with the disclosure of sustainability information requirements defined by the fourth version of the Guidelines of the Global Reporting Initiative, considering the financial sector disclosures ("GRI G4 Guidelines"), for the "in accordance – comprehensive" option, as well as the reliability of the information provided, as for CGD; and

   – The alignment with the disclosure of sustainability information requirements defined by the GRI G4 Guidelines, related with certain indicators and management approaches, as well as the reliability of the underlying information, as for Banco Interatlântico, S.A., Banco Comercial do Atlântico, S.A., Banco Caixa Geral Brasil, S.A., and Mercantile Bank Holdings, Ltd. ("Affiliate banks"),

   being that information disclosed through the "Annual Report 2015" and the "Sustainability Report 2015", as well as other documents available in CGD website, as identified in the "2015 GRI Table".

Responsibilities

2. The Board of Directors of CGD is responsible for preparing the 2015 sustainability information reporting, as well as defining, implementing and carrying out adequate processes, procedures and criteria for collecting, processing, presenting and validating the information contained therein. Our responsibility is to issue a report, based on the procedures described below, on the information referred to above.

Scope

3. We conducted our review in accordance with International Standard on Assurance Engagements 3000 – ISAE 3000, issued by the International Auditing and Assurance Standards Board, for Assurance Engagements other than Audit or Limited Reviews of Historical Financial Information, for a limited level of assurance.

4. This standard requires that we plan and perform procedures and apply audit skills and techniques, in order to obtain an adequate understanding of the subject matter and, considering the circumstances, to obtain sufficient and appropriate evidence on which to base our opinion. In a limited assurance engagement, the procedures performed consist primarily of inquiries of CGD personnel, including Affiliate banks, and analytical procedures, including tests on a sample basis, and therefore, less assurance is obtained than in an engagement aimed at obtaining reasonable assurance.

Deloitte.

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Registo na CMVM nº 231

5. The main procedures performed were:

   – Interview of those responsible in CGD for sustainability management and for the preparation of the sustainability information report, as well as with responsible for CGD and Affiliate banks data to disclosure, in order to know and understand the management and reporting principles, as well as the systems and procedures applied;

   – Review of the definition process of the material aspects to include in the sustainability report;

   – Review of the processes, criteria and systems used to collect, aggregate, present and validate the 2015 data, relating to the information data reviewed by us;

   – Analytical data review and tests, on a sample basis, of CGD and Affiliate banks calculations relating to the quantitative data subject to our review, as well as tests to confirm the quantitative and qualitative data included in the scope of our work, as referred in paragraph 1 above, through obtaining evidence thereof;

   – Compliance review of the CGD's sustainability report content as indicated in the "2015 GRI Table" with the disclosure requirements of the GRI G4 Guidelines for the "in accordance – comprehensive" option, and review of indicators and management approaches alignment with GRI Guidelines requirements regarding Affiliate banks information; and

   – Verification of the consistency of information included in the sustainability report with the results of our work, and with relevant information included in the audited CGD and Affiliate banks 2015 separate financial statements.

Opinion

6. Based on the work performed, as described in paragraph 5 above, which was executed to obtain a moderate level of assurance, nothing has come to our attention that causes us to believe that, in all material respects, the information referred in paragraph 1 above has not been reliably and consistently prepared and that it does not comply with the disclosure requirements of the GRI G4 Guidelines G4 for the comprehensive option as for CGD related information, as well as is not aligned with the sustainability information disclosure requirements defined by those guidelines for the Affiliate banks reported indicators and management approaches.

Independence of the team

7. We complied with the policies of Independence of Deloitte, which are in all respects similar to the Code of Ethics of the International Ethics Standards Board for Accountants, set by the International Federation of Accountants.

Lisbon, 29 April 2016

Deloitte & Associados, SROC S.A.

Deloitte & Associados, SROC S.A.
Represented by João Carlos Frade

3. REPORT ON CORPORATE GOVERNANCE

SUMMARY

Caixa Geral de Depósitos, SA's corporate governance report has been produced in conformity with current legislation, namely the dispositions of decree law 133/2013 of 3 October (approving the new legal regime on the state's corporate sector – RJSPE) and the guidelines issued for the purpose by UTAM (Technical Unit for the Oversight and Monitoring of the State's Corporate Sector).

Reference should be made, in 2015, in terms of CGD's governance model, to the board of directors' resolution, in its meeting of 11 February 2015, to appoint a Remuneration Committee whose areas of responsibility have been defined in item IV – Statutory Bodies and Committees.

Reference should be made, as regards sustainability management across the Organisation, to the revision of the sustainability model in 2015 and the setting up of the Sustainability Board with the capacity to issue resolutions, in lieu of the former General Sustainability Committee which was an advisory body.

Also as regards corporate governance, reference should be made to the development of various projects tending to compliance with obligations deriving from the Bank of Portugal's official notice 5/2013, namely improved IT solutions to enhance AML/CFT (anti-money laundering and counter-terrorist financing) activity.

It is considered that Caixa Geral de Depósitos, SA has complied with Good Corporate Governance Practices, in 2015.

I – Mission, Objectives and Policies

MISSION

CGD Group should endeavour to consolidate as a Portuguese financial system structuring group, differentiated by the major relevance and responsibility of its contribution to:

- Economic development;
- Its greater competitiveness, innovation capacity and internationalisation of Portuguese companies;
- The stability and strength of the domestic financial system.

The responsibility of CGD Group as a the driving agent for of the country's economic development has been reinforced, on the basis of:

- A strengthening of the competitiveness, innovation capacity and internationalisation of Portuguese companies, particularly SMEs, ensuring their respective funding requirements;
- Promoting manufacturing activity, particularly tradable goods and services for export or import substitution;
- Backing the recapitalisation process of Portuguese companies;
- Backing entrepreneurship;

- Encouraging domestic savings;
- Contributing to the stability and strength of the domestic financial system.

VALUES

As CGD's activity and its employees' conduct are governed by the following fundamental values:

- Rigour, which includes objectivity, professionalism, technical skill and diligence always geared to achieving higher levels of economic, financial, social and environmental efficiency, based on the adoption of best banking and financial practice;
- Transparency of information, namely as regards conditions governing the provision of services and the organisation's performance, operating with truth and clarity;
- Security of investments, with prudent risk management and CGD's stability and strength as a *sine qua non*;
- Organisational and personal responsibility for own actions, endeavouring to correct eventual negative impacts. This includes socially responsible performance and commitment to sustainable development;
- Integrity, understood to mean scrupulous legal, regulatory, contractual and ethical compliance with ethical values and the operating principles adopted;
- Respect for interests which have been entrusted, acting with courtesy, discretion and loyalty, in addition to principles of non-discrimination, tolerance and equality of opportunities.

As the market leader, it should endeavour to achieve a balanced evolution between profitability, growth and financial strength, always subject to a prudent risk management approach.

MAIN STRATEGIC GOALS

CGD Group's strategic plan has been structured on two key challenges:

1. To protect and strengthen CGD Group's financial health (solvency, liquidity and profitability) to meet the needs of the new economic and financial sector framework.
2. To transform CGD, focusing activity on its banking business, in order to ensure the Group's sustainability and competitiveness on an organisational and business model level.

The first challenge requires a response to the needs created by the new economic and financial sector context, even in more adverse scenarios, strengthening the Group's indicators in order to maintain a higher core tier I than required by the supervisors, adequate return on equity, a stable loans-to-deposits ratio of around 100-120% and a growing corporate integration of the business units based on a management, supply and multichannel service approach.

The second challenge is to prepare and guarantee CGD's sustainability and competitiveness on an organisational and business model level, owing to the paradigm shift in the banking sector, adjusting the Bank's current model in Portugal and integrating it, in terms of supply, with the international network, guaranteeing greater focus on the service/transaction component, a service model more in line with the expectable evolution of the market and the needs of key segments – premium customers, non-residents and companies/SMEs producing tradable goods – and the necessary support based on optimised platforms, processes and HR in line with the market's new requirements.

The furtherance of these two challenges is based on a collection of factors with different timeframes in terms of impact:

- Increase in credit and pricing protection;
- Reduction of funding cost;
- Increasing commissions revenues;
- Reducing structural costs;
- Reducing NPEs (non-performing exposures) and the deleveraging of problematic assets;
- Boosting the profitable and sustainable growth of the international area;
- Protection of capital.

The main thrusts defined to meet the referred to challenges are:

a) To create profitable assets with adequate risk levels by strengthening the relationship with companies, namely with SMEs, making CGD the reference bank in its backing of companies;

b) To retain pole position in loans and advances to customers for mortgages, boosting consumer credit;

c) To increase net interest income by adjusting the mix and improving credit pricing, focusing on higher margin products and reducing funding costs, mainly on deposits;

d) To promote commissions revenues, reviewing policies and processes tending to leverage the collection thereof;

e) To proceed with the evolution of the operational model, simplifying and automating processes, improving efficiency levels by adopting productivity boosting measures, focusing on the mobility of human resources and laying the groundwork for more effective talent management;

f) To optimise structural costs through an early retirement programme;

g) To exploit the efficacy of the functional optimisation of risk management and the credit oversight and recovery model, to reduce provisioning needs;

h) To continue the balance sheet reduction process through the deleveraging of NPEs (non-performing exposures) and real estate assets;

i) To strengthen the positive contribution of each Group entity considered separately in consolidated net income, concentrating on sustainable growth and risk control and stimulating cross-border business between geographies;

j) To identify and implement initiatives designed to optimise the use of capital to fulfil commitments and provide for possible contingencies.

k) To maintain the redefinition and adjustment of the retail branch office network, exploiting the multichannel strategy in the digital area in terms of customer relations;

The strategies and policies defined for the group generally enabled, *grosso modo*, the following corporate objectives to be achieved:

- Liquidity
  - A loans-to-deposits ratio of less than 120%;

    - Stabilization/reduction of intragroup funding requirements;
    - Progressive reduction of ECB funding;
    - Convergence of Stable Funding ratio to 100%.
- Solvency
    - Core Tier I Ratio*:* Compliance with the capital requirements of the EBA's recommendation on the preservation of core tier I, implementation of Basel III and those deriving from the SSM (Single Supervisory Mechanism).
- Efficiency
    - Convergence of the net commissions/employee costs ratio to 100%;
    - Convergence of cost-to-income (BdP) to 50%.

Notwithstanding the implementation of the referred to guidelines and strategic measures, profitability and efficiency objectives continue to be strongly influenced by external factors, particularly:

- The current economic cycle and its impact on consumer confidence and conditioning of demand for credit and evolution of deposits while bringing additional pressure to bear on the cost of risk;
- Historically low levels of market interest rates, which, considering that most loan agreements in the Portuguese financial system are indexed to variable rates, strongly constrains net interest income from domestic banking.

II - Equity Structure

CGD is an exclusively state-owned public liability limited company whose shares may only be owned by the state. Its share capital of €5,900,000,000 comprises 1,180,000,000 shares with a nominal value of €5 each.

(ARTICLE 448 OF COMMERCIAL COMPANIES CODE)

Shareholders	Share Capital at 31/12/2015	% Equity Stake at 31/12/2015
Portuguese State	€ 5,900,000,000	100%

CGD Group's shareholders' agreements, at 31 December 2015, encompassed the following entities: Banco Comercial do Atlântico, SA; Banco Interatlântico, SA; Vale do Lobo - RTL, SA; Prado - Cartolinas da Lousã, SA; Banco Internacional de São Tomé e Príncipe, SARL; Parcaixa SGPS, SA; Yunit Serviços, SA; Locarent, SA; Esegur, SA; Banco Comercial e de Investimentos, SA; Partang SGPS, SA; Banco Caixa Geral Angola, SA; Taguspark, SA.

III – Equity Stakes and Bonds

Information on the group's structure in terms of its subsidiaries, by sector of activity is set out below:

	Head Office	31-12-2015 Effective Participating interest	31-12-2015 Direct Participating interest
Holding Companies			
Caixa - Gestão de Ativos, SGPS, S.A.	Lisbon	100.00%	100.00%
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	100.00%
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	99.72%	-
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00%	100.00%
Parbanca, SGPS, S.A.	Madeira	100.00%	10.00%
Parcaixa SGPS, S.A.	Lisbon	51.00%	51.00%
Partang, SGPS, S.A.	Lisbon	100.00%	100.00%
Wolfpart, SGPS, S.A.	Lisbon	100.00%	100.00%
Banking			
Banco Caixa Geral, S.A.	Vigo	99.79%	99.79%
Banco Comercial do Atlântico, S.A.	Praia	57.91%	54.41%
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.26%	-
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	99.90%
Banco Interatlântico, S.A.R.L.	Praia	70.00%	70.00%
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	99.43%
Caixa - Banco de Investimento, S.A.	Lisbon	99.72%	94.01%
CGD - North America Finance	Delaware	100.00%	100.00%
CGD Investimentos CVC, S.A.	São Paulo	99.86%	-
Mercantile Bank Holdings, Ltd.	Johannesburg	100.00%	91.59%
Banco Caixa Geral Angola, S.A.	Luanda	51.00%	-
Specialised Credit			
Caixa Leasing e Factoring - Instituição Financeira de Crédito, S.A.	Lisbon	51.00%	-
Promoleasing - Sociedade de Locação Financeira, S.A.	Praia	28.37%	-
Asset Management			
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	-
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	-
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00%	-
Venture Capital			
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45.30%	36.21%
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.72%	-
Property			
Imobci, Lda	Maputo	45.13%	40.00%
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00%	90.00%
Caixa Imobiliário, S.A.	Lisbon	100.00%	-
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%	-
Cibergradual, Investimento Imobiliário, S.A.	Lisbon	100.00%	-
Other Financial Entities			
CGD Finance	Cayman	100.00%	100.00%
Caixa Geral Finance	Cayman	-	-

		31-12-2015	
Other Companies	Head Office	Effective Participating interest	Direct Participating interest
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00%	80.00%
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00%	100.00%
HPP International - Luxembourg, S.A.R.L.	Luxembourgo	100.00%	100.00%
Complementary Corporate Groupings			
Groupment d'Interet Economique	Paris	100.00%	-
Sogrupo - Compras e Serviços Partilhados, ACE	Lisbon	90.00%	-
Sogrupo - Sistemas de Informação, ACE	Lisbon	80.00%	-
Sogrupo IV - Gestão de Imóveis, ACE	Lisbon	82.00%	-
Special Purpose Entities and Investment Funds			
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	100.00%	100.00%
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	100.00%
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	100.00%
Fundo de Capital de Risco Caixa Crescimento	Lisbon	100.00%	100.00%
Fundo Capital de Risco Caixa Tech Trsf Accelerator Ventures	Lisbon	100.00%	-
Fundo de investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	Lisbon	100.00%	100.00%
Fundo Especial de Investimento Aberto Estratatégias Alternativas	Lisbon	72.58%	-
Caixa Imobiliário - Fundo de investimento Imobiliário de Arrendamento Habitacional	Lisbon	100.00%	-
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	44.57%	-
Caixagest Imobiliário Internacional- Fundo Especial de Investimento	Lisbon	44.57%	-
Caixagest Infra- Estruturas - Fundo Especial de Investimento	Lisbon	25.62%	-
Beirafundo - Fundo de Investimento Imobiliário Fechado	Lisbon	95.88%	38.29%
Cidades de Portugal - Fundo de Investimento Fechado de Arrendamento Habitacional	Lisbon	100.00%	-
Caixa Reabilita - Fundo Especial de Investimento Imobiliário	Lisbon	100.00%	-
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100.00%	-
Fundimo - Fundo de Investimento Imobiliário Aberto	Lisbon	56.06%	-
Fundo Especial de Investimento Obrigações Rendimento Nacional	Lisbon	25.39%	-
Fundiestamo - - Fundo de Investimento Imobiliário Fechado	Lisbon	77.92%	-
Fundo Especial de Investimento Imobiliário Fechado - Iberia	Lisbon	100.00%	-

The above referred to direct equity percentages comprise share capital held and voting rights.

The main movements in the group's subsidiaries in 2015, in terms of acquisitions and disposals of equity stakes and investments were as follows:

Fundo de Capital de Risco Caixa Crescimento

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

A capital increase comprising the issuance of 30,000 investment units with a nominal value of €1,000 each, fully subscribed for by Caixa, as proposed by Caixa Capital - Sociedade de Capital de Risco, S.A., was approved in first half 2015. This capital increase follows the capital increase of €2,000 thousand, in 2014, which was also subscribed for by CGD.

Amounts of €35,700 thousand and €23,700 thousand of the Fund's total capital had been fully paid up in cash at 31 December 2015 and 2014 respectively.

Fundo de Capital de Risco Caixa Tech Transfer Accelerator Ventures

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

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

An amount of €3,300 thousand of the Fund’s capital had been fully paid up in cash at 31 December 2015.

Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional – Caixa Arrendamento (FIIAH – Caixa Arrendamento)

CGD acquired a non-controlling interest of 8.83% in FIIAH – Caixa Arrendamento for the amount of €10,278 thousand from Fidelidade – Companhia de Seguros, S.A., during the course of 2015. The transaction was complemented with the acquisition of residual stakes in Fundo de Pensões Império Bonança and FIIF - Fundicapital (3.09% and 0.23%, respectively). As a consequence of these operations, CGD's equity stake in the Fund totalled 100% on the said date.

Fundo de Capital de Risco Grupo CGD

Formed in 1995, *FCR Grupo CGD* has a subscribed for and paid up capital of €296,145 thousand, comprising 5,680 investment units, following the capital reduction based on the 1,420 investment units (20% of the Fund's capital) which were extinguished in October 2015.

At the same time as the capital reduction operation, CGD acquired the investment units hitherto owned by Caixa - Banco de Investimento, S.A. and Caixa Capital - Sociedade de Capital de Risco, S.A, and became the Fund's only investor with a 100% equity stake.

Banco Comercial e de Investimentos, S.A.

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

Gerbanca, SGPS, S.A.

In fulfilling its shareholders’ resolutions, Caixa Geral de Depósitos, S.A. and Caixa Participações, SGPS, S.A., at a general meeting held on 31 December 2014, completed Gerbanca, SGPS, S.A.’s dissolution and liquidation process during the course of first half 2015.

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

Wolfpart, SGPS, S.A.

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

Caixa Imobiliário, S.A.

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

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

In the sphere of the privatisation process of Fidelidade – Companhia de Seguros, S.A., Cares – Companhia de Seguros, S.A., and Multicare - Seguros de Saúde, S.A., the agreements pending for the sale of a majority investment to the bidder Fosun International Limited were entered into on 7 February 2014 and finalised in May 2014.

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

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

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

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

Banco Caixa Geral Angola, S.A.

On 8 July 2015, Banco Santander Totta, S.A. and Santotta - Internacional, SGPS, Sociedade Unipessoal, Lda. exercised their put option on 49% of the equity of Partang, SGPS, S.A. under the terms of the agreement entered into between the three entities in July 2009. In exercising this option, CGD acquired 1,072,348,380 shares for the amount of USD 191,483,786 and now owns 100% of the share capital of Partang, SGPS, S.A., which, in turn, has a 51% equity stake in Banco Caixa Geral Angola, S.A..

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

A promissory contract between Caixa Seguros e Saúde, SGPS, S.A., Optimus - Comunicações, S.A. (Nos Comunicações, S.A.) and Teleperformance Portugal, S.A for the sale of the total number of shares comprising 100% of the share capital of the company LCS - Linha de Cuidados de Saúde, S.A. was entered into on 27 September 2013. Following the issuance of the required regulatory authorisation, the operation, for the amount of €5 thousand, in which the Group recognised a capital loss of €1,610 thousand at the same date was completed during the course of July 2015.

CGD also has equity stakes in a large number of not-for-profit entities listed in annex II of this document.

Information on the bondholding status of members of the board of directors is as follows:

Bondholders Members of the Board of Directors:	Security	Number of bonds at 31/12/2015
João Nuno Palma	Subordinated bonds CGD – 2009/2019 – Anniversary	50

The remaining members of the board of directors and related entities referred to in article 447 of the commercial companies code do not hold any CGD bonds or bonds in the other companies also listed in the referred to legal disposition.

Members of the board of directors do not have any investment in companies in which CGD has a direct or indirect majority shareholding.

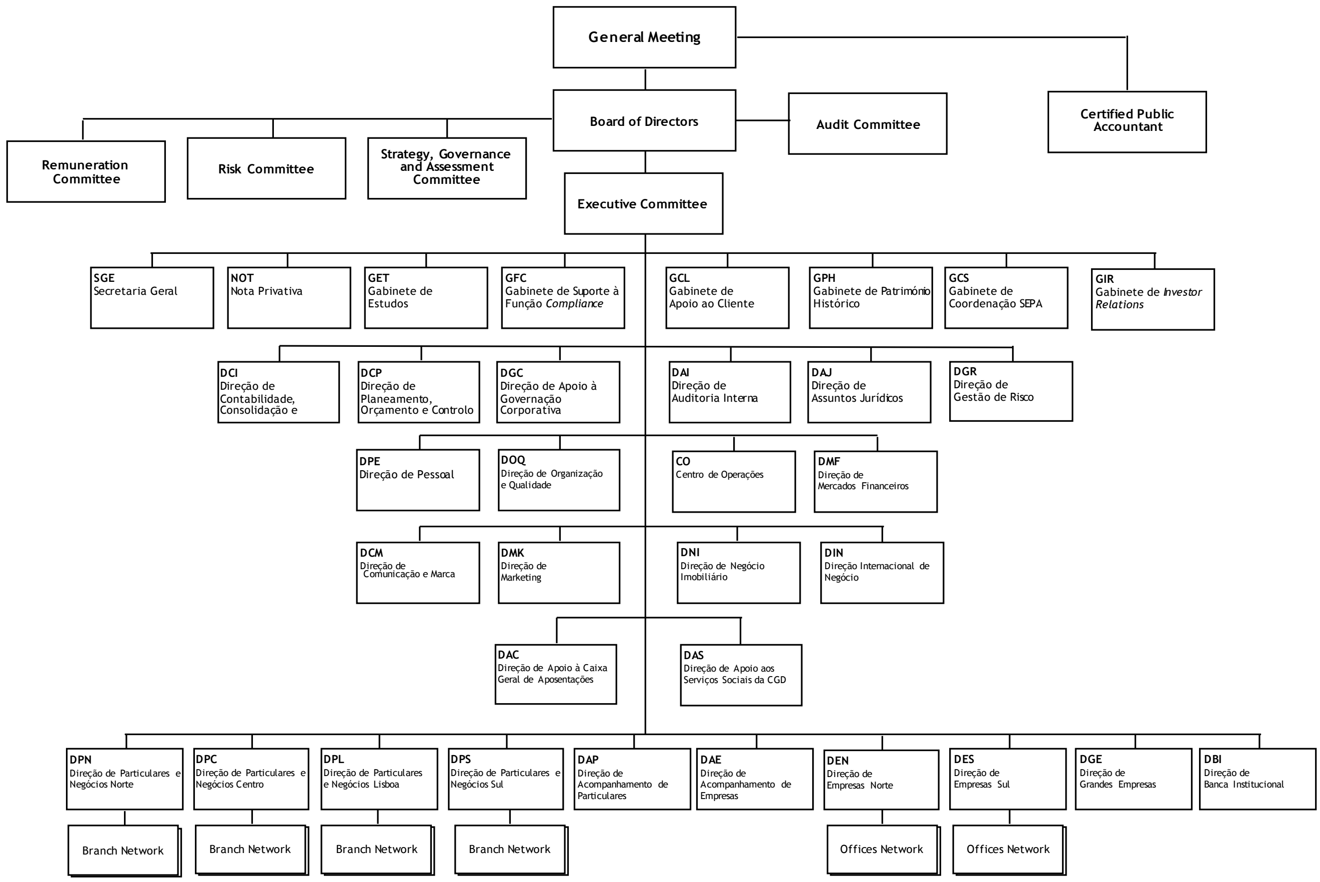
IV - Statutory Bodies and Committees

CGD's governance model, which guarantees effective separation between management and audit functions, comprises its board of directors, audit comission and statutory auditor.

Members of CGD's statutory bodies are elected under a shareholders' resolution for a period of three years and may be re-elected. The maximum number of successive terms of office may not, however, exceed four, except for the members of the board of the shareholders' meeting and the independent members of the audit committee who are governed by the dispositions set out at law.

CGD's articles of associations are amended under the terms of the commercial companies code and any proposed changes should be duly circumstantiated and approved by the shareholder (vide decree law 133/2013 of 3 October, article 36). Other than those set out at law, there are no shareholders' resolutions that, based on statutory requirements, need to be passed by a qualified majority.

CGD'S ORGANISATION CHART



There was a change in CGD's general organisational chart in 2016, with the inclusion of two new bodies – the Assessment Commission and the Assessment Committee.

GENERAL MEETING

The board of the shareholders' meeting comprises a chairman, a vice-chairman and a secretary. The current term of office runs from 2013 to 2015.

Composition of the board of the shareholders' meeting

Chairman: Manuel Carlos Lopes Porto

Vice-chairman: vacant

Secretary: José Lourenço Soares

The former vice-chairman of the board of the shareholders' meeting, Rui Manuel Parente Chancerelle de Machete, resigned with effect from 24 July 2013, when he took up office as the Minister of State for Foreign Affairs.

The résumés of the members of the board of the shareholders' meeting are set out in an annex to this report.

The shareholders' meeting passes resolutions on all subjects within its competence as defined by law and the articles of association, particularly:

- Approving the board of directors' report and annual accounts;
- Approving the proposal for the appropriation of net income;
- Undertaking a general annual assessment of the company's management and audit;
- Electing members of the board of the shareholders' meeting, members of the board of directors, appointing its chairman and vice-chairmen, members of the audit committee and statutory auditor;
- Approving amendments to the articles of association and capital increases;
- Approving the remuneration of members of statutory bodies and having the right to appoint a remuneration committee with the power to define the said remuneration under the terms of the "public manager statute" and other applicable legislation;
- Authorising the acquisition and disposal of real estate and investments, both of which when comprising more than 20% of the share capital;
- Dealing with any issue for which it has been called.

The Portuguese state, as the sole shareholder, passed the following resolutions, in 2015, either at a general meeting or in the form of a *unanimous written resolution*:

i) authorisation of the suspension of office of board member Dr. Jorge Telmo Maria Freire Cardoso (13 April 2015);

ii) approval of the annual report and accounts for 2014, on CGD's separate and consolidated operations; approval of the proposal for the appropriation of net income; approval of a vote of confidence in the board of directors and the company's inspection bodies; approval of the statement on the remuneration policy of members of boards of directors and inspection bodies (21 May 2015);

iii) approval of the internal selection and assessment policy on the adequacy of members of boards of directors and inspection bodies and officers performing essential functions in Caixa Geral de Depósitos (2 September 2015).

BOARD OF DIRECTORS

The board of directors comprises a chairman, one or two vice-chairmen and from five to seventeen board members, also including members of the audit committee. The board of directors comprises fourteen members whose term of office runs from 2013 to 2015.

Members of the board of directors are chosen from persons of recognised good standing, professional merit, skills and management experience, in addition to a sense of public duty with a minimum academic level of a first degree and are elected on the basis of a shareholder's resolution following a non-binding assessment of their résumés and suitability of their skills for the position of a public management function and are selected by the recruitment and selection committee for general government (vide: public manager statute, approved by decree law 71/2007 of 27 March, articles 12 and 13). The suitability of board members and audit members of the Credit Institutions is and regulated in articles 30 and following by the Legal Framework of Credit Institutions and Financial Companies.

The board of directors may be dissolved and its managers dismissed in cases and situations provided for in the public manager statute as well as for reasons of mere expediency (vide: public manager statute, articles 24, 25 and 26).

Composition of board of directors

Chaiman: Álvaro José Barrigas do Nascimento

Vice-Chairman: José Agostinho Martins de Matos

Members: Nuno Maria Pinto de Magalhães Fernandes Thomaz, João Nuno de Oliveira Jorge Palma, José Pedro Cabral dos Santos, Ana Cristina de Sousa Leal, Maria João Borges Carioca Rodrigues, Jorge Telmo Maria Freire Cardoso, Pedro Miguel Valente Pires Bela Pimentel, José Luís Mexia Fraústo Crespo de Carvalho, José Ernst Henzler Vieira Branco, Eduardo Manuel Hintze da Paz Ferreira, Daniel Abel Monteiro Palhares Traça e Pedro Miguel Ribeiro de Almeida Fontes Falcão.

The mandate of board member Jorge Telmo Maria Freire Cardoso has been suspended at his request since 16 September 2014, under the terms of the unanimous written resolution of 23 October 2014 and of 13 April 2015.

The board of directors includes board members with executive functions who form the executive comission and board members with non-executive functions comprising all of the other board members.

The résumés of the current members of the board of directors are set out in this report and include their professional qualifications and other relevant curricular items, namely any accumulation of positions or activities.

The competencies of the board of directors are set out at law. It is particularly responsible, in accordance with the company's articles of association, for:

- Managing the company's corporate affairs and performing all acts relating to its corporate object;
- Establishing the company's internal organisation and producing the regulations and instructions considered expedient;
- Hiring company workers, defining their respective contractual terms and exercising the corresponding management and disciplinary authority;
- Appointing proxies with the authority considered expedient;
- Approving investments in the equity capital of other companies;

- Acquiring, burdening and disposing of any assets and rights, whether moveable or immoveable , including equity stakes and making investments, when considered to be in the company's interest, without prejudice to the competence of the shareholders' meeting on such issues;
- Approving bond issues;
- Executing and ensuring compliance with the resolutions of shareholders' meetings
- Representing the company at law and in its day-to-day affairs, actively and passively, having the right to confess, withdraw or come to terms in any lawsuits and to agree to the decisions of arbitrators in arbitration procedures;
- Exercising the other responsibilities attributed to them by law or the articles of association and deciding on any other matters outside the sphere of competence of the company's other bodies.

The activity of the board of directors is governed by the regulation of the board of directors, approved by this body on 15 September 2011 and published on CGD's intranet.

Ordinary meetings of the board of directors are held at least once every two months. 8 meetings were held in 2015, 2 of which, lasting 2 days each, outside Lisbon.

Minutes recording presences and absences are drawn up on all meetings. The following absences were recorded in 2015, all of them justified: Pedro Miguel Valente Pires Bela Pimentel (1), José Luís Mexia Fraústo Crespo de Carvalho (2) and Daniel Abel Monteiro Palhares Traça (1). (Note 1).

The Portuguese state, as CGD's sole shareholder, set objectives and priorities on credit matters for CGD for the three year period 2013 – 2015, in its mission letter of 31 May 2013 and, in its unanimous written resolution of 8 July 2013, charged the board of directors and, in particular, the executive committee with the task of producing and submitting a study to be submitted to the state, within a period of 90 days from the resolution, on the reorganisation and development of the company's international activity, as a means of leveraging and maximising its backing of the internationalisation of the domestic economy.

BOARD OF DIRECTORS

Term of office (Start-End)	Position	Name	Legal designation of current nomination	No. of terms of office performed in Company	Remarks
2013-2015	Chairman of the Board of Directors	Álvaro José Barrigas do Nascimento	Unanimous written resolution	Two	One term of office as Non-Executive Member of the Board of Directors and another as the Chairman of the Board of Directors
2013-2015	Vice-Chairman of the Board of Directors and Chairman of the Executive Committee	José Agostinho Martins de Matos	Unanimous written resolution	Two	
2013-2015	Member of the Board of Directors and Vice-Chairman of the Executive Committee	Nuno Maria Pinto de Magalhães Fernandes Thomaz	Unanimous written resolution	Two	One term of office as Member of the Board of Directors and the Executive Committee and another as Member of the Board of Directors and Vice-Chairman of the Executive Committee
2013-2015	Member of the Board of Directors and the Executive Committee	João Nuno de Oliveira Jorge Palma	Unanimous written resolution	Two	
2013-2015	Member of the Board of Directors and the Executive Committee	José Pedro Cabral dos Santos	Unanimous written resolution	Two	
2013-2015	Member of the Board of Directors and the Executive Committee	Ana Cristina de Sousa Leal	Unanimous written resolution	One	
2013-2015	Member of the Board of Directors and the Executive Committee	Maria João Borges Carioca Rodrigues	Unanimous written resolution	One	
2013-2015	Member of the Board of Directors and the Executive Committee	Jorge Telmo Maria Freire Cardoso	Unanimous written resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Pedro Miguel Valente Pires Bela Pimentel	Unanimous written resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	José Luís Mexia Fraústo Crespo de Carvalho	Unanimous written resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	José Ernst Henzler Vieira Branco	Unanimous written resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Eduardo Manuel Hintze da Paz Ferreira	Unanimous written resolution	Two	
2013-2015	Non-Executive Member of the Board of Directors	Daniel Abel Monteiro Palhares Traça	Unanimous written resolution	One	
2013-2015	Non-Executive Member of the Board of Directors	Pedro Miguel Ribeiro de Almeida Fontes Falcão	Unanimous written resolution	One	

The mandate of board member Jorge Telmo Maria Freire Cardoso has been suspended at his request since 16 September 2014, under the terms of the unanimous written resolution of 23 October 2014 and 13 April 2015.

Composition of Executive Committee

Under the company's articles of association the board of directors shall delegate the management of the company's day-to-day affairs to an executive committee with the limits and conditions of the referred to delegation being set out in minutes.

The board of directors, at its meeting of 15 July 2013, appointed an executive committee made up of the following members:

Chairman: José Agostinho Martins de Matos

Vice-chairman: Nuno Maria Pinto de Magalhães Fernandes Thomaz

Board members: João Nuno de Oliveira Jorge Palma, José Pedro Cabral dos Santos, Ana Cristina de Sousa Leal, Maria João Borges Carioca Rodrigues and Jorge Telmo Maria Freire Cardoso.

The mandate of board member Jorge Telmo Maria Freire Cardoso has been suspended at his request since 16 September 2014, under the terms of the unanimous written resolution of 23 October 2014 and of 13 April 2015.

At the referred to meeting of 15 July 2013, the board of directors passed a resolution delegating the management of the company's day-to-day affairs to the executive committee giving it general management authority, albeit reserving for the board of directors, in addition to the dispositions of articles 406 and 407 of the commercial companies code, exclusive competency for the following:

a) approval of the general policy of CGD Group, in which the group is understood to be the credit and financial institutions controlled directly or indirectly by the company and companies operating in the insurance area;

b) approval of the annual and pluriannual plans and periodic oversight of their execution;

c) approval of the board of directors' and the executive committee's regulations;

d) approval of strategic resolutions based on their amount, risk or owing to their special characteristics, as defined in the board of directors' and/or executive committee's regulation;

e) approval of proposals to amend the articles of association, including capital increases;

f) approval of proposals for the appointment of the members of statutory bodies and the codes of conduct of CGD's Culturgest Foundation and controlled companies as defined in the board of directors' regulation;

g) appointment of other committees within the board of directors;

h) appointment of a company secretary and deputy.

Following the suspension of the mandate of board member Jorge Telmo Maria Freire Cardoso, the executive committee reallocated areas of responsibility on 17 September 2014, ratified by the board of directors on 18 September 2014.

The activity of the executive committee is governed by the executive committee regulation, as approved by the board of directors on 15 September 2011 and published on CGD's intranet.

The management of the executive committee is monitored and continuously assessed by non-executive board members (vide public manager statute, article 21, no. 3) and inspected by the audit committee which has the duty of annually assessing the collective performance of the executive committee and preparing an annual report on its inspection to be submitted to the shareholder's meeting (vide audit committee regulation, articles 3 and 4) and is also monitored by the strategy, governance and assessment committee which has the duty to submit an annual report to its ministerial supervisor on the assessment and degree of compliance with the management guidelines defined for the company (vide strategy, governance and assessment committee regulation, article 3 and public manager statute, article 7, no. 1).

The shareholders' meeting produces an annual assessment of the company's management (vide articles of association, article 12, no. 2 c).

The executive committee generally meets at least once a week, having met 61 times in 2015.

Minutes recording presences and absences are drawn up on all meetings. The following absences were recorded in 2015, all of them justified: José Agostinho Martins de Matos (9) (Notes 1 and 2), Nuno Maria Pinto de Magalhães Fernandes Thomaz (10) (Notes 1 and 3), João Nuno de Oliveira Jorge Palma (9) (Notes 1 and 4), José Pedro Cabral dos Santos (1), Ana Cristina de Sousa Leal (8) and Maria João Borges Carioca Rodrigues (5) (Notes 1 and 5).

INSPECTION BODIES

The inspection of the company is the responsibility of an audit committee, comprising a minimum of three and a maximum of five board members and a statutory auditor or statutory audit company.

AUDIT COMMITTEE

The audit committee comprises a chairman, a vice-chairman and a board member whose term of office runs from 2013 to 2015.

Composition of audit committee

Chairman: Eduardo Manuel Hintze da Paz Ferreira

Vice-Chairman: Daniel Abel Monteiro Palhares Traça

Board member: Pedro Miguel Ribeiro de Almeida Fontes Falcão

The résumés of the members of the audit committee are set out in this report and include their professional qualifications and other relevant curricular items, namely their accumulation of positions or activities.

The competencies of the audit committee are set out at law and the articles of association, as follows:

- To verify the accuracy of the accounting documents and, in general, supervise the quality and integrity of the financial information published in the company's accounting documents;
- To inspect the process for the preparation and disclosure of financial information;
- To analyse and issue its opinion on relevant accounting and audit-related issues and impact of changes to the accounting standards applicable to the company and its accounting policies in the financial statements;
- To inspect the revision of the accounts and auditing of the company's accounting documents, in addition to supervising and assessing the internal procedures related to accounting and audit matters;
- To propose the appointment of the statutory auditor to the shareholders' meeting;

- To inspect the independence of the statutory auditor as regards the provision of additional services;
- To appoint, hire, confirm or terminate the functions and to define the remuneration of the company's external auditors in addition to examining their qualifications and independence and approving the audit and/or any other services to be provided by the referred to external auditors or persons or entities associated with them;
- To inspect the quality and effectiveness of the risk management, internal control and internal audit systems, supervising the execution of the functions performed in the internal audit and internal control system spheres;
- To receive communications regarding irregularities, protests and/or complaints submitted by shareholders, company employees or others and implement procedures for the reception, registration and processing thereof;
- To engage the services of experts to assist it in its functions, with the hiring and remuneration of such experts taking into account the importance of the issues and the company's economic situation.

The audit committee sends the Ministry of Finance a quarterly report on its control, its detection of anomalies and main deviations from any forecasts under article 6, number 2 of decree law 287/93 of 20 August.

The activity of the audit committee is governed by its respective regulation approved by this body on 19 September and the board of directors on 16 December 2011, which has been published on CGD's intranet.

The audit committee meets at least once every two months. It met 17 times in 2015.

Minutes recording presences and absences are drawn up on all meetings. The following absences were recorded in 2015, all of them justified: Eduardo Manuel Hintze da Paz Ferreira (1) and Daniel Abel Monteiro Palhares Traça (1) (Note 1).

Information on the independence of the members of the audit committee is referred to as per the board of directors.

AUDIT COMMITTEE

Term of office (Start-End)	Position	Name	Legal designation of current nomination	No. of terms of office performed in Company	Remarks
2013-2015	President of Audit Committee	Eduardo Manuel Hintze da Paz Ferreira	Unanimous written resolution	4	2: President of Audit Board 2: Audit Committee
2013-2015	Vice-President of Audit Committee	Daniel Abel Monteiro Palhares Traça	Unanimous written resolution	1	
2013-2015	Member of Audit Committee	Pedro Miguel Ribeiro de Almeida Fontes Falcão	Unanimous written resolution	1	

STATUTORY AUDIT COMPANY

The acting company is "Oliveira Rego e Associados, SROC", registered with the Chamber of Statutory Auditors under number 46 and the CMVM under number 218, represented by its partner Pedro Miguel Marques Antunes Bastos, statutory auditor registration number 1063, who replaced the former statutory auditor for the term of office starting 2013.

The deputising company is "Álvaro, Falcão & Associados, SROC", represented by partner Sérgio Paulo Esteves de Poças Falcão.

STATUTORY AUDIT COMPANY

Term of office (Start-End)	Function	Name (SROC - ROC)	No.	Legal designation of current nomination	Number of Terms
2013-2015	Acting	Oliveira Rego e Associados - Pedro Miguel Marques Antunes Bastos	1,063	General Meeting of 31 May 2013	1
2013-2015	Deputy	Álvaro, Falcão & Associados, SROC - Sérgio Paulo Esteves de Poças Falcão	751	General Meeting of 31 May 2013	1

Pursuant to the provisions of the commercial companies code and CGD's articles of association, the audit committee is, *inter alia*, responsible for inspecting the independence of the statutory auditor, assessment of its respective professional performance, management of a circumstantiated procedure in respect of the analysis and choice of the statutory auditor and proposing its nomination to the shareholders' meeting (sub-paragraph m) of article 423- F of the commercial companies code.

The maximum period for the performance of audit functions by the partner responsible for the guidelines or direct execution of the statutory audit is seven years, starting from their appointment (no. 2 of article 54 of decree law 140/2015 of 7 September).

CGD's current statutory auditor is Pedro Miguel Marques Antunes Bastos, who, having taken up office in 2013, is now in his 3rd year of the respective mandate.

"Oliveira Rego & Associados, SROC" has a services contract with the company to assist the audit committee in the performance of its functions, pursuant to article 423-F, number 1, sub-paragraph p) of the commercial companies code. Information on the amounts associated with the referred to contract is set out in the following table (in other services).

REMUNERATION PAID TO SROC

(EUR)

	Amount (*)	%
Separate accounts		
Account audit services	128,210	66.4
Fiscal consultancy services	0	0.0
Other non-audit services	65,000	33.6
Total	**193,210**	**100.0**
Consolidated accounts		
Account audit services	197,389	75.2
Fiscal consultancy services	0	0.0
Other non-audit services	65,000	24.8
Total	**262,389**	**100.0**

(*) Amounts exclusive of VAT

Note: The remuneration paid to SROC on consolidated accounts already includes the remuneration paid to SROC on separate accounts.

STRATEGY, GOVERNANCE AND ASSESSMENT COMMITTEE

The board of directors, at its meeting of 27 July 2011, issued a resolution setting up a strategy, governance and assessment committee, operating to coincide with the term of office of the board of directors whose current composition was defined by the board of directors' resolution of 2 October 2013.

Composition of strategy, governance and assessment committee

Chaiman: Álvaro José Barrigas do Nascimento

Members: Pedro Miguel Valente Pires Bela Pimentel, José Luís Mexia Fraústo Crespo de Carvalho e José Ernst Henzler Vieira Branco.

The competencies and activity of the strategy, governance and assessment committee are governed by its respective regulation, approved by this body on 18 November and by the bord of directors on 16 December 2011, whose article 1 was amended by the board of directors' resolution of 25 March 2014. The regulation has been published on CGD's intranet.

In accordance with its regulation, the committee is responsible for the following:

- Issuing an opinion prior to the board of directors' approval of the company's strategic development plans;
- Issuing an opinion on the company's draft medium and long term plan, to be discussed and approved at a board of directors' meeting;
- Overseeing and assessing the executive committee's compliance with a part of the goals defined in the strategic plan;
- Considering the company's general policies and submitting proposals thereon to the board of directors;
- Strengthening the company's governance model, taking into consideration the company's equity structure and approved strategic development plan;
- Examining the effectiveness of the governance model and submitting proposals on improvement measures to the competent bodies;
- Considering the need for and, whenever justified, submitting a proposal to the board of directors to set up other commissions and corporate committees within the board of directors;
- Discussion of any plan for compliance with the management guidelines defined for the company with the executive committee;
- Assessing the level of compliance with defined management guidelines;
- Submitting an annual assessment report on the level and terms of compliance with the guidelines defined for the company, to its ministerial supervisors.

The strategy, governance and assessment committee meets at least once every two months and met 13 times in 2015.

Minutes recording presences and absences are drawn up on all meetings. The following absences were recorded in 2015, all of them justified: Pedro Miguel Valente Pires Bela Pimentel (4) and José Ernst Henzler Vieira Branco (2) (Note 1).

RISK COMMITTEE

The board of directors, at its meeting of 11 December 2013, issued a resolution setting up a risk committee comprising four directors, three of whom non-executive and one of whom as its respective chairman and the executive board member responsible for risk management (chief risk officer).

Composition of risk committee

Chairman: José Luís Mexia Fraústo Crespo de Carvalho

Board members: Pedro Miguel Valente Pires Bela Pimentel, José Ernst Henzler Vieira Branco and Ana Cristina de Sousa Leal.

The responsibilities and activity of the risk committee are governed by the risk committee regulation, as approved by the said body on 17 December 2014 and by the board of directors on 11 February 2015. The regulation has been published on CGD's intranet.

According to its regulation, the committee has the following responsibilities:

- To advise the board of directors on risk appetite and CGD' Group's general, current and future risk strategy;
- To assist the board of directors in supervising the executive committees' execution of CGD Group's risk strategy;
- To analyse whether the conditions of the products and services for customers take into consideration CGD Group's business model and risk strategy, submitting a correction plan to the board of directors when the said analysis shows that the referred to conditions do not adequately reflect the risks;
- To examine whether the incentives established in CGD Group's remuneration policy take into consideration the risk, capital, liquidity and expectations regarding results, including revenue dates.

The risk committee meets at least once every two months, having met 9 times in 2015.

Minutes recording presences and absences are drawn up on all meetings. The following absences were recorded in 2015, all of them justified: Pedro Miguel Valente Pires Bela Pimentel (3) and José Ernst Henzler Vieira Branco (1) (Note 1).

Following the resolution passed during the course of 2016, a new Risk Committee regulation was produced, pursuant to which this Committee comprises solely non-executive board members, with the exit of the CRO.

REMUNERATION COMMITTEE

The board of directors, at its meeting of 11.2.2015, decided to set up a remuneration committee to operate within the sphere of the board, with de following composition:

Chairman: Daniel Abel Monteiro Palhares Traça

Board members: José Luís Mexia Fraústo Crespo de Carvalho e Pedro Miguel Ribeiro de Almeida Fontes Falcão.

The responsibilities of the remuneration committee are governed by the remuneration committee regulation, as approved by this body on 14 December and by the board of directors on 16 December 2015. The regulation has been published on CGD's intranet.

According to its regulation, the committee has the following responsibilities:

- Based on informed, independent judgments, to submit an annual proposal setting out the remuneration policy of the members of the statutory bodies and officers performing relevant functions in CGD, for the approval of the general meeting and the board of directors, respectively, guaranteeing that the said proposal (i) includes an adequate consideration of merit, individual performance and contribution to the efficiency and reputation of the Institution, taking into account the implications in terms of the Bank's risks and risk management, capital and liquidity, ensures the capacity to attract and retain the human resources necessary for the furtherance of CGD's strategy and objectives; (ii) is in accordance with the legislation and regulation in force, as well as the applicable national and international principles and recommendations, based on the reports on the appraisals produced by the competent corporate bodies of each of the entities, with the necessary collaboration of DPE and CGD's control functions;
- To prepare other proposals and recommendations on the decisions to be made by the general meeting, in respect of the remuneration policy of the members of statutory bodies and officers performing relevant functions in CGD; and, upon request, inform the general meeting on this and other issues and to be present therein whenever the remuneration policy is set out on the agenda;
- To prepare resolutions on remuneration, including those having implications in terms of risk and risk management which should be passed by the competent statutory body;
- To assist the board of directors in supervising the executive committee's execution of CGD Group's human resources strategy;
- To monitor the remuneration practice and procedures adopted by CGD, ensuring that the approved remuneration policy for the members of statutory bodies and officers performing relevant functions in CGD is effectively applied;
- To test the reaction capacity of the remuneration system implemented to extreme external and internal events based on recourse to several possible scenarios, in addition to the retrospective test on the model herein indicated for the purpose;
- To submit an annual report setting out the results of the assessment of the remuneration policy of the members of statutory bodies and officers performing relevant functions within CGD and CGD Group to the general meeting, board of directors and inspection body.
- To submit an annual report on the committee's activity to the board of directors.

The remuneration committee meets at least once a quarter having met 4 times in 2015, of which 1 meeting was held outside Lisbon to take advantage of the fact that a board of directors' meeting was being held at the same place.

Minutes recording presences and absences are drawn up on all meetings. No absences of committee members from meetings were recorded in 2015.

Note 1 – *Absences from the meetings include absences occurring during the holiday period and for travel abroad on behalf of the Company to meetings in which CGD participates and for the meetings of the statutory bodies of the subsidiaries to which the members of the executive committee belong.*

Note 2 – In addition to the contents of in *Note 1, on 2 of the 9 days corresponding to such absences 2 executive committee meetings were held: one normal meeting and a meeting dealing with risk which are, for all purposes, considered to be autonomous meetings.*

Note 3 - In addition to the contents of *Note 1, on 1 of the 10 days corresponding to such absences, 2 executive committee meetings were held: one normal meeting and a meeting dealing with risk which are, for all purposes, considered to be autonomous meetings.*

Note 4 - In addition to the contents of *Note 1, on 1 of the 9 days corresponding to such absences,, 2 executive committee meetings were held: one normal meeting and a meeting dealing with risk which are, for all purposes, considered to be autonomous meetings.*

Note 5 - In addition to the contents of *Note 1, on 1 of the 5 days corresponding to such absences, 2 executive committee meetings were held: one normal meeting and a meeting dealing with risk which are, for all purposes, considered to be autonomous meetings.*

EXTERNAL AUDITOR

The provision of services for CGD's external audit function has been governed by an annual agreement.

CGD's accounts are annually audited by an independent external entity, Deloitte & Associados, SROC, SA with the audit committee, in conformity with the law, articles of association, audit committee regulation and internal regulation, appointing, hiring, confirming or terminating the functions and defining the remuneration of the company's external auditors in addition to inspecting their qualifications and independence and approving the audit and/or any other services to be provided by the referred to external auditors or persons or entities associated with them.

In July 2015, the audit committee decided to launch a consultation process for the selection of CGD's external auditor, having, upon completion of the project, declared the company which currently performs this function - Deloitte & Associados, SROC, S.A. - as the winning bidder and decided, in accordance with the position of securities watchdog CMVM, to extend the period of Deloitte's performance as CGD's external auditor, for another year.

Deloitte & Associados, SROC, S.A. is represented by its partner Maria Augusta Cardador Francisco (ROC) registration no. 934.

External auditors are appointed annually by the audit committee which also monitors and assesses their professional performance (vide: audit committee regulation, article 4, no. 5 e).

Information on the fees of Deloitte network entities (in Portugal and abroad) in 2015 (exclusive of VAT) is set out in the following tables.

REMUNERATION PAID TO EXTERNAL AUDITOR IN 2015

(EUR)

	Deloitte Network Entities			
	Portugal	Abroad	Amount (*)	%
Separate accounts				
External Audit and Revision of Accounts	643,653	381,317	1,024,970	40.5%
Other Assurance Services	908,800	0	908,800	35.9%
Fiscal Consultancy	47,274	202,400	249,674	9.9%
Other Services	322,000	23,900	345,900	13.7%
Total	**1,921,727**	**607,617**	**2,529,344**	**100.0%**
Consolidated accounts				
External Audit and Revision of Accounts	1,330,100	1,277,024	2,607,124	47.1%
Other Assurance Services	1,080,300	447,332	1,527,632	27.6%
Fiscal Consultancy	233,236	252,148	485,384	8.8%
Other Services	601,644	314,960	916,604	16.6%
Total	**3,245,280**	**2,291,464**	**5,536,744**	**100.0%**

(*) Amounts exclusive of VAT.

Note: The remuneration paid to External Auditor on consolidated accounts already includes the remuneration paid to External Auditor on separate accounts.

Owing to the fact that the external auditor has greater knowledge of Caixa and CGD Group and that this provides it with a more advantageous approach in terms of implementation periods, fiscal consultancy works and other services were performed in accordance with the above table.

The services performed by Deloitte network entities to Caixa Geral de Depósitos, S.A. were always approved by CGD's audit committee.

COMPANY SECRETARY

The board of directors, at its referred to meeting of 15 July 2013, appointed the company secretary and deputy secretary for a period coinciding with the period of office of the acting board of directors, from 2013 to 2015.

Acting: João Manuel Travassos Dias Garcia

Deputy: Ana Paula Rögenes Perez Lopes Pargana Calado

DELEGATE BOARDS

Delegate boards are decision-making bodies geared to the consideration of and decision on proposals for the implementation of the business strategy, means of support and global employee policy. General committees are structures which report to the executive committee, without decision-making responsibilities, which particularly operate as forums for discussion and decision-making, namely based on the adoption of recommendations.

CGD has nine executive boards, whose composition, competencies and frequency of meetings are as follows:

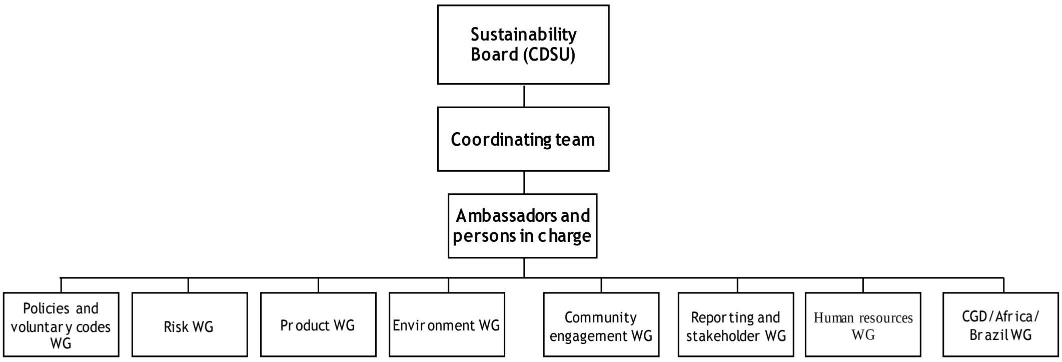
- **Credit board**, comprising all members of the executive committee, with a minimum of 3, chaired by the chairman of the executive committee, responsible for credit matters, in accordance with the delegation of competencies and which generally meets once a week. It met 51 times in 2015;
- **Expanded credit board** comprising all members of the executive committee, with a minimum of 4, chaired by the chairman of the executive committee, also responsible for credit matters, in accordance with the delegation of competencies and which generally meets once a week. It met 48 times in 2015;

- **The marketing, communication and networks board (CDMC)**, responsible for communication, marketing, financial markets, corporate and individual customers networks and products and services, chaired by the chairman of the executive committee and members of the executive committee with their corresponding areas of responsibility, subject to a minimum of 3 and which generally meets once a fortnight. It met 17 times in 2015;
- **Personnel, media and systems board (CDPM)**, responsible for procurement, real estate management, organisation, personnel, information systems and operational support, comprising the vice-chairman of the executive committee and members of the executive committee with their corresponding areas of responsibility, with a minimum of 3, and which generally meets once a week. It met 39 times in 2015;
- **Assets and liability management executive board (ALCO)**, responsible for the assessment and monitoring of the integrated assets and liabilities management process (ALM – asset–liability management), geared to the proactive management of CGD Group's balance sheet and profitability, responsible for promoting the ALM process and actions and procedures necessary for its implementation, assessing and issuing resolutions on proposals for strategic guidelines on the group's funding and liquidity policy and its oversight, assessing and passing resolutions on proposals for strategic guidelines and latter oversight for the risk management policy, analysing and passing resolutions on strategic proposals and latter oversight, on the group's capital ratios and its resource-taking policy and capital management, passing resolutions on balance sheet and net interest income proposals/optimisation measures as well as strategic initiatives for the optimisation of the risk/return binomial and promoting articulation between financial strategy and the group's commercial policy. It comprises all members of the executive committee, with a minimum of 3, chaired by the chairman of the executive committee and, in principle, meets once a month. It replaces the former assets and liabilities management committee on the basis of an internal regulation issued in October 2013. It met 6 times in 2015;
- **Real estate business executive board (CDNI)**, responsible for the group's real estate business (domestic and foreign), comprising members of the executive committee responsible for the real estate and connected areas, in addition to the oversight of companies and credit recoveries, with a minimum of 3 members and usually meeting once a fortnight. It met 5 times in 2015;
- **Corporate management executive board (CDGC)**, responsible for the appraisal of issues related with the definition and oversight of the execution of the group's corporate strategy, comprising all members of the executive committee, with a minimum of 3, chaired by the chairman of the executive committee and which usually meets once a month. It met 10 times in 2015;
- **Credit oversight management board (CDAC)** responsible for the appraisal of issues, consideration, discussion and resolution on attributing impairment levels on CGD Group's (and other CGD companies') loans and advances to customers levels and for ensuring the correct articulation of responsibility for processing customers at risk between CGD's commercial structures and areas specialising in credit oversight and recovery, comprising all members of the executive committee, with a minimum of 3, chaired by the chairman of the executive committee and which in principle, meets once a quarter for impairment related issues and once a month for other issues. It met 9 times in 2015;
- **Sustainability Board (CDSU)**, with a remit, based on a corporate approach, to deal with issues related to the consideration, discussion, decision and monitoring of the implementation of CGD's sustainability strategy and that of CGD Group's branches

and subsidiaries, including the maintenance of an environmental management system, chaired by the CEO and comprising members of the executive committee responsible for the areas considered essential for the implementation of the corporate sustainability programme in addition to the maintenance of the environmental management system, in CGD and CGD Group companies, with a minimum of 3 members and which meets at least once every six months. It held 2 meetings in 2015.

The sustainability management model is transversal to the Organisation and involves most structural bodies and European Interest Groupings in furthering the corporate sustainability programme, in addition to several Group companies and affiliate banks – Caixa Banco de Investimento; Caixa Gestão de Ativos; Fundação Caixa Geral de Depósitos - Culturgest; Banco Interatlântico, Banco Comercial do Atlântico and Banco Caixa Geral Brasil.The Group’s international structure was involved in South Africa - Mercantile Bank - in 2015.

SUSTAINABILITY MANAGEMENT MODEL



Where:

Coordinating team: Responsible for coordinating and overseeing the corporate sustainability programme and galvanising the activities of work groups.
Ambassadors and persons in charge: Responsible for analysing and validating taskforce proposals for submission to CGSU.
Work groups: made up of directors of various structural bodies working on the development of specific issues.

PREVENTION OF CONFLICTS OF INTEREST

Members of the board of directors are fully aware of their duty to abstain from involvement in certain resolutions, namely when they have an interest therein, either individually or as a representative or business manager of a third party or in cases of spouses, relatives or kin in a direct or collateral line of up to the second degree; or in respect of a person with whom they share living expenses/arrangements, under the terms of article 22, number 7 of the public manager statute.

The audit committee has the duty to issue a binding opinion on any situations of conflicts of interest involving any board members (*vide*: audit committee regulation, article 4, no. 3 d).

Members of the board of directors have issued the declarations referred to in article 22, no. 9 of the public manager statute and article 52, no. 1 of decree law 133/2013 of 3 October, to the Inspectorate General of Finance, the board of directors and the audit committee, on their direct or indirect investments and assets held in Caixa Geral de Depósitos or in any other company, in addition to any relationships with suppliers, customers, financial institutions or any other business partners of Caixa Geral de Depósitos.

There are no incompatibilities between the performance of management duties in CGD and other duties performed by the members of the board of directors, deriving from the public sector manager statute or any other regulations. Members of the audit committee are not covered by the incompatibilities listed in article 414 - A of the commercial companies code, applicable on the basis of article 423 ‑ B and fulfil the requirements of article 423-B of the same code and are independent.

Members of the board of directors comply with all of the legal and regulatory dispositions deriving from the performance of their respective positions and any positions they may accumulate and have issued the corresponding declarations to the Constitutional Court, Attorney General of the Republic, Inspectorate General of Finance, Bank of Portugal and Securities Market Commission.

CGD has a policy on the prevention and management of conflicts of interest disclosed at a Service Order of its Internal Service Order System.

Caixa Geral de Depósitos complies with its special information duties, namely to the Directorate General of the Treasury and Finance

CURRICULA VITAE OF MEMBERS OF THE STATUTORY BODIES

MEMBERS OF THE GENERAL MEETING

CHAIRMAN - MANUEL CARLOS LOPES PORTO

Date of Birth: 15 June 1943

Current Positions:

- Chairman of the Board of the General Meeting of Caixa Geral de Depósitos, SA, since 2004;
- Chairman of the Portuguese Branch of the European Community Studies Association (AREP);
- Director of the Juridical, Economic and Environmental Studies Centre (CEJEA) of Universidade Lusíada;
- Professor at Universidade Lusíada, since 2005;
- Professor at the Faculty of Law of the University of Coimbra, responsible for the European Studies Course of the Faculty of Law of the University of Coimbra since 1983, also lecturing in other postgraduate courses at the Faculty;
- Secretary General (Arts category) of the Lisbon Academy of Sciences.

Former Positions:

- Director at the Faculty of Law of Universidade Lusíada do Porto, from 2007 to 2014;
- Chairman of the Municipal Assembly of Coimbra, from 2001 to 2013;
- Member of Local Finance Reform Commission from 2005 to 2006;
- Chairman of European Community Studies Association (ECSA-World), elected in 2004 and re-elected in 2006;
- Chairman of the General Meeting of ANA, Aeroportos e Navegação Aérea, from 2002 to 2005;
- Chairman of the National Council of Education, from 2002 to 2005;
- Chairman of the Board of Directors of the Faculty of Law of the University of Coimbra, from 2000 to 2005;
- Professor at Instituto Superior Bissaya Barreto, from 1999 to 2010;

- Member of the Municipal Assembly of Coimbra, in 1993 and from 1996 to 1999;
- Member of European Parliament, from 1989 to 1999, having performed, *inter alia*, the function of Questor from 1992 to 1994 and Deputy Chairman of the Budget Committee, from 1994 to 1997;
- Member of the Fiscal Reform Commission, from 1987 to 1988;
- Chairman of the National Council for the Plan, from 1986 to 1989;
- Participation in a World Bank project on "Trade Liberalisation and Adjustment Policies", from 1986 to 1988;
- Chairman of the Central Region Coordination Commission, from 1976 to 1989;
- Consultant to GEPT (Terrestrial Studies and Planning Office), from 1967 to 1969.

Academic Qualifications:

- Competition for Professor of Legal-Economic Sciences, Faculty of Law of the University of Coimbra, in 1990;
- Doctorate in Juridical and Economic Sciences, Faculty of Law of the University of Coimbra, in 1983;
- M. Phil in Economics, University of Oxford, 1976;
- Degree in Law, Faculty of Law of the University of Coimbra, in 1965.

SECRETARY - JOSÉ LOURENÇO SOARES

Date of Birth: 22 November 1950

Current Positions:

- Secretary of the Board of the General Meeting of Caixa Geral de Depósitos, SA., since 2004;
- Managing Director of the Legal Affairs Department of Caixa Geral de Depósitos, since February 2006;
- Chairman of the Board of the General Meeting of Caixa – Banco de Investimento, S.A., since 2008;
- Chairman of the Board of the General Meeting of Caixa Seguros e Saúde, S.A., 2008;
- Chairman of the Board of the General Meeting of Participações, SGPS, S.A. since , 2009;
- Chairman of the Board of the General Meeting of Caixa Leasing e Factoring - IFIC, S.A., since 2009;
- Chairman of the Board of the General Meeting of Parbanca, SGPS, S.A., since 2009;
- Chairman of the Board of the General Meeting of Partang, SGPS, S.A., since 2009;
- Chairman of the Board of the General Meeting of Banco Internacional de S. Tomé e Príncipe, SARL, since 2011;
- Chairman of the Monitoring Commission of the Pension Fund Pension Plan of Employees of Caixa Geral de Depósitos, since 2007.

Former Positions:

- Chairman of the board of directors of Parvalorem, S.A., from 2010 to 2011;
- Chairman of the board of directors of Parups, S.A., from 2010 to 2011;
- Chairman of the board of directors of Participadas, SGPS, S.A., from 2010 to 2011;
- Board member of BPN - Banco Português de Negócios, S.A., from 2008 to 2011;
- Board member of BPN Internacional, SGPS, S.A., from 2008 to 2011;
- Board member of BPN Serviços – Serviços Administrativos, Operacionais e Informáticos, ACE, from 2008 to 2011.
- Board member of Banco Efisa, S.A., from 2009 to 2011;
- Chairman of the board of the shareholders' meeting of Bandeirantes, SGPS, S.A., from 2009 to 2011;
- Chairman of the board of the shareholders' meeting of GERBANCA, SGPS, SA
- Vice-Chairman of the Board of the General Meeting of Companhia de Seguros Fidelidade - Mundial, S.A ;
- Coordinating director of Caixa Geral de Depósitos from June 2000 to February 2006;
- Director of Caixa Geral de Depósitos from January 1997 to June 2000;
- Deputy director of Caixa Geral de Depósitos from January 1995 to December 1996;
- Sub-director of Caixa Geral de Depósitos, from July 1994 to December 1994;
- Coordinator of Technical Office, from April 1991 to June 1994;
- Technical assistant to Caixa Geral de Depósitos, from April 1991 to July 1994;
- Advisor to Caixa Geral de Depósitos from January 1990 to April 1991;
- Technical assistant to Caixa Geral de Depósitos from February 1982 to December 1989;
- Lawyer, since February 1985;
- Head of section in Caixa Geral de Depósitos from May 1981 to January 1982;
- Head of sector in Caixa Geral de Depósitos from January 1978 to May 1981;
- Administrative officer in Caixa Geral de Depósitos from April 1975 to December 1977;
- Grade 3 clerical officer in Caixa Geral de Depósitos from December 1974 to March 1975;
- Grade 3 deputy clerical officer in Caixa Geral de Depósitos from November 1974 to December 1974;
- Assistant lecturer at *Universidade Autónoma de Lisboa;*
- Assistant trainee lecturer and assistant at the Faculty of Law of the University of Lisbon.

Academic Qualifications:

- Masters in Legal Sciences from the Faculty of Law of the University of Lisbon;
- Degree in Law from the Faculty of Law of the University of Lisbon.

MEMBERS OF THE BOARD OF DIRECTORS

CHAIRMAN – ÁLVARO JOSÉ BARRIGAS DO NASCIMENTO

Date of Birth: 8 May 1966

Current Positons:

- Chairman of the board of directors of Caixa Geral de Depósitos (08-07-2013);
- Member of the fiscal board of UNICER BEBIDAS, SGPS, since June 2009;
- Assistant lecturer at the Faculty of Economics and Management of Universidade Católica Portuguesa, since January 2006.

Former Positions:

Corporate positions:

- Non-executive board member and member of the audit committee of Caixa Geral de Depósitos, S.A., from July 2011 to July 2013;
- Director of the Faculty of Economics and Management of Universidade Católica Portuguesa, from January 2008 to June 2013;
- Independent consultant to BPI – Banco Português de Investimento, S.A., on issues related with the capital market from 1995 to 1999;
- Responsible for business with the international customers of DOURO, Sociedade Corretora de Valores Mobiliários (BPI Group), between September 1992 and September 1994;
- Financial markets analyst with BPI – Banco Português de Investimento, S.A., between September 1989 and August 1991.

Government and Para-Governmental Positions:

- Consultant on regulatory economic issues for Instituto Nacional de Transporte Ferroviário between 1999 and 2002;
- Advisor to the Minister of Education of the 14th Constitutional Government, in 2002.

Academic Positions:

- Assistant lecturer at the Faculty of Economics and Management of Universidade Católica Portuguesa, between October 1992 and January 2006;
- Guest lecturer at IESF – Instituto de Estudos Superiores Financeiros e Fiscais, between October 1990 and September 1995;
- Trainee assistant lecturer at the Faculty of Economics of the University of Porto, between October 1989 and September 1991;
- Monitor on the Microeconomics Course at the Faculty of Economics of the University of Porto, between October 1988 and September 1989.

Academic Qualifications:

- PhD in Banking and Finance, from Cass Business School, London, United Kingdom, in 2005;
- MSc in International Trade and Finance, from the University of Lancaster, United Kingdom, in 1992;

- Degree in Economics from the Faculty of Economics of the University of Porto in 1989.

Prizes and Distinctions:

- In 2010, winner in co-authorship with Ricardo Gonçalves, of the first honorary mention of the PLUG competition, sponsored by APRITEL – Associação dos Operadores de Telecomunicações, on “The Post-Investment Conundrum”;
- In 2008, winner in co-authorship with Ricardo Gonçalves, of the first PLUG competition prize, sponsored by APRITEL – Associação dos Operadores de Telecomunicações, on “The Momentum for Network Separation: A Guide for Regulators”;
- Between October 1996 and September 2000, doctorate scholarship holder of the Fundação para a Ciência e Tecnologia (Praxis XXI Programme), for the development of doctorate works at the London Business School, United Kingdom;
- In 1994, joint winner in co-authorship with Ricardo Cruz of the first Capital Markets prize sponsored by APDMC— Associação Portuguesa Para o Desenvolvimento do Mercado de Capitais, on “The OTC Market in Portugal and the Structure of the Secondary Securities Market in Portugal”;
- Between October 1991 and September 1992, masters scholarship holder from JNICT, Science Programme for the award of an “MSc in International Trade and Finance”, from the University of Lancaster, United Kingdom.

VICE-CHAIRMAN - JOSÉ AGOSTINHO MARTINS DE MATOS

Date of Birth: 29 January 1953

Current Positions:

- Vice-chairman of the board of directors and chairman of the executive committee of Caixa Geral de Depósitos, S.A., since July 2011;
- Chairman of the board of directors of Parcaixa, SGPS, S.A. since November 2011;
- Board member of the Portuguese Banking Association, since April 2012;
- Chairman of the board of directors of Caixa-Participações, SGPS, S.A., since August 2013.

Former Positions:

- Deputy Governor of the Bank of Portugal, from 2002 to July 2011;
- Deputy to the Governor of the Bank of Portugal on the Council of Governors of the European Central Bank (ECB), from 2002 to 2011;
- Member of the ECB/SECB International Relations Committee, from 2002 to 2011;
- Chairman of the ECB Budget Committee, from 2007 to 2011;
- Member of the Economic and Financial Committee of the European Union, from 2008 to 2011;
- Deputy Governor for Portugal at the International Monetary Fund, from 2007 to 2011 and member of the Bank of Portugal’s delegation to the annual and Spring meetings of the IMF/World Bank, from 1992 to 2011;

- Director of the Markets and Reserves Management Department (DMR) of the Bank of Portugal, from 2000 to 2002;
- Member of the ECB Markets Committee, from 2000 to 2002;
- Director of the International Relations Department (DRI) of the Bank of Portugal, from 1994 to 2000;
- Second member of the Committee of Deputies to the Council of Governors of the European Monetary Institute, from 1995 to 1998;
- Chef de Cabinet of the Governor of the Bank of Portugal, from 1992 to 1994;
- Deputy director and director of the Department of Statistics and Economic Studies (DEE) of the Bank of Portugal, from 1988 to 1992;
- Member of the Monetary Statistics, Financial and Balance of Payments Committee for Eurostat from 1991 to 1992;
- Technical coordinator in the Department of Statistics and Economic Studies (DEE) of the Bank of Portugal, from 1983 to 1988;
- Member of the Financial Statistics Group of the OECD, from 1983 to 1992;
- Economist in Department of Statistics and Economic Studies (DEE) - Bank of Portugal from 1979 to 1983;
- Senior technical officer at the Ministry of Internal Commerce, from 1975 to 1978;
- Assistant technical officer in the Studies and Planning Office of the Ministry of Education, from 1973 to 1975.

Academic Positions:

- Lecturer at ISE;
- Lecturer at ISCTE;
- Lecturer at IGEGI.

Academic Qualifications:

- Degree in Economics from *Instituto Superior de Economia (Universidade Técnica de Lisboa)*.

NUNO MARIA PINTO DE MAGALHÃES FERNANDES THOMAZ

Date of Birth: 2 November 1968

Current Positions:

- Vice-chairman of the executive committee of Caixa Geral de Depósitos, S.A.;
- Chairman of the board of directors of Caixa Geral de Aposentações;
- Chairman of the board of directors of CaixaBI – Banco de Investimento, S.A.;
- Chairman of the board of directors of Caixa Capital – Sociedade de Capital de Risco, S.A.;
- Chairman of the board of directors of Caixa Desenvolvimento, SGPS, S.A.
- Chairman of the board of directors of Banco Caixa Geral Angola;
- Chairman of the board of directors of Banco Caixa Geral Brasil;

- Chairman of the board of directors of BNU - Banco Nacional Ultramarino, S.A. (Macau);
- Chairman of the board of directors of Mercantile Bank, Ltd (South Africa) – CGD Group;
- Vice-chairman of the board of directors of BCI - Banco Comercial e de Investimentos, S.A. (Mozambique);
- Chairman of the board of directors of Parbanca, SGPS, S.A.;
- Chairman of the board of directors of Partang, SGPS, S.A.;
- Member of the board of directors of Caixa Seguros e Saúde, SGPS, S.A.;
- Member of the board of directors of Cares – Companhia de Seguros, S.A.;
- Member of the board of directors of Fidelidade – Companhia de Seguros,S.A.;
- Member of the board of directors of Multicare – Seguros de Saúde, S.A.;
- Member of the board of directors of Sociedade Grupo Visabeira, SGPS, S.A.;
- Chairman of the board of the general meeting of CGD Pensões – Sociedade Gestora Fundos de Pensões, S.A.;
- Chairman of Fundação Luso – Brasileira;
- Vice-chairman of the Portugal Chamber of Commerce and Industry;
- Vice-chairman of the Portugal – China Chamber of Commerce and Industry;
- Vice-chairman of ELO, *Associação Portuguesa para o Desenvolvimento Económico e a Cooperação;*
- Vice-chairman of CIEP, *Confederação Internacional dos Empresários Portugueses;*
- Guest lecturer at INDEG/ISCTE;
- Lecturer at ISG (Masters in Corporate Investment and Internationalisation Strategy);
- Guest lecturer at Agostinho Neto University, Luanda, Angola;
- Vice-chairman of CDUL;
- Member of the advisory board to Harvard Club de Portugal;
- Member of the advisory board to ISG/INB;
- Member of the advisory board to INDEG Business School ISCTE – IUL;
- Advisor to CDS;
- Member of the Sustainability Committee of LIDE Portugal;
- Member of Editorial Council of *Marinha* magazine.

Former Positions:

Corporate Positions:

- 2014-2015 Chairman of the board of directors of Gerbanca, SGPS, SA;
- 2012 Chairman of Caixa Gestão de Activos, SA;
- 2012 Board member of Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A.
- 2012 Chairman of Caixa Leasing e Factoring, SA;

- 2011 Board member of Banco Comercial e de Investimentos, SA., Mozambique;
- 2011 Chairman of the board of directors of Imocaixa – Gestão imobiliária, S.A.;
- 2011 Chairman of the board of directors of Caixa Imobiliário, S.A.;
- 2007-2011 – Co-founder and CEO of ASK - Advisory Services Kapital Group;
- 2010 - Board member of ASK Sociedade Gestora Patrimónios;
- 2009 - Board member of ASK Sociedade Gestora de Fundos Imobiliários;
- 2009 - Board member of ASK Angola;
- 2009 - Board member of ASK Brasil;
- 2005-2007 – Consultant to board of directors of A.O.N. Portugal;
- 2005-2006 - CEO of Orey Financial;
- 2001-2004 – Founder and coordinating director of Banif Investment Bank, responsible for the private banking/corporate banking areas in coordination with BANIF SGPS's retail operations;
- 2000 -2001 - Vice-chairman of Banif Ascor;
- 1999 -2001 – Consultant to board of directors of Dalkia SGPS (Vivendi Group);
- 1998-2000 – Director of Banco de Negócios da Argentaria;
- 1996-1998 - Board member of Titulo – Sociedade Corretora Grupo Finibanco;
- 1994 -1996 – Responsible for Southern European Capital Markets at Carnegie London;
- 1992-1994 – Sales and Trading Director at Carnegie Portugal;
- 1991-1992 - Sales/trader at BCI Valores (Santander Group);
- 1990-1991 – Stock exchange broker at Pedro Caldeira-Sociedade Corretora,S.A..

Government Positions:

- 2011 Nominated by the government as a member of the taskforce on economic diplomacy;
- 2004-2005 - Member of the 16th Constitutional Government as Secretary of State for Sea Matters;

Academic Qualifications:

- Degree in Corporate Administration and Management from *Instituto Superior de Gestão*;
- Postgraduation at Harvard Business School;
- Registered with the Securities and Futures Authority.

Prizes and Distinctions:

- Banker of the Year Award 2013 from the Rio de Janeiro Chamber of Commerce and Industry, Brazil.

Other:

- Jury member of João Cordeiro prize.

JOÃO NUNO DE OLIVEIRA JORGE PALMA

Date of Birth: 16 February 1966

Current Positions:

- Executive board member & CFO of Caixa Geral de Depósitos, S.A., since 8 July 2013;
- Chairman of the board of directors of Banco Caixa Geral, S.A. (Spain), since April 2014;
- Chairman of the board of directors of Caixa Seguros e Saúde, SGPS, S.A., since December 2014;
- Chairman of the board of directors of Caixa – Gestão de Activos, SGPS, SA, since May 2014;
- Chairman of the board of directors of Sogrupo – Compras e Serviços Partilhados, ACE, since January 2014;
- 1st Vice-chairman of the board of directors of Banco Caixa Geral Angola, S.A. since November 2014;
- Vice-chairman of the board of directors of Fidelidade – Companhia de Seguros, S.A., since May 2014;
- Vice-chairman of the board of directors of Multicare – Seguros de Saúde, S.A., since May 2014;
- Vice-chairman of the board of directors of Cares – Companhia de Seguros, S.A., since May 2014;
- Board member of Banco Comercial e de Investimentos, SARL (Mozambique) since April 2013;
- Board member Parcaixa, SGPS, SA since June 2014
- Board member of Partang, SGPS, S.A., since December 2014.

Former Positions:

Corporate Positions:

- Board member of Portugal Telecom, SGPS from April 2012 to November 2013;
- Chairman of the board of directors of Caixa – Imobiliário, S.A. from January 2012 to July 2013;
- Chairman of the board of directors of Imocaixa – Gestão Imobiliária, S.A. from January 2012 to July 2013;
- Chairman of the board of directors of Sogrupo IV – Gestão de Imóveis, ACE, from January 2012 to July 2013;
- Executive Board member – CFO of REN – Redes Energéticas Nacionais, SGPS (REN – Rede Elétrica Nacional, S.A., REN – Gasodutos, S.A., REN Atlântico Terminal GNL, S.A., REN – Armazenagem, S.A., EOONDAS, Energia das Ondas, S.A., REN Trading) from March 2010 to December 2011;
- Member of the board of directors – CFO, of Banco Caixa Geral, Spain, CGD Group, from February 2008 to March 2010;

- Advisor to the board of directors of Caixa Geral de Depósitos, S.A., from December 2007 to February 2008;
- Member of the board of directors – CFO, of SSI - SOGRUPO Sistemas de Informação and CAIXANET, S.A., in Caixa Geral de Depósitos, from June 2004 to December 2005;
- Member of the board of directors – CFO, of HCB - Hidroelétrica de Cahora Bassa, from August 2003 to November 2007;
- Representative of the Portuguese state for the reversion and transfer of control negotiations for HCB – Hidroeléctrica de Cahora Bassa;
- Nominated by the Portuguese government to the PJC – Permanent Joint Committee, Regulatory Committee for Agreements between Portugal, Mozambique and South Africa;
- Vice-chairman of the board of directors of Pararede, SGPS, from April 2002 to August 2003 and member of the board of directors from April 2000 to April 2002;
- Coordinating director-controller, responsible for the Budget and Control Division of Banco Pinto & Sotto Mayor, Banco Totta & Açores, Crédito Predial Português and Banco Chemical Finance (Mundial-Confiança Group) from April 1998 to February 2000;
- Director-controller, responsible for the Budget and Control Division of Banco Pinto & Sotto Mayor (Mundial-Confiança Group), from November 1997 to April 1998;
- Deputy director responsible for the Planning and Analysis Sub-division of Banco Pinto & Sotto Mayor (Mundial-Confiança Group) from February 1996 to November 1997;
- Regional director of SCA - Sanchez Computer Associates, from September 1995 to February 1996;
- Senior executive of SCA - Sanchez Computer Associates, from November 1994 to September 1995;
- Deputy director– controller of Planning/Control and Marketing Department, from January 1993 to November 1994, and sub-director from January to December 1992, of HIASI – Hispano Americano Sociedade de Investimento, BHI – Banco Hispano de Investimento, BCHP – Banco Central Hispano Portugal – BCH Group, BCHP Banco Central Hispano Portugal – BCP Group;
- Financial analyst member of the Research Team of BCI Valores – Sociedade Financeira de Corretagem, from March to September 1991.

Academic Positions:

- Research assistant, employee at the Business Management Studies Centre (CEGE) of Universidade Nova de Lisboa, Faculty of Economics – Department of Management (MBA), from December 1988 to March 1991.

Academic Qualifications:

- Postgraduation in Business – PDE-VII Corporate Management Programme, from AESE (Associação de Estudos Superiores de Empresa) in collaboration with IESE – Instituto de Estudos Superiores de Empresa of the University of Navarre;
- Degree in Economics from the Faculty of Economics of Universidade Nova de Lisboa (FEUNL).

JOSÉ PEDRO CABRAL DOS SANTOS

Date of Birth: 5 June 1960

Current Positions:

- Member of the board of directors and executive committee of Caixa Geral de Depósitos, S.A., since March 2012;
- Non-executive member of the board of directors of Caixa Banco de Investimentos, S.A., since March 2008;
- Chairman of the board of directors of Caixa Leasing e Factoring – IFIC, SA. since May 2012;
- Chairman of the board of directors of Locarent – Companhia Portuguesa de Aluguer de Viaturas, since April 2013;
- Vice-chairman of Caixa Seguros e Saúde since May 2013;
- Member of the board of directors of Banco Caixa Geral, SA (Spain), since April 2014;
- Member of the board of directors of Cares – Companhia de Seguros, SA., since October 2014;
- Member of the board of directors of Fidelidade – Companhia de Seguros, SA. since October 2014;
- Member of the board of directors of Multicare – Seguros de Saúde, SA, since October 2014;
- Member of the Board of Representatives of the Faculty of Economics, University of Porto, since January 2015.

Former Positions:

Corporate Positions:

- Central director of CGD's Major Enterprises Division from March 2002 to March 2012;
- Member of the board of directors of Gerbanca, SGPS, SA from October 2014 to April 2015
- Non-executive board member of Portugal Telecom, SGPS, SA. from April 2012 to November 2013;
- Member of the board of directors of Caixa Geral de Aposentações, IP, from March 2012 to September 2013;
- Non-executive member of the board of directors of Lusofactor, Sociedade de Factoring, S.A., from March 2003 to May 2008;
- Director of the Major Enterprises Division, responsible for the Northern Commercial Division from October 1999 to February 2002;
- Director of the Northern Commercial Division, responsible for the coordination of the Major Enterprises Segment from January 1998 to September 1999;
- Coordinating director (BFE/ BPI Groups), initially of Banco Borges & Irmão followed by broader functions in Banco de Fomento e Exterior and Banco BPI, from June 1994 to December 1997;

- Senior staff member of Finindústria – Sociedade de Investimentos e de Financiamento Industrial and latterly sub-director of Finibanco and non-executive board member of FINICRÉDITO SFAC, from March 1989 to May 1994;
- Trainee and latterly staff member of União de Bancos Portugueses, from March 1984 to February 1989.

Academic Positions:

- Guest lecturer at the Faculty of Economics of the University of Porto, from October 1983 to September 1988.

Academic Qualifications:

- Degree in Economics from the Faculty of Economics of the University of Porto.

ANA CRISTINA SOUSA LEAL

Date of Birth: 24 March 1960

Current Positions:

- Member of the board of directors and executive committee of Caixa Geral de Depósitos, S.A., since 8 July 2013;
- Member of the board of directors of CGA - Caixa Geral de Aposentações, IP, since 8 July 2013.

Forner Positions:

Corporate Positions:

- Director of the Department of Economic Studies of the Bank of Portugal, from 2005 to June 2013;
- Deputy director of the Department of Economic Studies of the Bank of Portugal, from 1997 to 2005;
- Deputy director of Department of Statistics and Economic Studies of the Bank of Portugal, from 1994 to 1997;
- Coordinator of the Monetary Policy Area – Department of Statistics and Economic Studies of the Bank of Portugal, from 1989 to 1994;
- Coordinator of the Monetary Policy Unit – Department of Statistics and Economic Studies of the Bank of Portugal, from 1987 to 1989;
- Technical assistant – Department of Statistics and Economic Studies of the Bank of Portugal, from 1983 to 1987;
- International representation in the performance of functions at the Bank of Portugal;
- Technical-advisory committee – European Systemic Risk Board from 2001 to 2013;
- Financial Stability Committee – System of European Central Banks, from 2011 to 2013;
- Economic Research Directors Committee – System of European Central Banks from 2005 to 2013;
- BIS/WP of Monetary Policy in Latin America – Bank for International Settlements, from 2005 to 2013;

- Monetary Policy Sub-Committee – System of European Central Banks, from 1998 to 2013;
- Monetary Policy Sub-Committee – European Monetary Institute, from 1994 to 1998;
- Monetary Policy sub-Committee – Board of Governors, from 1992 to 1994;
- OECD – Organisation for Economic Cooperation and Development – Examinations of the Portuguese Economy, from 1990 to 2002;
- Technical assistant – Department of Investments, Studies and Projects of *Sociedade Financeira Portuguesa*, from 1982 to 1983.

Academic Positions:

- Assistant lecturer in Energy Economy and the Economy of Well-being courses at *Universidade Católica Portuguesa*, from 1982 to 1983.

Academic Qualifications:

- Degree in Economics from *Universidade Católica Portuguesa* (1977 – 1982).

MARIA JOÃO BORGES CARIOCA RODRIGUES

Date of Birth: 10 August 1971

Current Positions:

- Member of the board of directors and executive committee of Caixa Geral de Depósitos, S.A., since 8 July 2013;
- Non-executive board member of CGA - Caixa Geral de Aposentação, IP (CGD), since 8 July 2013;
- Non-executive chair of the board of directors of Caixatec – Tecnologia de Comunicações, S.A., (CGD), since 24 July 2013;
- Non-executive chair of the board of directors of Sogrupo – Sistemas de Informação, S.A. (CGD), since 24 July 2013;
- Non-executive board member of the SIBS, SGPS and SIBS – Forward Payment Solutions, S.A., since 17 July 2013.

Former Positions:

- Executive member of the board of directors of SIBS PAGAMENTOS, from 2011 to July 2013;
- Non-executive member of the board of directors of MULTICERT - Serviços de Certificação Electrónica, S.A., from 2009 to July 2013;
- Director of the Corporate and Strategy Office of SIBS Forward Payment Solutions / SIBS SGPS, from 2008 to July 2013;
- Coordinating director of the Strategic Analysis Office (GAE) of UNICRE – Instituição Financeira de Crédito, S.A., from 2004 to 2008;
- Consultant and latterly Principal Associate of McKinsey & Company, from 1994 to 2004.

Academic Qualifications:

- MBA from INSEAD, in 1996;

- Degree in Economics from *Universidade Nova de Lisboa*, from 1989 to 1993.

PEDRO MIGUEL VALENTE PIRES BELA PIMENTEL

Date of Birth: 21 June 1960

Current Positions:

- Independent director of BCG (since December 2015)
- Non-executive member of the board of directors of Caixa Geral de Depósitos, SA (8 June 2013);
- Member of the board of directors of AESE (since January 2003);
- Responsible for the financial area of AESE programmes (since 2000).

Former Positions:

Corporate Positions:

- Director general of PRIME – Consultores de Empresas (1997-2002);
- Consultant to PRIME – Consultores de Empresas (1990-1992).

Academic Positions:

- Director of AESE's PADE Programme (1997-2002);
- Assistant in the Production and Systems Area of the Engineering Unit of the University of Minho (1987-1989);
- Trainee assistant lecturer at the Faculty of Engineering, Department of Mechanical Engineering of the University of Porto (1983-1987).

Academic Qualifications:

- Doctorate in Economics from the Faculty of Economics of Universidade Nova de Lisboa in 1997;
- MSc in Structural Engineering from the Faculty of Engineering of the University of Porto, in 1987;
- Degree in Aeronautical Engineering from the *Escola Técnica Superior de Ingenieros Aeronáuticos* of Madrid's *Universidade Politécnica*, in 1983.

Prizes and Distinctions:

- JNICT scholarship holder (1992-1996).

JOSÉ LUÍS MEXIA FRAÚSTO CRESPO DE CARVALHO

Date of Birth: 24 December 1963

Current Positions:

- Non-executive member of the board of directors of Caixa Geral de Depósitos, SA, since 08 July 2013.
- President of Risk Committee of Caixa Geral de Depósitos (since February 2014)

- Professor at Nova SBE – School of Business and Economics (since September 2015);
- Member of the Order of Engineers of the Portuguese Logistics Association (of which was a board member), European Logistics Association, IIE – Institute of Industrial Engineers (USA) and the Council of Supply Chain Management Professionals.
- Academic Director of Executive Training in Nova SBE School of Economics (since September 2015);
- Consultant in various sectors of activity, national and multinational companies, associations and ministries (Economy, Health and Internal Administration) in strategy, logistics and supply chains. (1991 to-date), in Portugal and abroad, namely Cape Verde, Angola, Brazil and Spain.

Former Positions:

Corporate Positions:

- Partner of Logistema, SA, Logistempo, Lda. and Logisformação, Lda. – Logistics strategy consultant, Director of Tetra Pak Portugal and Director General of IMP Portugal (1991-2001);
- Engineer and director of the corporate area in the companies COBA, S.A., CESL, S.A. and PROVIA, S.A. (1986-1991).
- Real estate appraiser in several entities and banks (since 1987 to 1991)
- Real estate appraiser of Santa Casa da Misericórdia de Lisboa (1986)

Academic/corporate positions:

- Board member (2000-2005) and chairman of *In Out Global ISCTE-IUL* (2005-2010);
- Board member of INDEG-ISCTE-IUL and of INDEG Projetos (1999-2006).

Academic Positions:

- Professor at ISCTE-IUL (2003-2005);
- Director of degree course in Management and Industrial Engineering at ISCTE-IUL (1996-2004);
- Director of MBA course at ISCTE-IUL (1996-1999);
- Director of degree course in management at ISCTE-IUL (2004-2006);
- Area director – all postgraduate, masters and executive training courses (intra-company and open), at INDEG/ISCTE-IUL (1999-2006).

Volunteering:

- Coordination of Technical works which copyrights are allocated to charitable organisations;
- Volunteer work teaching underprivileges young people;
- Several pro-bono formative lectures/contributions in non-governmental organisations;
- Guidance Assistance of youth groups, ethics and human formation.

Academic Qualifications:

- Specialisation in Management, ISCTE – IUL Instituto Universitário de Lisboa (2000);

- PhD in Business Administration from ISCTE-IUL-Instituto Universitário de Lisboa (1995);
- MSc Business Administration – Management Information Systems from ISCTE-IUL-Instituto Universitário de Lisboa (1992);
- MBA, from ISCTE-IUL-Instituto Universitário de Lisboa (1991);
- Postgraduation in Project Management (Civil Engineering), from Instituto Superior Técnico (1987);
- Degree in Civil Engineering from *Instituto Superior Técnico – Universidade Técnica de Lisboa (*1987).
- Further training at Harvard University (Harvard Law School – Negotiation; PON) (USA), at Stranford University (Influence and Negotiation Strategies) (USA), at MIT (Supply Chain Management, CLT) (US), at AIF (Finance and Negotiation) (Nedherlands) anda t Cranfield University (Management and Supply Chain Management) (UK).

Prizes and Distinctions:

- International merit prize from the International Society of Logistics Engineers (SOLE) in 2000;
- Distinguished as “Personality of the Year” in the Logistics and Supply Chain Management area by Logística Hoje in 2013;
- Prize from APCADEC, for the best thesis in the outsourcing area in 2011;
- Various prizes over the last few years as the best lecturer in Executive Masters course, Executive MBA and Continuity Masters courses. Has won more than 25 prizes as the best lecturer in diverse programmes and different academic years

JOSÉ ERNST HENZLER VIEIRA BRANCO

Date of Birth: 3 January 1945

Current Positions:

- Non-executive member of the board of directors of Caixa Geral de Depósitos, SA, since 8 June 2013.
- Member of the Assessment and Evaluation Commission of the Diplomatic staff of Ministry of Foreign Affairs (since 2015).

Former Positions:

Corporate Positions:

- Member of the board of directors of ICEP (1998-2001);
- Consultant and latterly permanent staff member in the agro-pharmaceutical sector of ENI Group, in Rome (1981-1984).

Government and Para-governmental Posts:

- Ambassador (retired);
- Ambassador to Bratislava/Slovakia (2005-2010);

- Ambassador to Canberra/Australia (2001-2005);
- Ambassador to Harare/Zimbabwe (1994-1998);
- Sub and latterly Director General for Cooperation of the Ministry of Foreign Affairs, with the category of Minister Plenipotentiary (1989-1994);
- Permanent deputy representative to Portugal's Permanent Mission to the United Nations in Geneva/Switzerland (1986-1989);
- Director of Middle East and Maghreb services of the Directorate General of Political Affairs - Ministry of Foreign Affairs (1985-1986);
- Advisor to the office of the Secretary of State for Foreign Affairs and Cooperation (1984-1985);
- 1st secretary at the Portuguese Embassy in Berne/Switzerland (1978-1981);
- Portuguese Consul General in Maputo/Mozambique (1975-1978);
- Diplomatic advisor to the office of the President of the Republic (1974-1975);
- Employed by the diplomatic service as embassy attaché and 3rd secretary in the Ministry of Foreign Affairs (1969-1974).

Academic Positions:

- Guest lecturer at *Universidade Autónoma de Lisboa* (1999 and 2000);
- Guest lecturer at *Universidade Técnica de Lisboa-ISCSP* (2013).

Academic Qualifications:

- Degree in Law from the Faculty of Law of the University of Lisbon (1969).

EDUARDO MANUEL HINTZE DA PAZ FERREIRA

Date of Birth: 6 May 1953

Current Positions:

- Non-executive member of the board of directors and chairman of the audit comission of Caixa Geral de Depósitos, S.A.;
- Professor at the Faculty of Law of the University of Lisbon;
- Jean Monnet Chair in Community Studies;
- Member of the general council of the University of Lisbon;
- Chairman of the Institute of Economic and Fiscal Law institute (FDL);
- Chairman of the European Institute (FDL);
- Coordinator of Research Centre in European, Economic, Financial and Fiscal Law;
- Lawyer mainly active in the economic, fiscal, financial and banking law areas;
- Founder and partner of Paz Ferreira e Associados, Sociedade de Advogados (law firm);
- Director of Public Finance and Fiscal Law Magazine;
- Chairman of Scientific Board of the Competition and Regulation magazine;

Former Positions:

- Chairman of the fiscal board of Caixa Geral de Depósitos, S.A., from 2007 to July 2011;
- Chairman of FDL General Meeting;
- Chairman of FDL Pedagogical Council;
- Chairman of FDL Institute of Cooperation;
- Chairman of Portuguese Fiscal Association;
- Member of the senior board of the Public Prosecutor's office;
- Member of the advisory board of Instituto de Gestão do Crédito Público;
- Chef de cabinet of the Minister of Foreign Affairs;
- Responsible for the preparation of several pre-legislative projects, namely the new regime for the state's corporate sector, public debt framework law, finance law of the Autonomous Regions (of the Azores and Madeira) and local business sector law and cover of earthquake risks;
- Representative of the Autonomous Region of the Azores on the committee preparing the tax reform of 1989/89;
- Advice on the Autonomous Region of the Azores' privatisations programme, defining strategies and preparing draft statutes;
- Directed the studies on the adapting of the national fiscal system to the Autonomous Region of the Azores;
- Founding partner of AREP and APRI and honorary member of the Azorean Institute of Culture;
- Publication of various books and articles in the areas of Economic Law, Public Finance, Fiscal Law and Community Law. Bibliography particularly includes: Regional Finance (INCM, Lisboa, 1985); Public Debt and the Guarantees of State Creditors (Almedina, Coimbra, 2004); Regional Financial Law Studies (2 volumes), *Jornal da Cultura*, Ponta Delgada, 1995; Economic and Monetary Union – A Study Guide (Quid Juris, Lisbon, 1999); Economic Law (AAFDL, Lisbon, 2000); Values and Interests – Economic Development and Community Cooperation Policy (Almedina, Coimbra, 2004); Teaching Public Finance at a Faculty of Law (Almedina, Coimbra, 2005).

Academic Qualifications:

- Specialised Doctorate, Masters and Degree in Law (in Legal and Economic Sciences) from the Faculty of Law of Lisbon University.

DANIEL ABEL MONTEIRO PALHARES TRAÇA

Date of Birth: 23 June 1967

Current Positions:

- Director of the NOVA School of Business and Economics-Lisbon (April 2015);
- Non-executive member of the board of directors of Caixa Geral de Depósitos, SA, since 8 June 2013;

- Deputy director of the NOVA School of Business and Economics-Lisbon (since 2012 to 2015);
- Director of programmes and lecturer at NOVA School of Business and Economics-Lisbon (since 2009).

Former Positions:

Academic Positions:

- Professor at NOVA School of Business and Economics, Lisbon (February 2015);
- Guest lecturer at Graduate Institute of International Economics, Geneva (2007-2009);
- Lecturer at INSEAD, France and Singapore (1996);
- MBA programme director and lecturer at Solvay Business School-Université Libre de Belgique (2005-2008);
- Guest assistant lecturer at NOVA School of Business and Economics, Lisbon (2004-2005);
- Guest researcher at Bank of Portugal (1999-2006);
- Guest assistant lecturer at KDI School of International Management and Policy, Seul (1999);
- Assistant lecturer at Columbia University, New York (1993-1996);
- Trainee researcher at World Bank, Washington (1994);
- Assistant lecturer at NOVA School of Business and Economics, Lisbon (1989-1991).

Academic Qualifications:

- Specialised Doctorate in international Economy from NOVA School of Business and Economics, Lisbon, in 2011;
- Doctorate in Economics from Columbia University, New York, in 1996;
- Masters degree in Economics from Columbia University, New York, in 1994;
- Degree in Economics from NOVA School of Business and Economics, Lisbon, in 1990.

Prizes and Distinctions:

- Research affiliate at the Centre for Economic Policy Research (2001-2008);
- Fulbright scholarship holder (1991-1995);
- Bradley scholarship holder (1994-1995).

PEDRO MIGUEL RIBEIRO DE ALMEIDA FONTES FALCÃO

Date of Birth: 17 September 1970

Current Positions:

- Non-executive member of the board of directors of Caixa Geral de Depósitos, SA, since 8 June 2013;
- Member of the audit committee of Caixa Geral de Depósitos, SA since 8 July 2013;

- Member of the remuneration committee of Caixa Geral de Depósitos, SA since March 2015;
- ISCTE-IUL (Part-time contract - 65% allocation)
  - Associate Dean of ISCTE Business School (since 2014);
  - Program Director (since 2004);
  - Guest assistant lecturer at ISCTE Business School (since 2004)- ; initially at the Finance Department and subsequently at Marketing , Operations and Management Departments
- PHarol SGPS:
  - Member of the Audit Committee

Other:

- Member of the Editorial Board of Human Resources Portugal magazine (since 2014);

Former Positions:

Corporate Positions:

- Consultant in financial advisory and business growth and development strategies (2009-2013);
- Managing partner of Atena Capital – Assessores Empresariais, a company providing financial and strategic advisory services (2004-2008);
- Executive manager at A. Gomes Mota, Carlos Nogueira & Associados SGE, SA, a company managing companies in economic-financial distress (2003);
- Senior strategy consultant at Arthur D. Little (ADL), a company that provided analytical advice on the economic environment and markets for sectors and strategic advisory and strategic planning (2001-2002);
- IT Manager at Telecel/Vodafone Portugal (1999-2001);
- Senior analyst at the Financial Services Division of Banco CISF, that provided analysis services and financial advisory services to listed companies and unlisted capital market companies (Millenniumbcp Investment Banking) (1995-1997);
- Partner and manager of Diacalai , with responsabilities in terms of financial reporting and international issues (1993-1994).

Academic Positions:

- Director of The Energy MBA of the ISCTE Business School, in partnership with Columbia University, NY (2010-12);
- Guest lecturer at *Universidade Católica Portuguesa*, Lisbon (1993-1995, 2000-2003).

Other Positions:

- Board member of *Harvard Clube de Portugal* (from 2001 to 2011).
- Member of the board of the general meeting of *Harvard Clube de Portugal* (from 2011 to 2015).

- Member of the Advisory Board of Ideiateca, that Ideiateca, a management consulting company specialized in auditing and mystery shopping (from 2009 to 2013).
- Guest expert in legal cases
- Founding associate of Instituto Português de Corporate Governance (IPCG);
- Founding member of Mediarcom – Associação Europeia de Mediação;

Academic Qualifications:

- Several executive training programes, including Leadership and Governance
- Leadership for the 21st Century, from Harvard Kennedy School (2009);
- Doctorate in Management with merit and distinction from ISCTE Business School (2008)
- Management from *Universidade Católica Portuguesa* (1988-93).
- Leadership for the 21st Century, from Harvard Kennedy School (2009);
- MBA (Master in Business Administration), from Harvard Business School (1997-99);
- Degree in Corporate Management from *Universidade Católica Portuguesa* (1988-93).

Other

- Author of two books and an academic text related to negotiation and conflict management issues;

JORGE FREIRE CARDOSO

Date of Birth: 8 August 1971

Current Positions:

- Member of the Board of Directors and the Executive Committee of Caixa Geral de Depósitos, S.A., since July 2013;
- Chair of the Executive Committee of Caixa- Banco de Investimento, S.A., since May 2011;
- Non-Executive Chairman of the Board of Directors of CGD Investimentos, Corretora de Valores e Câmbio S.A. since May 2012;
- Non-Executive Vice-Chairman of the Board of Directors of Banco Caixa Geral Brasil, S.A. since May 2012;
- Non-Executive Vice-Chairman of the Board of Directors of Banco Caixa Geral Brasil, S.A. since June 2012;
- Director of CaixaBI Brasil – Serviços de Assessoria Financeira, Lta, since May 2012.

Former Positions:

Corporate Positions:

- Member of the Board of Directors of Caixa - Banco de Investimento, S.A., from March 2008 to May 2011;
- Non-Executive Vice-Chairman of the Board of Directors of Banco Nacional de Investimento, S.A. from May 2012 to December 2012;

- Non-Executive Member of the Board of Directors of ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, SA, from January 2008 to July 2012;
- Non-Executive Board Member of Empark Portugal – Empreendimentos e Exploração de Parqueamentos, S.A., from February 2010 to July 2012;
- Non-Executive Member of the Board of Directors of Dornier, S.A., from February 2010 to July 2012;
- Non-Executive Member of the Board of Directors of Fomentinvest, SGPS, S.A., from May 2007 to June 2008;
- Coordinating Director of Caixa – Banco de Investimento, S.A., in the Corporate Equity Finance Division, supervising the Primary Share, Financial Advisory and Mergers and Acquisitions Areas from 2000 to 2008;
- Director of Corporate Finance of Banco Efisa, responsible for capital market projects and mergers and acquisitions from 1995 to 2000;
- Consultant at Roland Berger & Partners, from 1993 to 1994.

Academic Positions:

- Guest Assistant Lecturer on “Mergers, Acquisitions and Restructuring” as part of the Masters in Finance Course of the Faculty of Economics of the University of Lisbon from 2010 to 2011.

Academic Qualifications

- MBA from INSEAD;
- Degree in Economics from Universidade Nova de Lisboa.

COMPANY SECRETARY

JOÃO MANUEL TRAVASSOS DIAS GARCIA

Date of Birth: 12 March 1953

Current Positions:

- Company secretary of Caixa Geral de Depósitos, S.A., since 3 June 1998;
- Manager responsible for the General Secretariat of Caixa Geral de Depósitos, S.A., since 23 June 1993, currently as central director;
- Vice-chairman of the board of directors of Égide - Economia e Gestão, Associação para a Investigação e Desenvolvimento do Ensino;
- Member of the fiscal board of Nova Forum - Instituto de Formação de Executivos - Universidade Nova de Lisboa;
- Member of the board of trustees of the Portuguese *A Comunidade Contra a Sida* Foundation.

Former Positions:

- Company secretary of BPN – Banco Português de Negócios, S.A., during the management period of Caixa Geral de Depósitos, S.A. – from 18 November 2008 to 30 March 2012;
- Chairman of the board of the shareholders’ meeting of Banco Efisa, S.A., during the management period of Caixa Geral de Depósitos, S.A. (2009-2011 term of office);

- Secretary of the board of the general meeting of Caixa Geral de Depósitos, S.A., from 2 November 1993 to 10 April 2007;
- Technical functions as the technical and management coordinator in various Caixa Geral de Depósitos departments;
- Legal advisor to the Air Force Chief of Staff from September 1979 to 1 August 1980, the date of completion of compulsory military service;
- Grade 2 technical officer at Ministry of Internal affairs from March 1977 to August 1977;
- Self-employed lawyer between August 1977 and 31 December 1993.

Academic Qualifications:

- Degree in Law from the Faculty of Law of the University of Coimbra;
- Postgraduation in "Banking, Stock Market and Insurance Law" from the Faculty of Law of the University of Coimbra.

ANA PAULA RÖGENES PEREZ LOPES PARGANA CALADO

Date of Birth: 3 May 1947

Current Positions:

- Deputy company secretary of Caixa Geral de Depósitos;
- Managerial functions in Caixa Geral de Depósitos.

Former Positions:

- Deputy company secretary of BPN – Banco Português de Negócios, S.A., during the management period of Caixa Geral de Depósitos, S.A.;
- Chair of fiscal board of Associação Portuguesa de Comunicação de Empresa (APCE);
- Board member of the European Federation of Enterprise Communication (FEIEA);
- Technical functions in Caixa Geral de Depósitos;
- Administrative employee in Caixa Geral de Depósitos;
- Self-employed lawyer;
- Teacher at Beira preparatory school, Mozambique;
- Teacher at Pêro de Anaia school, Beira, Mozambique.

Academic Qualifications:

- Degree in Law from Universidade Clássica de Lisboa.

V - Internal Organisation

STATUTES AND COMMUNICATIONS

COMMUNICATION OF IRREGULARITIES

In the RGICSF (General Credit Institutions and Financial Companies Regime), national legislation requires credit institutions to implement specific, independent and autonomous means to receive, process and file information on:

- Serious irregularities related with management, accounting organisation and internal inspections;
- Serious signs of breaches of duties provided for in the RGICSF, namely as regards rules of conduct, customer relations, professional secrecy, own funds, reserves, corporate governance, internal capital, risks and information disclosure requirements;
- Serious signs of breaches of duties provided for in Regulation (EU) 575/2013, of the European Parliament and the Council, namely as regards own funds, risks, liquidity, leverage and disclosure of information.

The issuance of international recommendations namely by the European Banking Authority (EBA) and the European Commission require banking institutions to adopt internal procedures, as an alternative to the usual means of reporting, to enable employees to report their legitimate concerns on matters related with the activity of organisations.

In line with these recommendations, article 34 of CGD's code of conduct establishes that the Institution should set up an internal communication circuit on irregularities allegedly committed in the sphere of its activity, ensuring confidential treatment as well as non-retaliation against any person submitting the allegation in good faith.

This article is duly regulated by an internal standard which provides CGD workers with *SCIPI* ("internal communication system on irregular practices") establishing the characteristics thereof, the treatment afforded to the communications, the communication circuit and parties thereto.

SCIPI is also the system used for internal communications related with the process of submitting prices which may compromise the integrity of the Euribor benchmark. This obligation derives from compliance with the *Code of Obligations of Panel Banks* (COPB), which is an integral part of the Euribor code of conduct which is binding upon CGD as a member bank of the Euribor Contributor Panel.

In short, the adoption of SCIPI aims:

- To detect potential problems in advance, encouraging a preventative and corrective attitude and a culture of integrity;
- To provide employees with a complementary communication channel;
- To provide an internal communication channel on irregular practices, to enable CGD to comply with its COPB obligations;
- To reduce costs and avoid losses on non-conformity with legal, regulatory or behavioural standards;
- To strengthen a reputation of transparency in alignment with best international corporate governance practice;
- To comply with the obligations established in national and Community legislation.

INTERNAL CONTROL AND RISK MANAGEMENT

The internal control system is defined as a collection of strategies, systems, processes, policies and procedures, defined by the board of directors, in addition to the actions taken by the board and other CGD employees, for the purpose of ensuring:

a) The efficient and profitable performance of activity, over the medium and long term (performance objectives);

b) The existence of full, pertinent, reliable, prompt, financial and management information (information objectives);

c) Compliance with applicable legal and regulatory dispositions (compliance objectives).

CGD Group's management of its internal control system is based on good practice guidelines and methodologies, particularly the general internal control methodology proposed by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and the CobiT (Control Objectives for Information and Related Technology) framework in the case of information systems technology.

Risk management has its own chapter in the annual report, as well as a note in each of the annexes to the separate and consolidated financial statements referred to as "Disclosures on Financial Instruments", describing the financial risk management policies and quantifying CGD/CGD Group's exposure to each type of risk.

Under this framework and to effectively comply with its defined objectives, CGD Group endeavours to guarantee an adequate control environment, a solid risk management system, an efficient information and communication system and a continuous monitoring process with the objective of ensuring the quality and efficacy of the system over time.

To achieve these objectives, specific, transversal responsibilities related with the management of internal control systems have been attributed to certain CGD structural bodies whose hierarchical and/or functional relationships are reflected in the organisational chart of item IV – Statutory Bodies and Committees.

Reference should be made to the responsibilities of the bodies listed below, developed in conjunction and articulation with the Group's other structures and bodies, specifically to ensure an adequate internal control system:

BOARD OF DIRECTORS

The board of directors is responsible for promoting the implementation and maintenance of an internal control system to ensure the existence of:

- An adequate internal control environment;
- A solid risk management system which should take into consideration credit, market, interest rate, foreign exchange rate, liquidity, compliance, operational, information systems, strategy and reputational risks, in addition to all other risks which may be material to each entity's concrete situation;
- Documented control policies and procedures, information on which has been disclosed to ensure the implementation of risk mitigation measures;
- An efficient information and communication system;
- An effective monitoring process on the adequacy and efficacy of the system itself over time.

INSPECTION BODIES

The Company's inspection is the responsibility of the audit committee and statutory auditor.

RISK COMMITTEE

This is a support and advisory forum for the board of directors. Its main objectives are to:

- Advise the board of directors on risk appetite and CGD Group's current and future general risk strategy;
- To assist the board of directors in supervising the executive committee's execution of CGD Group's risk strategy;
- To analyse whether the conditions of the products and services for customers take CGD Group's business model and risk strategy into consideration and to submit a corrective plan to the board of directors when the said analysis shows that the referred to conditions do not adequately reflect the risks;
- To examine whether the incentives established in CGD Group's remuneration policy take the risk, capital, liquidity and the expectations regarding results, including revenue dates, into consideration.

EXECUTIVE COMMITTEE

Considering the guidelines and resolutions of the board of directors, the executive committee is responsible for ensuring the implementation of CGD's strategy and risk management and internal control policies, in addition to the alignment of Group entities therewith.

GENERAL RISK COMMITTEE (CGRI)

An advisory body to the executive committee responsible for the control of the internal risk management function and the main risk indicators, with the aim, based on a corporate approach of strengthening the centralised management of the various types of risk inherent to the Group's activity and the Organisation's involvement in the discussion and control of their respective evolution, submitting relevant issues to the executive committee.

CORPORATE MANAGEMENT DELEGATE BOARD (CDGC)

Monitors the adequacy of CGD's and CGD Group entities' internal control system and responsible for considering, approving and overseeing the execution of the Group entities' activity plans and separate budgets and the corrective measures aiming at compliance with business plans and mitigating the associated risks.

RISK MANAGEMENT DIVISION (DGR)

The objective of the Risk Management Division is to protect CGD Group's capital, namely by means of managing the risks incurred by the Group, the inter-relationships existing between them and the coherent integration of their part contributions.

In the sphere of the internal control management process, this Division provides advisory services and submits risk management reports, indicating the measures adopted to correct any defects, to the board of directors, audit committee and executive committee.

COMPLIANCE OFFICE (GFC)

The Compliance Office ensures the coordination of compliance risk management in CGD and CGD Group. This includes the oversight and assessment of the control procedures on the prevention of money laundering and countering the financing of terrorism.

It ensures the adequacy and efficacy of the procedures adopted to identify any risk of non-compliance with the legal obligations and duties to which CGD is subject, in addition to the measures taken to correct any control defects/weaknesses.

It provides advisory services and submits reports on compliance risk defects and any non-compliances occurring in the Group, indicating the evolution of the implementation of the defined action plans up to the time of their resolution, to the board of directors, audit committee and executive committee.

INTERNAL AUDIT DIVISION (DAI)

Internal Audit is a permanent, independent activity designed to assist the board of directors, audit committee and executive committee in monitoring internal control systems, in the form of a systematic, disciplined assessment, both within CGD and the Group from a perspective of supervision on a consolidated basis, to promptly identify higher risk areas and assess the effectiveness of management, in addition to the adequacy of the most relevant control procedures, helping the Group to manage its risks and promote effective governance processes in the implementation of its internal control system.

It is also, herein, responsible for producing and submitting an annual report on audit issues, containing a summary of the main defects identified in its control actions which may indicate deteriorating trends within the internal control system as well as indicating and identifying the recommendations followed to the board of directors, executive committee and audit committee.

The Division is also responsible for assisting the board of directors in preparing the regulatory report on the internal control system, both separate and for the parent company, periodically reviewing the status of any defects and reporting them to the board of directors, audit committee, executive committee and delegate corporate management board. These activities are performed in close cooperation with the Compliance Office, Risk Management Division, branches and subsidiaries and the statutory and external auditors.

ACCOUNTING, CONSOLIDATION AND FINANCIAL INFORMATION DIVISION (DCI)

Division responsible for producing, processing and developing financial information on CGD's activity, both global and consolidated from an accounting, prudential, statistical and financial reporting viewpoint.

The circuits and controls inherent to the process for the preparation and disclosure of information on separate and consolidated financial information are subject to the permanent oversight and validation of the statutory auditors who are responsible for issuing an opinion on the adequacy and efficacy of the part of the internal control system underpinning the process for the preparation and disclosure of separate and financial information (financial report), submitted annually to the supervisors.

PLANNING, BUDGET AND CONTROL DIVISION (DCP)

Coordinates the Group's strategic planning activities, defining objectives, producing the activity plans and budgets of the entities and analysing the proposed funding and capital plans.

ORGANISATION AND QUALITY DIVISION (DOQ)

This Division is responsible for managing the prompt supply of documentation on CGD processes, including the identification of potential operational risks and control procedures, articulating this activity with process owners and other structural bodies. It is also responsible for keeping documents in branches and subsidiaries up-to-date, in articulation with the local structures responsible for their management.

SAFETY, RISK AND CONTINUITY MANAGEMENT DIVISION – SOGRUPO SISTEMAS DE INFORMAÇÃO, ACE (SSI)

This body has specific responsibilities for the development of processes within the information systems sphere, including the assessment of processes under the CobiT framework, identification and reporting of non-conformities and opportunities for improvement.

CONTROL SYSTEM FOR THE PROTECTION OF THE COMPANY'S INVESTMENTS AND ASSETS

Background

To comply with the dispositions of the Bank of Portugal (BdP) in its official notice 5/2008 and instructions 33/2002 and 12/2015 and, on a complementary level, based on the European Banking Authority – EBA's document: "EBA Guidelines on Internal Governance (GL 44)", internal guidelines and standards have been defined as the main auxiliary instruments for a control system for the protection of the Institution's investments and assets within CGD. The guidelines and internal standards are also CGD's financial and operational risk management and control support tools, as they indicate, with adequate precision the maximum risk levels to be incurred by the Institution, in due compliance with its risk appetite.

Company's risk profile

CGD Group's risk appetite statement defines the type and levels of risk the Group is willing to accept to fulfil its strategic objectives, regulatory requirements and broader commitments to its shareholder, both in normal and adverse scenarios.

CGD Group's risk appetite is based on two fundamental pillars:

1. Risk appetite statement – defines CGD Group's risk appetite, its governance and its respective integration and translation mechanisms in the Organisation's day-to-day affairs. The statement guarantees a common structure and language for the discussion of risk, facilitating discussion on a board of directors' and management of business units level. It also ensures that the board of directors and senior management are committed, understand and actively manage the Bank's risk. Lastly the statement provides the shareholder, supervisors, rating agencies and other interested parties with key information on the exposure principles assumed as well as CGD Group's risk management structure.
2. Business integration and central processes – defines the way in which risk appetite is incorporated in the different management processes (e.g. strategic planning) and the way in which it translates into clear guidelines and limits for day-to-day business decisions.

CGD Group's risk appetite statement establishes its integrated, conservative and prudent risk management approach comprising four core principles:

Solvency principle − commitment to maintain an adequate level of capital to enable a retail/commercial bank to provide for unexpected losses, including an adverse scenario, translating an image of CGD Group's financial strength;

Profitability principle − commitment to provide an adequate return on risk-taking;

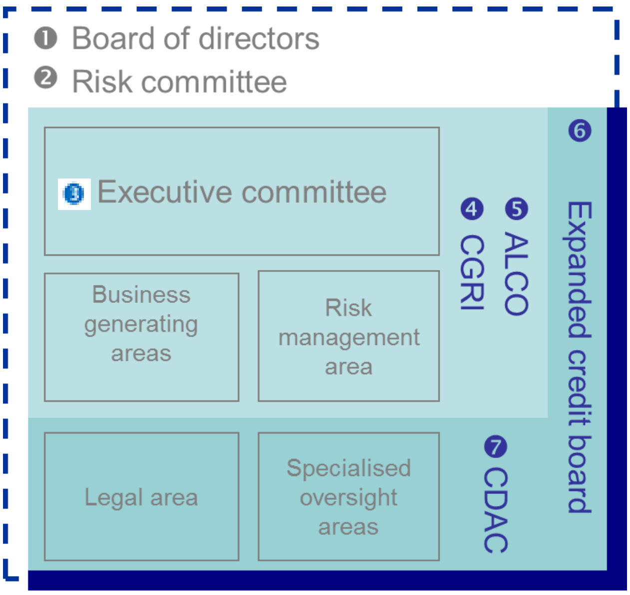
Liquidity principle − commitment to maintain a stable financial structure and a sufficient liquidity level to ensure survival in adverse scenarios;

Sustainability principle − strategic concern to ensure sustainable activity in line with the desired image, reputation and social contribution.

CGD Group's risk appetite is available for public consultation at the following address:

https://www.cgd.pt/English/Investor-Relations/Investor-Information/Risk-Management/Documents/CGD-Risk-Appetite-Statement.pdf

RISK MANAGEMENT



Risk management in CGD Group is based on a governance model which aims to comply with best practice in this area, as explained in Community directive 2013/36/EU. The board of directors (❶) assisted by the Risk Committee (❷) establishes the Institution's risk appetite, which is implemented by the executive committee assisted by several specific committees and control and business areas.

Financial risk management is centralised and backed by a dedicated structure in the form of the Risk management Division which encompasses the assessment and control of CGD Group's credit, market, liquidity and operational risks, based on the principle of the separation of functions between the commercial and risk management areas.

The risk management area is part of the business support structure and is present:

❸ At executive committee meetings when specifically called and monthly meetings with their own items on the agenda for a presentation of the evolution of the main financial risks measurement indicators and respective essential concerns on this issue for the following periods.

❹ In the General Risk Committee (CGRI) in conjunction with the planning and control, audit, financial markets, accounting, organisation and quality and compliance areas. CGRI is an advisory body to the executive committee and is responsible for the control of the internal risk management function and main risk indicators. CGRI's main responsibilities include:

- Integrated oversight and assessment of the internal risk function;
- Defining operating plans and overseeing their implementation after approval;
- Reviewing processes and models for monitoring and managing risk exposures, as well as conformity with regulatory requirements;

- Guaranteeing the conformity of CGD Group's main risk exposures with defined concentration and limits.

❺ In the Assets and Liabilities Management committee (ALCO), in conjunction with business generating areas, support areas and members of the executive committee. Under the terms of an executive committee resolution, the committee was, *inter alia*, given the following attributions:

- Promotion of the assets and liabilities management (ALM) process and actions and procedures necessary for their implementation, including the establishing of an oversight and systematic reporting system on financial risks, liquidity situation, capital and regulatory ratios on a consolidated and separate basis for the diverse CGD Group entities;
- Assessment of and resolution on strategic guideline proposals on CGD Group's financing and liquidity policy;
- Assessment of and resolution on proposals for strategic guidelines on risk management policy, namely the Group's balance sheet interest rate and market risks, defining indicators, limits and management rules;
- Analysis of and resolution on proposals for strategic guidelines (and latter oversight) on the Group's capital ratios and its capital raising activities and management policy from a regulatory and economic viewpoint.

❻ In the Expanded Credit Committee (CAC) in conjunction with business generating areas, legal area, specialised oversight areas and the executive committee. Under an executive committee resolution the committee was given the following responsibilities in the sphere of authorisation of operations which must be considered by this board pursuant to internal standards.

❼ In the Credit Oversight Delegate Board (CDAC) in conjunction with business generating areas, (including the real estate business), specialised oversight areas, accounting and planning and control areas, CDAC is the executive committee body responsible for the consideration, discussion and resolution on attributing levels of credit impairment on CGD Group customers as well as guaranteeing the correct articulation of responsibility for the treatment of customers at risk between CGD's commercial structures and its specialised credit oversight and recovery areas.

Main risks to which the Company is exposed

Caixa Geral de Depósitos operates as a universal bank, with a full range of specialised financial services, providing its customers with a full service international group

CGD has an integrated presence in almost all banking business areas, namely: commercial banking, investment banking, brokerage and venture capital, real estate, asset management, specialised credit, *inter alia*, incurring credit, market, liquidity and operational risks.

Credit risk

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

Given the nature of banking activity, credit risk is particularly important, owing to its materiality, notwithstanding its interconnection with the remaining risks.

There are also internal regulations on credit risk management and control which, based on risk ratings, define the levels of competence required for the decision-making process regarding the credit.

In the credit risk delivery process, which is always accompanied by a commercial proposal, a risk opinion on companies, financial institutions and economic groups whose exposure to CGD is higher than a specific limit, as defined both by their rating and activity sector, must be obtained from the Risk Management Decision.

Credit portfolios are regularly monitored with the production of reports making reference to performance, notably in terms of default and concentration.

Also related to default and the measurement of credit assets, a process for assessing impairment losses has been implemented in CGD Group, to be validated by external auditors who produce an independent report to be sent to the Bank of Portugal every six months.

Progressive improvements have also been made to credit risk control, both as regards the definition of new approaches to credit portfolio segmentation and in terms of greater standardisation of the methodologies applied.

Market risk

This translates into potentially negative impacts on the Institution's income or capital, deriving from unfavourable price movements of portfolio assets.

This is followed by uncertainty on the fluctuations of market prices and rates, such as share prices or interest and foreign exchange rates and indices and on the behaviour of the correlations between them.

Guidelines approved by the executive committee to be complied with by the Financial Markets Division and CGD Group entities responsible for the management of portfolios which include financial assets subject to market risk have been defined for market risk management and control purposes. The key measure used for the management of market risk is Value at Risk (VaR) which is complemented by other sensitivity measures, more adjusted to the specific type of market risk to be measured; e.g. (i) V01 for interest rate risk and (ii) Greeks for optionality risks.

Liquidity and balance sheet interest rate risk

Liquidity risk in the banking business area can occur in the event of *i)* difficulties in resource-taking to finance assets, normally leading to higher costs in securing such finance but which may also imply a restriction on asset growth, or *ii)* difficulties in promptly meeting obligations to third parties caused by significant mismatches between residual periods on assets and liabilities.

Balance sheet interest rate risk is the risk incurred in the activity of a financial institution whenever, during the course of its activity, it contracts for operations whose financial flows are sensitive to interest rate changes. Put in different words it is the risk of the occurrence of a change in the interest rate associated with the mismatching of interest rate refixing periods between assets and liabilities held, with a decrease in yield or increase in financial cost.

For the management and control of liquidity and balance sheet interest rate risk, guidelines have been defined on the roles and responsibilities of the diverse parties, the metrics to be measured, the limits on such metrics and control on such limits. Periodic reports are produced on the monitoring process of the size of the exposure to such risks to support control compliance with the existing guidelines.

Operational risk

Operational risk is the risk of losses resulting from inadequacies or failures of processes, persons and information systems or caused by external events, including legal risks.

The management of operational risk in CGD Group is based on an end-to-end vision comprising a series of guidelines, methodologies and regulations recognised as good domestic and international practicel.

REGULATIONS AND CODES

INTERNAL AND EXTERNAL REGULATIONS APPLICABLE

CGD's activity is governed by the legal standards applicable to public limited liability companies, namely the Commercial Companies Code and the standards regulating the state's corporate sector as a result of its public company status (cf. Decree Law 133/2013, of 3 October[6]).

In general, CGD is governed by Community and domestic legislation covering its activity. Reference should be made, in terms of domestic law, to the General Credit and Financial Institutions Regime, approved by Decree Law 298/92 of 31 December[7], the Securities Code approved by Decree Law 486/99 of 13 November[8] and all regulatory standards issued by the Bank of Portugal and Securities Market Commission.

As regards Community legislation and particularly deriving from Directive 2013/36/EU and Regulation (EU) 575/2013[9], both of which on access to the activity of a credit institution and the respective prudential requirements, reference should be made to the continuation of the process of the publication of complementary regulation, in 2015, highlighting solely by way of example, the following EU Delegated Regulations (EU):

i) Delegated Resolution (EU) 2015/61 of the Commission of 10 October 2014, which completes Regulation (EU) 575/2013 of the European Parliament and the Council, on liquidity hedge requirements for credit institutions[10];

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[6] Amended by Law 75-A/2014 of 30 September.

[7] Amended and republished by Decree Law 157/2014 of 24 October, Law 16/2015 of 24 February, Law 23-A/2015 of 26 March, Decree Law 89/2015 of 29 May, Law 66/2015 of 6 July, Decree Law 140/2015 of 31 July, Law 118/2015 of 31 August and Decree Law 190/2015 of 10 September.

[8] Republished by Decree Law 357‐A/2007 of 31 October and amended by Decree Law 211‐A/2008 of 3 November, Law 28/2009 of 19 June, Decree Law 185/2009 of 12 August, Decree Law 49/2010 of 19 May, Decree Law 52/2010 of 26 May, Decree Law 71/2010 of 18 June, Law 46/2011 of 24 June, Decree Law 85/2011 of 29 June, Decree Law 18/2013 of 6 February, Decree Law 63-A/2013 of 10 May, Decree Law 29/2014 of 25 February, Decree Law 40/2014 of 18 March, Decree Law 88/2014 of 06 June, Decree Law 157/2014 of 24 October, Law 16/2015 of 24 February, Law 23-A/2015 of 26 March, Decree Law 124/2015 of 7 July and Law 148/2015 of 9 September.

[9] Directive 2013/36/EU of the European Parliament and the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment companies and Regulation (EU) 575/2013 of the European Parliament and the Council of 26 June 2013 on the prudential requirements for credit institutions and investment companies. Directive 2013/36/EU was transposed into domestic legislation by Decree Law 157/2014 of 24 October, which made a series of significant amendments to the General Credit Institutions and Financial Companies Regime.

[10] OJEU L11 of 17.01.2015.

ii) Delegated Regulation (EU) 2015/62 of the Commission of 10 October 2014 which amends Regulation (EU) 575/2013 of the European Parliament and the Council on the leverage ratio[11];

iii) Delegated Regulation (EU) 2015/585 of the Commission of 18 December 2014 which complements Regulation (EU) 575/2013 of the European Parliament and the Council on the regulatory technical standards which specify the risk periods in respect of margin[12];

iv) Delegated Regulation (EU) 2015/1555 of the Commission of 28 May 2015 which complements Regulation (EU) 575/2013 of the European Parliament and the Council on the technical standards on the regulation of information on institutions' compliance with the requirement to set up a counter-cycle own funds reserve in conformity with article 440[13];

v) Delegated Regulation (EU) 2015/1556 of the Commission of 11 June 2015 which complements Regulation (EU) 575/2013 of the European Parliament and the Council on the technical standards governing the regulation on the transitional processing of positions at risk on shares in accordance with the IRB method[14];

vi) Commission Implementing Regulation (EU) 2015/2197 of 27 November 2015 which establishes the technical standards on strictly correlated currency in conformity with Regulation (EU) 575/2013 of the European Parliament and the Council[15].

Reference should also be made to the guidelines issued by the European Banking Authority (EBA) and Bank of Portugal regulations, bearing in mind that, in the sphere of the Single Supervisory Mechanism (in force since 4 November 2014) the European Central Bank has specific attributes regarding the prudential supervision of credit institutions.

Reference should also be made, as regards Community legislation, to the publication, in 2015, of what is usually referred to as the 4th AML Directive [Directive (EU) 2015/849 of the European Parliament and the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or financing terrorism[16]] as well as Regulation (EU) 2015/847 of the European Parliament and the Council of 20 May 2015, on information accompanying funds transfers[17].

Regulation (EU) 2015/751 of the European Parliament and the Council of 29 April 2015 on the interchange fees for card-based payments[18] was also published. Reference should also be made to the end-of-year publication of Directive (EU) 2015/2366 of 25 November 2015 of the European Parliament and the Council, on payment services in the internal market[19].

As regards domestic legislation, reference should be made to the publication of Law 16/2015

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11 OJEU L11 of 17.01.2015.

12 OJEU L98 of 15.04.2015.

13 OJEU L244 of 19.09.2015.

14 OJEU L244 of 19.09.2015.

15 OJEU L313 of 28.11.2015.

16 OJEU L141 of 05.06.2015.

17 OJEU L141 of 05.06.2015.

18 OJEU L123 of 19.05.2015.

19 OJEU L337 of 23.12.2015.

of 24 February[20], which revises the legislation on collective investment undertakings, Law 18/2015 of 4 March which revises the legislation on the regulations applicable to the performance of a venture capital operation and Law 66/2015 of 6 July which simplifies and standardises fees on current account deposits and amends the legislation on minimum banking services.

In the regulatory sphere, reference should be made to the publication of the Bank of Portugal's *Official Notice* 2/2015 of 28 September on credit institutions' disclosure requirements on access conditions to minimum banking services, as well as the publication of CMVM Regulation 2/2015 of 17 July, on Collective Investment Undertakings (Securities and Real Estate) and the commercialising of Individually Subscribed for Open Pension Funds and CMVM Regulation 3/2015 of 3 November, on Venture Capital, Social Entrepreneurship and Specialised Alternative Investment.

CGD must also comply with the good practice recommendations defined by the supervisory authorities in which special reference should be made to the following Bank of Portugal circulars:

- Circular 26/2015/DSC which defines good practice to be complied with by credit institutions on interest rates on loan contracts with consumers and companies, in which the Bank of Portugal states its understanding on the repercussion of an eventual evolution of Euribor on loan and finance contracts entered into with customers to negative rates;
- Circular 68/2015/DSC, on good practice concerning the information to be supplied in the sphere of the use of contactless payment cards.

As regards the recommendations issued by international institutions, reference should be made to the publication of the Guidelines of the Basel Banking Supervision Committee of 8 July, on “Corporate Governance Principles for Banks”.

CGD's activity is also subject to its articles of association, approved by its general meeting of 22 July 2011[21].

CGD also has an Internal Standards System which is accessible to and binding on all employees and which covers the most relevant aspects of the company’s operation and performance of its activity.

CODES OF CONDUCT AND ETHICS

During the course of its activity and in its relationship with various interested parties, CGD complies with the values, operating principles and standards of professional behaviour published in its Code of Conduct. It is, therefore, essential to assess the Code's influence on the Institution's activity and identify any opportunities for improvement.

The Code of Conduct is a fundamental management instrument in respect of CGD's ethics, providing information to its employees and other stakeholders on the values, ethical principles and standards of professional conduct governing its performance.

CGD's current Code of Conduct was published in 2010. It is a mandatory self-regulating document to be complied with in and by CGD which helps to:

- Guarantee the clarification and harmonisation of benchmark standards for the performance of activity;

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[20] Amended by Decree Law 124/2015 of 7 July.

[21] Latterly amended by the Unanimous Written Resolution of 27 June 2012.

- Formalise and disclose information on the values, operating principles and standards of conduct governing relationships with various interested parties;
- Promote an organisational culture of compliance with the law and conformity with the values and principles adopted, in addition to the development of best corporate governance and ethical conduct practices.

The Code of Conduct's Management Model is its self-analysis tool designed to ensure its implementation, operationalisation, monitoring and continuous improvement, based on the application of a series of measures and assessment of goals and ethical and behavioural indicators.

The goals for the intended recipients of the Code (i.e. members of CGD's statutory bodies, employees, trainees, service providers and proxies), are threefold:

- Familiarisation with the Code – knowledge of the Code of Conduct and the values, operating principles and standards of professional conduct therein published;
- Knowing how to proceed – knowing how to react in practical situations according to duty; and
- Commitment – a commitment to CGD's values and principles.

These dimensions include ethical performance indicators designed to assess knowledge and application of the Code of Conduct and contribute towards the periodic revision of its Management Model.

Any violations of labour duties by workers are considered to be disciplinary offences and, in the last analysis, violations of the Code of Conduct. The respective disciplinary proceedings are brought as a result of the disciplinary breaches detected.

20 disciplinary proceedings were brought in 2015, 4 of which resulted in the dismissal of workers.

The Code of Conduct, albeit a stable instrument, should be permanently kept up-to-date. Internal consideration was therefore afforded to the eventual need to revise the Code of Conduct, identifying opportunities to make improvements on certain issues, in 2015.

CGD gave training in Ethics and the Code of Conduct to CGD Group entities' compliance officers, employees working in CGD's representative offices, trainees on professional on-the-job training courses and other employees in 2015.

A seminar on "Ethics in Organisations", for CGD and CGD Group managers in Portugal was organised in which concepts and references on the issue of Ethics, the role of leadership in promoting the highest standards of behaviour and recognition of the implications of ethical issues in the sphere of organisational governance processes were discussed.

CGD's Code of Conduct may be viewed on its intranet and website at

https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/CGD-Code-of-Conduct.pdf

APPLICATION OF STANDARDS DESIGNED TO PREVENT CORRUPTION AND ACTION PLANS TO PREVENT AND MITIGATE FRAUD

In the sphere of its internal control system, CGD has implemented permanent measures to prevent and repress the crime of corruption and associated offences. These measures translate into the following internal procedures and standards:

- The opening and use of deposit accounts;
- Verification of the signatures of parties to agreements with CGD;
- Approval of expenses, external services, sponsorships and donations;
- CGD employees' involvement in loan operations;
- Contracting for services;
- The employee management area, including recruitment and training;
- Verification of access to insider information on issuing customers.

As a result of such policies, CGD is a contributor to the Council for the Prevention of Corruption's (CPC's) list of entities and sends information to this Council on the respective Prevention Plans on the Risks of Corruption and Associated Offences under CPC Recommendation 1/2009 of 1 July.

CGD produced an internal standard, in 2013, on its Internal Communication System on Irregular Practice (SCIPI) in the sphere of preventing and combating corruption, information on which is available to all employees.

CGD pays special attention to issues related with the prevention of money laundering (AML) and combating the financing of terrorism (CFT), with the aim of preserving integrity and the trust of all of its customers.

AML/CFT activity is guided by rigorous compliance with legal, regulatory, ethical, deontological standards and internationally accepted good practice.

As CGD must comply with the mandatory international economic sanctions, imposed by various international bodies, its respective Sanctions Policy has been published on its web*site*.

In compliance with its legally established duties and the exacting standards of rigour and transparency governing its activity, CGD's AML/CFT system guarantees compliance with the legal and regulatory standards in force as set out in Law 25/2008 of 5 June and the Bank of Portugal's (BdP's) *Official Notice* 5/2013.

Reference should be made, in 2015, to the development of various projects for compliance with the obligations set out in BdP's *Official Notice* 5/2013, concerning improvements to computer solutions to strengthen AML/CFT activity.

CGD has adequate AML/CFT information tools, particularly comprising applications for monitoring accounts and customers, classifying customers' risk profiles and filtering customers who are subject to sanctions and politically exposed persons.

AML/CFT banking activity is continuously and systematically monitored by predefined indicators on a risk-based approach.

All employees are required to be familiar and comply with the legal and regulatory standards directly attributable to them, in the performance of their functions in addition to all internal rules and procedures in place for the normal development of their activity, with specific training being given in various formats as one of the basic aspects of the prevention system as a whole.

An internal Global Policy for the Prevention and Management of Conflicts of Interest, which sets out the operating principles and professional behavioural standards, in this area, for CGD, its employees and relevant persons in the performance of their activities and functions, was also published in 2014. This policy also defines the organisational measures and procedures required to ensure the adequate prevention and effective management of any conflicts of interest.

Caixa, through its Internal Audit Division (DAI), allocates various resources to a preventative approach to internal/external fraud, mainly comprising the following procedures/tools:

- Maintenance of a permanently updated system of recommendations/fraud alerts published on its intranet and warnings published in *Notícias de Negócio*, on opening accounts, verifying signatures, subscribing for the CaixaDirecta service, payments of cheques, non-personal transfers; acceptance of deposits, processing of cheques drawn on foreign banks;
- Classroom training and awareness sessions for taskforces from the commercial branch office network, based on a predefined, standardised schedule, aiming to provide a more personal explanation on the more common recurrent concerns/issues regarding the risk of fraud;
- Classroom training actions on fraud detection for trainees who will be working in the branch office network;
- Existence, in the sphere of the ongoing audit system, of a series of indicators and alerts on operations, with certain characteristics which could potentially indicate the existence of internal or external fraud, which automatically and continuously activate audit alarms, which generate or could generate the need to question the parties involved in the respective operations.

In addition to the preventative aspect, Caixa, through DAI, approaches the issue of fraud as part of an investigation and remediation (mitigation) strategy. DAI also has a mailbox for all users and provides permanent telephone support during normal office hours.

The investigation identifies any precautionary measures (contacts for clarification purposes, account constraints, secured amounts, risk annotations, accusations made to the Authorities*, etc.)* necessary to protect CGD's own material interests and customers' potential losses.

The investigations aim to establish internal and external (i.e. customers') disciplinary responsibilities with the final aim of preparing/promoting applicable recovery/mitigation measures (e.g. negotiation of payment plans, legal action against fraudsters, etc.).

Information on the identification of any control weaknesses, which may give rise to internal or external fraud or requirements to improve additional procedures during the course of such investigations is submitted to the internal structural entities/bodies which are best qualified to examine/study them in greater detail and implement them.

DAI has a system/application for the identification and registration of all occurrences related with internal and external fraud as well as the identification of the respective mitigation measures.

Caixa sends a specific report on fraud related with means of payment to the Bank of Portugal, every month.

COMPLIANCE WITH LEGISLATION AND REGULATIONS

APLICATION OF FISCAL REGULATIONS

CGD has two inter-complementary technical units for compliance with the fiscal legislation and regulations in force. One is geared to CGD's compliance with its own fiscal obligations and the other focuses on logistical support for the interpretation of legislative standards and those pertaining to CGD itself and products geared to customers, in addition to other functions attributed to it in matters of tax disputes.

APPLICATION OF STANDARDS RELATING TO COMPETITION AND CONSUMER PROTECTION

CGD permanently oversees the publication of new legal and regulatory obligations in addition to issuing recommendations and complying with the good practice defined by the supervisory bodies and adjusts its activities to such duties.

Taking into consideration the issue of transparency in terms of customer relationships, reference should be made, with regard to 2015 and solely by way of example, to initiatives aimed at adjusting CGD's activity and respective internal procedures to the following statutes:

- Bank of Portugal circular 26/2015/DSC of 30 March, on good practice to be complied with by credit institutions in respect of interest rates on loan agreements with consumers and companies by means of which the Bank of Portugal states its understanding regarding the repercussion of an eventual evolution of Euribor to negative interest rates in loan and finance agreements entered into with customers;
- Regulation (EU) 2015/751 of the European Parliament and the Council of 29 April 2015 on interchange fees applicable to card-based payment operations[22];
- Law 66/2015 of 6 July which simplifies and standardises fees on deposit accounts and amends the regulations on minimum banking services. In conformity with this law, Caixa adapted its information systems and price list (BdP's *Official Notice* 8/2009) in order to guarantee that all fees and expenses associated with returned cheques would be exclusively for the account of the drawer. These changes came into effect on 4 October 2015;
- Bank of Portugal circular 68/2015/DSC of 9 September, on good practice to be complied with on the information to be provided in the sphere of the use of contactless cards;
- Bank of Portugal *Official Notice* 2/2015 of 28 September, on credit institutions' duties of disclosure on access to minimum banking services.

The disclosure of information on financial products and services in the retail sphere, by credit institutions and financial companies is subject to rigorous information and transparency rules with the aim of enabling banking customers to make a reasoned, grounded decision on the products or services on offer.

CGD must comply with these disclosure requirements to the public on the financial products and services it commercialises, owing to legislation and the regulations issued by the supervisory bodies, which obligations have been transposed into the Institution's internal standards.

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[22] OJEU L123 of 19.05.2015.

CGD considers information which is true, transparent, balanced and clear to be an instrument for the creation of value for the Institution, increasing its customers' satisfaction, reducing the number of complaints and associated compliance risk. Quality communication benefits the establishing of lasting relationship of trust between customer and Caixa.

For the purpose of ensuring compliance with applicable standards, all of Caixa's advertising regarding the commercialisation of its financial products and services on domestic territory and abroad, either produced by Caixa or third parties, must be validated by the bodies responsible for the product, communication and the Compliance Office (GFC).

GFC also validates pre-contractual information on deposits and other resource-taking products.

88 products were subject to pre-contractual information requirements in 2015, with GFC having validated the conformity of such information in all cases.

INFORMATION ON COMPLIANCE WITH LEGISLATION, REGULATION AND ETHICALLY IRREPROACHABLE CONDUCT IN RESPECT OF THE APPLICATION OF ENVIRONMENTAL-TYPE STANDARDS

CGD's activity is performed in accordance with the applicable environmental legislation, as evidenced by the non-existence of any fines or non-monetary penalties for any breaches of environmental laws and regulations.

CGD has identified the environmental impacts resulting from management, remodelling and maintenance activities on its installations and property. It has systematically implemented a series of eco-efficiency measures based on best environmental practice which include the management of energy and water consumption, waste management, as well as the management of the air quality in its buildings

Information on these measures is published in its Annual Report which, this year, has been combined with the Annual Sustainability Report. Both documents can be viewed on the following link:

https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx

Deriving from the implementation of the environmental management system, certified to ISO 14001, CGD has contracted for the services of an external provider to assess conformity with the environmental legislation applicable to its activity.

As regards the indirect impact of its own banking activity, CGD has been including environmentally responsible products in its portfolio, in addition to an appraisal of environmental compliance risks in the project finance area, operationalised by Caixa BI – Banco de Investimento, SA. In this context, socio-environmental criteria have been defined in prospecting for and organising operations, at the time of the analysis of projects and corporate candidatures, based on the environmental opinion required by law in the form of an Environmental Impact Statement and/or Environmental Impact Assessment on all of the main infrastructures' financing projects. No financing is issued prior to the confirmation of the issue of the environmental permit involved in the legal due diligence process. Technical consultants are responsible for the independent and exclusive monitoring of the technical and environmental premises of projects (including all relevant permits) required during the construction and operation stage. Finance agreements include contractual obligations related with socio-environmental considerations.

The appraisal of corporate credit risk also includes environmental and social aspects which are considered to be relative to the company’s social and environmental credibility.

CGD, through CaixaGest, also has an investment fund with an environmental benefit in the form of *Fundo Especial de Investimento Caixagest Energias Renováveis* giving investors access to a diversified portfolio of assets directly and indirectly associated with renewable energies, environmental quality and carbon.

Additional information on environmental management is referred to in item b) Environmental responsibility - Policies adopted for the promotion of environmental protection and respect for the principles of legality and business ethics, as well as the rules implemented, taking sustainable development into account.

LABOUR STANDARDS AND APPLICATION

CGD is governed by highly rigorous ethical and technical-legal principles in the sphere of its legal-labour relationships. It accordingly meticulously analyses all changes to legislation with an impact on the Group's labour relations, promoting the application thereof.

The following were the most relevant changes in 2015:

- State budget law for 2015;
- Amendments to the Labour Code in the form of Law 28/2015 of 14 April (including gender identity in the sphere of equal rights in access to jobs and work) and Law 120/2015 of 1 September (strengthening maternity and paternity rights).

CGD favours dialogue in the quest for consensual, equitable solutions in its relationship with employees.

In light of the size of CGD, the 16 cases brought against it in 2015 comprised a very small number and was down in comparison to 2014 (19).

SPECIAL INFORMATION REQUIREMENTS

Under the terms of ministerial ruling 1361, issued on 18 July 2014 by the secretary of state for finance, CGD was dispensed from the requirement to disclose the information provided for in sub-paragraphs d), f) and g) of article 44 of decree law 133/2013, with CGD considering the extension thereof to sub-paragraph i) of the same article given the analogous nature of the information in question.

Caixa Geral de Depósitos, in compliance with its reporting requirements provides information on its performance and economic-financial situation through via "SIRIEF" ("system for the collection of economic and financial information"). The annual accounting documents are published on various platforms namely CGD's website, the CMVM's extranet, BPNet (Bank of Portugal), SIRIEF (DGTF) and the Portuguese audit court's electronic application for the submission of accounts.

MARKET RELATIONS AND WEBSITE REPRESENTATIVE

CGD, as an issuer of financial instruments, has appointed a market relations representative:

Contacts of Market Relations Representative

Luís Saraiva Martins

Av João XXI, 63
1000-300 Lisboa
Telephone: (351) 21 795 3524
Fax: (351) 21 795 3479
E-mail: luis.saraiva.martins@cgd.pt

As regards the ongoing and consistent disclosure of information on policies, strategic pillars and financial evolution of CGD Group, reference should be made to the activities of CGD's investor relations office (GIR), operating in the proactive two-way management of a series of relationships with the financial community in global terms, i.e. investors, rating agencies, counterparties, analysts and supervisors.

DISCLOSURE OF PRIVILEGED INFORMATION

CGD, as an issuer of financial instruments, as defined under the respective legal framework, has appointed a market relations representative who provides prompt information on any matter which may have a relevant effect on the company's economic and financial status and net worth. This is also complemented by a collection of business-related institutional information on CGD's website www.cgd.pt .

CGD disclosed the following privileged information in 2015, in full compliance with its duty to immediately publish relevant information:

Date	Subject
25/11/2015	Caixa Geral de Depósitos, S.A. informs about EBA Transparency Exercise 2015
23/11/2015	Caixa Geral de Depósitos, S.A. informs about DBRS rating decision
12/11/2015	Caixa Geral de Depósitos, S.A. informs about first nine months of 2015 Consolidated Results
22/09/2015	Caixa Geral de Depósitos, S.A. informs about Standard and Poors rating decisions
30/07/2015	Caixa Geral de Depósitos, S.A. informs about 1st half 2015 Consolidated Results
08/07/2015	Caixa Geral de Depósitos, S.A. informs about Put Option Exercise
12/06/2015	Caixa Geral de Depósitos, S.A. informs about Moodys conclusion of methodology-related reviews
28/05/2015	Caixa Geral de Depositos, S.A. infoms about Standard and Poors rating decisions
22/05/2015	Caixa Geral de Depositos, S.A. infoms about Fitch rating decisions - ammended announcement
22/05/2015	Caixa Geral de Depositos, S.A. infoms about Fitch rating decisions
21/05/2015	Caixa Geral de Depósitos, S.A. informs about 1st quarter 2015 Consolidated Results
11/02/2015	Caixa Geral de Depósitos, S.A. informs about 2014 Consolidated Results
20/01/2015	Caixa Geral de Depósitos, S.A. informs about a new covered bonds issue of EUR 1 billion

DISCLOSURE OF OTHER MARKET INFORMATION

CGD maintained its market information feed over the course of 2015 in line with the recommendations of the Securities Market Commission and best international practice, in a context of transparency and rigour for its investors, analysts, customers and other stakeholders.

In compliance with its public disclosure requirements, Caixa Geral de Depósitos has published all relevant, mandatory information on the CMVM's information disclosure system as well as hosting it on its internet for all interested parties.

DISCLOSURE OF INFORMATION ON CGD´S WEBSITE

The informational architecture of CGD’s website contains a public area exclusively for the disclosure of corporate governance information, in full compliance with good governance principles for companies in the state’s corporate sector. This website area ensures the disclosure of all mandatory and legal information on the company’s diverse corporate governance issues, including information on the issues set out in the following table:

	Disclosure			
	Yes	No	NA.	Remarks
Mission and Strategy	X			
Shareholder Structure	X			
Governance Model	X			
Remunerations and other Benefits	X			
Organisational chart	X			
Code of Conduct	X			
Regulations	X			
Historical and Current Financial Information	X			
Corporate Governance Principles	X			
Identity and résumés of all members of statutory bodies	X			

This information is available at:

https://www.cgd.pt/Institucional/Pages/Institucional_v2.aspx

VI - Remuneration

COMPETENCE FOR ASSESSING REMUNERATION

The board of directors, at its meeting of 11.2.2015, decided to set up a remuneration committee to operate within the sphere of the board. More detailed information on its composition and competence is available in Chapter IV - Statutory Bodies and Committees.

REMUNERATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS AND INSPECTION BODIES

The board of directors submitted, for a resolution of the general meeting, held on 21 May 2015, the board of directors' "Declaration on the remuneration policy for the members of CGD's boards of directors and inspection bodies", as defined by law, which was approved, in full compliance with the applicable legal standards, namely pertaining to the state's corporate sector, public manager statute and the standards applicable to the state budget at any point of time.

The general meeting is responsible for issuing resolutions on the remuneration of the members of boards of directors and may, for the said purpose, appoint a wages committee with the authority to define such remuneration under the terms of the public manager statute and other applicable legislation.

CGD is a state-owned company in the public corporate sector.

CGD's board members are therefore considered to be public managers and their remuneration is governed by the rules deriving from the public manager statute (PMS)[23] .

CGD'S remuneration policy for its statutory bodies, in 2015, continued to be strongly conditioned by the state budget law for 2015 in the form of law 82-B of 31 December, the public manager statute (PMS), general credit institutions and financial companies regime (RGICSF), Community and Bank of Portugal regulations which establish imperative rules and restrictions on the referred to policy.

The rules and restrictions in force have the following primary objectives:

- To ensure that the total remuneration and its respective composition are in line with the corporate governance model and adequately compensate the performance, qualification and responsibility required for the performance of functions;
- To discourage excessive and imprudent risk-taking;
- To promote alignment between remuneration and the company's objectives, corporate strategy, values and long term interests.

Reference should be made to the following (new or retained) limitations on the remuneration policy for the members of CGD's board of directors in 2015:

- Executive board members

  Definition of monthly remuneration, which is limited to the monthly remuneration of the prime minister and a monthly expense account allowance of 40% of the respective remuneration, or, as an alternative, an option for the remuneration paid by an incumbent's former employment, subject to the limit of the average monthly remuneration of the last three years of such former employment, adjusted by the

[23] Information on the public manager statute is set out in decree law 71/2007 of 27 March, amended and republished by decree law 8/2012 of 18 January, rectified by declaration of rectification 2/2012 of 25 January and complemented by council of ministers' resolutions 16/2012 of 14 Febuary and 36/2012 of 26 March.

CPI, with the express authorisation of the member of government responsible for the area of finance.

- Non-executive board members

  Fixed remuneration, up to the limit of 1/4 of the same type of remuneration as defined for executive board members and who, when effectively participating in committees specifically created for the oversight of the company's activity, are also entitled to complementary remuneration, in which case the limit on the global remuneration is 1/3 of the fixed remuneration established for executive members.

- Both:

  - Reduction of 5% in remuneration (law 12-A/2010 of 30 June);
  - Complementary reduction of 10% in remuneration (successive state budget laws);
  - Non-attribution of management bonuses (PMS and state budget laws).

Without prejudice to the referred to limitations, the company's shareholders' meeting is responsible for deciding on the remunerations of the members of its statutory bodies.

Accordingly at the shareholders' meeting of 22 May 2014, the state shareholder approved the "Declaration of the board of directors on the remuneration policy of members of CGD's board of directors and audit body", under the terms of a ruling issued by the Secretary of State for Finance 6555-B/2014, dated 19 May 2014 and published in Diário da República, 2nd series, no. 95, on the same date.

Based on the referred to ruling the state shareholder defined the remunerations of the chairman of the board of directors and all of the executive board members for the term of office in progress, effective from 8 July 2013, having, for the purposes authorised, in respect of each, the option for the average remuneration of the last 3 years of their former positions.

REMUNERATION STATUS IN 2015

BOARD OF THE GENERAL MEETING

Board of General Meeting	Remuneration
Chairman	Attendance voucher of €650.00
Vice- Chairman	Attendance voucher of €525.00
Secretary	Attendance voucher of €400.00

No remuneration was paid to the members of the board of CGD's shareholders' meeting.

BOARD OF DIRECTORS

As stated, the chairman of the board of directors and all of the executive board members exercised the right to the their option under the PMS, effective from the date of the start of their respective mandates and which was authorised by ruling 6555-B/2014, dated 19 May 2014 issued by the Secretary of State for Finance in May 2014 and approved by the shareholders' meeting of 22/05/2014.

The amounts for the non-executive board members, comprise 1/3 or 1/4 of the prime minister's basic wage depending on whether or not they serve on committees specifically created to oversee the company's activity as established in the PMS.

The fixed remunerations of CGD's board members in 2015 were therefore:

(EUR)

	Remuneration (14 months)
Board of Directors	
Chairman	
Prof. Doutor Álvaro Nascimento	7,704.20
Non-executive members	
Prof. Doutor Pedro Bela Pimentel	1,867.30
Prof. Doutor José Luís Crespo de Carvalho	1,867.30
Dr. José Ernst Henzler Vieira Branco	1,867.30
Executive Committee	
Chairman	
Dr. José de Matos	16,578.28
Vice- Chairman	
Dr. Nuno Fernandes Thomaz	8,647.80
Members	
Dr. João Nuno Palma	13,481.60
Dr. José Cabral dos Santos	11,424.33
Dra. Ana Cristina Leal	12,703.17
Dra. Maria João Carioca Rodrigues	12,039.21
Audit Committee	
Chairman	
Prof. Doutor Eduardo Paz Ferreira	1,867.30
Vice- Chairman	
Prof. Doutor Daniel Traça	1,867.30
Member	
Prof. Doutor Pedro Fontes Falcão	1,867.30

REMUNERATION AND OTHER BENEFITS OF MEMBERS OF STATUTORY BODIES

Under the terms of the PMS and the state budget law for 2015 no management bonuses were paid to CGD's board members, which bonuses comprised the variable component of executive board members' remuneration.

The issues of defining parameters for attributing such remuneration, the structure of this remuneratory component or deferment of its payment were not, therefore, raised.

Reference should also be made the other remuneration or benefits of board members, all of which under the PMS:

- Entitlement to the general social security regime, if not opting for another such as in the case of several board members;
- No entitlement to any complementary retirement plans or early retirements;
- Entitlement to the corporate benefits afforded to the company's workers;
- Entitlement to the use of company cars whose fuel costs are paid for by CGD;
- No entitlement to acquire company cars;
- Entitlement to the use of mobile communications paid for by CGD;

- No individual healthcare of life insurance products but only covered by personal accidents insurance when travelling on behalf of the company, in the form of a personal accidents insurance which covers for all of the company's workers;
- No other remunerations with significant non-pecuniary benefits;
- No entitlement to use credit cards;
- No entitlement to personal expense account items;
- Executive board members do not earn any remuneration for their performance of office in companies in a controlling or group relationship with CGD;
- There are no agreements for amounts to be paid to executive board members in the event of dismissal for the inadequate performance of their functions;
- The compensation and indemnities paid or owed to board members are set out at law;
- Board members are subject to an annual appraisal by the audit body.

STAFF REMUNERATION POLICY

The remuneration policy for CGD's employees workers takes the form of collective bargaining agreements which are published in the Labour and Employment Bulletin and internal regulations accessible to all workers.

In the sphere of remuneration policy, the company agreements and internal regulations govern the following:

- Wage scales and pecuniary clauses
- Professional careers
- Remuneration system
- Performance management system
- Labour conditions
- Welfare regime
- Incentives system
- Profit sharing

The remuneration of CGD workers has a fixed and variable component.

The fixed remuneration defined under the terms of the company agreements in force and internal regulations, comprises a basic wage complemented by various remuneratory items such as continuity payments, subsidies for no fixed working hours, subsidies for certain functions, holiday and Christmas subsidies.

Variable remuneration is paid on a one-off basis by the board of directors and is closely linked to performance and the degree of fulfilment of objectives.

The performance management system consists of an annual process by means of which CGD plans its activity, monitors performance and evaluates results.

The assessment of performance and fulfilment of objectives are relevant factors to be taken into consideration for any change in the remuneratory status of workers, including management staff, either in the form of merit based promotion or the revision of other fixed or variable wage components.

However, in 2015, as, in any event, since 2011, the remuneratory policy for CGD workers continued to be heavily constrained by the state budget law for 2015, law 82-B OF 31

December and law 75/2014 of 12 September which maintained the imperative rules and restrictions taking precedence over the applicable labour regulation instruments.

Reference should be made, herein, to article 38 of the state budget law for 2015 and articles 2 and 4 of law 75/2014, which maintained the general measures on the reduction of remuneration as well as article 38 of the state budget law for 2015, which prohibits any acts comprising increases in remuneration namely the award of performance bonuses or other similar pecuniary payments.

Therefore, as a consequence of the restrictions imposed there were no promotions or wage increases in 2015 (except for those deriving from indispensable appointments in the normal development of CGD's activity), nor was any variable annual remuneration paid to any CGD employee except for productivity incentives to commercial area workers.

For the same reason, there were no changes in wage scales in 2015.

To comply with the disclosure criteria established in article 17 of the Bank of Portugal's official notice 10/2011, a table containing quantitative information in CGD's payment of remuneration, broken down into managerial staff of CGD structures (except for control functions) and management staff in CGD control structures (DAI, DGR and GFC) is presented.

In light of the specificities deriving from the legal framework applicable to CGD, sub-paragraph b) of no. 1 and sub-paragraphs c), e), g) and i) of no. 2 of article 16 and sub-paragraphs b) to d) of no. 1 of article 17 of the Bank of Portugal's official notice no. 10/2011 are prejudiced for disclosure purposes.

(EUR)

	Workers covered by article 17 no. 1 of the Bank of Portugal's Official Notice 10/2011	
	Management staff CGD Structures (without Control Functions)	Management staff CGD Structures (with Control Functions)
1. Remuneration		
1.1. Base remuneration	20,524,569.21	1,443,605.02
1.2. Variable remuneration	60043.29 (1)	-
1.3. Number of Beneficiaries	250	16
2. Additional Information		
2.1. New Hirings in 2015	1	0
2.2. Amounts paid on early rescissions of work contracts	-	-
2.2.1. Number of payment beneficiaries	-	-
2.2.2. Largest amount paid to an employee	-	-

(1) Productivity incentives attributed to workers with managerial functions in commercial areas.

VII - Transactions with Related and Other Parties

CGD performs transactions with group and associated companies and other entities controlled by the Portuguese state.

CGD's financial statements, at 31 December 2015, included the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2015			
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	Other Companies of CGD Group
Assets:				
Liquid assets held in credit institutions	-	-	-	15,440
Loans and advances to credit institutions	-	-	-	2,660,336
Bonds and trading derivatives	7,500,347	2,558,023	368	655,923
Loans and advances to customers	7,278	2,570,294	186,761	275,640
Impairment of Loans and advances to customers	-	842	11,074	-
Other Assets	-	483,332	86,573	600,428
Liabilities:				
Resources from credit institutions	-	18,282	75	2,449,933
Customer resources	264,131	986,282	1,739,869	1,902,664
Debt securities	-	-	444,632	40,402
Subordinated Liabilities	908,665	650	9,000	266,089
Financial liabilities held for sale	148,099	6,281	-	63,048
Other Liabilities	-	68	-	170,666
Guarantees Given	-	12,075	74,774	2,096,306
Income:				
Interest and similar income	114,855	169,399	6,746	216,055
Gains from financial operations	879,747	304,569	1,549	1,968,949
Income from services rendered and comissions	571	10,730	52,152	24,341
Other operating income	6	203	201	30,142
Costs:				
Interest and similar costs	117,772	6,376	30,530	113,061
Losses from financial operations	853,397	306,204	1,212	2,026,536
Commissions costs	28	1,816	558	8,639
Other operating costs	-	-	1	-
General administrative costs	13	593	17	41,901

As regards the concept of "related parties" established in the general credit institutions and financial corporations regime, CGD adopted a collection of internal standards in the respective regulation sphere.

Caixa records and regularly oversees operations with related parties as regards the companies included in the Group's consolidation perimeter.

OTHER TRANSACTIONS

PROCEDURES FOR THE ACQUISITION OF GOODS AND SERVICES

Caixa Geral de Depósitos (CGD) has transparent procedures in place for the acquisition of goods and services, subject to principles of economy and effectiveness.

CGD has adopted the following procedures:

Preparation and market consultation

- Initiation of process with the identification of the need for new services or renewal of contracts;
- Identification of suppliers to be consulted;
- Production of tender documents, using the adequate draft model for the goods/service;
- Preparation of the suppliers' assessment grid;
- Tender documents sent to previously identified suppliers, inviting them to submit their proposals, which consultation, whenever possible, is sent to a minimum number of 3 suppliers per item/service;
- Reception of calls for tender and scheduling of meetings for clarifying doubts within the periods indicated in the tender documents.

Reception, assessment and negotiations of bids

- Reception of the bids from consulted suppliers, within the periods specified in the tender documents and in a sealed letter;
- Opening of bids by a bid opening committee;
- Preparation and signing of the minutes of the opening of the bids;
- Analysis and comparative assessment of bids (production of shortlist if necessary);
- Production of a bid assessment grid, taking the previously defined assessment table into account.

Selection, approval of expense and award

- Selection of suppliers for inclusion in the following stage of the negotiating process;
- Notification of suppliers excluded during the course of the negotiating process;
- Negotiating rounds up to the selection of the final supplier (in each round the collection of activities set out in this item is checked);
- Allocation of expenditure;
- Production of information for the decision of the competent corporate body;
- Production of award document in accordance with the current draft model;
- Award of the acquisition of goods/services to supplier.

Contracts

- Production of draft contract, based on the contents of the negotiating process, with no work being allowed to commence on its execution prior to the start date defined in the award;
- Copy of draft model sent to supplier.

The procedures applicable to the acquisition of goods and services were not revised in 2015.

TRANSACTIONS WHICH HAVE NOT BEEN MADE UNDER MARKET CONDITIONS

Information on the contracts usually entered into with CGD Group companies, without consulting the market is set out below:

- Valuables transport – ESEGUR – Empresa de Segurança, SA;
- Leasing operations – Caixa Leasing e Factoring, IFIC, SA;;
- Insurance – Companhia de Seguros Fidelidade-Mundial, SA;
- Vehicle hire – LOCARENT - Companhia Portuguesa de Aluguer de Viaturas, SA;
- New media developments with CaixaTec – Tecnologias de Informação, SA;

LIST OF SUPPLIERS REPRESENTING MORE THAN 5% OF EXTERNAL SUPPLIES AND SERVICES ON A SEPARATE BASIS

The following suppliers represented more than 5% of external supplies and services on an individual basis, in 2015:

(EUR)

Tax no.	Supplier	Total in 2015
PT500068801	Companhia IBM Portuguesa, S.A.	35,998,034.67
PT720003490	Fundo de Pensões do Pessoal da Caixa Geral de Depósitos	29,956,279.99
PT504940899	SOGRUPO II – Sistemas de Informação, ACE	24,125,314.86

VIII - Analysis of the Company's Sustainability in the Economic, Social and Environmental Domains

STRATEGIES ADOPTED AND DEGREE OF COMPLIANCE WITH TARGETS

CGD's activity is based on a business strategy which encompasses various aspects of threefold benefit to economic development, environmental protection and investment in the community.

CGD operationalises its sustainability strategy for the three year period 2015-2017, through its Corporate Sustainability Programme in alignment with CGD Group strategy based on a series of performance areas in excess of its legal and compliance, economic (sustainable business, financial literacy, ethics and conduct, quality of processes and certification, involvement with stakeholders, promotion of sustainability in the chain of suppliers), social (management of human assets, social responsibility and entrepreneurship and corporate citizenship) and environmental (eco-efficiency, protection of the environment and raising awareness on the preservation of natural resources) obligations.

To ensure that CGD achieves its sustainability goals, a sustainability management model has been implemented across the organisation, with the involvement of most structural bodies and Economic Interest Groupings (EIGs) to further the Corporate Sustainability Programme, in addition to several Group companies and affiliate banks – Caixa Banco de Investimento; Caixa Gestão de Ativos; Fundação Caixa Geral de Depósitos - Culturgest; Banco Interatlântico, Banco Comercial do Atlântico and Banco Caixa Geral Brasil. 2015 saw the involvement of the Group's international structure in South Africa – Mercantile Bank.

The model comprises:

- The Sustainability Board (CDSU), formed in 2015. This is an Executive Committee decision-making body responsible for the assessment, decision, and discussion and monitoring of the implementation of the sustainability of CGD and CGD Group branches and subsidiaries, including the maintenance of its Environmental Management System, on the basis of a corporate approach. This committee met twice in 2015.
- Sustainability Programme coordinating team responsible for the coordination and oversight of the Corporate Sustainability Programme and promoting work groups activity;
- Ambassadors and persons in charge, responsible for analysing and validating the proposals produced by the taskforces for submission to CDSU;
- Taskforces made up of the directors of various structural bodies, working on specific issues such as, Voluntary Policies and Codes, Risk, Products, Environment, Involvement with the Community, Reports and Stakeholders, Human Resources and CGD Groups in Africa and Brazil.

CGD revised its sustainability governance model in 2015 and now has a Sustainability Board responsible for decision-making, *in lieu* of the General Sustainability Committee, which was an advisory body.

CGD periodically defines its objectives and goals, the implementation and monitoring of a series of initiatives taken by the structural bodies allocated to the Corporate Sustainability Programme, information on whose level of completion is annually disclosed in the documents providing sustainability-related information, available via the following link at *www.cgd.pt* https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx.

CGD considers relational management and ongoing dialogue with various stakeholder groups to be a strategic tool designed to ensure transparency, trust and the alignment of its performance with its stakeholders' expectations, including prompt management of risks and opportunities.

This is why it has continued to provide various channels for dialogue between different groups of stakeholders. In 2015, CGD embarked upon a periodic process of consulting its strategic stakeholders on sustainability matters: Shareholder/State, Regulatory Bodies, Government Bodies, Employees, Community (social welfare institutes/NGOs), Suppliers, Individual Customers and Companies together with the media. Higher Educational Institutions were also involved in the process this year.

Consultations with stakeholders aimed to identify their expectations regarding sustainability; assessing their perception of CGD and its capacity to respond to relevant issues; assessing the adequacy of the communication channels used; identifying opportunities to improve performance in economic, environmental and social aspects and assessing stakeholder's perception of the quality of the information report on sustainability. The information compiled in this process is duly processed and communicated to management and used to identify opportunities to improve and define operating priorities for the implementation of the Corporate Sustainability Programme, including reporting material for latter inclusion in the functional structures allocated to the implementation of the Corporate Sustainability Programme.

As regards reporting and communication on its sustainability performance, CGD produces a sustainability report in accordance with the Global Reporting Initiative version 4.0 directives - for the “comprehensive” option which is independently verified by an external entity. In 2015, CGD decided to move to an integrated report format, having included sustainability contents in its Annual Report.

An annual Sustainability Report has also been produced. Both documents, together with the 2015 GRI Table, Sustainability Indicators and Methodological Notes can be viewed via the following link at www.cgd.pt

https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx.

In terms of the responsible performance of its activities, CGD subscribes for the following codes and relevant principles in respect of its economic, environmental and social performance:

- Good Government Practice for Companies in the State’s Corporate Sector (Council of Ministers’ Resolution 49/2007 replaced by Decree Law 133/2013 of 3 October);
- European Agreement on a Voluntary Code of Conduct for Home Loans first subscribed for in 2000;
- Code of Conduct of the Civil Institute for Advertising Self-Discipline, since 2000;
- Enterprise for Health — European Healthy Enterprises Network of which CGD was a founding member in 2000;
- United Nations Environment Programme — Finance Initiative, since 2009;
- World Savings Banks Institute/European Savings Banks Group (WSBI/ESBG) Charter for Responsible Business, since 2011;
- APAN (Portuguese Advertisers' Association) Charter of Commitments for responsible communication, since 2012;

- Global Compact - 10 universally accepted principles in the human rights, labour practice, environmental protection and anti-corruption areas, since 2013;
- 17 Sustainable Development Objectives launched by UNO, since 20 January 2016 last.

CGD continued to participate in the main Sustainability associations and initiatives, in 2015, including: UNEP-FI, Carbon Disclosure Project - CDP, Social and Corporate Responsibility Committee of the "European Savings Bank Group (ESBG), the Global Compact Network Portugal and BCSD Portugal – Corporate Council for Sustainable Development.

CGD has also voluntarily responded to various external assessments by entities which communicate their results to investors, including CDP, the Robeco SAM assessment for the Dow Jones Sustainability Index, and the Oekom, IMUG, Vigeo and EIRIS assessments.

PURSUIT OF POLICIES DESIGNED TO GUARANTEE ECONOMIC, FINANCIAL, SOCIAL AND ENVIRONMENTAL EFFICIENCY AND SAFEGUARD STANDARDS OF QUALITY

As performance guidelines, together with the codes and principles subscribed for (duly identified in the preceding item), CGD's operations continue to be based on a set of policies comprising the foundations of its Corporate Sustainability Programme, which include:

- Sustainability Policy based on five key strategic areas geared to value creation for stakeholders – Responsible Banking, Promotion of the Future, Protection of the Environment, Involvement with the Community and Management of Human Assets;
- Environmental Policy;
- Community Involvement Policy;
- Product and Service Policy, based on a Sustainability approach aligned with CGD Group's Marketing and Commercial policy. Information on these policies (in Portuguese and English) is available in the corporate website's sustainability area.

With the objective of disseminating a culture of quality and promoting procedural efficiency and efficacy, CGD has continued to develop a set of diversified initiatives ranging from the broadening of its quality management system to other processes which include communication and training on quality.

CGD has a Quality Area which is responsible for defining and monitoring levels of service for business processes and implementing the Management Systems methodology. The General Quality of Processes Committee (CGQP) is the body responsible for assessing, discussing and monitoring the implementation of CGD's quality of process strategy.

2015 was marked by the consolidation and maintenance of ISO 9001 certification. Reference should be made, in alignment with international and Bank of Portugal requirements, to the implementation of the Business Continuity Management System to ISO 22301 as well as the implementation of the Integrity of Information Management System to ISO 27001.

Certification of Caixa HQ's Environmental Management System to ISO 14001 was also maintained.

Training continued to be another aspect of performance. Reference should be made, this year, to the investment made in the sphere of ISO 27001, ISO 22301 as well as the year 2015 version of ISO 9001.

FORM OF COMPLIANCE WITH THE PRINCIPLES INVOLVED IN ADEQUATE BUSINESS MANAGEMENT

SOCIAL RESPONSIBILITY

Social responsibility and sustainable development policy and the terms of the provision of public service, namely in the sphere of consumer protection

CGD's sustainability policy establishes a set of guidelines in the sustainable development, sphere, in accordance with the references made in the preceding item. CGD has defined its Community Involvement Policy in alignment with this policy. The policy issues guidelines helping to meet the needs of the community, focusing on entrepreneurship, education, the social economy and financial literacy, including ongoing support for social and cultural activities.

CGD operates as a catalyst for sustainable development in Portugal, present through its branch office network across all of the country's municipal districts, including the autonomous regions of Madeira and the Azores.

The inclusion of the community as a decisive factor in value creation and business sustainability is one of the fundamental pillars of CGD's performance. This is shown by its financial solutions for customers, incentivising entrepreneurship, developing the Portuguese business fabric, financing a low carbon economy and mechanisms for facilitating and inducing savings and solutions for the prevention and processing of credit default situations, furthering the maintenance of a commitment to articulate business objectives with sustainability and social responsibility.

Assessment of the quality of service and customer satisfaction is one of the strategic pillars to strengthen CGD's value proposals. The methodologies used, aligned with best international practice, enable CGD to identify critical performance areas, adjust supply and service models and provide each segment with adequate levels of service.

Following the provision of specific communication channels for customers with special needs, in 2015, in addition to its Helpdesk for Deaf Citizens, CGD continued to incorporate the ColorADD – universal colour identification system in its informational and advertising media in an endeavour to improve the accessibility of products and services communication, promoting the social responsibility of all to all.

One of the directives of the Community Involvement Policy consists of incentivising employees' active participation in corporate volunteering activities. In the sphere of Caixa's Volunteering Programme, continuity was afforded to the Young VolunTeam Programme, in partnership with ENTRAJUDA and Sair da Casca and with the backing of the Directorate General for Education (DGE) and the European Commission's "Youth in Action" Programme. This programme helps to develop young people's skills, particularly those related with entrepreneurship, citizenship and social inclusion. The Young VolunTeam aims to promote voluntary work in primary and secondary schools while also improving recognition of the importance of this contribution to the development of young people's skills in areas such as social inclusion, entrepreneurship, education, employment and citizenship.

CGD also continued to participate with volunteers in the “Junior Achievement Portugal”, in various municipal districts in Portugal and in programmes geared to different educational cycles. Environmental volunteering activities were also organised across the year.

CGD also continues to associate with major causes in the solidarity area via its Blood Donors' Group, donations and gifts.

"Positive Balance" (CGD's financial literacy programme for individual and corporate customers) posted its best ever year since launch, with the number of visits and page views having doubled.

CGD was involved in European Money Week commemorations in 2015, as a member of the *Associação Portuguesa de Bancos* and its respective taskforce.

The partnership between CGD and *PmatE/University of Aveiro* has effectively proved to be a major investment in education in Portugal with paradigmatic, pioneering projects such as Caixamat and Education + Financial. Also in respect of the partnership with the University of Aveiro reference should be made to the 25th edition of the National Science Competitions 2015 with around 8,000 students enrolled in primary and secondary education from schools from all over Portugal.

CGD's ongoing support for culture continues to be one of the pillars of its performance. CGD – Culturgest Foundation has been a crucial cultural agent in hosting a series of events in various artistic domains, including music, theatre, dance, cinema, conferences and readings, exhibitions and the educational service. In addition to its sponsorship of various cultural events, continuity was also given to CGD's "Orchestras Project" on traditional classical and fusion music, aiming to promote the creation of new audiences, the enjoyment of culture and a fondness for music.

Facilitating access to cultural development, providing scarce resources in the regions, exploiting the synergies of its existing commercial structure, were several of the aspects valued by CGD and CGD Group, naturally together with access to information and knowledge, improvements to the capacity of human capital, integral development of populations, promotion of the Portuguese language and its use.

Reference should, accordingly, be made to the role of CGD's Historical Heritage managed by GPH (Historical Heritage Office). CGD's and the former BNU's Historical Archives, the Museological Collection, Collectors' Activities, the Decorative Collection, Overseas Library, Vieira Machado Library and Network of Mediathéques in the Lusophone space (Maputo, Beira, Nampula, Praia, Mindelo, Espargos, São Tomé, Ilha do Príncipe and Timor) are an integral part of this Office. The collection is on show as part of a valuable economic and financial history of Portugal and her former colonies. The treatment afforded to it, namely the description, preservation, documentary conservation, restoration of objects and divulgence of its heritage, enable the Bank's history to be safeguarded in present and future terms.

This disclosure of historical information which CGD has done its best to promote, whether in its publications of texts produced by GPH on its collections, on CGD media or the hosting of small exhibitions in internal spaces has been intensified. Demand is ever increasing and our visitors and researchers are also becoming increasingly demanding.

The Annual Report, this year as an integrated model, in addition to the annual Sustainability report published more detailed information on CGD's performance in the various referred to domains:

https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx.

Adoption of equality of treatment and opportunities plans, designed to eliminate inequality and permit conciliation between personal, family and professional lives

The management of CGD's Social and Family Responsibility Policy is geared to the human factor and socially responsible leadership, involving all of the Company's line management in the creation of an inclusive environment, support for integration and permanent development and preventing the most diverse problems.

CGD's human resources management mission consists of forming a strong, motivated team, and, always pursuant to direct business support, ensuring principles of non-discrimination and equality of treatment and opportunities and the balance between its employee's professional and personal lives, their professional development and well-being in terms of health and job security.

CGD fully respects human rights across its activity, as a socially responsible institution which complies with legal requirements, which principles are reflected in the management of its human assets, guaranteeing freedom of association and the prohibition of child and forced labour.

In its furtherance of an inclusive policy, CGD integrates the handicapped without any discrimination, providing them with technical assistance and guaranteeing the accessibility needed for such employees' full integration and development.

These principles have been set out in its Code of Conduct, sustainability policy and recruitment policies, remuneration, development and career management. By way of example, both as regards internal and external recruitment, the disclosure of information on opportunities and submission of applications are accessible to all interested parties of either sex, with selection being solely and exclusively based on each candidate's CV and skills profile. Equality is also guaranteed in terms of the management of remuneration, with the basic remuneration paid to employees defined in wage scales, by level/scale for each professional category, without any distinction between the sexes.

In addition to the internal importance attached to these principles, CGD promotes sustainability in its chain of suppliers and service providers. It prohibits discrimination based on criteria such as race, gender, disability, handicap, political or ideological beliefs, religion, level of education, marital or other status.

Data on the application of these principles has been published in the Annual Sustainability Report and certified by an independent external entity.

In respect of conciliation between personal, family and professional lives, CGD has continued to promote and back its employees' development in all aspects of their non-working lives, attaching importance to the family, strengthening multiple social roles and citizenship and socio-cultural and sporting aspects in addition to promoting a healthier working environment.

Given the existence of social and economic crisis over the last few years and its transversal impact on many families, endeavours continued to be made to find sustainable risk prevention and solvency support solutions, articulated with the implementation of environmental financial support and measures designed to encourage savings with psychosocial and budget advisory assistance.

Measures having an impact on the balance between personal-family and professional lives in CGD and which go far beyond legal obligations, particularly include the following:

- Psychosocial support - in the form of a psychosocial/advisory programme for employees and their family members, based on articulation between the company's social services, psychology and healthcare services and also relying on the mobilisation of forms of internal solidarity with a guarantee of confidentiality.
- Socioeconomic support - continuation of the possibility of employees' access to mortgage loans and personal credit at subsidised rates and longer maturities.

  In 2015 CGD continued to oversee situations benefiting from the one-off financial support measures of past years and situations justifying the application of a loan restructuring measure. Due provision was therefore made for any breakdowns and/or needs.

The social services also continued, herein, to provide subsidised lines of credit to employees and their family members, for the purchase of durable goods, tourism, acquisitions of books and other school material.

- Healthcare - highlights:
  - Provision of healthcare and nursing centres in the main urban centres and agreements with partner providers in various areas, guaranteeing broad, nationwide medical cover;
  - Vaccination campaigns and free screening for the prevention of seasonal flu, stopping smoking, prevention of cardiovascular illness, diabetes inter alia, based on articulation between Medicine in the Workplace services and Medical Centres;
  - Nursing advice on diabetes and for family-related initiatives based on a preventative approach;
  - Agreements for continuous, integrated care for employees and their family members;
  - Maintenance of specific agreements for the treatment of employees' and their family members' addictions;
  - Subsidies and assistance for specific treatment for children with special needs;
  - Special subsidies in the event of major illness ("major illness" status).
- Flexibility and socio-professional support policies:
  - Adequacy of function, place/workstation to employees' physical and psychological capacities;
  - Adjustment of geographical and functional mobility to employees' personal/family needs as part of a harmonisation of interests policy;
  - Possibility of extended leave for assistance to the family in socially extreme situations such as major illness;
  - Student worker subsidies;
  - Continuity payments and annuities;
  - Payment of seniority bonus;
  - Priority in the admission of the family members of workers who have passed away or who are unable to work, all things being equal with other applicants;
  - Continuous training model aiming to achieve a culture of excellence, focusing on quality and results and based on values such as change, a customer-centric approach, contributing towards employees' personal and professional advancement with the aim of promoting social well-being;
  - Welcoming actions (an informational and awareness-based approach) for employees appointed to new management positions;
  - Provision of advisory services and oversight in pre-retirement or retirement situations;
  - Welcoming actions for the newly retired, endeavouring to promote an active life and prevent social exclusion.

- Socio-family assistance – highlights:
  - Special agreements for the acquisition of products and services, in the insurance, transport, nursery and kindergarten, homes and home support areas;
  - Holiday camps, language courses and other leisure time and educational activities for children, particularly during the school holidays;
  - Sharing of books and second hand school materials system;
  - Planning and support for parenthood, including preparation for the birth, medical appointments for the newborn and a breastfeeding space;
  - Awareness and training sessions on responsible parenthood;
  - Payment of birth grants;
  - Subsidies for employees' children (infants, study and grants for higher education based on social criteria and meritocracy);
  - Prevention and safety actions promoted by CGD's Office for Protection and Safety, to include employees' children and family members.
- Cultural and sporting affairs
  - Special privileges for shows for CGD's employees, through its Social Services;
  - Special access terms for the Culturgest Foundation's cultural events for employees and family members and organisation of cultural actions for employee groups at compatible times during the lunch hour;
  - Readers' Club, possibility of ordering books with no postage costs for employees in the autonomous regions of Madeira and the Azores, to combat insularity; partnerships with publishers and booksellers;
  - CGD provides various support infrastructures in the sporting area, particularly in the Cultural and Sports Centre at its HQ Building and the Ajuda Sports Hall. Preferential agreements have also been entered for the widest range of sports for employees and their family members, over the country as a whole.
- Social solidarity – highlights
  - SSCGD Blood Donors' Group with more than five thousand registered donors and a large domestic footprint through its regional hubs, is the largest group to be associated with a financial institution and one of the largest nationwide;
  - Corporate volunteering activities continued to mobilise employees and their families in respect of social and environmental causes, strengthening the corporate culture;
  - Internal volunteering activities, in which reference should be made the "SéniAmor" Group of Volunteers with hubs in Lisbon, Porto and Guarda, who interact with colleagues with greater psycho-social difficulties, based on an approach geared to preventing breakdowns after leaving the Bank on retirement;
  - Support continued to be provided to associations of retirees/pensioners, particularly ANAC which chairs the European Savings Banks Group comprising representatives from banks in 8 countries, translating the recognition of its prestige in the senior associative sector.

Measures adopted by the company regarding the Principle of Equality between Men and Women, as established in no, 1 of Council of Ministers' Resolution 19/2012 of 23 February

CGD develops good, non-discriminatory practice and an inclusive policy based on a set of fundamental pillars, namely, effective non-discrimination, social responsibility and the defence of high ethical standards and values of trust.

Not having a formal equality plan, the plans which form part of employee policy are, however, all based on a policy of equality.

Diagnostics show the existence of effective equality of treatment and opportunities between men and women in CGD, with no discrimination. CGD accordingly scrupulously complies with principles of equality, both when recruiting its staff and in terms of their career advancement as in terms of its workers' remunerations.

Recruitment in terms of access to work, does not discriminate between men and women and selection is solely and exclusively based on a candidate's CV and skills profile, with gender being a non-issue.

The analysis of professional career advancement is solely based on criteria of merit and competence.

As regards remuneration, CGD implements an effective equal wages policy between men and women, with no gender-based distinction.

CGD also promotes equal access to professional training which is available to all workers on the e-learning platform.

In 2015, CGD posted a balanced distribution between the sexes (57% women and 43% men).

It should be noted, herein, that the board of directors, in 2015, had two female board directors, with women therefore representing 18%. The Portuguese state, as CGD's shareholder, defined a gender objective this year in terms of the composition of the statutory and audit bodies, namely: 30% of women in the composition of the said bodies by the end of 2018.

PERCENTAGE OF FEMALE EMPLOYEES

Functional Distribution	'Femalisation' rate (Change 2003 - 2015)
Administrative	12.48%
Technical	22.83%
Line Management	89.23%
Management	43.40%

CGD's policies are based on effective conciliation between personal, family and professional lives, in a culture of solidarity, based on the adoption of sustainable practice as a family-friendly Company.

Particularly as regards parenthood, CGD promotes balance between the social roles of men and women in its disclosure of information on the rights of both parents and its acceptance of their respective entitlement.

CGD also provides support to the breastfeeding project and arranges for birth planning and preparation appointments as well as medical appointments for the newborn.

In short, it can be claimed that CGD promotes effective equality between men and women in all areas of their lives in the Company, providing them both with equal opportunities and rights.

Indication of measures implemented in the sphere of investment in terms of professional advancement

CGD remains geared to the advancement of its human resources and talent management guidelines as part of its employees' inclusive, ongoing training policy.

The development of its employees' careers translates into the creation of opportunities for their professional evolution, particularly based on internal mobility processes enabling them to develop their skills and fulfil their expectations. It also promotes equal access to professional training which is available to all workers on the e-learning platform.

The knowledge management strategy upon which the training model and employee development and advancement is based, permits employees' needs to be aligned with business requirements, promoting a culture of excellence.

In 2015, CGD developed initiatives to improve transversal skills, strengthened key business skills, namely customer oversight and credit recovery; developed training programmes on basic skills and earmarked around 116 employees for various commercial functions.

Reference should be made, in the knowledge management area, to the creation of an academy enabling the sphere of intervention to be expanded beyond the regular activity of providing for individual and functional training requirements, enhancing the level of employee training and ongoing development and strengthening the role of training in the cultural, leadership and innovation areas.

Various internal communication channels and media continued to play a fundamental role in ensuring permanent dialogue with workers and promoting CGD Group values. Caixapessoal as the exclusive portal for CGD employees, totally dedicated to human resources management issues is available to all employees even outside their normal working environment, permitting day-to-day access to personalised information and HR applications, including access to e-learning courses and/or training tutorials as a professional and personal development tool. Workers who are unable to locate the desired information on this portal, have an online Caixapessoal helpdesk.

ENVIRONMENTAL RESPONSIBILITY

Policies adopted for the protection of the environment and respect for principles of legality and business ethics in addition to the rules implemented, taking sustainable development into account

CGD assumes its responsibility for the preservation of the environment, managing and monitoring the direct and indirect impacts of its activities, products and services.

CGD's Environment Policy is based on three fundamental policies:

i) compliance with environmental legislation and other applicable requirements

ii) adoption of a proactive attitude to preventing pollution, and

iii) ongoing improvements to its environmental performance.

CGD retained its Environmental Management System certification for its HQ building to ISO 14001, in 2015, having begun work on preparing the System for expansion to its branch office network.

CGD continued to invest in its promotion of best practice for reducing its environmental impact, particularly focusing on energy efficiency, employee mobility, waste management, re-use of resources and minimising waste. CGD launched an internal awareness campaign on good environmental practice, in 2015, with a Tutorial on the Environmental Management System for all of its employees.

A programme in physical and digital format, including a collection of detailed information and information on good practice related with the Environmental Management System was developed in 2015 for all CGD HQ residents (CGD employees, outsourced services, suppliers, residents etc).

As a precautionary measure, adopted in 2015, a mandatory programme of visits to the building lasting for 30 minutes was included as part of the employee and certified personnel accreditation process (CGD or outsourced), including aspects related with the Environmental Management System. The welcoming leaflet which is distributed to new employees, in 2015, included the Environmental Management System.

CGD also involves its suppliers in its environmental management processes, ensuring that they operate in alignment with CGD requirements. During the course of the year, CGD continued to progressively include sustainability-related contractual clauses, namely compliance with Ethical Principles and Good Practice, aligned with Global Compact Principles and the obligations set out in the Good Environmental, Safety and Health Practice handbook which is attached to contracts with suppliers as regards the type of service provided.

Objectives and goals for various significant environmental aspects were established with the aim of continually improving CGD's environmental performance. A diversified set of environmental impact reduction measures, including the rationalisation of consumption, use of renewable energies, adoption of low carbon technologies in buildings and in mobility and adequate waste management, continued to be implemented.

CGD has been producing an inventory of greenhouse gases on its banking activity in Portugal, since 2006, enabling it to quantify, manage and disclose information on its carbon footprint and monitor its environmental performance in carbon terms. It continued to reduce its environmental footprint in 2015 and achieved the reduction objectives defined for 2015, set against 2006 values for CO2 emissions and electricity consumption.

As part of its Low Carbon Programme, CGD offsets several of its greenhouse gas emissions, deriving from its activity in Portugal, associated with the consumption of petrol and diesel fuel by its commercial fleet; electricity consumption, waste processing and issue of publications. To offset its emissions, CGD employs a collection of criteria designed to guarantee the use of carbon credits with high levels of integrity promoting the environmental and social benefits of the projects backed by it. A separate report on the offsetting of emissions, certified by an independent external entity, is produced each year and can be viewed on its website.

CGD simultaneously promotes environmental responsibility with its main groups of internal and external stakeholders, in the form of environmental awareness actions in the surrounding community. CGD organised and mentored environmental-type events in 2015 and continued to host online calculation tools and suggestions on how to reduce environmental impacts, such as the use of its carbon calculator.

Caixa has been a willing participant in the CDP climate change questionnaire, since 2009, and, for the fifth consecutive year, achieved a leading position with a maximum 100 points for Disclosure on the Iberian Climate Disclosure Leadership Index (CDLI).

CGD subscribes to the CDP Supply Chain, a programme based on a collaborative approach which contributes to the sustainable development of the value chain, helping companies to compile information to understand how suppliers are dealing with climate change and working to reduce their greenhouse gas emissions.

CGD's Annual Report, this year in an integrated format and the Annual Sustainability Report disclose more detailed information on CGD's environmental performance:

Detailed information on sustainability is available at:

https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx.

ECONOMIC RESPONSIBILITY

Ways in which the company's competitiveness has been safeguarded, namely through research, innovation, development and the integration of new technologies in the productive process

CGD's difference is characterised by its innovation and commitment to new, differentiated, services to enhance its market competitiveness.

CGD, in 2015, maintained a strategic focus on companies, overseeing the particularly positive context associated with the Portugal 2020 Programme. Furthering its trajectory of strengthening its position as a "Corporate Bank", with dedicated teams of account managers for SMEs, micro enterprises and entrepreneurs – it particularly concentrated on backing the economy, based on a comprehensive sectorial offer and a strong international presence, focusing on treasury support and corporate capitalisation operations.

As part of its strategic objective of strengthening relational management and improving customer experience, CGD increased its supply of interaction means and functionalities with customers, namely on a level of digital and mobile banking channels, including initiatives to further strengthen the integrity of information on electronic channels for Caixadirecta users.

CGD continued to back initiatives to promote entrepreneurship, in order to help favour the growth of the Portuguese business environment.

Evidence to the effect that CGD is committed to developing innovative approaches is the bank cards' recycling initiative introduced by the Bank at the end of 2015. The circuit implemented enables bank cards (expired or at the end of their useful lives) and non-bank cards (e.g. loyalty cards *et al*.), to be processed in the form of recycled plastic. On the other hand, as CGD is an Institution governed by values of solidity and trust, its customers in permitting the delivery of their personal cards, can be sure that the security standards and confidentiality of their data are guaranteed. This is an innovative waste processing initiative which transforms the cards into assets with a positive impact on the community and environment.

Action plans for the future

As leader of an international group, CGD's evolution is determined by its capacity to provide for and adapt to society's emerging challenges, based on the ethical and responsible performance of its activity.

The strategic guidelines for the promotion of the future, as defined in CGD's Sustainability Policy, recognise the financial sector's relevant role *en route* towards sustainable development.

CGD's sustainability strategy, for the three year period 2015-2017, is based on a series of relevant areas and initiatives geared to meeting the needs and expectations of its various strategic stakeholders, taking into account the trends and challenges faced by the sector. Over the next few years, CGD will continue to work on contributing towards sustainable development, based on the strategy aligned with the UNO's Sustainable Development Objectives.

Based on its sustainability management model, CGD will remain committed to the evolution of the various component parts of its Corporate Sustainability Programme, comprising the defined strategy and adoption of best international practice.

In the future CGD aims to continue to broaden this Programme to its international structures, having already involved its banking affiliates in Cape Verde, Brazil and South Africa namely – Banco Interatlântico, SA, Banco Comercial do Atlântico, SARL, Banco Caixa Geral Brasil, SA and Mercantile Bank Holdings Limited.

Continued expansion to other structures will make it possible to share knowledge, skills and good practice, helping to promote synergies and economies of scale. The optimisation of its consolidated results will also help maintain the external recognition earned by its performance and CGD's contribution to sustainable development, strengthening the image and reputation of the CGD brand.

As specifically regards environmental certification for its HQ, CGD will expand the scope of the Environmental Management System to its branch office network and the Group's other companies. A system of this type will create value for shareholders and for society in general on account of its economic, environmental and competitive benefits.

CGD will continue to develop initiatives to back its Forestation Project, including the offsetting of Caixa's emissions, based on partnerships entered into both with *Tapada Nacional de Mafra* and other partners. In the environmental literacy sphere, CGD will continue to promote initiatives backed by Lisbon Zoo's pedagogical centre, in which its educational proposals deal with the conservation of biodiversity and value of animal life.

CGD will also remain committed to developing its commercial offer on the basis of responsible business principles to help respond to emerging social challenges such as the development of its offer geared to the needs of Syrian refugees in Portugal.

CGD's Annual Report, this year in an integrated format and the Annual Sustainability Report disclose more detailed information on CGD's environmental performance.

Detailed information on sustainability can be viewed at:

https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx.

Creation of value for shareholder (higher productivity, customer-centric approach, reduction of exposure to risks deriving from the environmental, economic and social impacts of activities, etc.)

Its state shareholder expects CGD to operate on the basis of a prudent risk management approach and to achieve benchmark status in terms of efficiency and quality of service, as a Good Governance benchmark with a profound sense of social responsibility. It also expects CGD to comply with its mission of contributing to economic development, strengthening competitiveness, innovation and the internationalisation of Portuguese companies, always endeavouring to achieve balanced evolution between strength, returns and growth.

CGD's performance pillars in the sustainable development domain are based on its recognition of the importance of balance, transparency and responsibility in its relationship with stakeholders, in addition to banking activity's contribution to sustainable development in order to promote a better future.

Based on its Corporate Sustainability Programme, and, more specifically, its Sustainability Strategy for the three year period 2015-2017, CGD has been permanently and effectively engaged on reducing the exposure of its activity to the risks deriving from economic, environmental and social impacts. This programme has been recognised over the past few years by external entities, both domestic and international, owing to its contribution to sustainable development.

CGD has continued to implement a Product and Service Policy, based on the continued availability of its environmentally and socially responsible commercial offer. It has retained its strategic guidelines of financing the Portuguese economy, particularly focusing on the small and medium-sized enterprises segment (SMEs); backing exports and the internationalisation of Portuguese companies; financial inclusion, microcredit solutions and incentivising entrepreneurship, encouraging savings, backing the rehabilitation and regeneration of urban centres and funding a low carbon economy.

CGD recognises that the success of its position is also contingent on various communications channels, in order to ensure ongoing dialogue with its various stakeholders and build balanced mutually beneficial relationships for all parties. CGD endeavours to meet its customers' global needs based on long term relationships of trust, meeting their needs and using responsible communication mechanisms and secure financial management. Actions designed to strengthen relational management with customers and improve the customer experience have been taken over the course of the year.

In 2015, CGD continued along the road to consolidation moving towards sustainable development, comprising various initiatives enabling it to reduce its exposure to risk deriving from the impacts of its activity. Owing to the paradigm shift in the banking sector, the Corporate Sustainability Programme therefore helping CGD achieve its strategic objective of improving the operational efficiency of its domestic activity, by reducing its operating costs (energy, materials) as well as achieving additional revenues.

CGD's Annual Report, this year in an integrated format and the Annual Sustainability Report disclose more detailed information on CGD's environmental performance.

Detailed information on sustainability can be viewed at:

https://www.cgd.pt/English/Institutional/Sustainability/Reporting-and-performance/Pages/Reporting-and-performance.aspx

IX - Assessment of Corporate Governance

ASSESSMENT OF THE LEVEL OF COMPLIANCE WITH GOOD CORPORATE GOVERNANCE PRACTICE BINDING UPON CGD IN ACCORDANCE WITH DGTF CIRCULAR LETTER 2015

		Identification		Disclosure			
Corporate Governance Report		Yes	No	Yes	No	Page	Remarks
I	**Mission, Objectives and Policies**						
1.	Indication of mission and furtherance thereof, in addition to the company's vision and values	✓		✓		351	
2.	Policies and guidelines triggered by the defined strategy	✓		✓		351-352	
3.	Indication of objectives and level of compliance therewith, as well as the justification for any deviations and the remedial measures applied or to be applied.	✓		✓		351-353	
4.	Evidence of performance in acordance to the guidelines proposed by sectoral competent authorities	✓		✓		351-353	
II	**Capital Structure**						
1.	Capital structure	✓		✓		355	
2.	Eventual limitations on ownership and/or transferability of shares	✓		✓		355	
3.	Shareholders' agreements	✓		✓		355	
III	**Corporate Investments and Bonds**						
1.	Identification of singular (statutory bodies) and/or collective persons (Corporate) with direct or indirect investments in other entities with detailed information on capital and voting percentages	✓		✓		356-357 360	
2.	The acquisition and disposal of corporate investments and involvement in any associative or foundational entities	✓		✓		357-360	
3.	Provision of financial guarantees or assumption of the debts or liabilities of other entities	n.a		n.a			
4.	Indication of the number of shares and bonds held by members of boards of directors and inspection bodies	✓		✓		360	
5.	Information on the existence of significant commercial relationships between equity stakeholders and the company	✓		✓		424	
6.	Identification of the mechanisms adopted to prevent the existence of conflicts of interest	✓		✓		376-377	

Corporate Governance Report		Identification Yes	Identification No	Disclosure Yes	Disclosure No	Page	Remarks
IV	**Statutory Bodies and Committees**						
A.	**Board of the General Meeting**						
1.	Composition of the Board of the GM, term of office and remuneration	✓		✓		362,419 420	
2.	Identification of shareholders' resolutions	✓		✓		362	
B.	**Administration and Supervision**						
1.	Governance model adopted	✓		✓		361	
2.	Statutory rules on procedures applicable to the nomination and replacement of members	✓		✓		361	
3.	Composition, duration of term of office, number of permanent members	✓		✓		363-367	
4.	Identification of the executive and non-executive members of the Board of Directors and identification of the independent members of the CGS.	✓		✓		365	
5.	CVs of each of the members	✓		✓		380-398	
6.	Production of the declaration by each of the members of the board of directors to the board of directors and the audit body, in addition to IGF of any equity investments they may have in the company in addition to any relations they may maintain with suppliers, customers, financial institutions or any business partners which could generate conflicts of interest	✓		✓		376-377	
7.	Habitual and significant family, professional or commercial relationships of members, with shareholders having a qualified investment of more than 2% of the voting rights	n.a		n.a			
8.	Organisational charts on the division of competencies among the various statutory bodies	✓		✓		361	
9.	Functioning of Board of Directors	✓		✓		363-367	
10.	Existence of Board of Directors or supervisory committees	✓		✓		367-368 370-372	
C.	**Inspection**						
1.	Identification of the inspection body, corresponding to the model adopted and its composition, indication of the statutory minimum and maximum number of members, duration of term of office, number of permanent and deputy members	✓		✓		367-368	
2.	Identification of members of the Inspection Body	✓		✓		367	
3.	CVs of each member	✓		✓		393-398	
4.	Functioning of inspection	✓		✓		367-368	
D.	**Statutory Auditor**						
1.	Identification of Statutory Auditor/ Statutory Audit Company	✓		✓		368-369	
2.	Indication of legal limitations	✓		✓		368-369	
3.	Indication of the number of years the Statutory Auditor and/or Statutory Audit Company has exercised functions in the company/group	✓		✓		368-369	
4.	Description of other services provided to the company by the Statutory Audit Company	✓		✓		368-369	
E.	**External Auditor**						
1.	Identification	✓		✓		373-374	
2.	Rotation policy and periodicity	✓		✓		373-374	
3.	Identification of performance of works other than audits	✓		✓		373-374	
4.	Indication of annual remuneration paid	✓		✓		373-374	

	Corporate Governance Report	Identification Yes	Identification No	Disclosure Yes	Disclosure No	Page	Remarks
V.	**Internal Organisation**						
A.	**Articles of Association and Communications**						
1.	Changes to the company's articles of association - Applicable rules	✓		✓		361	
2.	Communication of irregularities	✓		✓		400-401	
3.	Indication of anti-fraud policies	✓		✓		412-413	
B.	**Internal control and risk management**						
1.	Information on the existence of an internal control system (ICS).	✓		✓		401	
2.	Persons, bodies or committees responsible for internal audit and/or ICS.	✓		✓		367-369 401-404	
3.	Principal risk policy measures adopted	✓		✓		405-413	
4.	Line management and/or functional dependencies	✓		✓		405-406	
5.	Other competent functional areas for risk control	✓		✓		401-404 405-413	
6.	Identification of main types of risk	✓		✓		406-408	
7.	Description of the process for the identification, appraisal, oversight, control, management and mitigation of risk	✓		✓		405-413	
8.	Implementation of ICS and risk management elements in the company	✓		✓		401-406	
C.	**Regulations and Codes**						
1.	Internal and external regulations applicable	✓		✓		408-410	
2.	Codes of conduct and ethics	✓		✓		410-411	
3.	Prevention of corruption	✓		✓		412-413	
4.	Action plans to prevent internal (committed by an employee or service provider) and external (committed by customers or third parties) fraud	✓		✓		412-413	
D.	**Special information disclosure requirements**						
	Platform for compliance with information disclosure duties	✓		✓		416	
	Platform for compliance with duties of transparency	✓		✓		416	
E.	**Website**						
	Indication of addresses and disclosure of information supplied	✓		✓		416-417	
	Information to be hosted on "SEE" (government corporate sector) website	✓		✓		417	
F.	**Provision of public or service of general interest**						
VI	**Remunerations**						
A.	**Competency for Assessment**						
	Indication of body responsible for defining remuneration	✓		✓		371,419	
B.	**Remuneration Committee**						
	Composition	✓		✓		371	
C.	**Remunerations structure**						
1.	Remuneration policy for boards of directors and audit bodies	✓		✓		419-420	
2.	Information on the way in which remuneration is structured	✓		✓		419-420	
3.	Variable component of remuneration and attribution criteria	✓		✓		419-420	
4.	Deferral of payment of variable component	n.a		n.a		419-420	
5.	Parameters and bases for attributing bonuses	✓		✓		419-420	
6.	Complementary pension regimes	✓		✓		419-420	

		Identification		Disclosure			
Corporate Governance Report		Yes	No	Yes	No	Page	Remarks
D.	Disclosure of information on remunerations						
1.	Indication of annual amount of remuneration earned	✓		✓		420-421 451	
2.	Amounts paid by other companies in a controlling or group relationship	✓		✓		420	
3.	Remuneration paid in the form of profit sharing and/or bonuses	✓		✓		419-420	
4.	Indemnities paid to former executive board members	✓		✓		422	
5.	Indication of the annual amount of remuneration earned by the company's audit body	✓		✓		419,452	
6.	Indication of annual remuneration of the board of the shareholders' meeting	✓		✓		420	
VII	Transactions with related and other parties						
1.	Implementation of mechanisms for the control of transactions with related parties	✓		✓		424	
2.	Information on other transactions	✓		✓		425	
VIII	Analysis of the company's sustainability in the economic, social and environmental domains						
1.	Adoption of strategies and degree of compliance with targets	✓		✓		427-429	
2.	Policies pursued	✓		✓		429	
3.	Form of compliance with the principles inherent to adequate business management a) Social responsibility b) Environmental responsibility c) Economic responsibility	✓		✓		430-440	
IX	Appraisal of corporate governance						
1.	Compliance with recommendations	✓		✓		441	
2.	Other information						

ANNEX I

COMPLIANCE WITH LEGAL GUIDELINES

COMPLIANCE WITH LEGAL GUIDELINES ON AVERAGE PAYMENT PERIODS CALCULATED UNDER THE TERMS OF RULING 9870/2009, AND DISCLOSURE OF INFORMATION ON ARREARS, AS DEFINED BY DECREE LAW 65-A/2011

The evolution of the average payment period to suppliers (average payment periods calculated in accordance with the Ministry of Finance and Public Administration's Ruling 9870/2009, which changed the formula of Council of Ministers' Resolution 34/2008 of 22 February) was as follows:

	2015				2014				Change(%) 4th Quarter 2015 / 4th Quarter 2014
Quarter	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
Payment period (days)	28	29	29	49	35	30	28	35	41.5%

CGD has a mandate agreement with Sogrupo Compras e Serviços Partilhados, Agrupamento Complementar de Empresas (SCSP), which includes, inter alia, the provision of services related with billing and the processing of payments for the supply of goods and services.

SCSP has implemented an invoice validation process enabling the identification of divergent situations regarding the conclusion and quality of the provision of services, amounts incorrectly invoiced, invoices with missing mandatory information requested when awarding the contract, invoices with omissive descriptions and incorrect VAT rates and amounts.

As a means of improving the efficiency of the validation process with the objective of reducing the number of divergences found and promoting a strategy of reducing payment delays deriving from the above referred to situations, diverse initiatives, particularly the request for items to be set out in the invoice when awarding the contract, to improve efficiency in terms of its processing are in progress.

PAYMENTS IN ARREARS

(EUR)

	December 2015				
Payments in arrears under Decree Law 65-A/2011	0-90 days	90-120 days	120-240 days	240-360 days	More than 360 days
Acquisitions of goods and services	6,676,690	382,949	4,179,533	988,274	944,162
Acquisitions of capital	140,155	765	470,185	833	4,449
Outstanding balance	6,816,845	383,714	4,649,718	989,107	948,611
Balance payable to suppliers (Total)	**13,787,995**				

COMPLIANCE WITH LEGAL GUIDELINES ON REMUNERATION LEVELS

Chairman of the board of directors and executive board

The chairman of the board of directors and all of the executive board members exercised their right to receive the remuneration paid by their former functions, under the terms of the public manager statute (PMS), effective from the start of the respective terms of office.

In ruling 6555-B/2014, dated 19 May 2014 and published in Diário da República, 2nd series, no. 95, of the same date the Secretary of State for Finance defined the remunerations of the chairman of the board of directors and all executive board members for the term of office in progress having, for the said purpose authorised, in respect of each, their option for the average remuneration of the last 3 years of their former functions.

At the shareholders' meeting of 22 May 2014, the state shareholder approved the "Declaration of the board of directors on the remuneration policy of members of CGD's boards of directs and audit boards", under the terms of and in compliance with ruling no. 6555-B/2014 of the Secretary of State for Finance.

The remunerations of the chairman of the board of directors and executive board members being processed are therefore set out in the respective declarations on their option as authorised under the terms of the PMS.

Non-executive board members

The amounts processed in the case of non-executive board members, correspond to 1/3 or 1/4 of the basic wage of the prime minister depending on whether they serve or not on committees specifically created for the oversight of the company's activity, as established in the PMS.

CGD was therefore in full compliance with the legal regulations on the defining and payment of the remunerations of statutory bodies in 2015.

Prohibition of management bonuses

No management bonuses were paid to members of CGD's statutory bodies, in 2015, in full compliance with the dispositions of article 41 of the state budget law for 2015.

Application of reductions to CGD workers' remuneration

In 2015 the remuneration of CGD workers was subject to the reductions provided for in no 2 and no 4 of of law 75/2014, together with a reversal measure and correction factor (as in 2013), in conformity with the communication of the Secretary of State for Finance. Wage scales were not reviewed in 2015.

COMPLIANCE WITH LEGAL GUIDELINES ABOUT THE CREDIT CARDS USE

In compliance with no. 1 of article 32 of the public manager statute, members of CGD's boards of directors do not use credit cards.

To pay for expenses made on behalf of the company, CGD provides its directors with an electronic purse for payment and control purposes.

In full compliance with no. 2 of the referred to article, there are no personal expense account items in CGD.

COMPLIANCE WITH LEGAL GUIDELINES ON A PUBLIC CONTRACTING LEVEL

Public Contracting Rules

Without prejudice to the fact that CGD is a commercial company in the form of an exclusively state-owned limited liability company, it is governed by private law and is not subject to the public contracts code approved by decree law 18/2008 of 29 January, which sets out the rules on public contracts and the substantive regime of public contracts of an administrative type (cf. article 1).

A combination of the dispositions of no. 2 of article 1 and article 2 of the public contracts code, shows that CGD is not subject to the public contracts code regime. Even if it is considered that CGD was formed to meet the needs of the general interest, it is a commercial company and is subject to market rules and free competition and may not therefore be considered an awarding entity under the terms of the said article 2.

In the same way CGD is not bound to subscribe for the national public procurement system (SNCP), including its BASE system, because it is a commercial company, with the object of performing a banking activity in the broadest terms permitted by law.

CGD operates in the market in due compliance with the objectives and principles of legality and business ethics defined for the state’s corporate sector as defined by decree law 133/2013 of 3 October, amended by law 75-A/2014 of 30 September which covers, *inter alia*:

- Transparency
- Social responsibility
- Sustainable development
- Equal treatment for all customers and suppliers
- Promotion of equality and non-discrimination.

Acts and agreements entered into involving more than €5 million

CGD entered into the following agreements, involving more than €5 million, in 2015:

- A services agreement between CGD and NOS – Comunicações, SA, with the corporate object of providing communication services and the operation, maintenance and management of communications infrastructures;
- A services agreement between CGD and HAVAS MEDIA - Publicidade, SA, with the corporate object of planning, negotiating and acquiring advertising space in various communications media, in addition to the management, monitoring and oversight of the referred to advertising space.

COMPLIANCE WITH LEGAL GUIDELINES ON A LEVEL OF THE STATE’S VEHICLE FLEET

Over the last few years, CGD has been promoting a wide range of cost cutting initiatives, especially as regards the management of vehicles and on-the-job travel. A new regulation aiming at rationalising this expenditure and leading to an ever more responsible use of CGD’s vehicle fleet, was approved in 2014.

A reduction of expenditure, deriving from the centralised management and optimisation of processes related with the acquisition, allocation and use of company cars, both in the case of CGD as in CGD Group companies headquartered on national territory and geared to reducing the amount of standard instalments and vehicle maintenance costs, was therefore implemented in 2015:

- A revision of the vehicles allocation policy, including a 20% reduction of the amount of the standard instalments and the limiting of choice to only one marque and model for each category;
- Mandatory periodic revision of the adequacy of the standard instalments, models and marques;

COMPLIANCE WITH GUIDELINES ON THE REDUCTION OF OPERATING EXPENSES

Caixa has been implementing a consistent cost reduction plan, employing all types of measures to help achieve this objective, since 2007, notably:

- Centralised demand management, revising operating and business procedures to reduce consumption;
- Integration of negotiation activities and strengthening respective competencies and operating scopes;
- Separation between functions in purchasing processes;
- Optimisation of suppliers portfolio management;
- Revision of budgeting process;
- Implementation of budget performance control processes.

In addition to the business and structural measures that will result in the further reduction of costs, including the closure of branches and reducing staff, particularly via an early retirement plan, developed over 2015, various initiatives have contributed directly to cost reduction, particularly:

- Renegotiation of the telecommunications contract;
- Renegotiation car rental contracts;
- Renegotiation of software maintenance contract;
- Review of consulting procedures.

The results of the various initiatives implemented were however partially offset by the cost of implementing the early retirement plan, as well as exogenous factors, not controlled by CGD, which forced the institution to incur significant costs. A part of these costs should translate into future savings of financial costs, namely:

- The implementation of the Restructuring Plan negotiated with DG Comp;
- Changes in Regulation, Tax or other;
- Reporting requirements and implementation of recommendations by supervisory authorities.

EVOLUTION OF OPERATIONAL COSTS

(EUR Thousand)

	Target	2015	2014	2013	2012	2011	2015/2014		2015/2011	
							Δ Total.	Change %	Δ Total.	Change %
Cost of goods sold and materials consumed		n.a	n.a	n.a	n.a	n.a				
External services and supplies		314,584	331,911	334,347	341,612	353,121	-17,327	-5.2%	-38,537	-10.9%
Travel/accommodation	Redution in line with previous year	26	56	76	66	70	-30	-53.6%	-44	-62.9%
Allowances	Redution in line with previous year	398	440	474	703	1,041	-42	-9.6%	-643	-61.8%
Communications	Redution in line with previous year	20,004	21,425	22,487	22,514	24,461	-1,421	-6.6%	-4,457	-18.2%
Employee costs		541,894	497,342	492,380	469,916	512,103	44,552	9.0%	29,791	5.8%
Total		**856,478**	**829,253**	**826,727**	**811,528**	**865,224**	27,225	3.3%	-8,746	-1.0%
Turnover (*)		1,728,202	964,495	933,642	1,563,966	1,740,382	763,707	79.2%	-12,180	-0.7%
Expenses/turnover		**50%**	**86%**	**89%**	**52%**	**50%**				
Number HR (*)		9,146	9,661	9,904	10,400	10,572	-515	-5.3%	-1,426	-13.5%
No. Employees (exc. SBs and managers)		8,883	9,387	9,624	10,115	10,286	-504	-5.4%	-1,403	-13.6%
No. management positions		250	260	266	274	275	-10	-3.8%	-25	-9.1%
No. corporate bodies		13	14	14	11	11	-1	-7.1%	2	18.2%
No. employees/ management posts		**36**	**36**	**36**	**37**	**37**	-1	-1.6%	-2	-5.0%
Vehicles (***)										
No. vehicles		1,117	1,150	1,179	n.a	n.a	-33	-2.9%	n.a	n.a
Vehicle expenses		7,442	8,852	9,288	n.a	n.a	-1,410	-15.9%	n.a	n.a

(*) Total Operating Income.

(**) SBs + managers + employees.

(***) Note: When completing the table, the number of vehicles at 31.12.2015 and 31.12.2014 was taken into consideration given the difficulty of ascertaining the number used during the course of the year. The expenditure was calculated on the basis of the real values of the vehicle fleet costs account heading for each year (instalments, insurance, journeys, fuel, repairs, insurance and road tax). The amounts calculated include non-deductible VAT.

COMPLIANCE WITH THE DUTY TO PROVIDE INFORMATION ON THE "SEE" (STATE CORPORATE SECTOR) WEBSITE AT 31 DECEMBER 2015

INFORMATION TO BE PUBLISHED ON "SEE"

	Disclosure		
Information to be published on "SEE" (state corporate sector) website	Y / N / na	Last update	Remarks
Articles of association	Y	Jun 15	
Characterisation of company	Y	Jun 15	
Supervisory and shareholder function	Y	Jun 15	
Governance model / members of statutory bodies			
- Identification of statutory bodies	Y	Jun 15	
- Fixed remuneration status	Y	Jun 15	
- Disclosure of information on remuneration earned by statutory bodies	Y	Jun 15	
- Identification of functions and responsibilities of members of the board of directors	Y	Jun 15	
- Presentation of résumés of members of statutory bodies	Y	Jun 15	
State funding	Y	Jun 15	
Summary	Y	Jun 15	
Historical and current financial information	Y	Jun 15	
Good governance principles	Y	Jun 15	
Internal and external regulations binding on company	Y	Jun 15	
Relevant transactions with related entities	Y	Jun 15	
Other transactions	Y	Jun 15	
Analysis of company's sustainability in the following domains			
Economic	Y	Jun 15	
Social	Y	Jun 15	
Environmental	Y	Jun 15	
Appraisal of compliance with good governance principles	Y	Jun 15	
Code of ethics	Y	Jun 15	

APPENDIX 1

BOARD OF DIRECTORS

Term of office (Start-End)	Board of directors					
	Position	Name	Appointment		ORPLE	
			Form (1)	Date	[Identification Entity]	Paid by (S/D)
2013-2015	Board chairman	Álvaro Nascimento	Unanimous written declaration	8/7/2013	Univ. Católica + Esc. Gestão Empresarial + Unicer + CGD	CGD - Destination
2013-2015	Executive committee chairman	José Matos	Unanimous written declaration	8/7/2013	BdP + CGD	CGD - Destination
2013-2015	Vice chairman executive committee	Nuno Fernandes Thomaz	Unanimous written declaration	8/7/2013	Self-employed + CGD	CGD - Destination
2013-2015	Board member	João Nuno Palma	Unanimous written declaration	8/7/2013	REN + CGD	CGD - Source
2013-2015	Board member	José Cabral dos Santos	Unanimous written declaration	8/7/2013	CGD	CGD - Source
2013-2015	Board member	Ana Cristina Leal	Unanimous written declaration	8/7/2013	BdP	CGD - Destination
2013-2015	Board member	Maria João Carioca	Unanimous written declaration	8/7/2013	SIBS	CGD - Destination
2013-2015	Board member	Jorge Cardoso (2)	Unanimous written declaration	8/7/2013	Caixa Banco Investimento	CGD - Destination
2013-2015	Chairman audit. Committee	Eduardo Paz Ferreira	Unanimous written declaration	8/7/2013	Option not exercised	CGD - Destination
2013-2015	Vice-chairman audit committee	Daniel Traça	Unanimous written declaration	8/7/2013	Option not exercised	CGD - Destination
2013-2015	Board member audit committee	Pedro Fontes Falcão	Unanimous written declaration	8/7/2013	Option not exercised	CGD - Destination
2013-2015	Board member audit committee	Pedro Bela Pimentel	Unanimous written declaration	8/7/2013	Option not exercised	CGD - Destination
2013-2015	Board member audit committee	José Luís Crespo de Carvalho	Unanimous written declaration	8/7/2013	Option not exercised	CGD - Destination
2013-2015	Board member audit committee	José Hernst Vieira Branco	Unanimous written declaration	8/7/2013	Option not exercised	CGD - Destination

Legend: (1) indicate resolution (R)/AG/DUE/ruling (D). (2) Mandate suspended since 16/09/2014.
Note: ORPLE - Option for remuneration received in place of last employment; S/D: Source/Destination.

PMS REMUNERATION

Board member (name)	PMS			
	Fixed	Classification	Gross monthly amounts €	
	[Y/N]	[A/B/C]	Basic remuneration	Expense account
Álvaro Nascimento	Yes	A	7,704.20	-
José Matos	Yes	A	16,578.28	-
Nuno Fernandes Thomaz	Yes	A	8,647.80	-
João Nuno Palma	Yes	A	13,481.60	-
José Cabral dos Santos	Yes	A	11,424.33	-
Ana Cristina Leal	Yes	A	12,703.17	-
Maria João Carioca	Yes	A	12,039.21	-
Eduardo Paz Ferreira	No	A	1,867.30	-
Daniel Traça	No	A	1,867.30	-
Pedro Fontes Falcão	No	A	1,867.30	-
Pedro Bela Pimentel	No	A	1,867.30	-
José Luís Crespo de Carvalho	No	A	1,867.30	-
José Hernst Vieira Branco	No	A	1,867.30	-

Note: PMS - Public manager statute

ANNUAL REMUNERATION

Board member (name)	Annual remuneration (€)				
	Variable	Fixed	Gross (1)	Reductions in remuneration (2)	Amount after reductions (3) = (1)-(2)
Álvaro Nascimento	-	107,858.80	107,858.80	See note	
José Matos	-	232,095.92	232,095.92	See note	
Nuno Fernandes Thomaz	-	121,069.20	121,069.20	See note	
João Nuno Palma	-	188,742.40	188,742.40	See note	
José Cabral dos Santos	-	159,940.62	159,940.62	See note	
Ana Cristina Leal	-	177,844.38	177,844.38	See note	
Maria João Carioca	-	168,548.94	168,548.94	See note	
Eduardo Paz Ferreira	-	26,142.20	26,142.20	See note	
Daniel Traça	-	26,142.20	26,142.20	See note	
Pedro Fontes Falcão	-	26,142.20	26,142.20	See note	
Pedro Bela Pimentel	-	26,142.20	26,142.20	See note	
José Luís Crespo de Carvalho	-	26,142.20	26,142.20	See note	
José Hernst Vieira Branco	-	1,991.79	1,991.79	See note	

Note: The state shareholder defined the remunerations of members of the board of directors for the current term of office (2013-2015) in the form of a resolution of the shareholders' general meeting of 22 May 2014. The shareholder approved the remunerations resulting from the options for the remuneration paid in the place of the former employment under the terms and in compliance with the ruling of the secretary of state for finance no. 6555-B/2014, of 19 May 2014, published in *Diário da República* 2nd series, no. 95, of the same date. The remunerations in question already reflect the cumulative reduction of remuneration of 15%, resulting from the application of article 12 of law 12-A/2010 of 30 June (5%) and successive state budgets.

SOCIAL BENEFITS

Board member CA (Name)	Social benefits (€)							
	Meal allowance		Social security regime		Healthcare insurance	Life insurance	Other	
	Amount / day	Annual amount paid	Identify	Amount			Identify	Amount
Álvaro Nascimento	11.10	2,508.60	Social security	34,396.12	N/A	N/A		256.70
José Matos	11.10	2,530.80	BdP pension fund + social security (banking regime former Cafeb)	101,233.49	N/A	N/A		
Nuno Fernandes Thomaz	11.10	2,275.50	Social security	38,529.83	N/A	N/A	Study grant	920.10
João Nuno Palma	11.10	2,208.90	CGA / Pension fund	42,697.59	N/A	N/A	Study grant	661.50
José Cabral dos Santos	11.10	2,630.70	CGA / Pension fund	43,132.15	N/A	N/A		
Ana Cristina Leal	11.10	2,630.70	BdP pension fund + social security (banking regime former Cafeb)	81,804.63	N/A	N/A		
Maria João Carioca	11.10	2,697.30	Social security	53,571.46	N/A	N/A	Study grant	376.90
Eduardo Paz Ferreira	0	0	Social security	2,035.96	N/A	N/A	Study grant	256.70
Daniel Traça	0	0	Social security	8,244.70	N/A	N/A	Study grant	242.70
Pedro Fontes Falcão	0	0	Social security	8,244.70	N/A	N/A	Study grant	921.20
Pedro Bela Pimentel	0	0	Social security	8,244.70	N/A	N/A		
José Luís Crespo de Carvalho	0	0	Social security	8,244.70	N/A	N/A	Study grant	756.80
José Hernst Vieira Branco	0	0	Social security	1,389.18	N/A	N/A	Study grant	801.00

MOBILE COMMUNICATIONS EXPENSES

Board member (name)	Mobile communications expenses (€)		
	Defined monthly limit	Annual amount	Remarks
Álvaro Nascimento	N/A	5,459.65	23% VAT on voice and data communications
José Matos	N/A	6,556.76	23% VAT on voice and data communications
Nuno Fernandes Thomaz	N/A	14,913.38	23% VAT on voice and data communications
João Nuno Palma	N/A	13,224.73	23% VAT on voice and data communications
José Cabral dos Santos	N/A	1,081.64	23% VAT on voice and data communications
Ana Cristina Leal	N/A	735.65	23% VAT on voice and data communications
Maria João Carioca	N/A	1,299.38	23% VAT on voice and data communications
Eduardo Paz Ferreira	N/A	1,290.25	23% VAT on voice and data communications
Daniel Traça	N/A	84.11	23% VAT on voice and data communications
Pedro Fontes Falcão	N/A	131.30	23% VAT on voice and data communications
Pedro Bela Pimentel	N/A	131.30	23% VAT on voice and data communications
José Luís Crespo de Carvalho	N/A	66.94	23% VAT on voice and data communications
José Hernst Vieira Branco	N/A	148.48	23% VAT on voice and data communications

VEHICLE COSTS /CHARGES

(EUR)

Board member (name)	Vehicles costs/charges								
	Vehicle	Agreement entered into	Reference price of vehicle	Type of payment (1)	Start year	End year	Monthly instalments	Annual instalments	Remaining payments
	[Y/N]	[Y/N]	[€]	[identify]			[€]	[€]	
Álvaro Nascimento	Y	N	69,796.31	Renting	2013	2016	1,283.66	15,403.89	11
José Matos	Y	N	88,900.00	Renting	2014	2017	1,182.82	14,193.86	24
Nuno Fernandes Thomaz	Y	N	92,000.00	Renting	2014	2017	1,180.63	14,167.59	24
João Nuno Palma	Y	N	87,200.00	Renting	2014	2017	1,142.66	13,711.95	24
José Cabral dos Santos	Y	N	82,213.18	Renting	2014	2017	1,211.05	14,532.60	19
Ana Cristina Leal	Y	N	73,392.00	Renting	2013	2016	1,087.53	13,050.41	11
Maria João Carioca	Y	N	80,681.03	Renting	2013	2016	1,076.16	12,913.88	9

Legend: (1) purchase; leasing (long term or other).

ANNUAL VEHICLE COSTS

Board member (name)	Monthly fuel limit	Annual vehicle costs (€)				
		Fuel	Tolls	Other repairs	Insurance	Remarks
Álvaro Nascimento	N/A	3,836.54	2,136.95	875.31	-	
José Matos	N/A	2,575.01	645.25	297.88	-	
Nuno Fernandes Thomaz	N/A	4,238.04	778.15	3,215.23	-	
João Nuno Palma	N/A	3,827.19	1,433.65	1,603.58	-	
José Cabral dos Santos	N/A	4,400.49	2,303.60	360.16	-	
Ana Cristina Leal	N/A	1,824.68	525.75	-	-	
Maria João Carioca	N/A	2,677.85	543.55	-	-	

Note: The insurance for vehicles insured by Locarent, are included in the amount of the instalments.

TRAVEL EXPENSES

Board member (name)	Gross annual travel expenses (€)					
	Official travel	Accommodation costs	Allowances	Other		Total travel expenses
				Identify (a)	Amount	
Álvaro Nascimento	27,789.92	13,090.65	2,390		10,287	53,557
José Matos	31,544.44	2,034.60	2,238		294	36,111
Nuno Fernandes Thomaz	85,905.15	4,203.09	4,740		6,229	101,077
João Nuno Palma	65,272.79	3,432.70	4,957		2,697	76,360
José Cabral dos Santos	5,798.85	12,592.23	1,289		1,168	20,848
Ana Cristina Leal	3,175.29	3,572.03	1,523		507	8,778
Maria João Carioca	2,230.25	4,301.35	1,005		285	7,822
Jorge Cardoso					90	90
Eduardo Paz Ferreira		402.70				403
Daniel Traça	485.88	202.70				689
Pedro Fontes Falcão		602.70				603
Pedro Bela Pimentel	908.59	402.70	241		79	1,632
José Luís Crespo de Carvalho	347.51	602.70			150	1,101
José Hernst Vieira Branco	347.51	402.70			419	1,169

a) Includes: visas, vaccinations, taxis, expense account items.

The amounts in respect of the audit body (audit committee) are set out in the board of directors' tables.

APPENDIX 2

	Compliance			Quantification / Identification	Justification / reference in report
	Y	N	N/A		
Management objectives			x		
Evolution of APP to suppliers	x			41.5%	Change between €13,787,995 (2015) and €8,584,977 (2014)
Disclosure of information on arrears	x			60.6%	
Shareholder's recommendations at the time of the last approval of the accounts:					
Recommendation			x	Not applicable	
Remunerations					
Non attribution of management bonuses, under article 37 of law 66-B/2012	x			See information in chapter: "Compliance with legal guidelines on the level of remunerations" and appendix I of Corporate Governance Report	
Statutory bodies - pay cuts under article 27 of law 66-B / 2012	x				
Statutory bodies - pay cut of 5% based on the application of article 12 of law 12-A/2010					
External auditor - pay cut under article 75 of law 66-B / 2012			x		
Other workers - pay cut under article 27 of law 66-B / 2012	x				CGD'S remuneration policy for its statutory bodies, in 2015, continued to be strongly conditioned by the state budget law for 2015 in the form of law 82-B of 31 December, the public manager statute (PMS), general credit institutions and financial companies regime (RGICSF), Community and Bank of Portugal regulations which establish imperative rules and restrictions on the referred to policy
Other workers - prohibition of increases in remuneration under article 35 of law 66					
Article 32 of public manager statute					
Use of credit cards	x				In compliance with no. 1 of article 32 of the public manager statute, members of CGD's board of directors do not use credit cards
Reimbursement of personal expense account items	x				In full compliance with no. 2 of article 32, there are no personal expense account items in CGD
Public contracts					
Company's application of rules on public contracts			x		CGD is governed by private law and is not subject to the public contracts code (PCC), approved by decree law 18/2008 of 29 January which regulates the workings of public contracts and the substantive regime of public contracts of an administrative type
Contracts submitted for the approval of the court of auditors	x			2	Contracts submitted for the approval of the court of auditors: NOS – Comunicações, SA and Havas Media – Publicidade, SA
Audits - court of auditors			x		
Vehicle fleet	x			-33	CGD had a fleet of 1,150 vehicles in 2014 which was reduced to 1,117 vehicles in 2015. The 2.9% year-on-year reduction in the number of vehicles in 2015 essentially derived from the closure of several structural bodies on the branch office network as well as the return of several vehicles by PGS Reserva - Parque Geral de Suporte which were being used by retired staff
Operating expenses of state-owned companies (article 64 of law 66-B/2012)		x		8.9%	There was a significant growth in employee costs, essentially due to the effects of the provisioning of the Plano Horizonte in addition to the reduction of the discount rate on pension fund liabilities, in 2015
Reduction of number of workers (article 63 of law 66-B/ 2012)					
No. workers	x			-5.4%	
No. management positions	x			-4.0%	(Including statutory bodies)

ANNEX II

NON-PROFITABLE ORGANIZATIONS

- AC – Aliança Connector
- ACEPI – Associação para o Desenvolvimento e Promoção do Comércio Electrónico em Portugal
- ACI Portugal (ex-Forex Club de Portugal)
- ACL – Associação Comercial de Lisboa/ Câmara de Comércio e Indústria Portuguesa
- ACP – Associação Comercial do Porto- Câmara de Comércio e Indústria
- AEM – Associação de Empresas Emitentes de Valores Cotados em Mercados
- AEP – Associação Empresarial de Portugal
- A.I.P. – Associação Industrial Portuguesa
- American Club of Lisbon
- APAE – Associação Portuguesa de Avaliações de Engenharia
- APAN – Associação Portuguesa de Anunciantes
- APCC – Associação Portuguesa de Contact Centers
- APFIPP – Associação das Sociedades Gestoras de Fundos de Investimentos, Pensões e Patrimónios
- APIFD – Assoc. Port. de Instrumentos Financeiros
- APQ - Associação Portuguesa para a Qualidade
- Associação África-Verein
- Associação Fiscal Portuguesa
- Associação Portuguesa de Bancos
- Associação Portuguesa de Bibliotecários, Arquivistas e Documentalistas - BAD
- Associação Portuguesa em Payerne
- Associação Portuguesa de Neutchâtel
- Associação Representantes de Bancos Estrangeiros na Alemanha
- BCSD – Conselho Empresarial para o Desenvolvimento Sustentável
- CADIN
- Câmara de Comércio Americana em Portugal
- Câmara de Comércio Belgo-Portuguesa A.S.B.L.
- Câmara de Comércio e Indústria Árabe Portuguesa
- Câmara de Comércio e Indústria Internacional - Secção Portuguesa (ICC)
- Câmara de Comércio e Indústria Luso Alemã
- Câmara de Comércio e Indústria Luso-Brasileira – Fusão com Clube de Empresários do Brasil
- Câmara de Comércio e Indústria Luso Britânica
- Câmara de Comércio e Indústria Luso-Chinesa
- Câmara de Comércio Luso Colombiana
- Câmara de Comércio e Indústria Luso Espanhola
- Câmara de Comércio e Indústria Luso Francesa
- Câmara de Comércio e Indústria Luso Marroquina
- Câmara de Comércio e Indústria Luso-Mexicana
- Câmara de Comércio Luso Saudita
- Câmara de Comércio e Indústria Portugal Angola
- Câmara de Comércio e Indústria de Timor Leste
- Câmara de Comércio Indústria e Turismo Portugal Cabo-Verde
- Câmara de Comércio Luso-Belga- Luxemburguesa
- Câmara de Comércio Luso Sul Africana
- Câmara de Comércio Portugal Moçambique
- Câmara Luso Argentina de Comércio e Indústria
- CE-CPLP
- Centro Marítimo da Venezuela
- Centro Nacional de Cultura
- Centro Português de Caracas
- Conf. Internacional dos Empresários Portugueses
- COTEC
- EBA – Euro Banking Association

- ECBC - European Covered Bond Council
- EFMA – European Financial Management & Marketing Association
- Égide – Economia e Gestão, Associação para a Investigação e Desenvolvimento do Ensino
- ELO – Associação Portuguesa para o Desenvolvimento Económico e a Cooperação
- EPC – European Payments Council
- ESBG- European Savings Banks Group (GECE)/WSBI – World Savings and Retail Bank Institute
- European Association for Banking and Financial History
- European Strategy Fórum (ESF)
- Federação Hipotecária Europeia
- Federation of Portuguese Canadian Business & Professionals
- Fórum para a Competitividade
- Fórum Oceano – Associação da Economia do Mar
- Fundação Centro Cultural de Belém / Fundação das Descobertas
- Fundação Cidade de Lisboa
- Fundação Eça de Queirós
- Fundação Económicas
- Fundação Júlio Pomar
- Fundação Luso-Brasileira
- Fundação Luso Espanhola
- Fundação Portugal África
- Fundação de Serralves
- GOH Portugal (faz parte da Federação Hipotecária Europeia)
- Global Compact Network Portugal
- GPUS – Grupo Português de Utilizadores de Swift
- IAP – Instituto de Actuários Portugueses
- ICAP – Instituto Civil da Autodisciplina da Publicidade
- IFB – Instituto de Formação Bancária
- IIF – Institute of International Finance
- Instituto de Investigação e Desenvolvimento Tecnológico em Ciências da Construção
- Instituto Português de Corporate Governance
- ICA - International Council on Archives
- IPAI – Instituto Português de Auditores Internos
- IPN – Instituto Pedro Nunes
- IPN – Incubadora – Associação para o Desenvolvimento de Actividades de Incubação de Ideias e Empresas
- JAP – Junior Achievement Portugal
- Nova Fórum – Instituto de Formação de Executivos da Universidade Nova de Lisboa
- Os Lusitanos de Interlaken
- Politec & ID
- Portugal – U.S. Chamber of Commerce
- Sociedade Histórica da Independência de Portugal
- The Global Credit Data Consortium
- UCCLA – União das Capitais Luso-Afro-Américo-Asiáticas
- UNEP FI – United Nations Environment Programme Finance
- Verband Portuguisicher Unternehmen in Deutchland e.v.
- Visa Portugal
- World Monuments Fund

ANNEX III

MINUTE NO. 3/2016 - ANNUAL REPORT 2015 APPROVAL

A meeting of the board of directors of Caixa Geral de Depósitos SA was held on the twenty first day of the month of April two thousand and sixteen at three o' clock in the afternoon. The meeting was attended by its chairman Álvaro José Barrigas do Nascimento, its vice-chairman José Agostinho Martins de Matos and board members Nuno Maria Pinto de Magalhães Fernandes Thomaz, João Nuno de Oliveira Jorge Palma, José Pedro Cabral dos Santos, Ana Cristina de Sousa Leal, Maria João Borges Carioca Rodrigues, Pedro Miguel Valente Pires Bela Pimental, José Luís Mexia Fraústo Crespo de Carvalho, José Ernst Henzler Vieira Branco, Eduardo Manuel Hintze da Paz Ferreira and Pedro Miguel Ribeiro de Almeida Fontes Falcão. Board member Daniel Abel Monteiro Palhares Traça was unable to attend the meeting, having justified his absence to the board.

After the meeting had been declared open and the minutes of the preceding meeting read out, the board considered the issues set out below and issued the following resolutions.

<u>Annual Report 2015</u> – This issue was scheduled for discussion and a vote. The chairman of the board of directors reaffirmed that the central objective of this meeting consisted of a consideration of the annual accounts and approval of the annual report. Pedro Bastos, representative of the statutory audit company Oliveira Rego & Associados, informed the company secretary that he would not be able to attend this meeting owing to already existing professional commitments. However, the process for the legal revision of CGD's annual accounts for 2015 is at its completion stage, in articulation with the external auditor and a certain amount of information is still required from the company's services and the auditors of the subsidiary companies in order to complete the process. Notwithstanding the above, he stated that the existence of situations whose materiality could lead to a qualified opinion had not been identified and that the existence of such a situation was not foreseeable. It was, therefore, his conviction that CGD's separate and consolidated financial statements will lead to a non-qualified (i.e. "clean") opinion under the terms of directive 700 of the audit/revision guidelines of the Order of Statutory Auditors. João Nuno Palma then gave a short presentation on the annual report for 2015 which had previously been distributed to all attendees. He emphasised that this was the first publication as an integrated report, concentrating the various previously existing specific reports, particularly on sustainability which is now treated in each component of the annual report, in a single document. He also emphasised that there was no change in respect of the amounts approved at the meeting of 27 January last for submission to the market. The meeting then went on to discuss several fundamental aspects of the notes to the consolidated financial statements…………………….

The annual report for 2015, after having been put up to the vote, was unanimously approved.

REPORT AND OPINION OF THE AUDIT COMMITTEE ON THE CORPORATE GOVERNANCE REPORT

Caixa Geral de Depósitos, S.A.
Report and opinion of the audit committee
on the corporate governance report

1. The audit committee has issued its report and opinion on the documents for the provision of the accounts of Caixa Geral de Depósitos (hereinafter referred to as CGD) for the year ended 31 December 2015, under the terms and for the purposes of the dispositions of sub-paragraph g) of no. 1 of article 423-F and article 508 D of the commercial companies code.

2. The corporate governance report is an integral part of CGD's annual report and includes information on: i) mission, objectives and policy; (ii) equity structure; (iii) equity stakes and bonds held; iv) statutory bodies and committees; v) internal organisation; vi) remuneration; vii) transactions with related parties; viii) an analysis of the company's sustainability in the economic, social and environmental domains and ix) an assessment of corporate governance

3. CGD's corporate governance report for 2015 complies, in all aspects considered relevant to the dispositions of no. 1 of article 54 of decree law 133/2013 of 3 October.

LISBON 23 MAY 2016

AUDIT COMMITTEE

Eduardo Manuel Hintze da Paz Ferreira
(Chairman)

Daniel Abel Monteiro Palhares Traça
(Vice chairman)

Pedro Miguel Ribeiro de Almeida Fontes Falcão
(Member)

DECLARATIONS REFERRED TO IN ARTICLES 51º AND 52º OF DECREE LAW NO. 133/2013, OF 3 OF OCTOBER

Inspector General of Finance

I, Álvaro José Barrigas do Nascimento, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 15 July 2013

Álvaro José Barrigas do Nascimento

Inspector General of Finance

I, José Agostinho Martins de Matos, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 22 July 2013

José Agostinho Martins de Matos

Inspector General of Finance

I, Nuno Maria Pinto de Magalhães Fernandes Thomaz, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Nuno Maria Pinto de Magalhães Fernandes Thomaz

Inspector General of Finance

I, João Nuno de Oliveira Jorge Palma, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. but have the following investments:

- a holding of €1,350.00 in the company Valor Futuro S.A. with registered offices in Lisbon with a share capital of €7,142.86;

- a holding of €2,500.00 in the company Oliveira e Palma, Lda. with registered offices in Lisbon with a share capital of €5,000.00;

- a holding of €5,000.00 in the company T4GA, SGPS, S.A. with registered offices in Lisbon with a share capital of €50,000.00.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A. which may create conflicts of interest.

Lisbon 12 July 2013

João Nuno de Oliveira Jorge Palma

Inspector General of Finance

I, José Pedro Cabral dos Santos, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

José Pedro Cabral dos Santos

Inspector General of Finance

I, Ana Cristina de Sousa Leal, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I have the following corporate holdings:

Banco BPI	11,846 shares
EDP	617 shares
Portugal Telecom	66 shares
Sonaecom	25 shares
Zon Multimédia	9 shares

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Ana Cristina de Sousa Leal

Inspector General of Finance

I, Maria João Borges Carioca Rodrigues, having been elected on 10 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I am on unpaid leave from SIBS, SGPS, and that I do not have any other relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 11 July 2013

Maria João Borges Carioca Rodrigues

Inspector General of Finance
Inspectorate General of Finance
Rua Angelina Vidal, 41
1199-005 Lisboa

Lisbon, 15 July 2013

Subject: Compliance with the obligations of number 9 of article 22 of the public manager statute and no. 22 of the annex to the board of directors resolution 49/2007 of 28 March.

Dear Sir

Having been elected, on 8 July 2013, as a member of the board of directors of Caixa Geral de Depósitos S.A. I declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly and/or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A. which may create conflicts of interest.

Best Regards,

Jorge Telmo Maria Freire Cardoso

Inspector General of Finance

I, Pedro Miguel Valente Pires Bela Pimentel, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company, except for the following:

Entity	No. securities	Capital
Centro de Actividades Culturais do Campo Grande, S.A.	6,446	€64,460
COFIC- Cooperativa de Fomento de Iniciativas Culturais, SRL.	992	€99,200
Cooperativa Editorial e Cultural da Rechã, CRL.	21,572	€107,860
ISCAL - Sociedade imobiliária Civil S.A.	10,000	€49,900

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 12 July 2013

Pedro Miguel Valente Pires Bela Pimentel

Inspector General of Finance

I, José Luís Mexia Fraústo Crespo de Carvalho, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 11 July 2013

José Luís Mexia Fraústo Crespo de Carvalho

Inspector General of Finance

I, José Vieira Branco, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 10 July 2013

José Luís Vieira Branco

Inspector General of Finance

I, Eduardo Manuel Hintze da Paz Ferreira, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 11 July 2013

Eduardo Manuel Hintze da Paz Ferreira

Inspector General of Finance

I, Daniel Abel Monteiro Traça, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Daniel Abel Monteiro Traça

Inspector General of Finance

I, Pedro M. R. A. Fontes Falcão, having been elected on 9 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 10 July 2013

Pedro Fontes Falcão

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Álvaro José Barrigas do Nascimento, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 15 July 2013

Álvaro José Barrigas do Nascimento

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, José Agostinho Martins de Matos, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 22 July 2013

José Agostinho Martins de Matos

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Nuno Maria Pinto de Magalhães Fernandes Thomaz, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Nuno Maria Pinto de Magalhães Fernandes Thomaz

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, José Pedro Cabral dos Santos, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

José Pedro Cabral dos Santos

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, João Nuno de Oliveira Jorge Palma, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

João Nuno de Oliveira Jorge Palma

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

Lisbon 15 July 2013

Subject: Compliance with the obligations of number 9 of article 22 of the public manager statute and no. 22 of the annex to the board of directors resolution 49/2007 of 28 March.

Dear Sirs (handwritten)

Having been elected, on 8 July 2013, as a member of the board of directors of Caixa Geral de Depósitos S.A. I declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly and/or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.
I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A. which may create conflicts of interest.

Yours sincerely,

Jorge Telmo Maria Freire Cardoso

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Eduardo Manuel Hintze da Paz Ferreira, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 11 July 2013

Eduardo Manuel Hintze da Paz Ferreira

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Ana Cristina de Sousa Leal, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Ana Cristina de Sousa Leal

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Maria João Borges Carioca Rodrigues, having been elected on 10 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I am on unpaid leave from SIBS, SGPS, and that I do not have any other relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 11 July 2013

Maria João Borges Carioca Rodrigues

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Pedro Miguel Valente Pires Bela Pimentel, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company, except for the following:

Entity	No. securities	Capital
Centro de Actividades Culturais do Campo Grande, S.A.	6,446	€64,460
COFIC- Cooperativa de Fomento de Iniciativas Culturais, SRL.	992	€99,200
Cooperativa Editorial e Cultural da Rechã, CRL.	21,572	€107,860
ISCAL - Sociedade imobiliária Civil S.A.	10,000	€49,900

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 12 July 2013

Pedro Miguel Valente Pires Bela Pimentel

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, José Luís Mexia Fraústo Crespo de Carvalho, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 11 July 2013

José Luís Mexia Fraústo Crespo de Carvalho

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, José Vieira Branco, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 10 July 2013

José Luís Vieira Branco

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Daniel Abel Monteiro Traça, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Daniel Abel Monteiro Traça

To the
Audit Committee
Caixa Geral de Depósitos, S.A.

I, Pedro M. R. A. Fontes Falcão, having been elected on 9 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 10 July 2013

Pedro Fontes Falcão

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Álvaro José Barrigas do Nascimento, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 15 July 2013

Álvaro José Barrigas do Nascimento

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, José Agostinho Martins de Matos, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 22 July 2013

José Agostinho Martins de Matos

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Nuno Maria Pinto de Magalhães Fernandes Thomaz, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Nuno Maria Pinto de Magalhães Fernandes Thomaz

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, João Nuno de Oliveira Jorge Palma, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 12 July 2013

João Nuno de Oliveira Jorge Palma

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, José Pedro Cabral dos Santos, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

José Pedro Cabral dos Santos

To the Board of Directors
Caixa Geral de Depósitos, S.A.

Lisbon 15 July 2013

Subject: Compliance with the obligations of number 9 of article 22 of the public manager statute and no. 22 of the annex to the board of directors resolution 49/2007 of 28 March.

Dear Sirs (handwritten)

Having been elected, on 8 July 2013, as a member of the board of directors of Caixa Geral de Depósitos S.A. I declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly and/or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.
I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A. which may create conflicts of interest.

Yours sincerely,

Jorge Telmo Maria Freire Cardoso

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Eduardo Manuel Hintze da Paz Ferreira, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 11 July 2013

Eduardo Manuel Hintze da Paz Ferreira

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Ana Cristina de Sousa Leal, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Ana Cristina de Sousa Leal

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Maria João Borges Carioca Rodrigues, having been elected on 10 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I am on unpaid leave from SIBS, SGPS, and that I do not have any other relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 11 July 2013

Maria João Borges Carioca Rodrigues

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Pedro Miguel Valente Pires Bela Pimentel, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company, except for the following:

Entity	No. securities	Capital
Centro de Actividades Culturais do Campo Grande, S.A.	6,446	€64,460
COFIC- Cooperativa de Fomento de Iniciativas Culturais, SRL.	992	€99,200
Cooperativa Editorial e Cultural da Rechã, CRL.	21,572	€107,860
ISCAL - Sociedade imobiliária Civil S.A.	10,000	€49,900

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 12 July 2013

Pedro Miguel Valente Pires Bela Pimentel

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, José Luís Mexia Fraústo Crespo de Carvalho, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 11 July 2013

José Luís Mexia Fraústo Crespo de Carvalho

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, José Vieira Branco, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 10 July 2013

José Luís Vieira Branco

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Daniel Abel M. P. Traça, having been elected on 8 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A.

Lisbon 12 July 2013

Daniel Abel Monteiro Traça

To the Board of Directors
Caixa Geral de Depósitos, S.A.

I, Pedro M. R. A. Fontes Falcão, having been elected on 9 July 2013 as a member of the board of directors of Caixa Geral de Depósitos S.A. do declare, prior to taking up the corresponding office, under the terms and for the purposes of number 9 of article 22 of the public manager statute, approved by decree law 71/2007 of 27 March and no. 22 of the annex to council of ministers' resolution 49/2007 of 28 March, that I do not have, either directly or indirectly, any investment or financial interests in Caixa Geral de Depósitos S.A. or in any other company.

I furthermore declare that I do not have any relevant relationship with suppliers, customers, other financial institutions or any business partners of Caixa Geral de Depósitos S.A..

Lisbon 10 July 2013

Pedro Fontes Falcão

Excerpt from the Minutes of the Annual Shareholders' Meeting of Caixa Geral de Depósitos, SA

The following text is an excerpt of issue no. 2/16 of the minutes of CGD's general meeting of 25 May 2016, containing a resolution on CGD, S.A.'s 2015 annual report and the proposal for the appropriation of net income, as transcribed below:

"… There being no other interventions regarding this item the chairman of the shareholder's meeting invited the state representative to address the meeting and who greeted all those present and voted in favour of the approval of the board of directors' report 2015, separate and consolidated activity, wich includes Corporate Governance Report.

The meeting then went on to discuss item two on the agenda, concerning the proposal for the appropriation of net income. The state representative voted in favour of the proposal for the appropriation of net income submitted by the board of directors that, under the terms of article 66, no. 5, f) and article 376 of the Commercial Companies Code, and article 26 of Caixa Geral de Depósitos's Articles of Association, the net income for the year relative to the separate accounts of CGD for the amount of €12,210,611, should be allocated as follows: 20% for the legal reserve €2,442,122; €9.768.489 into the "Other Reserves and Retained Earnings" balance sheet account.

Regarding the third item on the agenda, the state representative, proposed and expressed a vote of confidence in the board of directors and audit board, as well as in each of its members ..."