



# ANNUAL REPORT 2014



CONSOLIDATED



Crédito Agrícola

O Banco nacional  
com pronúncia local

Desde 1911

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## MESSAGE FROM THE CHAIRMAN OF THE SENIOR AND SUPERVISORY BOARD

Gentlemen

Chairmen and Representatives of the Caixas de Crédito Agrícola,

During 2014, most of the domestic financial institutions came in again with heavy losses, with some of them posting such results for their fourth consecutive year. In just six of the biggest banks, the losses totalled around 1,700 million euros. Indeed, this is not counting the drain at the Banco Espírito Santo, which reached catastrophic proportions, and led to a depletion of the capital of the institution, triggering a decision by the supervisor to take resolution measures.

Among the biggest domestic banks, only the Crédito Agrícola and one other bank came in with a profit for the year. Our Group, therefore, continued to stand out on the upside at the heart of the country's banking system, demonstrating that it was one of the most robust institutions, and one that has best withstood the difficult operating conditions that the banks have continued to face in an economic and financial crisis that has already lasted for some years.

It should be recorded that a significant number of Caixas, which I would like to congratulate here and now, managed to come in with solid results for the year, in spite of the difficult business environment. Overall, however, the results for the Caixas were negative, given the considerable losses that impacted on some of them, and the repercussions that then affected the Caixas as a whole.

The losses in some of these Caixas came as a result of circumstances related to the current scenario, and it is to be hoped that they can once again return to profitability (and for some of these, the figures already available for 2015 point in this direction). In others, however, the losses have been on-going for a number of years, and this indicates structural troubles that have to be unflinchingly overcome. New attitudes must be urgently adopted, along with new management procedures, in order to correct the existing problems. With this in mind, specific recovery plans were put in place for these Caixas, to be monitored by the Caixa Central. I would like to mention one point here that is gratifying, and that is the openness to this measure showed by colleagues in the specific Caixas concerned.

It is common knowledge that the Caixa Central, in its turn, set in motion a wide-ranging plan in 2013 to overhaul and rationalise every area within its remit, and in the year under review it came in with a clearly positive result to the order of 37 million euros. This was a considerable improvement over the previous year, in spite of an exceptional loss declared for the Fundo CA Imobiliário, and it came on the back of a revaluation of its operations when the Fund had to be dismantled to clear properties that had been brought in by another institution. One of the obvious reasons underlying these positive results was the dynamic management of the treasury area, where substantial gains were recorded in 2014, this having a direct impact on net worth. This situation also allowed for Caixa deposits to be remunerated at levels which could be favourably compared with other institutions in the current financial market conditions. Along with this, it was also possible to put in place a special bonus for the remuneration of these deposits.



Another factor that played a part in the good results posted by the Caixa Central in 2014 was the reduction in operating costs in the wake of the overhaul and rationalisation mentioned above. The impact of this, however, will only be fully recognised in the 2015 accounts, due to charges on early retirement and mutually agreed severance with some members of staff. The measures taken in the last two years have brought the staff numbers at the Caixa Central down by around 50, and this means that the savings under this heading in the accounts will be more apparent in the near future, and this will lead to an improvement in the profitability index of the Institution.

In tandem, the Caixa Central took account of the problems and risks of the current situation, which is still being affected by the crisis, and set aside substantially more provisions for risk cover. The problem was above all in the credit and mortgage portfolio, and the operation was made possible by using the leeway provided by the increase in net worth: without this specific increase to provisions, which is a continuation of the prudent policy of previous years, when similar measures were taken to strengthen management provisions, the results of the Caixa Central would have been considerably higher.

The good results from the Caixa Central meant that the overall picture from SICAM showed a positive result of 24.5 million euros. The financial margin recorded a slight dip (of 1%), but net worth overall grew by 17.3%, above all due to gains in financial assets that it held. Another point worth highlighting in the SICAM accounts for 2014 is the high level of set asides, due not only to the bolstering of extraordinary provisions at the Caixa Central, but also to the considerable rise in provisions made by individual Caixas. This move provided more room for manoeuvre in the accounting provisions for impairment in the SICAM system, though the cover was already considerable. The total came in well up, at around 200 million euros, which also meant a comfortable cushion for overdue credit. In terms of SICAM operating costs, these remained fundamentally stable, though there was in fact a small reduction in overheads.

Where overdue credit is concerned, this is one point where the Group has compared less favourably with the sector. The development over recent years, in the wake of the economic and financial crisis, has been particularly punishing for the banks overall, and therefore, logically, for the Crédito Agrícola. But the increase in interest on these loans has been less pronounced than for the banking sector generally. The ratio of overdue credit at more than 90 days in SICAM stood at 8% in December, and at the Caixa Central it came in at 6.8%. These figures are higher than we would like, but they are below some of the main domestic banks, with SICAM fundamentally in line with the market. There are, however, some CCAMs with overdue credit ratios that are substantially higher, and this in some cases is indicative of the serious state of the economies in their regions. Specific measures are needed to correct this situation, a point that is covered in the recovery plans mentioned above.

When the results from Group companies are factored in, the Crédito Agrícola overall is seen to have achieved a result of around 27 million euros for the year, with positive contributions coming from the insurance arm (CA Vida and CA Seguros) and from asset management and investment in securities. There were losses, however, from investment in property, stemming from the assets received in credit recovery operations, and also in CA Imóveis, where the main component, as already mentioned, related to the process of dismantling the Fundo CA Imobiliário. Disinvestment in this type of assets should continue to be high on the list of Group

priorities since they are assets subject to depreciation and to maintenance charges. They also bring in no financial return, except for the occasional rental income.

The Group's commercial operations in 2014 were, for the first time, fully undertaken within the framework of an integrated supply of products and services covering all the business areas of the Crédito Agrícola (banking, insurance, asset management and investment funds), with a definition of priority segments and a preferential supply for each one of them, along with the objectives for all the business areas. The aim was to avoid efforts and commercial logic not synchronised with the strategy of the Group. The results achieved with this new approach are encouraging, and show that the group has a lot to gain from a focus on coordinating and intensifying its commercial efforts. The information that has already been gleaned in the process of reaching defined objectives shows that we are on the right path.

Credit is of course the real powerhouse in the institution's business, and the way it is functioning is worth a special analysis. What can be underscored in this context is the fact that the Crédito Agrícola managed to keep its credit portfolio in 2014 at practically the same point in relation to the figures for the close of 2013, the difference being a residual fall of less than 1%. This was against the backdrop of a fall in the credit portfolio of almost 8% in the banking sector as a whole, illustrating that the demand for credit among most economic agents is still very slack (there is not the volume of new credit enough to offset what has been written down or written off). In some categories of credit, in fact, in spite of the unfavourable market climate, SICAM managed to grow in relation to the levels at end-2013, in areas such as mortgage credit (up 0.5%), though credit to companies remained fundamentally the same. In the sector as a whole, both these areas saw a substantial fall.

In terms of customer funds, there was a 6.3% rise in total funds under management at the Crédito Agrícola (SICAM), rising from 11,850 million at the end of 2013 to 12,596 million a twelve-month later. This is worth a special mention, given the weak dynamics of the economy, a competitive approach which is little short of extreme where some banks are concerned, and even competition from other alternative forms of using savings for the purpose of investment, including in the state sector (savings certificates). This scenario is a mark of the trust that Crédito Agrícola continues to warrant among customers and savers in general. Truth to tell, in a climate of greater sensitivity to risk and the trials and tribulations of a number of financial institutions, the Crédito Agrícola is coming to be seen as a safe haven: a recent survey puts our Group in second place after the state bank in the ranking of safest banking institutions.

As far as customer funds are concerned, deposits (which are the fundamental financing tool for SICAM) came in with a moderate rise of 4%, reaching 10,620 million euros at year end. The growth in off-balance-sheet funds, up by 29%, is the most noticeable factor in this scenario, coming in at an overall volume of more than 2,000 million. This shows that the Caixas were able to develop a policy for raising funds (in line with the strategic guidelines that they have received) by using off-balance-sheet products to ease their financial margin. At the same time, they have pushed up their complementary margin by channelling customer funds to alternative solutions involving capitalisation insurance or investment funds where customers are more sensitive to the return on their investments. In this way, the Caixas succeeded in holding within the Group funds under management which would otherwise have gone to the competition, while at the same time not having to sacrifice their financial margin.

Given the volume of deposits held compared to its credit portfolio, the Crédito Agrícola continues to have a low transformation ratio. At year-end 2014, this was clearly below 80%, a very unusual case for the domestic banking market. This gives it a big liquidity cushion and an independence when faced with any disruption that may occur in the capital market. In fact, the Crédito Agrícola was, for this very reason, totally immune to the major drought in the capital market a few years back, a situation that forced other institutions to use emergency access to State guarantees to ease the problem. Our transformation ratio is actually too low in the current circumstances, with an excessive buffer which adversely affects the profitability of the Group as a whole, given the very low interest rate in the financial markets (close to zero and in some cases negative), and this is where liquidity must perforce be channelled. It is urgent, therefore, even in a market as tight as the one where we operate, to do whatever possible to boost credit. The aim for the Group must be to take the opportunities in our lands and regions where the risk is acceptable; and the Caixa Central must do so too in its field, since only in this way will we increase the financial margin and grow the business overall. Doing so will keep the Crédito Agrícola on an upward growth path, and this is fundamental for its sustainability.

Nobody in Portugal is in a better state than the Crédito Agrícola to grow their credit portfolio, taking into account the comfortable liquidity position mentioned above and also our robust solvency. The latter has been achieved without any recourse to funds available for recapitalisation in the banking sector, included in the Financial Assistance Programme for Portugal (this being a credit line which we could use if necessary, as have other institutions, though it means being subject to the adoption of a raft of rationalisation measures).

These trump cards must be made to work for our commercial policy: growing our credit will give us greater market share, though this implies an effort to penetrate other segments of the market, specifically in the sphere of SMEs. This should not, however, weaken our commitment to the agriculture and agri-food sector, where we have to steadfastly hold our position as the benchmark in the sector.

Among all these points, I must also include a reference, albeit short, to the very positive development in the Group's technology and IT area. The overhaul and rationalisation on-going in CA Serviços and CA Informática have quite clearly borne fruit. As I have had occasion to point out elsewhere, there is a better response capacity, clear for all to see, both in terms of needs in business and needs that stem from obligations in standards and regulatory requirements. One salient point to highlight here is the fact that there are some specific and crucial projects that dragged on for years, and they have been successfully completed, coming on stream in the current year. Moreover, the operating conditions of CA Informática and CA Serviços have been fundamentally stable, and this has meant that the overheads from IT have not been a burden on the SICAM system.

Dear friends and colleagues,

The robustness that the Crédito Agrícola continues to evince is without a shadow of a doubt a matter for great joy, after all these years when the economic and social circumstances were depressed and the economic circumstances particularly difficult for the banking business.

This feeling, however, must not make us forget the problems and the major challenges facing us in the upcoming years.

The main problem lies, of course, in the depressed condition of the economy. Even though there are glimpses of the green shoots of recovery (which we all hope will grow solidly) the conditioning factors are likely to remain very adverse.

We must, however, also face up to challenges that mean strategic adaptation for us, as other institutions will have to face if they are to come back into profit. This will create problems in certain areas but it will also lead to opportunities that we must know how to seize.

Another situation in the current climate must also be mentioned here, and that is the Euribor rates. These rates are the basis for many credit contracts, and they are close to zero, and in some cases negative. This raises an issue which has quite clearly not been solved, and that relates to how interest rates for any credit contract can be calculated.

Moreover, we have added obligations in the field of standards and regulations, and these have a major impact on information reported. This situation stems from the new European Banking and Regulatory Directive and the European Banking Union which has come into force. We are, however, also subject to much more stringent rules in the area of market conduct, which is now very relevant for credit institutions. This goes as far as to condition the profitability of banks through restrictive measures applied to pricing for banking operations.

The new rules also have implications for governance in the banks, including what is said about the election of top personnel, a legal and regulatory obligation to which the Crédito Agrícola will give a positive response. I am sure we shall come out of this procedure greatly strengthened.

Given these restraints, we cannot slip into a passive, self-satisfied attitude on the back of the comfortable situation in which the Group finds itself. The challenges we face mean we must make changes to our business, and some of these changes will be deep-rooted. Our response must be with a strategic vision and a practical approach, along with great dedication to improving our institutions. And we must always place the growth of the Crédito Agrícola Group as our first and foremost aim.

We believe that there is today a major convergence in the Crédito Agrícola as to an understanding of what are the higher interests of the Group, and it appears to us that over the past few years the spirit of unity has been substantially enhanced. This, in a Group with a cooperative base such as ours, is fundamental for success.

I would also ask those in leadership positions to fully assume this spirit of unity. By doing so, they are playing their part not only in the progress of the Crédito Agrícola and the bolstering of its position in the banking system – a position that now stands out – but also so that the Crédito Agrícola is ever more recognised as a top of the line benchmark (alongside all those other benchmarks that we know of) at the heart of the European cooperative banking system.

The Senior and Supervisory Board, acting in conjunction with the Executive Board of the Caixa Central, and working closely with the Caixas, where the strength and *raison d'être* of the Group lies, will do all it can to bring these grand designs to fruition.

Lisbon, 21 April 2015

The Chairman of the Senior and Supervisory Board

# I. PROFILE OF THE CRÉDITO AGRÍCOLA FINANCIAL GROUP

## 1. CAIXA CENTRAL GOVERNING BODIES

### BOARD OF THE ANNUAL GENERAL MEETING

Caixa de Crédito Agrícola Mútuo de Terras de Viriato

*Chairman*

**Nuno Carlos Ferreira Carrilho**

Caixa de Crédito Agrícola Mútuo de Cantanhede e Mira

*Deputy Chairman*

**Carlos Alberto Pereira Martins**

Caixa de Crédito Agrícola Mútuo de Ferreira do Alentejo

*Company Secretary*

**Josué Cândido Ferreira dos Santos**

### SENIOR AND SUPERVISORY BOARD

Caixa de Crédito Agrícola Mútuo de Pombal

*Chairman*

**Carlos Alberto Courelas**

Caixa de Crédito Agrícola Mútuo dos Açores

**Francisco Amâncio Oliveira Macedo**

Caixa de Crédito Agrícola Mútuo de Baixo Mondego

**António João Mota Cachulo da Trindade**

Caixa de Crédito Agrícola Mútuo da Batalha

**Afonso de Sousa Marto**

Caixa de Crédito Agrícola Mútuo do Noroeste

**José Gonçalves Correia da Silva**

Caixa de Crédito Agrícola Mútuo de Porto de Mós

**Jorge Manuel da Piedade Volante**

Caixa de Crédito Agrícola Mútuo de Sotavento Algarvio

**João Lázaro da Cruz Barrote**

Caixa de Crédito Agrícola Mútuo do Baixo Vouga

**José Luís Sereno Gomes Quaresma**



Caixa de Crédito Agrícola Mútuo do Douro Corgo e Tâmega  
**Alcino Pinto dos Santos Sanfins**

#### **EXECUTIVE BOARD**

Chairman

**Licínio Manuel Prata Pina**

Member

**Renato Manuel Ferreira Feitor**

Member

**José Fernando Maia Alexandre**

Member

**Ana Paula Ramos**

Member

**Sérgio Raposo Frade**

#### **CHARTERED ACCOUNTANT**

**Ernst&Young & Associados – S.R.O.C., S.A.**

**Represented by Ana Rosa Ribeiro Salcedas Montes Pinto**

#### **ADVISORY BOARD**

Caixa de Crédito Agrícola Mútuo de Albufeira

*Chairman*

**João Manuel Correia da Saúde**

Caixa de Crédito Agrícola Mútuo de Alenquer

**Hélio José de Lemos Rosa**

Caixa de Crédito Agrícola Mútuo de Beja e Mértola

**Francisco José Salgueiro Correia**

Caixa de Crédito Agrícola Mútuo de Estremoz Monforte e Arronches

**Normando António Gil Xarepe**

Caixa de Crédito Agrícola Mútuo de Lourinhã

**António Augusto Nascimento Mateus**

Caixa de Crédito Agrícola Mútuo de Paredes

**António Francisco Coelho Pinheiro**

Caixa de Crédito Agrícola Mútuo de Silves

**José Manuel Guerreiro Esteveira Gonçalves**

Caixa de Crédito Agrícola Mútuo de Vale do Távora e Douro

**Francisco Eduardo das Neves Rebelo**

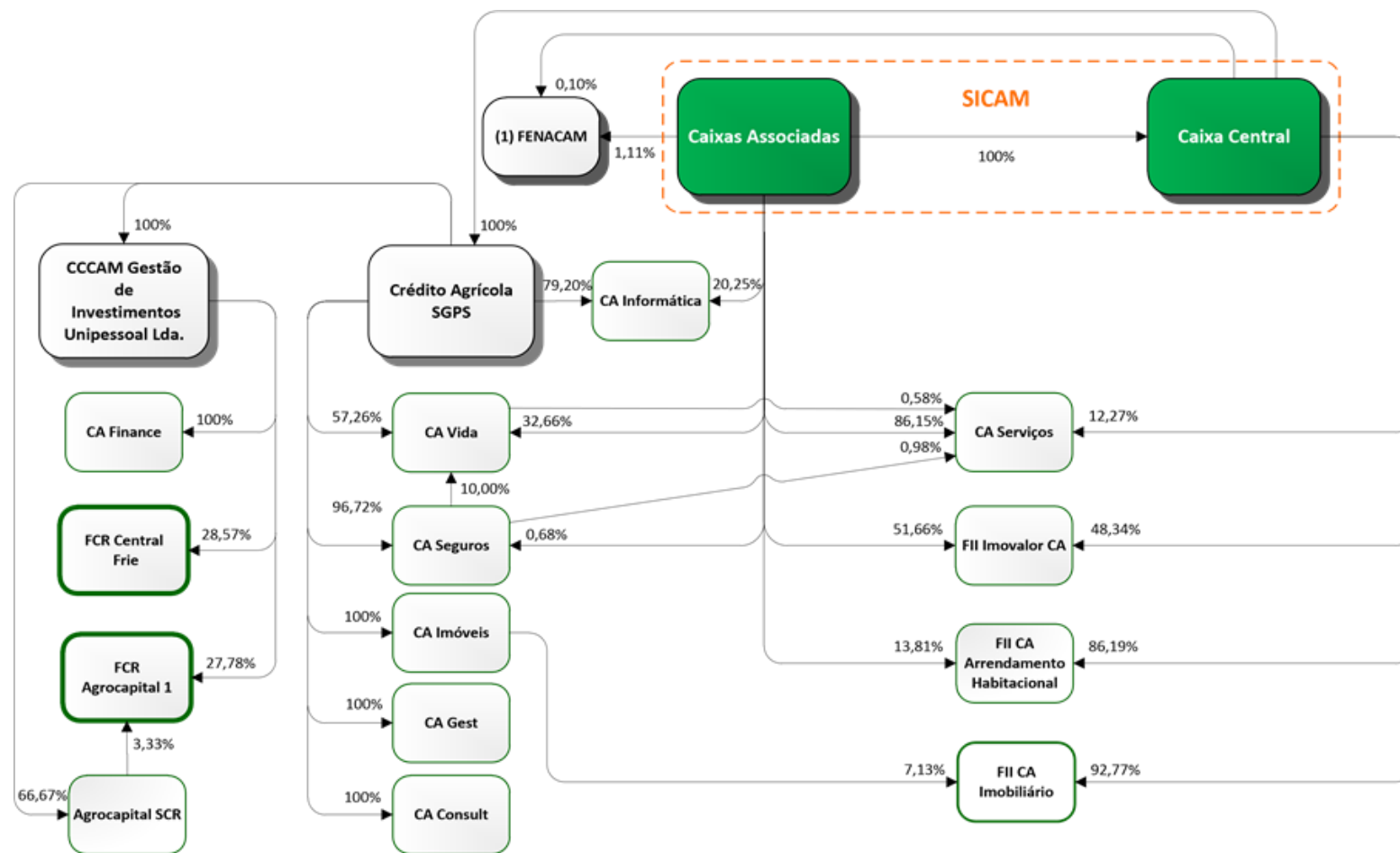
Caixa de Crédito Agrícola Mútuo de Zona do Pinhal

**Ângelo de Jesus Antunes**

Co-opted under the terms of clause 2, article 35 of the Caixa Central statutes

**Adriano Augusto Diegues**

## 2. ORGANISATION CHART



(1)FENACAM holds 98,77% of its own capital > Group = 99,98%

Full Consolidation

Consolidation through asset equivalence

### 3. OVERVIEW OF MAIN GROUP OPERATIONS

The most decisive incidents to mark 2014 were the end in May of the programme of financial assistance headed by the so-called Troika; and the resolution measure taken by *Banco de Portugal* to solve the BES problem, leading to the creation of the Novo Banco in August. The BES/GES crisis affected the whole banking system, above all in terms of exposure to commercial paper issued by GES companies, with a direct impact on the results and therefore on the balance sheet of the banking institutions.

The deleveraging of the banks began with the signing of the Troika-led assistance programme, and this process is practically complete now in most of the country's banks (they are all, except for the Novo Banco, coming in with transformation ratios below 120%), but the situation still had an impact on the provision of credit to the economy in 2014. This fell by 3.6%<sup>1</sup> for households and 7.8%<sup>2</sup> for enterprises. On this point, there is another relevant factor, which is that the business sector is still highly indebted, and this crimps the access to new financing and, as such, it hinders investment for expansion geared to the possibility of improving the debt service position for both current and additional debt.

Also to be noted is the fact that GDP only grew sluggishly over the year (it was up by 0.9%), underpinned primarily by the growth in exports (up 3.4%) and by a slight pick-up in private consumption (up 2.1%). This, along with the process of budgetary consolidation in progress and the fall in the jobless rate (13.9% at the end of 2014 compared with 16.2% in 2013), gave material form to the prospects of a recovery in the Portuguese economy (on this subject, *Banco de Portugal* in March 2015 came in with a bigger rise in its forecast for growth in the Portuguese economy, with GDP growing by 1.7% in 2015 as opposed to the 1.5% originally forecast).

The net result of banking operations at the Crédito Agrícola Group (SICAM) in 2014 was 24.5 million euros. This stemmed largely from the dynamic management of liquidity, which reached 185 million euros, offsetting the 2.4 million euro fall in the financial margin (down 1.0%) and the 50.5 million euro increase in impairment (up 33.6%) stemming from the worsening situation of overdue credit but above all to the recognition of extraordinary impairment items.

During 2014, in the field of human resources, the Caixa Central continued with the optimisation programme started in 2013, involving the Caixa Central and some of the Associated Caixas, specifically through studies of the organisational structure and the reorganisation processes in progress.

With the aim of reducing the average cost of funding for the Associated Caixas, the Caixa Central put in a bid for the second targeted longer-term refinancing operation" (TLTRO), organised by the ECB in December 2014, and took on a financing contract of 385.2 million euros at the rate of 0.15%.

In the wake of the steps taken by the Caixa Central in 2014, the Board of the European Investment Bank approved the start of contractual negotiations for up to 50 million euros to be

<sup>1</sup> This year-on-year variation (-3.6%) compares with the -4.2% recorded in Dec.2013 and with the -4.3% recorded in Dec.2012. Source: CRC – loans and bank deposits, *Banco de Portugal* (Feb.2015).

<sup>2</sup> This year-on-year variation (-7.8%) compares with the -4.7% recorded in Dec.2013 and with the -6.6% recorded in Dec.2012. If the effect of hiving off credit portfolios is excluded, these falls come down to -7.1% (2014), -2.9% (2013) and -4.3% (2012). Source: CRC - loans and bank deposits, *Banco de Portugal* (Feb.2015).



provided to the Crédito Agrícola, with a view to financing eligible projects put forward by SMEs. This line provides advantageous conditions in terms of the cost of funding. Talks are going on with the European Investment Fund to manage part of the SME risk with guarantees from that institution.

A support line was also negotiated with the EIF for the development of micro-credit operations, the aim being to provide the backing for setting up small businesses with an impact on the communities of which they are a part.

In terms of corporate communications and the image of the Crédito Agrícola Group in 2014, the following points stand out:

- (i) launch of the initiative “Seminários CA” with a view to debating the sustainability of the agricultural sector;
- (ii) a competition “1º Prémio de Inovação CA – Agricultura, Agro-Indústria e Floresta” (1st CA Innovation Award – Agriculture, Agro-Industry and Forestry);
- (iii) a “1º Concurso de Vinhos do Crédito Agrícola” (1st CA Wine Competition) as part of the “Portugal Agro” fair;
- (iv) participation in the forum on agro-foodstuff innovation;
- (v) an event in honour of the SMEs which are CA customers and have gained the status of “PME Líder” (SME leader) and “PME Excelência” (SME Excellence), with reference to 2013, and whose numbers have been on the increase (88 in this year’s event, compared with 32 a year earlier<sup>3</sup>);
- (vi) a presentation on the challenges facing the banking system at the Rotary Club; and
- (vii) participation in other regional events (e.g. Ovibeja, SISAB, Portugal Fresh, FACECO).

As far as institutional communication is concerned, there were meetings with representatives of cooperative organisations similar to the Group. They wanted to get to know the Crédito Agrícola Group and exchange experiences (including the Volksbank from Austria, and the Organização das Cooperativas do Estado de Minas Gerais – the Organisation of Cooperatives in the State of Minas Gerais, Brazil).

In terms of the quality of service provided to customers, based on the Interim Report for 2014, put together and published by the Market Conduct Department of *Banco de Portugal*, the Crédito Agrícola is one of the institutions with fewest complaints across the board. This is a natural reflection of the positioning and attitude towards service and proximity which characterises the relationship between the Associated Caixas and their customers and associates.

In terms of products, one focus concerned developments aimed at enterprises, such as the virtual TPA (based on a web platform and accepting cards at a distance) and the CA Tesouraria (a solution that aims to provide a response to treasury requirements for enterprises, such as factoring and confirming).

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<sup>3</sup> Among these there are 15 SME Excelência enterprises this year compared with 2 such a year earlier.

In terms of channels that do not involve face-to-face relations, technologies were developed that will enable 2015 to see completion of image restructuring on all channels, a change in the support platform, following discontinuation of the solution from the supplier, new functionalities introduced in the On-line channel and the launch of CA Mobile Empresas (in the main points of sale of Apple app store, Google play store and Windows phone marketplace).

In 2014, development was concluded on new functionalities that include: i) the availability of TPA invoices in digital format; ii) marketing of investment funds on CA Online and iii) launch of the MB Net service.

As part of the standardisation process, approval was given for a series of procedures covering most Caixa Central operations, one of the highlights being the mapping for approving and processing credit operations (operations upstream of the implementation of credit workflow) and the starting up of detailed mapping of the procedures for managing the retail customer/enterprise and the opening of current accounts (these being operations that come upstream of adoption of the SICAM Customer Digital Dossier solution).

In the sphere of cost efficiency, there was the selection of a partner to implement the Group purchase portal, along with the conclusion of negotiations with suppliers in fields such as energy, telecommunications, fuel, security and alarm systems, transporting valuables and others, all of which will make it possible to achieve considerable cost savings in current contracts or respond efficiently in terms of costs to new regulatory requirements (e.g. centralised alarm systems).

As for tax issues, there was implementation of the special regime for taxation of groups of companies (RETGS) under the umbrella of the Crédito Agrícola SGPS, and in particular the support given by the Caixa Central to the Associated Caixas for putting in place the new rules for issuing invoices, along with those for reporting of invoicing, for implementing pro-rata methods and for allocation in individual Associated Caixas (including calculation and recovery of VAT paid in the past but subject to deduction).

Other points worth highlighting are: implementation of the COREP/FINREP framework, with the first COREP report recorded in June 2014 with reference date 31 March 2014, and the first FINREP report (in tandem with the 3<sup>rd</sup> COREP report) submitted in November 2014 with reference to 30 September 2014. There were also improvements to a broad array of risk management tools, among them: a module for analysing individual imparity (MOAI); a system for credit limits; a rating model; and a behavioural scoring model for credit cards.

In terms of risk management and compliance, there were initiatives and projects put in place aimed at reinforcing a culture of compliance and improvements to the system of internal control, among which the following are worth a mention: on-going improvements to the IT solutions for management of compliance risk, specifically as regards the procedures associated to monitoring transactions and the filtering of customers within the scope of money-laundering prevention and financing of terrorism (PBC/FT); the start of reporting on frauds with payment instruments as part of the statistical framework (Estatísticas de Sistemas e Instrumentos de Pagamento – ESIP), regulated through Instruction 19/2012; and the technological up-grade of the ARIS tool, which is made to deal with systematic documentation of procedures and of risks and controls.

#### 4. SICAM – MAIN INDICATORS

SICAM - Main Indicators													
The development of SICAM													
Figures in millions of euros													
	2002 Dec	2003 Dec	2004 Dec	2005 Dec	2006 Dec	2007 Dec	2008 Dec	2009 Dec	2010 Dec	2011 Dec	2012 Dec	2013 Dec	2014 Dec
Customer funds /Customer deposits	6,863	7,181	7,599	8,174	8,671	9,158	9,613	10,070	9,989	9,884	10,178	10,209	10,620
Gross credit on customers	6,387	6,690	6,942	7,290	7,464	7,467	8,373	8,859	8,606	8,587	8,365	8,198	8,147
Net credit on customers	5,633	6,009	6,190	6,467	6,685	7,119	7,945	8,391	8,068	7,988	7,716	7,491	7,309
Net assets	7,946	8,251	8,696	9,319	10,044	10,566	11,447	12,097	13,213	13,027	13,747	12,968	13,266
Operating income	520	570	657	738	828	874	979	1000	1026	1054	1098	1106	1168
Financial margin	307	306	316	326	352	387	403	315	306	342	318	251	248
Net commissioning	47	53	58	63	74	76	87	91	110	116	130	132	129
Net worth	370	376	396	404	424	486	513	424	445	472	465	473	554
Net result	33	81	90	87	96	113	121	42	36	47	41	2	25
Transformation ratio - % a)	82.1%	83.7%	81.5%	79.1%	77.1%	77.7%	82.7%	83.3%	80.8%	80.8%	75.8%	73.4%	68.8%
Efficiency ratio -SICAM - %	52.5%	52.1%	52.5%	55.2%	58.4%	54.1%	55.5%	69.4%	67.1%	64.7%	65.3%	64%	54.2%
ROE - %	6.4%	14.1%	13.7%	11.8%	11.5%	13%	12.4%	4.2%	3.5%	4.5%	3.8%	0.14%	2.2%
ROA - %	0.4%	1%	1%	0.9%	1%	1.1%	1.1%	0.3%	0.3%	0.4%	0.3%	0.01%	0.2%
Leverage	15.3	14.5	13.2	12.6	12.1	12.1	11.7	12.1	12.9	12.4	12.5	11.7	11.4
Number of CCAMs	126	120	118	111	105	100	92	88	85	84	84	83	82
Number of Caixa branches (SICAM total) b)	584	598	616	628	632	647	670	680	689	686	686	683	683
Net average assets per CCAM c)	61,543	67,026	71,754	81,993	91,648	102,500	116,924	127,626	132,375	133,162	140,695	156,252	161,787
Average number of branches/CCAM d)	4.6	5	5.2	5.6	6	6.4	7.2	7.6	8	8	8	8.1	8.2

Note: Figures for 2011 were re-expressed for comparative purposes

a) calculated as the net credit on funds in line with Banco de Portugal Instruction 23/2012

b) this includes the branches of the Caixa Central

c) in thousands of euros

d) only CCAM branches

## 5. GROUP – MAIN INDICATORS

GROUP - Main Indicators													
Group operations - 2002 to 2014													
	Figures in millions of euros												
	2002 Dec	2003 Dec	2004 Dec	2005 Dec	2006 Dec	2007 Dec	2008 Dec	2009 Dec	2010 Dec	2011 Dec	2012 Dec	2013 Dec	2014 Dec
Customer funds	6,860	7,194	7,582	8,128	8,637	9,122	9,528	9,965	,9,939	9,821	10,113	10,123	10,537
Net credit on customers	5,634	6,010	6,191	6,413	6,972	7,109	7,926	8,366	8,041	7,914	7,660	7,472	7,261
Net assets	7,933	8,290	8,693	9,370	10,601	11,180	12,122	12,948	14,224	14,241	15,113	14,621	15,051
Operating income	503	566	652	721	765	887	987	1,075	1,122	1,047	1,100	1,141	1,211
Financial margin	305	305	315	311	375	405	425	341	335	381	367	307	307
Net commissioning	48	54	56	57	85	76	81	82	93	97	102	101	101
Insurance technical margin	n.a.	n.a.	n.a.	n.a.	142	114	14	9	5	10	-4	-9	-21
Net worth	373	381	396	394	581	611	537	457	478	505	493	486	577
Net result	32	85	90	78	89	120	121	52	36	55	45	-3	27
Ratio of overdue credit >90 days*	5.3%	5.5%	5.7%	5.9%	4%	3.4%	3.8%	4.1%	4.9%	5.8%	6.8%	7.7%	8%
Ratio of cover for overdue credit (%)	73.6%	94.7%	98.4%	105.4%	113.6%	108.9%	136%	127.4%	127.8%	119.8%	114.2%	121%	122.9%
Core Tier 1 – Group (%) a)	8.1%	9.1%	10.4%	10.5%	11.6%	11.6%	12.2%	12.1%	12.69%	12.5%	11.57%	11.91%	n.a.
Common equity tier 1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,1%
Core Tier 1 – Group (%) a)	8.1%	9.1%	10.4%	10,5%	11.6%	11.5%	12%	11.8%	12.51%	12.3%	11.1%	11.39%	13.1%
Total solvency ratio – Group (%) a)	10.5%	11.3%	12.9%	14%	14.4%	14.4%	13.3%	12.7%	13.4%	12.7%	10.9%	10.8%	13.1%
Solvency ratio – Group (%)	59.1%	55.6%	53.5%	57.8%	45.5%	46.4%	56.84%	68.8%	68.3%	65.4%	67%	68.2%	57.5%
ROE (%)	6.3%	15%	13.8%	10.8%	11.6%	13.5%	12.2%	4.9%	3.2%	5.3%	4.1%	-0.3%	2.2%
ROA (%)	0.4%	1%	1%	0.8%	0.8%	1.1%	1%	0.4%	0.2%	0.4%	0.3%	0%	0.2%

### Notes:

Figures for 2011 were re-expressed for comparative purposes

Figures for 2010 were calculated in line with the standards approved by the European Union, entering into force as and from 1 January 2010; the figures for 2009 and 2008 were re-expressed for the purposes of comparison

Figures for 2006 are proforma (readjusted in line with the NCA, in force from 1 January 2007)

a) Figures for the ratios from 2002 to 2006 were calculated according to the rules of the Portuguese accounting system for the banking sector (PCSB), 2007 as per transitional accounting and following IAS from 2008, including, from March 2008, the Basel II criteria

(\*) Figures for 2002-2013 refer to SICAM



## II. MACROECONOMIC FRAMEWORK

### 1. THE GLOBAL ECONOMY

According to the latest IMF forecasts, published in the update of the *World Economic Outlook* in January 2015, global growth in 2014 followed the slowdown of recent years, coming in at 3.3%.

Forecasts point to a 1.8% GDP growth in developed countries in 2014, in spite of the situation in Japan, where growth is still in the early stages (0.1%). The eurozone came in with a small rise, to the order of 0.8%.

Looking at the global economy as a whole, the IMF estimates that growth will be 3.5% in 2015, a rise from the 3.3% estimated for 2014, with another rise, to 3.7%, in 2016. These figures have been revised downwards since the update of October 2014. These forecasts factor in risks as they materialise, one salient point being the slowdown in emerging economies (the case of China, Brazil and Russia), while another is the increase in geopolitical tensions. In the more advanced economies, the extent of recovery is postulated on consolidation in the United States, the strong performance of the United Kingdom and the sluggish pick-up in the eurozone.

Growth across the globe may be boosted by falls in the price of crude<sup>4</sup>, but this is certain to be dampened by the low propensity to invest stemming from weak expectations of medium-term growth in many emerging and developed countries.

World economic development						
	2011	2012	2013	2014E	2015 P	2016 P
<b>World economy</b>	3.9%	3.1%	3.3%	3.3%	3.5%	3.7%
<b>Advanced economies</b>	1.7%	1.4%	1.3%	1.8%	2.4%	2.4%
United States	1.8%	2.8%	2.2%	2.4%	3.6%	3.3%
Euro zone	1.5%	-0.7%	-0.5%	0.8%	1.2%	1.4%
Japan	-0.6%	1.4%	1.6%	0.1%	0.6%	0.8%
<b>Emerging economies</b>	6.2%	4.9%	4.7%	4.4%	4.3%	4.7%
Russia	4.3%	3.4%	1.3%	0.6%	3%	-1%
China	9.3%	7.7%	7.8%	7.4%	6.8%	6.3%
India	6.3%	3.2%	5%	5.8%	6.3%	6.5%
Brazil	2.7%	1%	2.5%	0.1%	0.3%	1.5%
<b>World trade (Goods and services)</b>	6.1%	2.7%	3.4%	3.1%	3.8%	5.3%

Source: World Economic Outlook, October 2014, update (January 2015)

Uncertainty surrounds the possibility of persisting repercussions from the rise in supply of oil and of potential changes in sentiment and volatility in the financial markets, above all in the emerging economies, where the variations in oil prices have introduced vulnerabilities in the balance sheets of exporting countries.

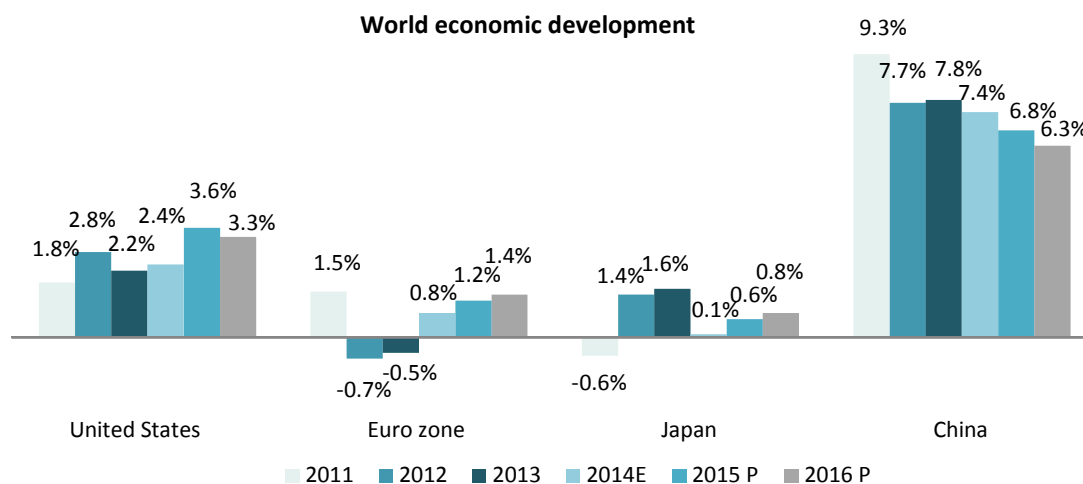
<sup>4</sup> From September 2014 to January 2015, oil prices in US dollars fell by 55%. The reasons behind this were not only the drop in demand (especially in emerging countries), but also, and fundamentally, by the OPEC decision to hold levels of production in spite of more output coming consistently from non-OPEC countries (the US in particular). This fall in prices is expected to have a negative impact on investment and on future production capacity in the oil sector.

Stagnation and deflation continue to act as a drag on countries in the eurozone and Japan. In the eurozone, growth at year-end 2014 came in more subdued than expected, and the expectations of growth hinge on a fall in energy costs, on monetary policy (already amply reflected in the financial markets and interest rates), on a more neutral budgetary policy and on the recent fall in value of the currency.

Overall, it looks as if 2015 will see European economic performance influenced by expectations that will emerge from any advance in negotiations between Greece and the other governments in the eurozone relating to the country's bail-out programme and the payment or refinancing of the debt<sup>5</sup> due to the EU, the ECB and the IMF.

China recorded a fall in investment in the 3rd quarter of 2014 and a slowdown in the main economic indicators. The Chinese authorities favoured consumption over investment as a way to cut over-production. This was a signal that companies could no longer be systematically financed, and it is to be hoped that 2015 will see the authorities attempt to ease the vulnerabilities generated by rapid expansion of credit and mitigate the regional impacts in emerging Asia.

The sudden fall in oil prices and the increase in geopolitical tension (following the annexation of Crimea) has affected confidence generally and, specifically, the performance of the Russian economy. It has led to the depreciation of the rouble and the dampening of expectations for growth in the economies of the Independent States within the Russian sphere, and in Europe.



Source: World Economic Outlook, *update* (January 2015)

Spring 2014 saw publication of the results of an international analysis (the International Comparison Program) which revealed that 2014 would see China overtake the United States (accepting the adjustment of purchasing power parity) and become the world's biggest economy. According to the IMF, by the end of 2014 China would become a country with 16.48% of purchasing power adjusted to global GDP (USD 17.632 trillion) while the US would be on 16.28% (USD 17.416 trillion).

After the first quarter of 2014, when a contraction was recorded, the United States economy turned around and came in with a 2.4% growth in GDP and a pronounced fall in the jobless rate through net job creation. This, allied to other factors observed in various regions of the globe, led to upward pressure on the dollar. Forecasts for 2015 and 2016 point to annual growth rates of more than 3.0%, with domestic demand bolstered by the fall in energy costs, and a more

<sup>5</sup> The value of the debt stands at 316 thousand million euros, equivalent to 169% of Greece's GDP.

modest budgetary adjustment, with the likelihood of the Federal Reserve coming to terms with a gradual rise in interest rates along the year.

In the international financial markets, the prospects are for risk in changes to the investment climate, with periods of volatility and moves in capital flows. These events could cause surprise impacts on the largest economies and suspend or change the foreseeable path of American monetary policy.

The emerging economies are particularly exposed, and could face a turnaround in capital flows. Oil producers and exporters are seeing their trade and capital balances weakened, while importers are stocking gains, and this gives them the chance to reduce energy subsidies, cut budget deficits and, in some cases, increase public investment.

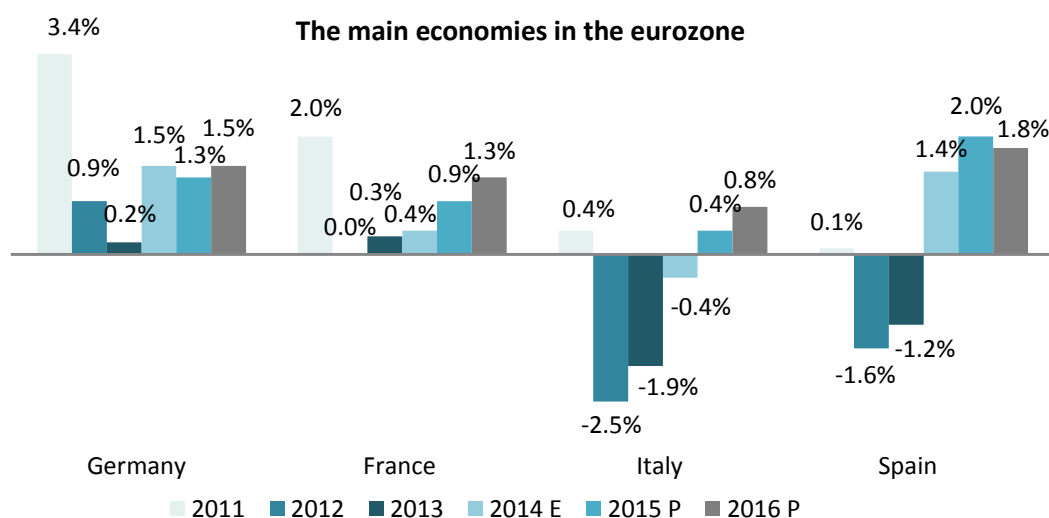
The main economies in the eurozone						
	2011	2012	2013	2014 E	2015 P	2016 P
Germany	3.4%	0.9%	0.2%	1.5%	1.3%	1.5%
France	2%	0%	0.3%	0.4%	0.9%	1.3%
Italy	0.4%	-2.5%	-1.9%	-0.4%	0.4%	0.8%
Spain	0.1%	-1.6%	-1.2%	1.4%	2%	1.8%

Source: World Economic Outlook, October 2014, update (January 2015)

The eurozone came to the end of the year with economies slacking. This illustrated the flaws in the German, French and Italian economies and saw investment and export performance in the eurozone below expectations, coming in at around 0.8%.

The quantitative indicators available for the eurozone at the start of the 4th quarter of 2014 point to a slight improvement in economic activity, especially for industrial production and retail sales. In February 2015, the jobless rate in the European Union as a whole stood at 9.8% and at 11.3% in the eurozone.

In February 2015, inflation in the eurozone stood to -0.3% year on year (it was -0.6% in January) on the back of a steep fall in energy prices. The most recent forecast puts average inflation for 2014 on around 0.4%.



Source: Fonte: World Economic Outlook, update (January 2015)

During 2014, the German economy had its best performance of the last three years, even though it was caught up in the weakness of the eurozone and the crises in Ukraine and the Middle East during the second half of the year. According to the Federal Agency for Statistics, private consumption tracked up 0.6 p.p. and international trade came in with 0.4 p.p., leading to a 1.5% rise in GDP for the year. Over 2014 as a whole, according to data from Destatis (the German government's statistical department), the country's annual inflation was 0.9%, the lowest figure since 2009 and 0.6 p.p. below 2013. According to a Nordea economist, Germany will need more public investment and more incentives for private investment if it is to grow in 2015.

In 2014, the French economy grew by 0.4%, with inflation standing at 1.5%. At the end of September, public debt reached 2,031 thousand million euros, equivalent to 95.2% of GDP. In the third quarter, the jobless rate rose to 10.4%. The prospects for 2015 are that France will grow at a rate below the eurozone average, and with the deficit for 2014 likely to come in at around 4.4%. The country is unlikely to see this dip below the 3.0% deficit threshold at least until 2017.

Italy saw out the 2014 year with a 0.4% fall in GDP and inflation at -0.2%.

In 2014, Spain was one of the most dynamic economies in the eurozone. Annual growth, according to data from the Spanish Statistics Institute, was 1.4%, as against 2013, when it had fallen to 1.2%. In spite of this growth, Spanish GDP is around 6% below the figure for 2008, which was when the housing crisis broke out. The positive move was fundamentally on the back of exports, which grew by almost 6% between January and November, and tourism, with an exceptional year during which it saw 65 million visitors. Some sectors, however, among them construction, have not recovered, and the jobless total is 23.7% of the population.

The United Kingdom was the developed economy that recorded the best performance in 2014, with the biggest growth in the last seven years. GDP, according to the Statistical Office, was up by 2.6%. In the UK economy, it is services and consumption that continue to be the powerhouses, not the industrial, energy, mining or construction sectors.

## 2. THE PORTUGUESE ECONOMY

Economic activity was stable during the first three quarters of 2014, and the most recent forecasts point to a gradual recovery along the lines started in 2013. GDP rose by around 0.9% during the year, and the prospect is for 1.7% growth in 2015 and 1.9% in 2016. This represents an expectation that puts the figure at just over the average for the eurozone as a whole.

The strength of the Portuguese economy is likely to continue to be the performance of exports and the recovery of domestic demand. If this turns out to be so, the surpluses on the current and capital accounts will remain firm. Although there has been a switch of resources to tradeables and output, future growth in the Portuguese economy will continue to be hampered by deleveraging in the public and private sectors, by demographic changes in the country and the emigration of skilled people, by the low levels of productivity per worker, and by the slowdown in the country's main commercial partners in Europe (such as France) and the Portuguese-speaking countries of Africa, the PALOP (such as Angola).

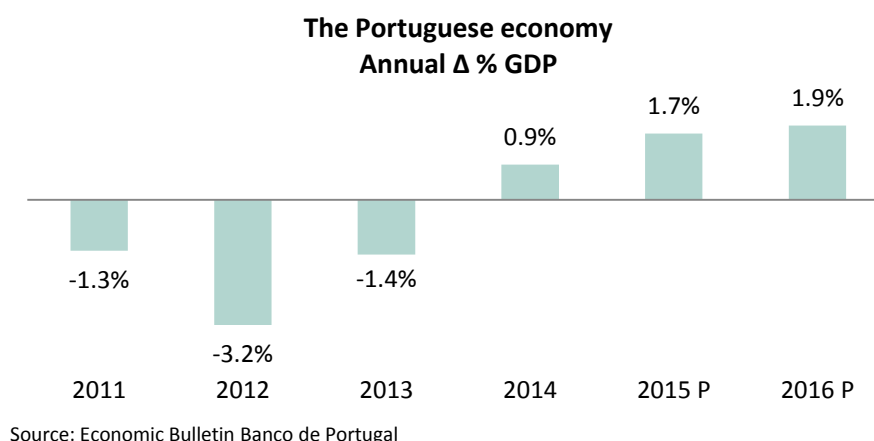
The concerns for the Portuguese economy in 2015 involve the expected economic slowdown in Angola<sup>6</sup> and the imposition of quotas on the import of basic essentials as a way to cushion the

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<sup>6</sup> Angola is the 4th biggest destination for Portuguese exports after Spain, Germany and France.

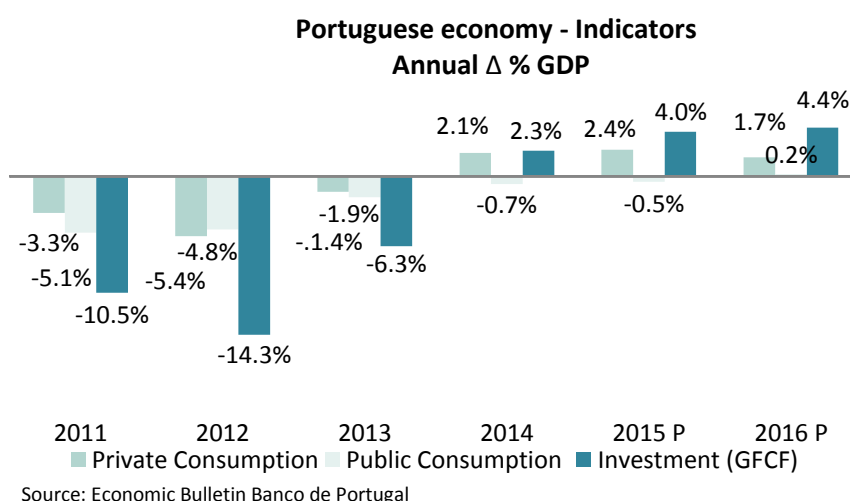


exchange rate impact that stems from lower volumes of exports and a protectionist stance on local production.



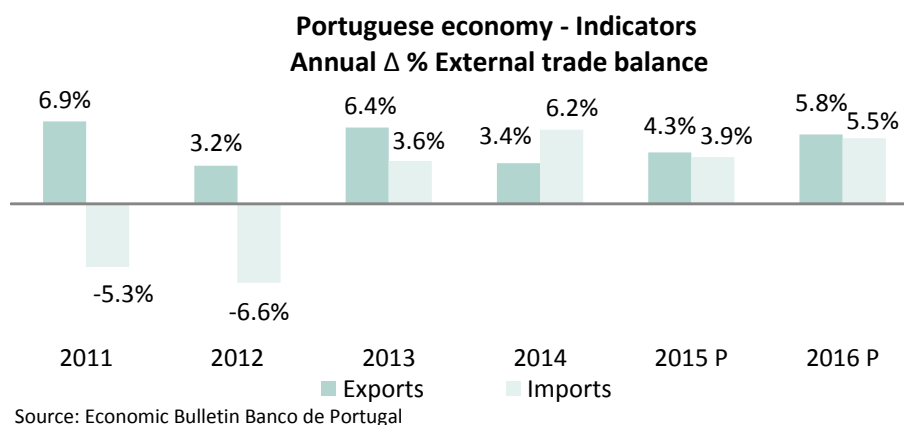
In May of 2014, Portugal came out of the Economic and Financial Assistance Programme without recourse to a lifeline. In the same month, the country's Constitutional Court voided three regulations in the State Budget for 2014. These were replaced, though only partially, in September.

Within the scope of the progress achieved in correcting the country's macroeconomic imbalances, it seems likely that Portugal will fulfil the commitments set down at a European level in terms of its budgetary consolidation. These are essential to maintain the downward path for the ratio of public debt to GDP. In tandem, it is estimated that there will be a greater push towards structural reforms, geared to creating incentives for innovation, productive factor mobility and investment in physical and human capital. This strategy is being pursued with the aim of making the country and its enterprises credible to the outside world.



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In 2014, the import of goods and services looks to have come in with a 6.2% growth, reflecting a penetration of imports identical to 2013, resulting from the relative stability of this indicator during the period 2011-2014. Excluding energy goods, import prices dropped in 2013 and 2014.

Exports grew moderately, with a similar part played by goods and services, each playing a smaller part in GDP growth than in previous years. Forecasts for exports of goods and services point to a 3.4% growth in 2014.

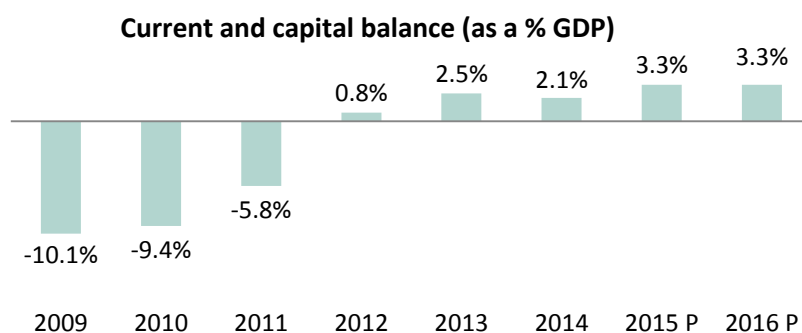
It is important, however, to emphasise the continuing rise in tourism as an export component, with non-resident nightly stays up by 7.9% in the 3<sup>rd</sup> quarter of the year, following 6.2% in the first quarter and 13.1% in the second. The nominal earnings from travel and tourism were also up substantially, growing 13.7% in the third quarter of 2014, after 5.9% in the first and 13.4% in the second.

According to the *Instituto Nacional de Estatística* (the National Statistical Institute), Portugal came in with a negative inflation rate for 2014 (-0.3%), influenced by low demand and the fall in the oil price.

Job losses in the public sector were more than offset by the private sector, which saw a rise of 2.7%, higher than the growth in economic activity. On the back of this, the labour factor played a substantial part in GDP growth for the year. Unemployment is still high, but it has fallen from the 16.2% recorded in 2013 to around 13.4% in 2014. Paid remuneration grew by 1.9% in the first three quarters (cumulatively) and this had a positive impact on state sector receipts. In September 2014, a rise in the minimum monthly wage was enacted (up from 485 euros to 505 euros), with social security contributions down from 23.75% to 23.00%, though this cut was only for the 350 thousand or so workers on the minimum wage.

According to *Banco de Portugal*, the debt of public administrative services stood at 224.5 thousand million euros in December 2014, 1.427 million euros less than recorded at the end of November.

Current forecasts point to a capacity to finance the economy, measured by the average balance of the current and capital accounts together, coming in for the years at 2.1% of GDP.



Source: Economic Bulletin Banco de Portugal

In 2014, the balance of payments as a percentage of GDP saw a reduction in the surplus of the balance on goods and services, in the wake of the changing pattern in volumes for exports and imports. This came in spite of the improvement in the terms of trade, both in overall terms and in non-energy goods. This pattern, however, is likely to be offset by the year-on-year fall in the deficit on the combined balance of primary and secondary income in 2014.

According to INE data, the budgetary deficit on public administration stood at 4.5% of GDP in 2014. However, excluding one-off effects that stem, among other things, from State financing for Carris (the Lisbon bus company) and the STCP (the Porto transport company), the deficit for the year was 3.4%, compared with a 4.4% deficit for the same period in 2013, also excluding one-off effects, in this case associated with the capital increase of the bank Banif.

In like-for-like terms, total net income from public administration was up by 0.8%, fundamentally as a result of the positive move in tax receipts (up 0.7% on direct taxes and 3.8% on indirect taxes). Expenditure moved the other way, with a 0.1% fall compared with 2013, in spite of an increase in payroll costs.

Portuguese public debt reached 224.5 thousand million euros in December 2014, a 2.4% rise (up by 5.3 thousand million euros) year on year.

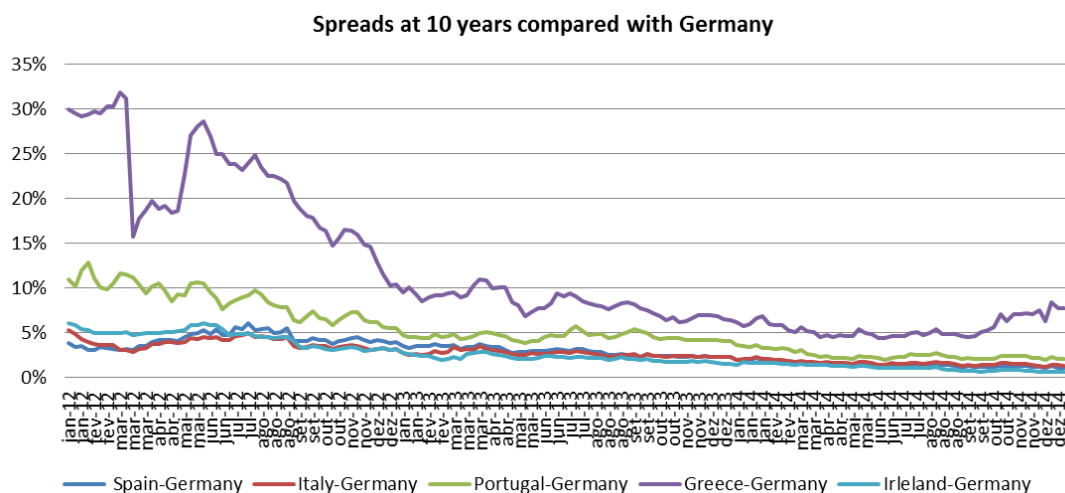
The ratio of public debt according to the Maastricht definition went up to 128.7% of GDP at year-end 2014, 0.7 p.p. worse than in 2013 and staying above the ratio set out by the Ministry of Finance for the end of 2014 (127.2% of GDP).

In September 2014, and for the first time since June 2008, the Portuguese Treasury issued debt at longer than 10 years (specifically through an auction of bonds at 15 year maturity) at a point when the interest of investors in eurozone peripheral countries' public debt set interest at historically low levels.

During 2015, the treasury management and the public debt agencies consider that it will be possible to bring in between 12 and 14 thousand million euros through the issue of treasury bonds (TBs), using syndicates and auctions. The net financing requirement of the State is around 11 thousand million euros.

It should be noted that the rates of return on public debt have been on a downward track since October 2014, and in January 2015, the average monthly rate for Portuguese TBs at 10 years stood at 2.49% (compared with 6.24% in January 2013).

## Spreads for debts (at 10 years) for countries in the periphery compared with German debt



The employment survey made by INE showed that total employment in the 4th quarter of 2014 was 1.6% lower than the 3<sup>rd</sup> quarter, but up 0.5% year on year. Employment in the private sector is picking up in a way consistent with the pattern of economic activity, allied to an increase in the volume of employment generated by a pro-active jobs policy, with the highlight being professional traineeships co-financed by the State. According to the IEFP (in reference to the 4th quarter of 2014), it is estimated that the increase in these traineeships has played a considerable part in the growth of employment (up 4.1%).

Another important fact is that company insolvencies were down 10.8% in 2014 compared with a year earlier (6,773 in 2014 as against 6,114 in 2013). This reversed the unbroken upward trend that had been recorded since 2010. This fact shows that the adjustment in the Portuguese business fabric is on the whole bottoming out. During 2014, 35,264 companies were created in Portugal, a 1.6% rise over the number formed the year before (this dynamic is worthy of a note, given that the year began with a like-on-like reduction of 22%).

### 3. THE FINANCIAL MARKETS

The eurozone is hobbled not only by the high level of unemployment but also by a long period of low inflation. The latter, if not turned around rapidly, could lead to a very unwanted bout of deflation. Against this backdrop, the ECB, with the aim of ensuring fulfilment of its mandate (which includes the objective of maintaining the level of inflation at or just below 2%), has been obliged over recent months to take specific measures with this in mind. These include:

- The launch of an targeted longer-term refinancing operations, which, according to its August Bulletin, “will provide long-term funding at attractive rates at attractive terms and conditions over a period of up to four years for all banks that meet certain benchmarks applicable to their lending to the real economy.”
- The launch of programmes for purchasing asset-backed securities (ABSPP) and Covered Bonds (CBPP3) with the aim of providing flexibility to the balance sheets of financial institutions.
- Reduction in reference rates, with special emphasis on the rates for refinancing operations, to stand at 0.05% and a deposit rate at -0.20%; and



- Broadening the asset purchasing programme on a large scale for the issuing of sovereign public debt in the eurozone, as well as sovereign agencies and European institutions (this measure being put in place in 2015).

What the ECB hopes for with these measures is to see, finally, an increase in financing to the real economy, with positive impact on the growth of domestic demand, jobs and inflation and not just an upward move in asset values (shares and bonds) that is really of little consequence.

In the ECB meeting of 22 January 2015, the decision was taken to purchase assets, including eurozone sovereign bonds to the total of 60 thousand million euros a month. This is seen as the last great step in the effort to raise the inflation rate to the levels set down in the ECB's mandate.

In spite of all these ECB initiatives, doubts remain as to the practical effects of adopting an aggressive monetary policy which does not go hand in hand with a change in the budgetary policy for the eurozone, a change that puts the focus more on growth and not so much on budget deficits in various countries. The change in aggregate budgetary policy is seen by many as fundamental to an increase in demand, without which it will be difficult to see a sustained increase in the level of investment and the creation of a climate in which financial institutions feel comfortable providing more credit to the economy and thus improving the mechanism for transmission of monetary policy.

During 2014, the implicit rates for public debt bonds in the eurozone countries moved downwards, reaching successive levels of historic lows. It is, however, important to differentiate between the yields on bonds in the countries of central Europe – Germany, France, Holland and so on – and the yields on those from countries on the periphery<sup>7</sup> – Portugal, Spain, Italy and Greece – due to the credit risk premium (the spread) existing between these two groups (and between countries within each group).

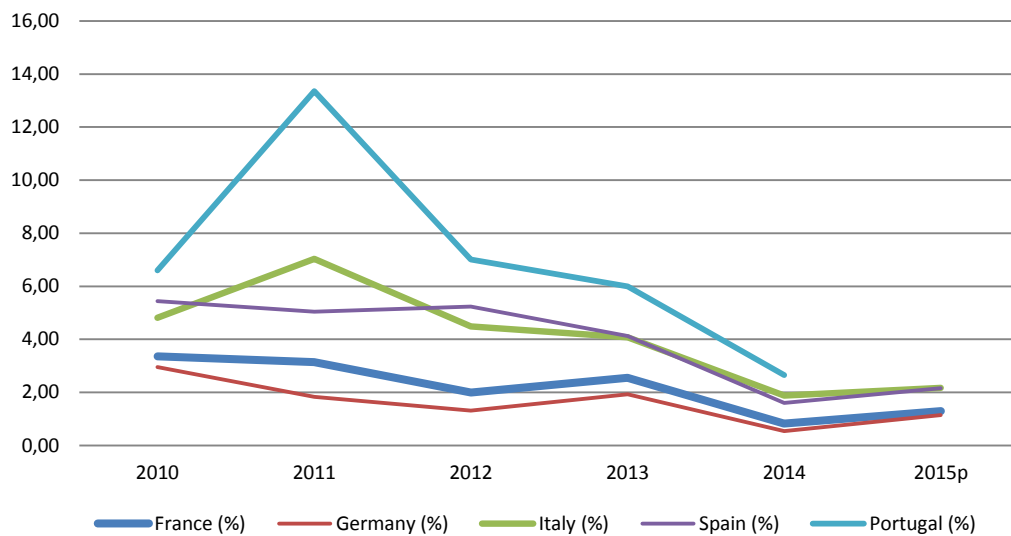
The fall in the interest rate on public debt issues in the eurozone stems from a number of factors, the most important being:

- the abundance of cheap and available liquidity channelled above all to financial assets;
- the expectation that a long period of very low inflation has set in;
- the substantial fall in risk premiums associated with a change in sentiment with regards to a fragmentation of the eurozone (particularly relevant where the countries of the periphery are concerned); and
- the expectation in the markets that new extraordinary monetary policy measures will be taken by the ECB.

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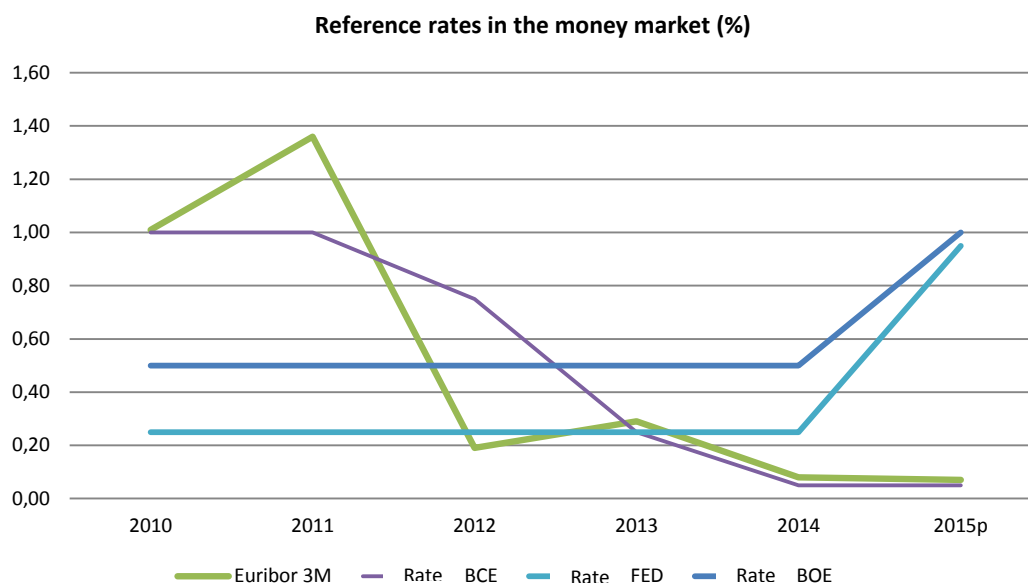
<sup>7</sup> The improvement to perceived risk in the market meant, for example, that in September 2014, Portugal could obtain financing with the issue of debt at 15 years' maturity (and in January 2015 Portugal placed a new issue with maturity at 30 years) and that the yield on the country's public debt would be at historic lows at the end of 2014. Public debt bonds issued by Spain and Italy were also more highly regarded, with the 10-year bonds coming in with a reduction of the spreads compared with German debt coming in at 1.32% and 1.11%, when these spreads were 2.20% and 2.15% respectively at the end of 2013.

Yields on public debt - 10 years



In 2015, there could well be shocks associated to a change in sentiment in the markets *vis-à-vis* the assessment of risks prevalent in the eurozone. This situation might arise as a result of legislative elections to be held in many countries, among them Portugal, Spain and the United Kingdom, or as a result of internal political divergences in the eurozone or geostrategic confrontations. On 25 January 2015, Syriza, a radical left-wing party, won a clear victory in the Greek general election. This is the first sign that many voters are searching for alternatives to the current situation in the European Union. There will undoubtedly be an incisive confrontation in the next few months between opposing views of how to organise and carry out a common European policy.

In terms of reference rates in the interbank market, the aggressive policy adopted by the ECB has again brought down Euribor rates. Forecasts indicate that these rates are likely to remain at historic lows in the coming months. This situation brings challenges for banking institutions. In the domestic context, this is because they still have a substantial part of their credit portfolio indexed to this rate (a situation that is particularly relevant for mortgage credit in contracts entered into before the financial crisis).



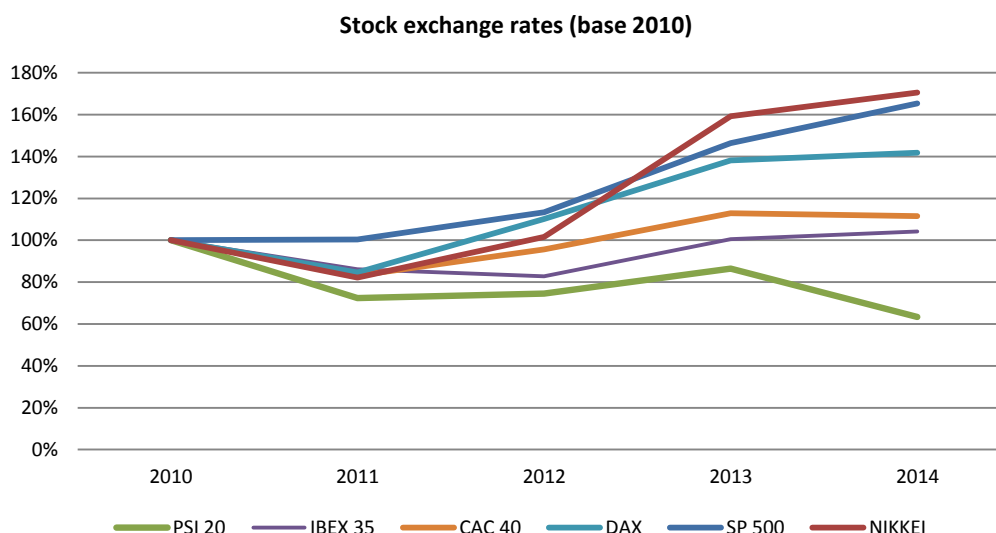
The major stock markets have benefited from the improvement in confidence, and very particularly from the high levels of liquidity available. The figures recorded in 2010 for the SP 500, the Nikkei and the DAX have gone up by 65%, 71% and 42% (in 2014, these indexes saw variations of 13%, 7% and 3% respectively). The IBEX 35 and the CAC 40 have gone up rather less, with growth of 4% and 12% respectively.

The Portuguese index, the PSI-20, fell by 37% during this period. This move was due very much to the severe squeeze on the country's economy between 2011 and 2013, and it was impacted again recently by the crisis in the Espírito Santo Group, which had repercussions on Portugal Telecom. In May 2014, the PSI-20 stood at 7,115 points (a fall of 4% from the 2010 figure). Up to the end of 2014, the fall was 27%, pushing the index down to 4,802 points.

The crisis caused by the collapse of the Espírito Santo Group had direct negative consequences on stock market values – in the BES, ESVG and PT – and indirect consequences, associated to the uncertainty raised in relation to how the fall of this financial group would affect the economy, in terms of the reduction in aggregate credit available, the impact on the financial situation of the creditors affected and the loss of confidence in international markets in relation to the real state of the domestic financial system.

Euribor rates for 30 days have been negative since January 2015, and there is a great deal of discussion about how credit institutions can best use these rates for mortgage credit.

In a communiqué issue on 31 March 2015, *Banco de Portugal* clarified this point by stating that the banks should use the negative interest for the benefit of their customers, which meant that limits could not be applied to the variation of the index rate. This went against the position taken by the *Associação Portuguesa de Bancos* (the Portuguese Banking Association).

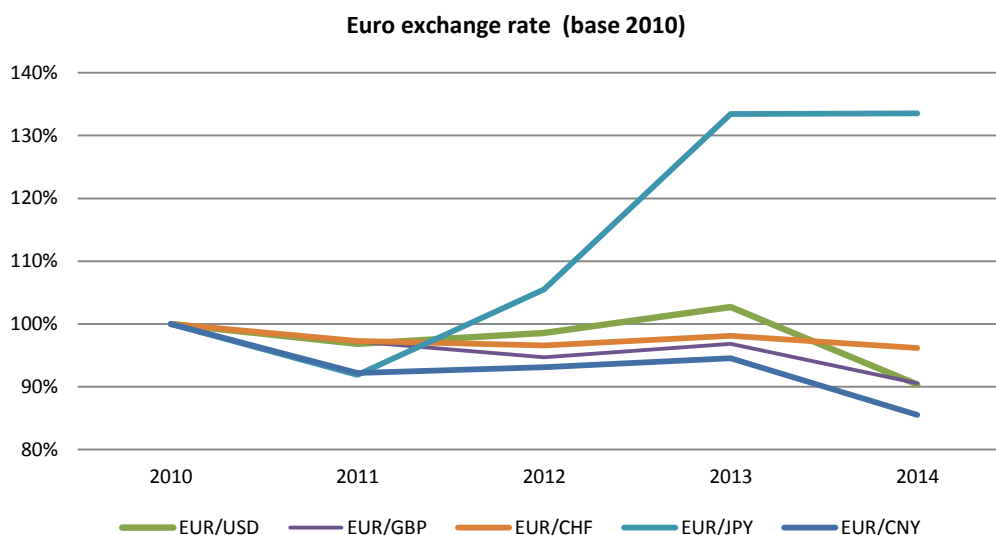


In the foreign exchange markets, 2014 was marked by the fall of the euro against some of the main international currencies. This devaluation is directly related to market expectations as to monetary policy and the growth and development of the European economy in relation to the other advanced economies. With the ECB adopting a countercyclical policy, seen particularly in terms of what the American Federal Reserve was doing, extraordinary measures had to be taken both to combat low inflation and to spur the recovery of the eurozone economy. As a result, the euro in 2014 lost 12% of its value against the US dollar and 6% against sterling. The exchange rate against the Japanese yen, however, remained unchanged. This downward trend became steeper as and from May 2014, in the wake of deflationary pressures and the release of disappointing macroeconomic indicators.

The outlook for the euro continues to be a downward path, and the result is one of the objectives of European policy (though not explicitly): to allow more inflation to be imported and to increase the competitive edge of industry in the eurozone and thus boost exports.

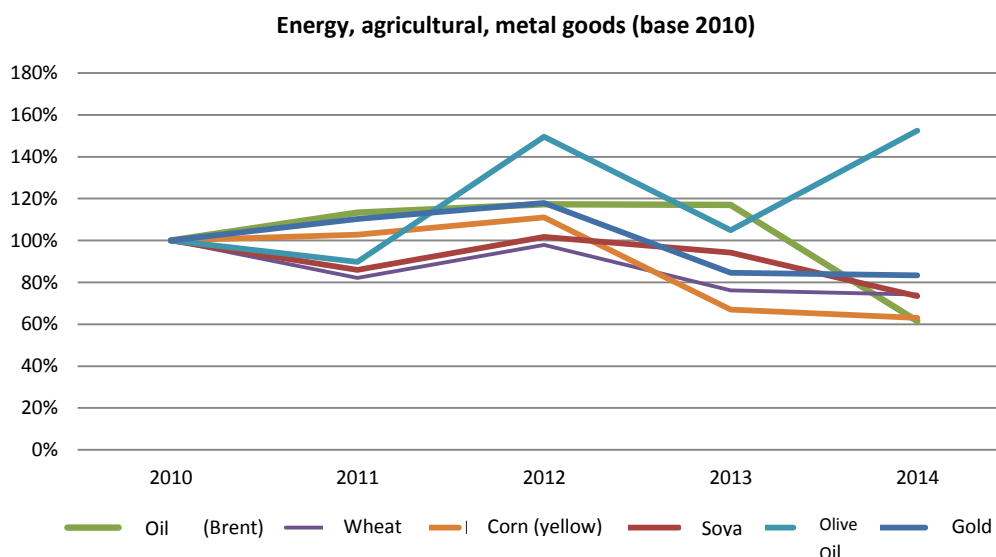
In the early part of 2015, the euro fell again against the US dollar, with the exchange rate hitting a minimum of 1.05USD per EUR. This followed the announcement of the ECB programme to purchase sovereign debt, and also the result of the general election in Greece.

In terms of the foreign exchange markets, another point is worth mentioning and that is the decision taken by the Swiss National Bank in 2015 to abandon its objective of maintaining a minimum exchange rate of 1.20 Swiss francs per euro, and the result was a big upward move for the currency against the euro.



As far as commodities are concerned, the International Energy Agency – as a result of forecasts for lower growth in 2015 than earlier estimated – cut its forecast for an increase in demand for crude across the world and this impacted on the price of the raw material (at the end of 2013 the price per barrel (ppb) was 110.8 US dollars, and by the end of 2014 it was 58.2 US dollars per barrel). The downward path carried on in early 2015, with the ppb reaching as low as 45 US dollars.

The price of gold also fell again to the lows of 2013 on the back of rumours that the Federal Reserve might raise interest rates earlier than initially expected. The depreciation in 2014 came in at around 1.5%. In early 2015, however, the price of gold was up by around 8%, the result of worsening economic indicators, the ratcheting up of extremist political pressures and the uncertainty in the markets.



In agricultural commodities, prices in the wheat market fell by nearly 15% in 2014 and in September reached their lowest point in four years, following forecasts from the US government pointing to a record global production figure and an increase in reserves. In its turn, the price on futures contracts for corn and soya negotiated in the main futures marketplace came in on the downside, with falls of 6% and 22% respectively. The fall in the price for these crops is also related with the increase in production across the globe and the poor prospects for an increase in consumption. The price for olive oil on the MFAO futures exchange, however (and the Crédito

Agrícola Group is a member of this through the Caixa Central), saw a substantial upswing during 2014, with the price reaching 2,600 euros per tonne.

#### 4. PROSPECTS FOR THE BANKING MARKET

Financial institutions were obliged to reinforce their own funds as a buffer against real and potential losses, against a backdrop of turmoil in the financial markets, especially as far as sovereign debt was concerned, and above all in southern European countries, along with impairment in investments and real estate assets.

The most weakened banks were able to use the recapitalisation plan for the banking sector put together by the Portuguese government in 2012 to the amount of 7.8 thousand million euros. This meant that they could bolster their own funds to meet capital or solvency ratios as per the requirements of Basel III. At the end of the third quarter of 2014 (leaving the Novo Banco out of the equation), the ratio between Tier 1 capital and total assets stood at 7.6%, up 0.3 p.p. on the previous quarter, while common equity Tier 1 (CET 1), resulting from the aggregate of the banks, stood at 12.6%.

Since the start of 2013, the banking system has been attempting to scale back its recourse to ECB liquidity funds (financing through the Eurosystem came back to minimum levels after the start of the PAEF). The banks have been taking additional measures to increase their capital, even as conditions got worse from 2012 onwards, putting pressure on operating accounts and on the banks' own funds. Added to this, the reference rates have been kept at historic lows, there has been a growing accumulation of overdue credit difficult to claw back, and low economic output and poor demand in the housing market have all come together to make it nigh impossible to slim down the bloated property portfolios directly or indirectly in the hands of the banks.

Inevitably, bank operations remain tightly hemmed about by the macroeconomic and financial circumstances, and in particular, by the fall in the level of indebtedness in the Portuguese economy. This affects all economic agents, across the board, and has led to considerable contraction in banking business.

In September 2014, the total assets in the Portuguese banking system (excluding the Novo Banco) came to 374 thousand million euros, compared with the 375 thousand million euros recorded in June 2014 (excluding the BES). In year-on-year terms, this represents a considerable reduction in assets, caused by the shrinkage in the portfolio of credit given.

From mid-2011, the main aggregates for credit have recorded negative annual variations, the result of a steep drop in household disposable income and the high levels of unemployment. In the case of companies, profitability has withered as margins have been squeezed, added to a debt burden on the balance sheet that is very often unsustainable, and this is a factor that is particularly critical for micro and small enterprises.

#### CREDIT AGGREGATES

	2011	2012	2012	2013	2013	2014	Annual rate of change
	Dec	Jun	Dec	Jun	Dec	Jun	2014 Nov
TOTAL	-2.1	-3.9	-1.1	-0.6	-0.2	-3.9	-4.2
Companies	-1.9	-4.0	0.7	1.1	0.8	-4.0	-3.7
Individuals	-2.2	-3.7	-3.3	-2.7	-1.5	-3.8	-4.9
Mortgage	-1.6	-3.0	-3.4	-3.8	-3.8	-3.7	-3.8
Other credit to individuals	-4.9	-7.2	-1.5	0.9	5.7	-2.8	-7.1



The falling trend in the transformation ratio in the financial sector stems from the fact that there is less credit being given (down 4,2% as at Nov.2014) and the small growth in deposits (households and enterprises) with customers increasingly looking for an increase in their money put aside through savings and treasury management.

In terms of credit to non-financial enterprises, there was a negative annual variation in total credit provided to those in the private sector (down by 3.1%), as there was for those in the public sector, outside the perimeter of public administration consolidation (down by 17.6%).

In terms of household credit, the annual variation of mortgage credit was negative (down by 3.8%) and credit for consumption and other purposes was down by 7.1%.

The year-on-year variation in banking deposits in the non-monetary private sector came in higher by 2.4%, though for individuals it only reached 0.5%.

The quality of credit<sup>8</sup> still keeps banks' profitability down, with no end to the increase in impairment (involving credit and other assets) and the knock-on effect with provisions. In the 3<sup>rd</sup> quarter of 2014, the stock of impairment for credit in banking system (excluding the Novo Banco) represented 6.8% of the gross credit, compared with the 6.2% recorded in 2013 (including BES).

Non-payment of overdue credit for individuals has recently been on the rise, though the figure is under 5.0%.<sup>9</sup> For companies, the trend is showing no sign of slowing down, with persistently high volumes of overdue credit in construction, retail and real estate operations.

#### OVERDUE CREDIT RATIO - INDIVIDUALS VS COMPANIES

Type	2009	2010		2011		2012		2013		2014	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Individuals	2.9	3.2	3.3	3.4	3.7	4.0	4.0	4.2	4.4	4.7	4.9
Companies	4.1	4.7	4.4	5.4	7.0	9.6	10.6	12.6	13.4	14.4	15.0

Source: Banco de Portugal. Statistical Bulletin. December. 2014

#### OVERDUE CREDIT RATIO - INDIVIDUALS (BY TYPE)

Type	2009	2010		2011		2012		2013		2014	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Mortgage	1.7	1.9	1.9	1.9	2.0	2.2	2.3	2.3	2.5	2.7	2.8
Other credit	7.3	7.9	8.5	9.2	10.5	11.5	11.8	12.6	13.1	13.7	14.4

Source: Banco de Portugal. Statistical Bulletin. December. 2014

An analysis of overdue credit broken down into regions shows that levels of default are the same or worse across the board, with the exception of the Azores. If we compare current levels with those from the end of 2010, we can see that default was almost fourfold in the metropolitan region of Lisbon and the Algarve, while it more than doubled for the remaining regions.

<sup>8</sup> The ratio of credit at risk in the 3<sup>rd</sup> quarter of 2014, excluding the Novo Banco, was around 18.7% for non-financial enterprises, 17.2% for consumer credit and other purposes and 5.9% for mortgage credit.

<sup>9</sup> In this context, it is worth mentioning the passing of Law 58/2014 of 25 August, which created a special regime to protect mortgagees who were in very difficult circumstances.

**OVERDUE CREDIT RATIO IN COMPANIES (%) BY REGION**

Regions	2009	2010		2011		2012		2013		2014	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec.
North	4.5	5.0	4.7	5.7	6.9	8.9	9.8	11.2	11.6	12.8	13.0
Centre	4.3	4.9	5,0	5.8	7.3	8.9	9.4	11.5	11.7	12.1	12.3
Lisboa	4.0	4.5	4.1	5.1	6.4	9.1	10.6	12.7	14.3	15.3	16.4
Alentejo	5.5	5.8	5.5	5.9	6.9	8.3	8.7	10.4	11.1	11.9	13.2
Algarve	3.9	4.2	6.1	7.4	11.6	18.9	18.6	24.5	25.3	25.4	25.7
Azores	2.7	2.9	3.9	5.6	6.3	8.2	8.3	9.1	8.5	8.7	8.1

Source: Banco de Portugal. Statistical Bulletin.December.2014

Overdue credit for enterprises, analysed on the basis of the size of credit given, shows the same tendency to worsen, with the increase in credit overdue visible regardless of the amount of credit given. Although there is more overdue credit in exposures up to 100,000 euros, the worsening in the bands going up in terms of amounts has been even greater in recent years, and this became a salient feature in 2014.

**OVERDUE CREDIT RATIO IN COMPANIES (%) PER BAND OF CREDIT GRANTED**

Intervals in euros	2009	2010		2011		2012		2013		2014	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec.
< 20,000	14.0	14.8	15.4	15.9	16.7	18.2	19.8	21.2	22.3	23.2	24.2
20,000 - 50,000	9.9	10.7	11.1	12.2	13.6	15.8	17.6	19.3	19.8	20.7	21.4
50,000 - 100,000	9,0	9.7	9.9	11.1	12.6	14.7	16.4	18.2	19.1	19.9	20.6
100,000 - 200,000	7.9	8.5	8.4	9.7	11.3	13.3	15.4	17.2	17.7	18.6	19,0
200,000 - 400,000	6.4	7.5	7.5	8.7	9.7	11.7	14,0	16,0	16.4	17.8	18.9
400,000 - 1,000,000	6.7	7.4	7.3	8.7	10.4	12.7	14.9	17,0	17.5	18.7	19.2
1,000,000 - 5,000,000	5.6	6.6	6.7	8.1	9.9	12.4	14.7	17.4	18.2	19.9	20.7
> 5,000,000	2.6	2.9	2.5	3.3	4.5	7.1	7.2	9,0	10.5	11.1	11.6

Source: Banco de Portugal. Statistical Bulletin.February.2015

In terms of operations relating to deposits, the rate of return for periods of up to 2 years continues to fall, following the trend that set in at the start of 2012. The banks have been able to gradually reduce the costs of remunerating deposits without putting their liquidity at risk as a result of households drawing down debt and replacing consumption by saving, but above all because of the fall in the rate of indexed interest, along with the yields on assets perceived as low risk (such as public debt).

During 2014, the average rates of interest on the borrowing side varied according to the type of credit. The average rate for companies came down, the rate on mortgages went up slightly in the first half of the year and came down in the second half, and rates on other credit to individuals came down.

#### RATES OF INTEREST (on balances at end of period)

	2011 Dec	2012 Jun	2012 Dec	2013 Jun	2013 Dec	2014 Jun	2014 Nov
Deposits up to 2 years	3.67	3.3	2.87	2.46	2.19	1.94	1.61
Credit to companies	5.12	4.86	4.39	4.45	4.37	4.22	3.96
Mortgage credit	2.73	2.16	1.59	1.46	1.47	1.56	1.43
Other credit to individuals	8.66	8.51	8.08	8.32	8.29	8.39	8.17

Source: Banco de Portugal-Economic indicators

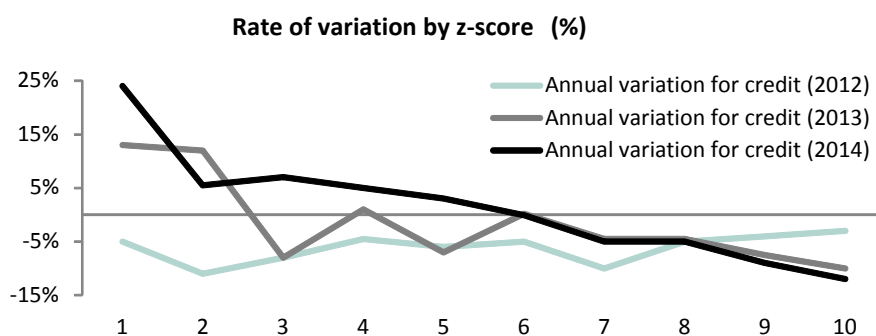
The improvement to margins in 2014 was due not only to the reduction in the cost of funds but also in the repositioning of spreads applied to all types of credit. Even so, the commercial margin on mortgage credit is still negative when compared with the remuneration on two-year deposits.

#### COMMERCIAL MARGIN - ON CREDIT (\*)

	2011 Dec	2012 Jun	2012 Dec	2013 Jun	2013 Dec	2014 Jun	2014 Nov
Credit to companies	1.45	1.56	1.52	1.99	2.18	2.28	2.35
Mortgage credit	-0.94	-1.14	-1.28	-1,00	-0.72	-0.38	-0.18
Other credit to individuals	4.99	5.21	5.21	5.86	6.1	6.45	6.56

(\*) Average rate of credit deducted from rate of remuneration on deposits at 2 years. Used as a proxy for the commercial margin.

More recently, the rate of variation for credit has become increasingly more sensitive to companies' risk profile. In an analysis of the correlation between the variation of credit provided by the banking system to private non-financial companies<sup>10</sup> and the level of risk they show,<sup>11</sup> it can be seen there was practically no differentiation in 2012, but the situation evolved to a point where there was positive discrimination for companies in the lower decimal groups over and against those in the higher decimal groups (resulting in an almost perfect correlation in 2014).



Source: Banco de Portugal Economic and Statistical Bulletin for December 2014

(\*) Z-score based on the most recent IES information, referring to September for each year

<sup>10</sup> Information from the unit responsible for credit (CRC).

<sup>11</sup> Econometric model with estimate of the probability of default per company (z-score).

An analysis of the pattern of interest rates for new credit operations also confirms this differentiation as a function of the companies' risk profile. There is evidence, in fact, that the banks have progressively given more credit to companies in lower risk decimal groups, and these companies have been getting greater reductions in interest rates than the others, an effect caused by the increase in competition to grant credit to customers with this profile.

### III. OVERVIEW OF CRÉDITO AGRÍCOLA GROUP OPERATIONS

#### 1. BANKING – SICAM

In terms of commercial operations through SICAM in 2014, one salient factor was the 0.6% residual reduction in the total value of credit, which was considerably less than the market overall and meant that the Crédito Agrícola market quota was up. Other major factors were the expansion of customer deposits and a noteworthy growth in off-balance-sheet funds.

SICAM Balance Sheet

Figures in millions of euros, except %

	dec-11	dec-12	dec-13	dec-14	Δ Abs.	Δ %
Assets (net)	13,027	13,747	12,969	13,267	298	2.3%
Loans to customers (gross)	8,587	8,365	8,199	8,147	-51	-0.6%
Loans to customers (net)	7,988	7,717	7,492	7,310	-182	-2.4%
Placements in Credit Institutions and Central Bank	618	620	495	502	7	1.3%
Financial assets	3,508	4,372	3,908	4,277	369	9.4%
Liabilities	11,973	12,649	11,863	12,098	235	2%
Customer funds	9,884	10,178	10,210	10,620	410	4%
Credit Institution and Central Bank funds	1,785	2,148	1,363	1,116	-247	-18.1%
Operating income	1,054	1,098	1,106	1,168	62	5.6%
Transformation ratio (%)	80.8%	75.8%	73.4%	68.8%	-4.6 p.p.	

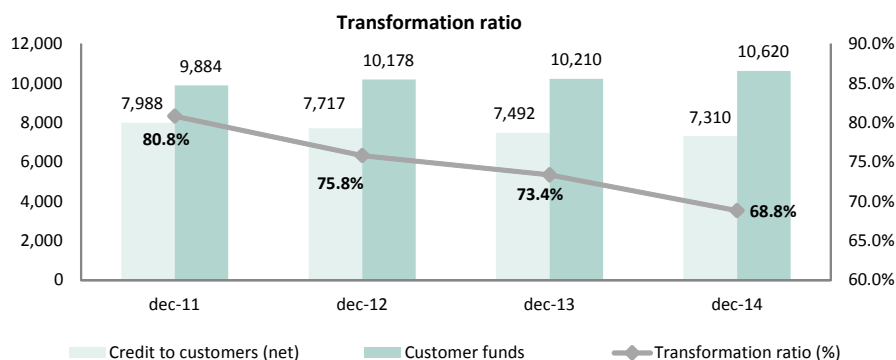
(\*) Transformation ratio=loans to customers (net)/Customer funds

Net credit was down by 2.4% as a result of the increase to provisions through an extraordinary set-aside.

Customer deposits are the major component of SICAM liabilities, and they make up 87.7% of the total. They recorded a 4.0% growth year on year, bringing the total to around 10.6 thousand million euros in December 2014 (including charges payable, which is a residual amount).

The fall seen in net credit to customers (down 2.4%), allied to the increase in customer funds (up 4.0%), led to a fall in the transformation ratio, bringing the 2013 figure of 73.4% in 2013 to 68.8% in 2014.

The transformation ratio in SICAM has fluctuated in the last four years between 69% and 81%, always far lower than the prudential threshold set out in the financial assistance programme for Portugal (120%).



The amount of deposits therefore continues to exceed outlays on credit by a large amount, with SICAM maintaining a robust liquidity position on its balance sheet. This very fact, however, puts

pressure on Group profitability, given that the return on excess liquidity in the financial markets is very unfavourable.

SICAM and the Crédito Agrícola Group as a whole had a year of dynamic activity in commercial terms, in other business areas such as insurance (life and non-life), and investment funds. The business generated in capitalisation insurance and investment funds contributed to considerable growth, as already mentioned, in off-balance-sheet customer funds in SICAM.

## 1.1. DEPOSITS AND OTHER FUNDS

Economic circumstances in 2014 were marked by the resolution measures for the Banco Espírito Santo at the start of August. At this juncture there was still a highly competitive commercial stance among the other banks as they attempted to improve their liquidity and reduce their respective transformation ratios.

Given the comfortable liquidity position of the Crédito Agrícola Group, it was possible in the circumstances to maintain a policy for attracting funds that was fundamentally reactive and conservative.

Even so, customer deposits at SICAM rose by 4.0% in 2014, in spite of the recession and the fierce interbank competition to attract funds.

### Customer deposits

Figures in millions of euros, except %

	2011	2012	2013	2014	Δ Abs.	Δ %
Current accounts	2,534	2,660	2,805	2,943	139	4.9%
Term and savings deposits	7,350	7,518	7,405	7,677	272	3.7%
<b>TOTAL</b>	<b>9,884</b>	<b>10,178</b>	<b>10,210</b>	<b>10,620</b>	<b>410</b>	<b>4%</b>

Customer funds under management at the Crédito Agrícola include off-balance-sheet funds, and they continue to record, as already mentioned, a substantial increase (29%), along with placements in investment funds, which were higher than the sector as a whole.

### Off-balance-sheet funds

Figures in millions of euros, except %

	2011	2012	2013	2014	Δ Abs.	Δ %
Investment funds	222	283	366	606	240	65.6%
Securities (FIM and FEI)	128	166	221	396	175	79.5%
Property	94	117	145	210	65	44.4%
Capitalisation insurance*	880	994	1,246	1,473	227	18.2%
<b>TOTAL</b>	<b>1,102</b>	<b>1,277</b>	<b>1,612</b>	<b>2,079</b>	<b>467</b>	<b>29.0%</b>

\* includes amounts for mathematical provisions and financial liabilities on insurance contracts, considered to be investment contracts for accounting purposes, relating to CCAMs within the SICAM perimeter



The growth of off-balance-sheet funds allowed the Caixas and the Caixa Central to ease the adverse impact on the financial margin coming from offering comparatively higher rates on funds placed with them. This also meant that funds and customers did not take flight from the Crédito Agrícola.

In terms of marketing investment funds, the increases were considerable, both for securities and property funds, with the first going up by 79.6% and the second by 44.4%.

Capitalisation insurance, in the meantime, grew a notable 18.2%, reaching a portfolio of 1,473 million euros in 2014.

Much of this rise can be explained by the solutions put forward by CA Gest and CA Vida. They have been competitive, offering remuneration rates that have satisfied customers.

Deposits, of course, are still the major force in the structure of customer funds. They represented 83.6% of total funds held by the Group at year-end 2014, compared with 90.0% in 2011.

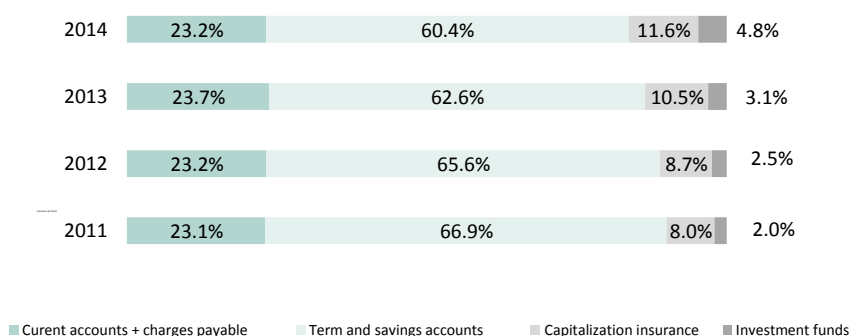
#### Customer funds under management at the Crédito Agrícola

Figures in millions of euros, except %

	2011	2012	2013	2014	Structure (% of the total)			
					2011	2012	2013	2014
Current accounts + charges payable	2,534	2,660	2,805	2,943	23.1%	23.2%	23.7%	23.2%
Term and savings accounts	7,350	7,518	7,405	7,677	66.9%	65.6%	62.6%	60.4%
Total deposits	9,884	10,178	10,210	10,620	90%	88.9%	86.6%	83.6%
Capitalisation insurance	880	994	1,246	1,473	8%	8.7%	10.5%	11.6%
Investment funds	222	283	366	606	2%	2.5%	3.1%	4.8%
Total off-balance-sheet funds	1,102	1,277	1,612	2,079	10%	11.1%	13.6%	16.4%
<b>TOTAL</b>	<b>10,986</b>	<b>11,455</b>	<b>11,822</b>	<b>12,699</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Given the positive moves in off-balance-sheet funds and traditional deposits, total funds under management at the Crédito Agrícola were up by 7.4% year on year, standing at 12.7 thousand million euros as at December 2014.

#### Structure of customer funds



## 1.2. MOVES IN CREDIT

In 2014, as already mentioned, the credit portfolio at SICAM was down 0.6% year on year, having moved from 8,199 million euros in 2013 to 8,147 million in 2014.

In spite of the general fall in credit to companies visible across the banking sector, the drop at SICAM was down a mere 0.1%, with credit for individuals down by 1.2%.

Customer credit						Figures in millions of euros, except %	
	2011	2012	2013	2014	Δ Abs.	Δ %	
Customer credit (1)	8,587	8,365	8,199	8,147	-52	-0.6%	
Companies	4,180	4,108	4,083	4,079	-4	-0.1%	
Individual	4,407	4,257	4,115	4,068	-47	-1.2%	
of which overdue credit at more than 90 days (2)	500	568	628	652	24	3.7%	
Overdue credit ratio (2/1)	5.8%	6.8%	7.7%	8%		+ 0.3 p.p.	
Third-party commitments	1,081	1,085	947	1,194	247	20.7%	
irrevocable credit lines	597	553	500	536	35	6.6%	
revocable credit lines	322	308	201	296	95	32%	
Guarantees given *	274	257	250	225	-25	-10.9%	

\* 1. Includes guarantees and endorsements and documentary credit for imports, and excludes assets given as guarantees, specifically credit and securities through the Eurosystem

Credit overdue for more than 90 days at SICAM grew during 2014 by 3.7% year on year and stood at around 652 million euros at year-end 2014. As a result, the ratio for this indicator worsened in 2014, reaching a figure of 8.0% compared with 7.7% in December 2013 and 6.8% in 2012.

In the light of this, there is still a need to strengthen the follow-up to credit processes and make greater efforts to recover debt. This must go hand in hand with added care in the phase when credit is granted, and in any roll-over, bearing in mind that risk factors are becoming more pronounced and more difficult to forecast.

As for commitments to third parties, there was a 20.7% increase year on year, with revocable and irrevocable credit lines recording an increase during the year of 6.6% for the first and 32.0% for the second.

As for guarantees given in customer operations, there was a 10.9% fall in overall value, on the back of the slowdown in the sector of real estate and public works, which are typically those where the greatest demand comes from.

The cut back in credit in 2014 spread to almost all types of loans, except for mortgage credit, overdrafts and financing contracts. These were up by 11.2, 13.6 and 10.5 million euros respectively.

Support for the real economy from the Crédito Agrícola Group was up by 1.8%.

Also worth mentioning is the fact that the average weighted rate for credit portfolios at SICAM has been falling since 2011, and stood at 4.08% in 2014.

### Credit per type of operation

Figures in million of euros, except %

	2011	2012	2013	2014	Δ Abs.	Δ %
Mortgage credit includes "Multipurpose credit" (complementary mortgage credit)	2,481	2,449	2,364	2,375	11.2	0.5%
Current accounts with restrictions	650	569	433	433	0.1	0%
Commercial discounts	70	52	38	30	-8.1	-21.3%
Leasing	183	165	138	133	-5.6	-4.1%
Credit cards	39	39	38	23	-14.9	-39.1%
Overdrafts	30	34	16	30	13.6	84%
Foreign operations	12	12	11	12	1.1	10.3%
Commercial paper	157	169	240	226	-14.2	-5.9%
Financing contracts. Includes loans with different maturities	4,939	4,854	4,901	4,872	-29.2	-0.6%
Income receivable (net)	43	41	38	34	-4.1	-10.7%
Income with deferred return (net)	-17	-17	-19	-21	-1.6	8.6%
<b>Customer credit (1)</b>	<b>8,587</b>	<b>8,365</b>	<b>8,199</b>	<b>8,147</b>	<b>-51.6</b>	<b>-0.6%</b>
<b>Commitment to third parties (2)</b>	<b>1,081</b>	<b>1,085</b>	<b>947</b>	<b>1,194</b>	<b>246.8</b>	<b>26.1%</b>
of which irrevocable credit lines	597	553	500	536	35.4	7.1%
of which revocable credit lines	322	308	201	296	94.7	47.2%
<b>Guarantees given (3) *</b>	<b>274</b>	<b>257</b>	<b>250</b>	<b>225</b>	<b>-24.5</b>	<b>-9.8%</b>
Sub-total (2+3)	1,354	1,342	1,197	1,419	222.3	18.6%
<b>Total (1+2+3)</b>	<b>9,941</b>	<b>9,708</b>	<b>9,395</b>	<b>9,566</b>	<b>170.7</b>	<b>1.8%</b>
<b>Average weighted rate of the customer credit portfolio</b>	<b>5.04%</b>	<b>4.36%</b>	<b>4.23%</b>	<b>4.8%</b>	<b>-0.15 p.p.</b>	

\* Includes guarantees and endorsements and documentary credit for imports, and excludes assets given as guarantees, specifically credit and securities through the Eurosystem

Agency credit was down by 11.1%, standing at 402.8 million euros, with falls on all the headings. These falls can be explained fundamentally by the current economic circumstances, along with the fact that "credit cards" have now moved from agency credit to the associated Caixas, along with "Secured Current Accounts" ("Contas Correntes Caucionadas") as a result of the increased capacity of the Caixas to provide short-term support for companies and sole traders.

#### 1.2.1 COMPANIES

In this segment, as already mentioned, the fall was almost non-existent overall, coming in 0.1% down. This was counter to what has been seen in the sector, and may well be the reason underlying the addition to market share held by the Crédito Agrícola Group in this segment.

Credit in the form of commercial paper fell by 14 million euros at year-end, down 5.9% year on year, with the average weighted rate of credit portfolios for companies also seeing falls since 2011, to stand now at 4.88%.

## COMPANIES

Figures in millions of euros, except %

	2011	2012	2013	2014	Δ Abs.	Δ %
Loans to companies	4,180	4,108	4,083	4,079	-4	-0.1%
Current accounts with restrictions	567	497	383	380	-3	-0.8%
Commercial discounts	69	53	34	25	-8	-24.3%
Leasing	153	142	120	115	-5	-4%
Financing	3,391	3,416	3,546	3,558	12	0.3%
of which commercial paper	157	169	240	226	-14	-5.9%
<b>Average weighted rate of the company credit portfolio</b>	<b>5.63%</b>	<b>5.08%</b>	<b>4.93%</b>	<b>4.88%</b>		<b>- 0.05 p.p.</b>

Source: Accounting information from CA Group and SIGA, with the exception of Leasing (information taken from Leasing application form)

In terms of economic sectors, it can be seen that almost a fifth of the credit granted by SICAM relates to the wholesale and retail trades. Other major sectors are manufacturing and mining, agriculture and construction. It is worth noting that SICAM, unlike other banks, focuses a great deal on the primary sector, which accounts for more than 10% of the total credit granted (as opposed to a mere 2% in the domestic banking system). In addition, a considerable part of credit to the manufacturing sector is related to agro-industry. However, SICAM has a lower share than other banks in construction and real estate, sectors where there has been a substantial rise in overdue credit in the current crisis.

CREDIT TO COMPANIES PER SECTOR OF ACTIVITY	Proportion in the credit granted (%)
Wholesale and retail	19.1%
Manufacturing	15.9%
Agriculture, livestock, hunting, forestry and fishing	11.9%
Construction	11.3%
Real estate	7.9%
Lodging, restaurants and cafés and similar enterprises	6.5%
Other sectors	27.4%

## INDIVIDUALS

The impact of the recession has led to added problems for households and small businesses, bringing in its train an increase in unemployment, a fall in purchasing power and a rise in uncertainty, yet the fall in the credit portfolio in 2014 in SICAM was only around 47 million euros (down 1.1%), a lot less than the figure for 2013, when the fall was 142 million euros.

### INDIVIDUALS and MICRO-BUSINESSES

Figures in millions of euros, except %

	2011	2012	2013	2014	Δ Abs.	Δ %
Credit to individuals	4,407	4,257	4,115	4,068	-47	-1.1%
Mortgage credit (see above)	2,481	2,449	2,337	2,375	38	1.6%
Consumer credit *	360	331	319	225	-94	-29.3%
of which credit cards	38	38	37	22	-15	-39.5%
Leasing	29	23	17	10	-7	-41.9%
Other credit with disbursement *	1,538	1,455	1,405	1,467	62	4.4%

\* Includes overdrafts, discounted drafts, current accounts and loans with different maturities

Source: see above - Accounting information from CA Group and SIGA, with the exception of Leasing (information taken from Leasing application form)

Worth noting in particular is mortgage credit, which moved into recovery mode in 2014, with an increase of 38 million euros.

Consumer credit through SICAM was down by 29.3%, with a more rigorous approach to granting loans in this area as a result of the change in risk factors inherent in it, but also because there was far less demand. On the whole, however, loans for consumption and other purposes account for a small part of credit in this segment (5.5% in 2014).

Credit on financial leasing for individuals showed the same pattern as for companies, with a substantial fall, down 41.9%, as detailed in the next point.

### 1.2.2 FINANCIAL LEASING

Financial leasing through the Crédito Agrícola was down by 4.1%, above all in equipment (down 23.4%), though there was an increase for vehicles, up 6.9%, and property, up 4.0%.

The amount in the financial leasing credit portfolio stands at an overall value of 132 million euros.

Figures in thousands of euros, except %

Assets for leasing operation	2012	2013	2014	Absolute variation	Variation %	Structure of portfolio	
						2013	2014
Caixa Central	150,221	119,448	108,479	-10,969	-9.2%	86.4%	81.8%
Associated Caixas	14,674	18,765	24,111	5,346	28.5%	13.6%	18.2%
Total	64,895	138,213	132,590	-5,623	-4.1%	100.0%	100.0%

The non-financial business sector represents around 86% of the credit portfolio in this area, while individuals and small businesses account for around 13%. The State sector and the financial sector have only a minor proportion in the leasing portfolio of the Crédito Agrícola.

Figures in thousands of euros, except %

Type of lease	2012	2013	2014	Absolute variation	Variation %	Structure of portfolio	
						2013	2014
Individuals and small businesses	22,479	18,421	17,532	-889	-4.8%	13.3%	13.2%
Public sector	870	581	575	-6	-1.0%	0.4%	0.4%
Financial sector	785	665	586	-79	-11.9%	0.5%	0.4%
Non-financial sector	140,761	118,546	113,897	-4,649	-3.9%	85.8%	85.9%
Total	164,895	138,213	132,590	-5,623	-4.1%	100.0%	100.0%

The property and vehicle portfolios are starting to come in with a higher proportion, while equipment is moving in the other direction.

Figures in thousands of euros, except %

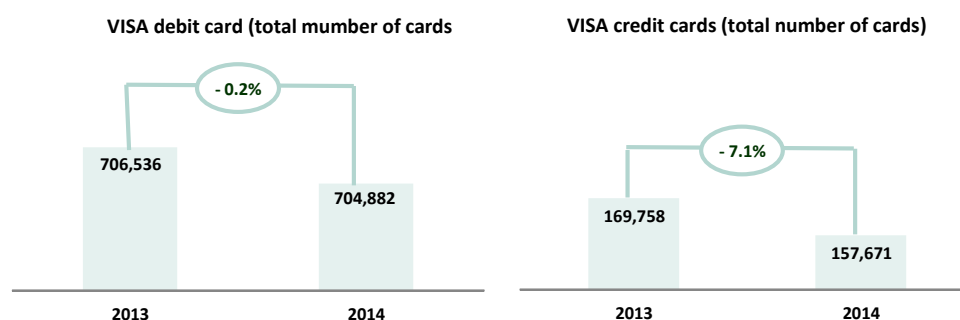
Type of leased goods	2012	2013	2014	Absolute variation	Variation %	Structure of portfolio	
						2013	2014
Vehicles	51,731	36,254	38,773	2,519	6.9%	26.2%	29.2%
Equipment	52,598	44,516	34,080	-10,436	-23.4%	32.2%	25.7%
Property	60,566	57,443	59,737	2,294	4.0%	41.6%	45.1%
Total	164,895	138,213	132,590	-5,623	-4.1%	100.0%	100.0%

### 1.3. ELECTRONIC MEANS OF PAYMENT

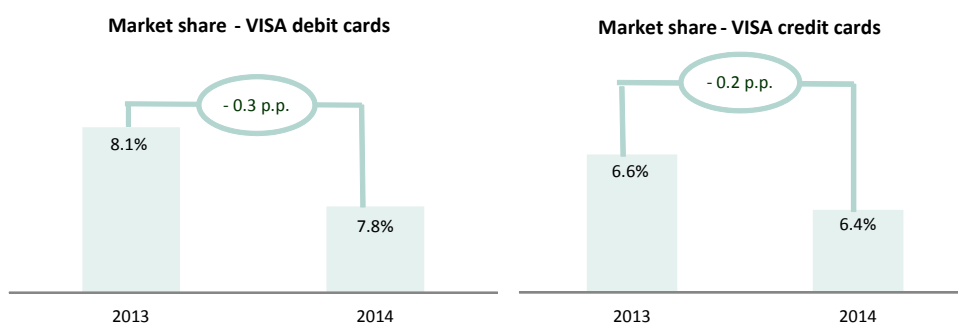
A number of products were launched during 2014, among them:

- The CA Agricultura card – a payment card for which the holder can choose a picture from the agricultural or agro-industrial sector that gives the best idea of his operations;
- MB NET – a service that allows purchases to be made on the internet in total security, using a debit or credit card;
- Loja CA Online – renewal of the CA Online store.

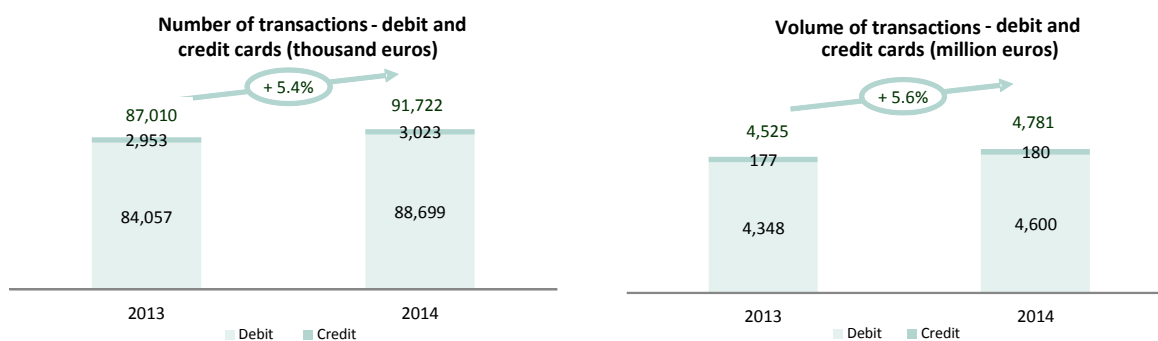
In year-on-year terms, 2014 saw a fall in its credit and debit card portfolio: debit cards were down by 0.2%, compared with a 3.5% growth in the market; and Crédito Agrícola credit cards were down by 7.1%, a bigger loss than in the market (down 4.2%). This led to a smaller market share



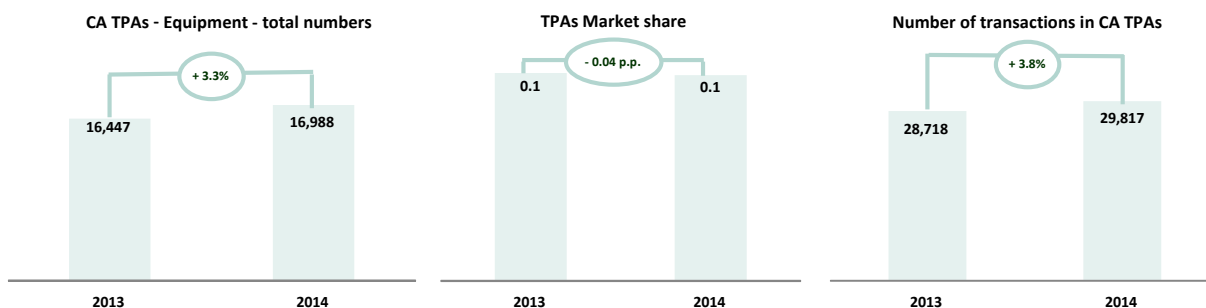




Although there was a fall in the portfolio, there was an increase in the number of transactions with cards (up 5.4%) and in the volume (up 5.6%). In the market, the number of transactions was up by 47% and the volume by 45%.



The installation of automatic payment terminals (TPA) continued to go up, although this growth was not reflected in the market, where Group share was actually down (by 0.04 p.p.). The number of TPAs belonging to the Crédito Agrícola rose by 3.3% year on year and there was a 3.8% rise in the number of transactions using the TPA, this figure being up by around 1,000,000.



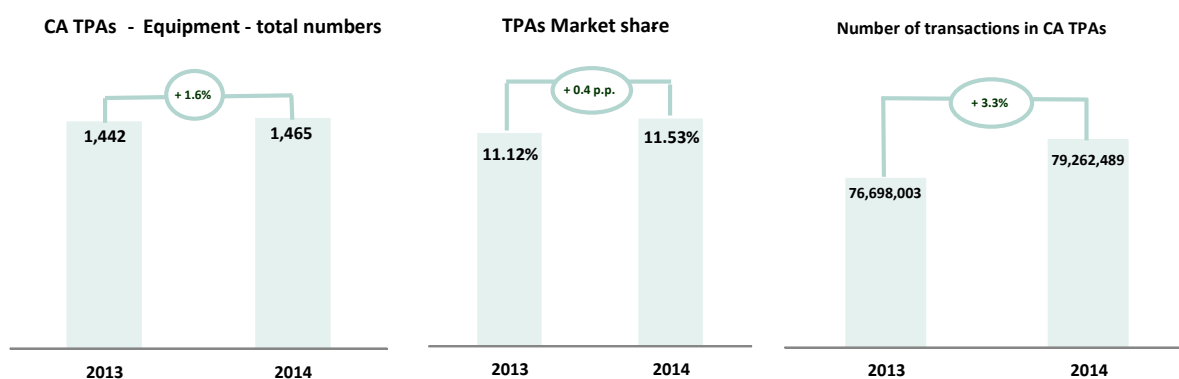
The CA&Companhia service network continues to strengthen its position in the market, with a 3% rise over the year. It can be accessed in 42% of the Crédito Agrícola's TPAs.

## 1.4. DIRECT BANKING

The Crédito Agrícola Group has been responsive to market expectations in this field. It has equipped its digital channels with technological functionalities that add value to interaction and transactions while in tandem making it possible to keep operational costs down.

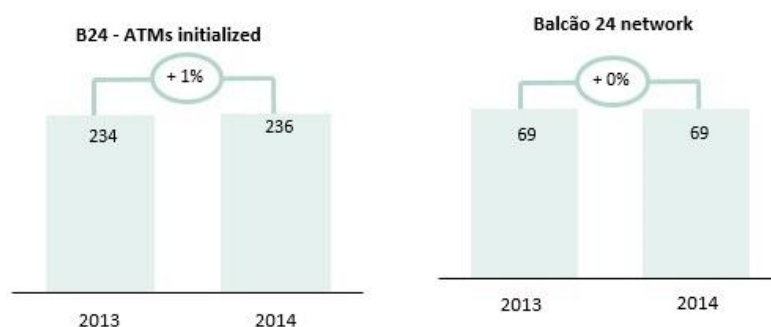
### A) The Group's ATM network (SIBS)

There was a 1.3% increase in the number of ATMs managed by the Crédito Agrícola in 2014, with the figure rising from 1,442 in 2013 to 1,465 in 2014. This translates into a higher market share (0.4 p.p.), and the number of transactions using the Group's ATMs rose by 3.3%.

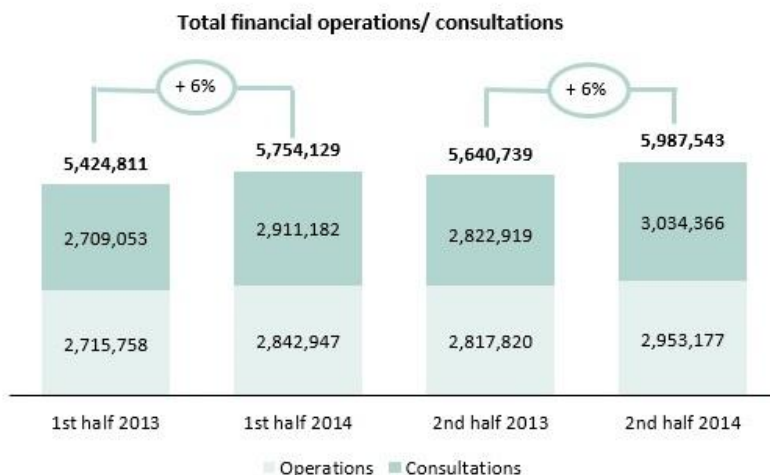
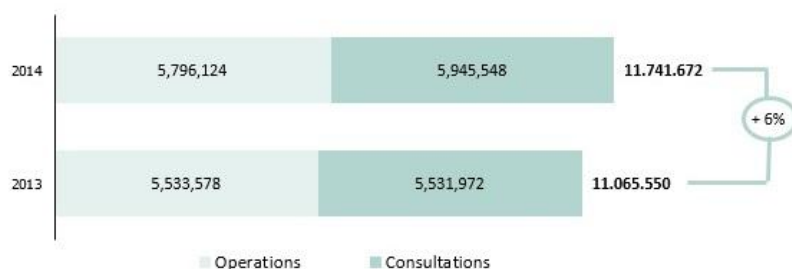


### B) The Balcão 24 service

This service has been on stream for around 10 years, and the end of 2014 saw 236 machines in use.



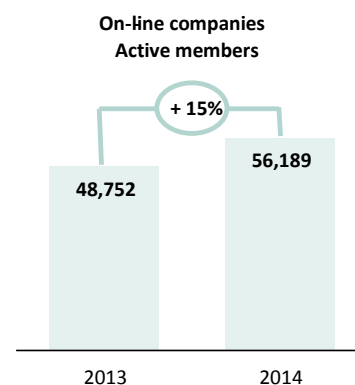
The total number of transactions rose by 6% year on year, with the average number of transactions per equipment coming in at around 4,146.



In terms of the volume of transactions through the Balcão 24 service, broken down into half-yearly periods – operations and consultations – there was a 6% rise in each half year compared to the same periods in 2013.

### C) Internet Banking – On-Line service

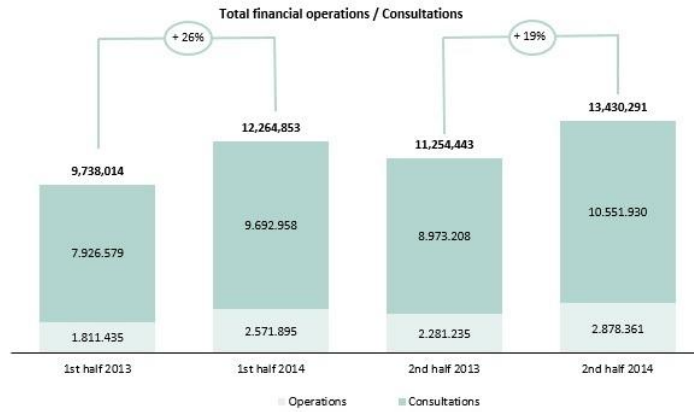
Among the work undertaken during the year, the On-line service is worth a special mention. There was a substantial rise in the penetration rate, which is now over 20% of active customers (using the On-line service as individuals or companies). However, looking at the average figures for market penetration of these services (35%) compared with the penetration rate of the Crédito Agrícola (20%), it is fundamental to continue to promote and raise awareness of these services among customers, and provide incentives for their use.



#### C1) On-Line Companies

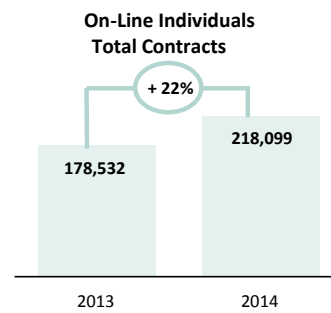
In 2014, there was a year-on-year rise of around 15% in active users of this service.

A half-year analysis of 2014 shows a year-on-year increase in the volume of transactions, coming in at 26% for the first period and 19% for the second.

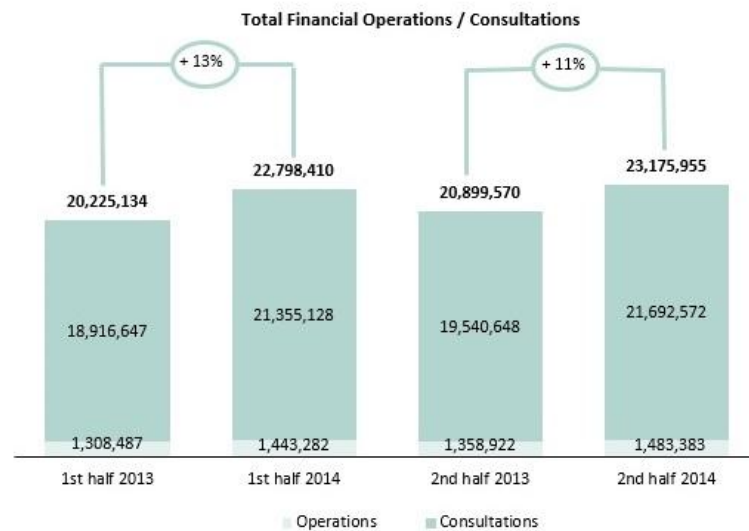


## C2) On-Line Individuals

This service grew in year-on-year terms by around 22% in active members using the MultiCanal system.



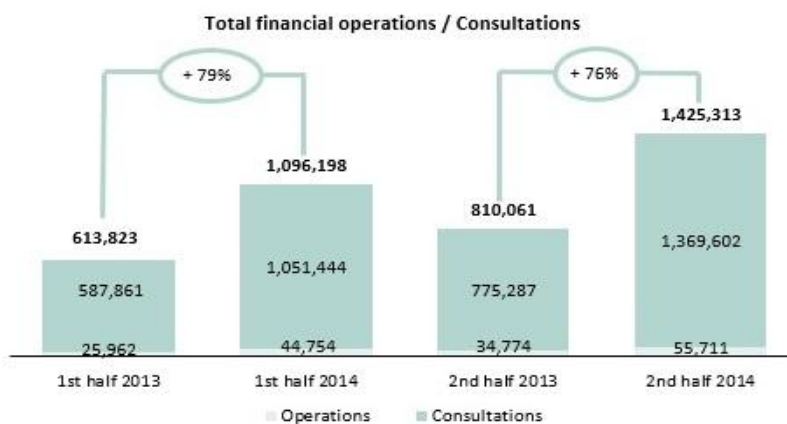
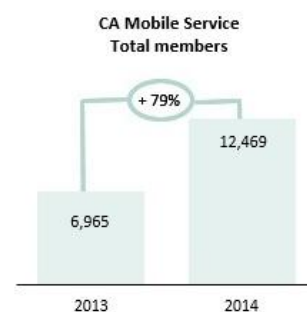
In half-yearly terms, the volume of transactions in this segment was up by 13% in the first half of 2014 and by 11% in the second.



#### D) The CA Mobile service

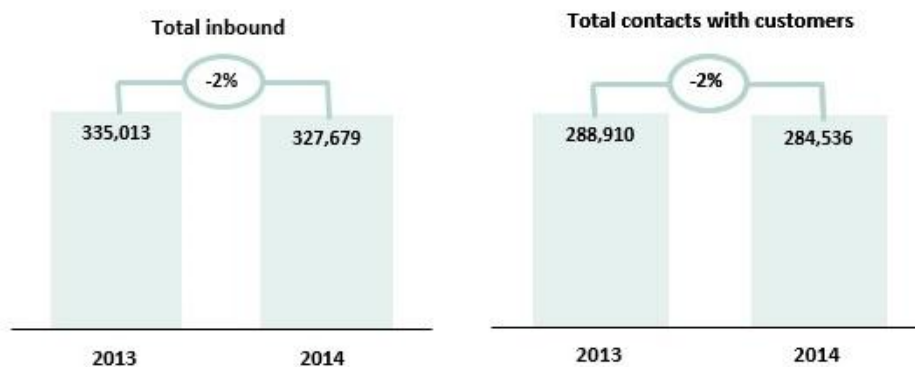
This service attracted new users at an average of 459 per month, which is around 79% in year-on-year terms.

Half-yearly figures came in with a 79% increase in volume of transactions for the first half of the year and 76% for the second.

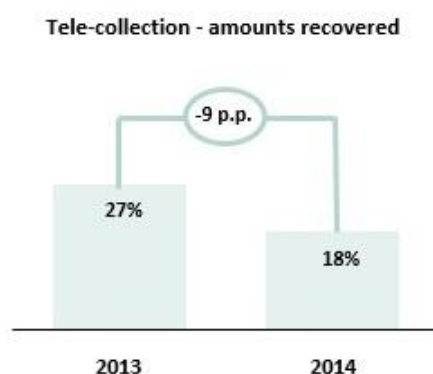
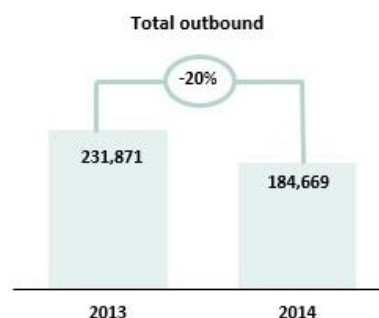


#### E) Direct Line (Contact Centre)

During 2014, the Direct Line received on average 898 contacts per day, a fall of 2% for the year.



In terms of outbound calls<sup>12</sup> (telemarketing and payment collection), the number was down 20% in 2014, though payment collection is now being picked up by individual Caixas for their own customers (15 Caixas as at the end of 2014), and other calls include agency credit and credit cards.

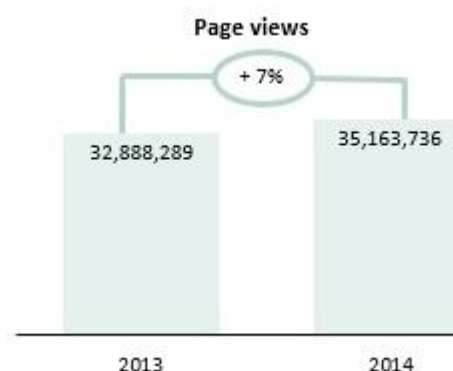


In terms of payment collection by phone, the success rates remained the same for the number of customers but were lower for amounts recovered.

#### F) The Crédito Agrícola site ([www.creditoagricola.pt](http://www.creditoagricola.pt))

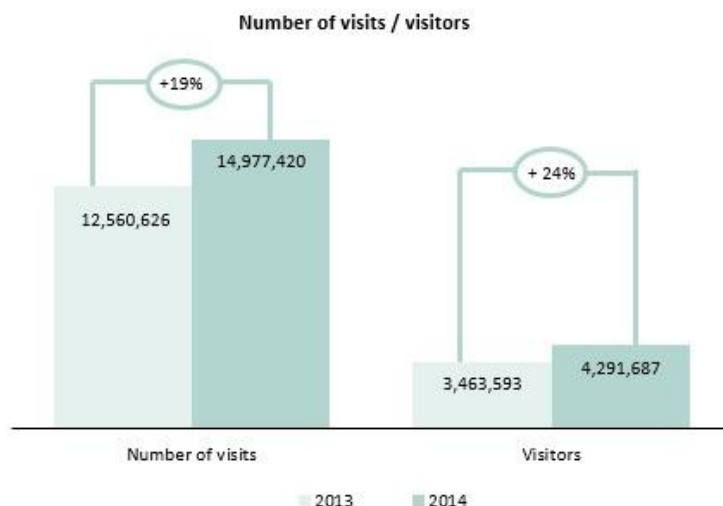
During the year there were 14,977,420 visits to the Crédito Agrícola Group site (up 19% year on year), and this translates into an average of 1,248,118 visits/month, the number of individual visitors being 4,291,687.

These visits resulted in 35,163,736 pages being seen, a 7% growth on 2013, when the figure was 32,888,289).



<sup>12</sup> **Inbound** – Telephone answering service for customers and Caixas (Calls received); **Outbound** – Overdue credit recovery actions, telemarketing and call back (Calls made); **BackOffice** – Faxes/E-mails sent and received and administrative work.





## 1.5. INTERNATIONAL BUSINESS

In recent years, there has been a growing move among Portuguese companies towards international markets, above all among SMEs. A number of reasons underlie this shift, among them the fall in domestic consumption. The need to penetrate new markets also led, in a general way, to an increase in competitiveness in these companies and a diversification of products that were exported.

There was in fact a slowdown in exports during the first half of 2014, but the second half picked up again. High on the list were sectors such as garments, agro-industrial products, footwear and furniture, where exports rose substantially in terms of volume.

The Crédito Agrícola Group, aware of the requirements of companies involved in international business, put in place a strategy to support their operations. It was, in fact a restatement of the Group as a privileged business partner, looking to boost the productive and exporting capacities of these companies. The CA agencies abroad have come to play an essential role in searching out business opportunities for Portuguese companies to enlarge their customer base in foreign markets.

As for emigrant communities, the Group has been widening its presence in new markets as a way to support the companies involved and the Portuguese diaspora.

Against this backdrop, there has been an overhaul of the Group's agencies abroad and the related network of business promotion agents. The work on a new agency office in Switzerland is nearing conclusion and it will soon be open. The aim of these moves is for the Group to be able to play a part in the development of international business, increasing its market share and in tandem replicating outside Portugal the relation of proximity that is a differentiating feature of the Crédito Agrícola. The associated Caixas will then be in a position to provide a more effective follow up for their customers, and this will give a boost to cross-selling and to the resultant increase in loyalty.

### Correspondent Banking and Trade Finance

Particular emphasis has been put on the strategy to grow the international business of the Crédito Agrícola and this came from training courses for the commercial network geared to providing the know-how needed for a more effective approach to companies involved in exporting. These courses were complemented by commercial contacts with companies that have a strategy that involves external trade.

The Caixa Central is now providing an out-sourcing service to other Portuguese banks involving collection on cheques in foreign currency, as a form of a cash-letter.

In 2014, and for the first time, the overall figure for foreign operations carried out by the Crédito Agrícola goes far beyond 4 thousand million euros, which is an increase of around 40% year on year.

There has been a consolidation of the position of the Crédito Agrícola in the area of documentary operations, helped by the 4.8% increase in volume. This must be seen in a very positive light, even though the non-documentary operations have grown more.

The aggregate amount of foreign operations involving the Crédito Agrícola (excluding emigrant remittances) moved very positively during the year. This area has grown by 41.8%, compared with growth in the sector as a whole, estimated for this period as 2.6%. This differential in performance has lifted market share from 2.8% to 3.9%, which brings the trend of performance in this segment close to the market share for domestic operations.

#### International trade - Crédito Agrícola market share

million of euros, except %

	Domestic **	CA*	Market share
Dec-13	104,172	2,953	2.8%
Dec-14	106,849	4,188	3.9%
Δ Dec-13/Dec-14	2.6%	41.8%	-

\* Excludes emigration

\*\* Domestic figures estimated, source AICEP/INE

#### FOREIGN OPERATIONS

thousands of euros

Type of operation	dec-13				dec-14				Δ % Dec-14/Dec-13
	Number of operations	Volume	% no. operations in the total	% volume in the total	Number of operations	Volume	% no. operations in the total	% volume in the total	
Documentary operations	1,909	93,422	0.3%	3.1%	1,661	97,883	0.2%	2.3%	4.8%
Non-documentary operations	619,403	2,915,054	99.7%	96.9%	1,034,160	4,112,361	99.8%	97.7%	41.1%
Overall total	621,312	3,008,476	100%	100%	1,035,821	4,210,244	100%	100%	39.9%

The correspondent banking operations during 2014 must be seen in the light of the on-going evaluation of the portfolio of the correspondent banks, with this approach leading to some new agreements being reached and others being cancelled.

### Emigration

The Group has gradually enlarged its presence outside Portugal, adopting different models depending on the strategic importance of specific international markets, though the objectives are common: capturing international business and supporting non-resident SICAM customers.

### Cape Verde Foreign Branch

The mission of the Foreign Branch in Cape Verde (SFE) is to make products available which are of special interest for non-resident customers, individuals and companies. In 2014, in spite of the overall fall in deposit rates in the banking system generally, a trend which of course involves the Crédito Agrícola, the SFE saw an 8.1% fall in customer funds (from 31M euros to 28.5M euros).

The squeeze on the financial margins that stemmed from the fall in interest rates means that there has to be an ever greater efficiency in asset and liabilities management, followed up by the right commercial policy on remunerating customer funds. This economic juncture may be demanding, but the net results from the SFE in 2014 came in at more than 0.4M euros. Net assets at the SEF totalled 44.5M euros, i.e., down 23.2% (or 10.3M euros) on 2013.

### Money transfer service

The money transfer service operates conjunction with the Western Union. Growth was markedly higher in 2014, as it had been in previous years. The service is currently available in more than 600 local banks within the Crédito Agrícola, and has come to play a part in the increase of net worth in the associated Caixas.

This is one of the most profitable services for the Group seen in year-on-year terms: in 2014 around 12 million euros were handled, and this translates into a 17% growth in volume of commissions received and 21% in the number of operations carried out.

## 2. FINANCIAL OPERATIONS AND THE CAPITAL MARKETS

Below is a list of the most relevant financial and capital market business of the Caixa Central in 2014:

- The Caixa Central continued with its strategy of proactive treasury management through SICAM, and this made it possible to realise substantial gains in the securities portfolio over the year, coming in at more than 172 million euros; and
- The Caixa Central took part, with 385.2 million euros, in the second targeted longer-term refinancing operation (TLTRO), set up by the ECB in December 2014, with the aim of ensuring financing to boost credit operations at SICAM over the next few years.

As in the previous year, the treasury investment policy remained in place, oriented to a large extent to the aim of balance sheet and income statement management in SICAM, specifically by realising results implicit in positions taken on securities.

The investment policy has, in fact, been switched at a gathering pace over recent years. The almost exclusive management of liquidity, with its inevitable opportunity cost, has been replaced by management of a portfolio of assets, using external finance as well, and strategically subordinated to support for the financial margin of associated Caixas, through a return on their deposits aimed at retaining the deposit base and holding minimum levels of profitability for the

funds of the Caixas that have not been used for credit. This has always been done without damaging the liquidity on the balance sheet of the Caixa Central and SICAM.

Throughout 2014, the investment policy continued in this way to be specially geared to the need for supporting the financial margin of the associated Caixas Associadas, managing consumption of capital on investments and preserving a robust liquidity position.

During the year, with the steep fall in interest rates, support for the financial margin of the associated Caixas took operational form through an unchanged remuneration table for its surpluses placed at the Caixa Central.

Considering the substantial cut in the return on securities held, it was only possible for the Caixa Central to maintain such a substantial level of support for the financial margin of associated Caixas during the year because of the high volume of gains that were realised in the management of the financial asset portfolio (more than 172 million euros in net gains).

As a reference point, the interest on deposits at the Caixa Central at year-end represented around 26% of the total interest and similar income received by the associated Caixas. This figure was 17% in 2010 (28% in 2013).

During the year, the Caixa Central held its comfortable liquidity position, and the requirements for own funds associated to the portfolio of financial assets came gradually down throughout the year. This stemmed from the reduction in exposure to senior debt in financial institutions and the debt of non-financial enterprises, since a higher risk weighting is associated to these segments.

### Moves in assets under management of the financial department (thousands of euros)

	Amount		Variation		% of the total	
	31-12-2013	31-12-2014	Absolute	Relative	31-12-2013	31-12-2014
Money market, commercial paper and Banco de Portugal deposits	317,315	318,744	1,429	0.5%	8.9%	8.3%
Bonds	3,264,128	3,540,455	276,326	8.5%	91.1%	91.7%
<b>Total</b>	<b>3,581,443</b>	<b>3'859'199</b>	<b>277,756</b>	<b>7.8%</b>	<b>100%</b>	<b>100%</b>

## 3. BANCASSURANCE

### 3.1. INSURANCE – NON-LIFE

The year began cold and rainy. This brought in its train a big number of claims on property assets, especially in January and February. In the first fortnight of September, the rains caused considerable damage to the tomato crop, which is covered by crop insurance. Around 30% of production was lost, with costs for the Company totalling 2.8 million euros. In spite of these events due to weather problems, our reinsurance programme eased the impact on the income statement, and we ended the year with economic and financial objectives fulfilled. There was a rise in total assets, along with own funds, the solvency ratio and net profits year on year.

We also reached other objectives within the Crédito Agrícola Group strategy, specifically through a cut in structure and operating costs. This included, for example, restructuring resources in information systems, where the focus was on greater efficiency and more rigour in

the choice and management of IT projects. It also led to substantially less dependence on outside service providers.

The Executive Board continued with its *bancassurance* strategy. This has been developing over recent years, and provides a launch pad for the Company to market products with bigger margins while maintaining rigorously the technical tariff scales and selection of risks along with an overall vision of customer needs. The year ended with more customers on the books and more policies written than a year before, and with a better balanced portfolio, where there was a bigger proportion of products with better margins attached.

This all meant that we were able to boost the payment of mediation commissions to the Caixas, coming in at 3 million euros more than in recent years, and thus fulfilling our commitment to sustained growth.

The skills, dedication and motivation of our staff played a part in this. Work was carried out in the context of well-defined organisation, procedures and clearly defined responsibilities, and backed by a logic of continuous improvement, a stance also taken with regard to the information systems and back up IT applications.

Our Quality Certification was awarded again in 2014, and is valid for three more years.

The good performance would also not be possible without the decisive contribution of the Caixas and their staff, acting as intermediaries in the sale of our insurance products, and ensuring that Crédito Agrícola customers are given a high level of service both in sales and after-sales.

The satisfaction surveys carried out in 2014, involving customers (both with and without claims made), and the staff of the Caixas, come in with high levels of satisfaction, generally with higher marks than a year earlier.

For us, however, the greatest satisfaction, and a reason to be proud, is the fact that 93% of our customers with claims say that after experiencing the way we assist and the settlement procedure, they would recommend CA Seguros to their relations and friends. Along with this, there is the fact that we have one of the lowest complaints rates in the whole insurance market.

The number of customers using CA Seguros went up from 257 thousand to 272 thousand, on the back of our proactive approach to the mission “To be the non-life insurer which is worthy of the trust of all associates and customers of the Crédito Agrícola”. The number of policies in force went up from 462 thousand to 498 thousand, an increase of almost 8%, which must be considered positive in a market with low growth. These results were only possible with an ever greater commitment from the Caixas.

Figures in thousands of euros, except %

	2012	2013	2014	Δ%
Number of customers	248	257	272	6%
Number of policies	439	462	498	8%

In recognition of the importance of this partnership, we have built up close ties with the Caixas through a programme of visits and working meetings involving the Executive Board and the Caixas, along with other important measures that have been put in place. This has all led to

dialogue and constructive cooperation.

Our commitment to the Caixas was that we would raise substantially the rate paid for mediation, and this we did. The figure was 12.7 million euros, which was a 14.5% increase year on year, and an accumulated increase of 3 million euros in the last two years, even though the overall value of the portfolio of insurance in force has only gone up marginally. This meant that we could ensure that there would be a continuation of the trend towards sustainable growth in the mediation fees paid to the Caixas in recent years, and this has played a part in the increasing involvement of the Caixas in the insurance business.

During the year we participated actively in building the system of integrated incentives for the Crédito Agrícola, “365 Days Scoring Points”, which took its inspiration from the incentive schemes that the two insurance arms of the CA Group have been using and honing for a number of years.

In fact, as can be confirmed from the experience of the two insurance companies, awarding trips to the commercial staff of the Caixas as an incentive has been an important factor in motivating and encouraging sales. The trip put on by CA Seguros, “Cruise in the Adriatic”, undertaken in May, with 150 staff from the Caixas on board, was a great success. It reinforced the feeling of belonging to the Crédito Agrícola and the will to take part in further events.

In March 2014 the 9th Annual Congress of CA Seguros was held on the island of S. Miguel in the Azores. There were around 200 staff present, along with representatives of the governing bodies of some of the Caixas Agrícolas and the Caixa Central. The event was a special moment for the Crédito Agrícola and the form it took was adopted as a model for the 1st Annual Encounter of the Crédito Agrícola, to be held in May 2015.

CA Seguros played an active part in the programme to transform the Crédito Agrícola Group. Among other contributions, we have developed the new IT application in support of the commercial operations of the Caixas, the Commercial Management Information (IGC – Informação de Gestão Comercial) and we have put in place a range of initiatives to bring synergies, generate cost savings and promote greater integration with the CA Group. Salient among these initiatives are paper-free documentation, the integration of our site on the Crédito Agrícola site and the integration and standardisation of information relating to products through CAIS.

In terms of organisational structure, we made various adjustments, including automisation of the Área Agrícola, aimed at boosting the development and marketing of insurance in the agricultural sphere. We set up a Risk Management Bureau as an autonomous structure, and we integrated the process of strategic development in the Internal Quality and Control Bureau. We carried out a thorough overhaul of the telephone service for the Caixas and for customers, which meant that we took the Linha CA Seguros out of service. We integrated the human resources that were thus freed up and moved them to various operational areas, which then took calls directly. This led to gains in efficiency and productivity. The Business Support Area took on a more relevant role in support of the commercial operations of the Caixas, providing a back-up that was always available, by phone or e-mail, ensuring high service levels and reaching high satisfaction levels from those responsible for insurance and insurance specialists in the Caixas.

The Company continued with preparation for the upcoming Solvency II regime, which comes into force on 1 January 2016, but for which there are already a number of reporting obligations to be met in 2015. We took part in the QIS 2014 exercise, organised by the Portuguese insurance supervisor, the aim being to reach a figure for capital requirements under Solvency II. This confirmed yet again the highly robust situation of the Company in terms of solvency.

We came to a successful conclusion with the process of renewing our quality certification (ISO 9001/2008), and the audit that is part of the environmental certification process. We received high acclaim from the APCER audit team regarding the organisation of the Company, its internal controls and the quality of its human resources.

The results of surveys in 2014 showed that there was a high level of satisfaction, in general higher than 2013, from our customers, both with and without claims made, and from the staff of the Caixas. This reinforces our commitment to quality and to on-going improvement.

We are proud that CA Seguros celebrated its 20th anniversary on 22 December 2014, celebrated with all those who work with us, and we would like to refer symbolically to the initiatives made by the Caixa Central, CA Vida, CA Gest, CA Informática and CA Serviços and thank their governing bodies for the friendly welcome they provided for us.

In the second half of 2014, another initiative was put into practice. It was called “Um Dia na CCAM” (A Day in the CCAM), and the aim was to give our staff experience of spending a day following the work in one of the Caixas or in a Group company, sharing know-how and getting a better knowledge of how these bodies worked in practice.

In terms of the development of applications, the most significant were the new commercial management information application (Informação de Gestão Comercial – IGC) to provide the support for commercial operations in the Crédito Agrícola Group, continuation with development of the project portal for claims suppliers, the “Portal de Fornecedores de Sinistros”, with the first services becoming operational and the start-up of development on a new sales and issuing support system (Sistema de Apoio à Venda e Emissão – SAVE) which will gradually replace the premium simulator application.

The year saw major changes in terms of the CA Group’s commercial dynamics, with the implementation of integrated commercial campaigns for banking, insurance and investment fund products, geared to the various customer segments. CA Seguros contributed to these campaigns, with a range of its products available for marketing in practically all of them, and with better conditions attached.

Our commercial activity was boosted by the integrated campaigns undertaken, as set down in the CA Group Marketing Plan, though with different degrees of success. One salient feature was the large number signing up to the CA Juniores and CA Jovens campaigns, spurred by the new cover introduced in the CA product Acidentes Pessoais Protecção Jovem.

The year also saw the implementation of the Crédito Agrícola integrated system of incentives, designated “365 Days Scoring Points”. This carried over some of the fundamental features of previous incentive schemes set up by the Group’s insurers, including points awarded to staff as a function of their sales. These can be redeemed at an on-line store, and they also act as qualification for the trips set up as incentives.



In the third quarter of the year, the Company launched the Desafio CA CliniCard 2014, with the incentive of a trip to Paris for the best salespeople. This accelerated sales of the product substantially, with 60% of the annual sales made in that quarter. In November 2014, we launched the Desafio I Fórum CA Saúde, which will bring together the 100 best salespeople in Aveiro. This was also a success, and gave a big boost to sales.

At the start of the year, we created the Cliente CA+ package, consisting of a special offer of the first year's payment of a personal accident policy, (CA Acidentes Pessoais). It is more flexible, and wherever the Caixas deem it appropriate, it can be used as a tool to cement the loyalty of their customers.

In 2014, CA Seguros organised two direct mail operations, again with great success. One was the best driver campaign ("Melhores Condutores"), aimed at drivers with no claims on their car insurance. It consisted of the special offer of the first year's payment of a civil responsibility insurance (CA Responsabilidade Civil Familiar). The "Natal" campaign was directed at customers with two or more CA policies, and the special offer was the first year's payment of a personal accident insurance (CA Acidentes Pessoais Solução Cliente CA+).

We strengthened our lines of communication with the Caixas regarding the campaigns and specific challenges in progress, along with information on new products and procedures. Wherever possible, e-mails were used as the most direct form of contact with staff at the Caixas.

We increased our presence in the social media, with editorial content through interviews and/or opinion articles, along with various advertising campaigns. These communication activities were carried out in conjunction with the Caixa Central, and played a part in getting the CA Group and CA Seguros better known to customers, partners, the market and the competition.

In recognition of the importance of digital communications, CA Seguros discontinued its own site, and migrated to the CA site, providing online details of the Company and its products. In this way, we promoted an image of total integration, with information available to all those potentially interested, through more direct, easier and more intuitive browsing. The reasons underlying our integration on the Crédito Agrícola site relate to bringing us closer to customers, streamlining access to information and contributing to an image that is more comprehensive, more consistent and more modern.

Commissions on mediation increased to more than 12.6 million euros, a 14.5% growth year on year, in spite of the fact that commercial premiums during the year hardly moved. We ensured, therefore, that the trend to sustained growth for commissions on mediation paid to the Caixas in recent years and this has played a part in their increasing involvement in insurance operations.

#### Remuneration for insurance mediation paid to CCAMs

Figures in millions of euros, except %

	2012	2013	2014	Δ%
CA Seguros	9.7	11	12.6	14.5%

Gross premiums issued stood at 81.3 million euros, which is a small rise year on year, in line with the overall moves in the non-life market, where growth rates have been similar.

Most of the products that the Company has been highlighting here in the framework of its strategy continue to grow at a good pace, with upward moves on gross premiums issued, among them the CA Acidentes Pessoais +17,9%, CA CliniCard +2,0%, CA Saúde + 5,8%, CA Habitação +5,1% and CA Comércio e Serviços +5,5%.

The number of renewable policies in force as at 31 December stood at 497 thousand, a 7.8% increase year on year, The number of customers with policies in force also went up, from 257 thousand to 272 thousand (5.9%).

CA Seguros takes as a priority the provision of a quality service in analysing and following up claims. This service runs across the whole Companhia, with assistance provided for claimants with physical injuries in all products, including CA Acidentes de Trabalho, CA Acidentes Pessoais, CA Automóvel and CA Responsabilidade Civil.

Net results came in at 3,394 thousand euros, higher than the budget and the final amount in the previous year. This comes in the wake of the cut in structure costs, in the provision for risks in progress and the increase in the financial result.

For the 8<sup>th</sup> year in a row, the Annual General Meeting of CA Seguros agreed to pay a dividend to the shareholders, this time amounting to 2,520 thousand euros, which is around 74% of the net result for the year.

The asset situation at CA Seguros came in with a positive move for the year, providing the leeway for bolstering own funds.

On the asset side, financial investment rose by 16 million euros, corresponding to an increase of 11.4%. The proportion of this item in total assets remained the same, at around 82%.

On the liabilities side, CA Seguros maintained a prudent policy for provisions, as in previous years. Overall, technical provisions rose by 6 million euros to stand at 125 million euros as at 31 December 2014.

Responsibilities towards policyholders are duly covered as at 31 December 2014, both in terms of technical provisions and the solvency margin, where the rate of cover was 334% (before payment of dividends to shareholders relating to 2014). Eligible assets for technical provisions provided 138% cover.

## CA Insurance - Main Indicators

Figures in thousands of euros, except % and number of staff

	2012	2013	2014
Gross premiums issued	80,778	80,631	81,285
Assets	175,509	173,134	194,669
Own funds	31,134	32,564	42,341
Net result	3,203	2,645	3,394
Number of staff at year-end	145	144	148

### 3.2. INSURANCE - LIFE

After a year of exceptional growth such as 2013, 2014 began on the brink of great expectations as to the changes brought into the distribution model used for the Crédito Agrícola Group and as to the impact of a backdrop of low interest rates on the marketing of insurance from the Life branch, CA Vida. In spite of all this, 2014 ended by being clearly positive for the Company, because the main strategic objectives – business sustainability and robust finances – had been reached.

The dynamic approach of the Caixas, allied to the competitive edge on the solutions made available by CA Vida made it possible to post a volume of premiums of around 350 million euros and 7.2 million euros in contributions to pension funds. The Company kept its sixth place in the ranking of Life insurers, although its market share had fallen from 4.2% in 2013 to 3.4% a year later. At the end of 2014, the Company had 266,755 policies in force and 7,456 pension fund contracts, a rise of 4% and 19% respectively year on year.

Figures in thousands of euros, except %

	2012	2013	2014	Δ %
Number of policies	236	256	267	4%
Number of pension fund contracts	4.2	6.3	7.5	48%

The results accruing to the Crédito Agrícola Group from the Life insurance arm now have the advantages that come with the size of the business, stemming from sustained growth over 16 years of operations. The excellent commercial performance of the Caixas in the various categories of product, allied to the commission model implemented by the Company in 2014, gave rise yet again to a major contribution to the results of the Crédito Agrícola Group in general and CA Vida in particular. Even though production was less than a year earlier, the commissions paid to the Caixas stayed on 11.8 million euros. This shows that CA Vida is still an added value for the growth and consolidation of the Group.

Remuneration on insurance mediation paid to CCAMs

	2012	2013	2014	Δ%
CA Vida	9.4	11.8	11.9	0.5%

Figures in millions of euros

In 2014, the Company's own funds stood at 81,186,832 euros, an increase of 16,661,499 euros year on year. This stemmed not only from the positive variation in the revaluation reserve through adjustments of fair value to financial assets, but also to the net result reached for the year, which came to 4,059,390 euros. Bearing in mind the results obtained and the practice of previous years, CA Vida proposed to pay a dividend to its shareholders, totalling 750 thousand euros. This proposal was accepted at the AGM.

In spite of the high volume of production and the dynamism that has consistently been a feature of CA Vida over recent years, the number of staff working at the Company remained stable at around 39 employees on contract, and the volume of production/number of employees relationship is one of the most competitive in the market. Continuing the practice of previous years, CA Vida continued to give pride of place to the development of its human resources and it managed the admission of new staff a function of the need to provide an optimum service to the associated Caixas.

For CA Vida, the on-going training of human resources has been seen to be a critical factor for success, as a means to spur learning and skills development. It is in this sense that the Company has worked actively with the Crédito Agrícola Group's human resources department, systematically identifying and updating the various training needs. In 2014 the e-learning platform came live, and this is a project for which CA Vida has contributed with its know-how regarding the Life insurance business. This new training method allows for a more immediate updating of knowledge, and potentially it encompasses more in terms of the staff who have access to it.

In response to the needs that are perceived from time to time, and as a complement to the Group's training plan, CA Vida also put on training courses in different areas, working actively with the associated Caixas in the process.

CA Vida also put on meetings with the associated Caixas Associadas and other Group operations to discuss themes relevant to business and for strategic guidelines. This led to greater proximity between those who come up with the ideas and those who are on the sales side, with clear advantages for quality and understanding of the products concerned.

As part of the strategic guidelines that focus on a building up protection for Group customers, the Company has constantly pinned its efforts on innovation and adaptation of its solutions, the aim being to bolster loyalty and to grow the Life business through its commercial network. With a view to reinforcing the cover available for customers, improvements to existing solutions were put in place. Among others, there is the cover for *carcinoma in situ* as part of the CA Mulher policy, providing a wider range of protection. In tandem, new forms of cover were designed for capitalisation insurance as a limited series. The differentiation was in the capital guaranteed and the return on offer.

The Company's concern with a high level of satisfaction among its customers has gone beyond the basic aim of making competitive policies available. With this in mind, CA Vida has been

carrying out in recent years a raft of initiatives that strengthen its mission of social work in the community and among the customers of the Crédito Agrícola Group, fundamentally elated with early detection of breast cancer, working closely with the Portuguese League against Cancer. These initiatives always draw on a great deal of support from many Caixas.

In 2014, CA Vida started on a project geared to implementation of the Solvency SI regime. As part of this, new risk management policies were defined and some points identified where the Company would need to modify its structure. Bearing in mind the importance of this new governance regime, the Company aims to use this opportunity for a thorough overhaul of its internal operations, while strictly fulfilling the demands of the regulatory framework. This model will affect all of its organisational structure: the standardisation of data, product development and management control are involved, and this will affect the Company across the board with risk management bolstered. Training for Solvency SI was also a priority in 2014, and this has met with a level of acceptance and wide participation in every area of the Company.

The challenges in front of CA Vida in 2015 are no different from those of previous years. It is fundamental for the Company to carry on with its strategy: fortifying the policies that seek essentially to conserve invested capital; and maintaining the conditions that make it possible to develop and market products that are adapted to the characteristics of Crédito Agrícola Group customers, in a very close partnership with the Caixas and the Caixa Central.

It will be a difficult year, bearing in mind the low interest rates in the capital market. This will hamper the launch of new capitalisation products with attractive conditions for customers in line with what is considered an acceptable risk and on the basis of guaranteed capital and return. CA Vida will focus all its efforts on risk products, the proposal being to develop and implement the means needed to support initiatives that come from the Caixas as part of their support for marketing these products.

The coming year, 2015, is decisive for consolidating the impact Solvency II in terms of the structure of CA Vida, specifically in terms of own funds.

#### CA Vida - Main indicators

Figures in thousands of euros

	2012	2013	2014
Gross premiums issued and handed over in investment contracts	294,022	383,986	349,948
Contributions for pension funds	7,607	10,704	7,341
Assets	1,149,802	1,428,197	1,756,574
Own funds	56,706	64,525	81,187
Net result	4,151	5,974	4,059
Number of staff at year-end	41	40	39

## 4. ASSET MANAGEMENT AND FUNDS

### 4.1. ASSET MANAGEMENT AND INVESTMENT FUNDS AND PENSION FUNDS

#### Asset Management and Investment Funds (Securities)

CA Gest worked closely with the operations that deal with marketing in the Crédito Agrícola Group (the Caixa Central and the Caixas de Crédito Agrícola Mútuo as the Group's agents) and managed yet again to overcome the great challenges posed by circumstances in the financial markets and by the competition. It posted a 26% rise in the amount under management in 2014 (compared with 23.6% in 2013, 22.5% in 2012 and 8.6 % in 2011), with total funds coming in at more than 2.390 thousand million euros (495 million euros more than at 31 December 2013).

Contributions to this came from the 79.5% growth in the securities investment funds (Fundos de Investimento Mobiliários), compared with 32.6% in 2013. The total invested in these funds at year-end was 396 million euros (175 million euros up on a year before). In the management of third party portfolios, the increase was 19.1% (compared with 22.5% in 2013) and the total under management was 1,994 thousand million euros.



#### Investment Funds (Securities)

As at 31 December 2014, CA Gest was responsible for management of the following securities investment funds:

- CA Monetário – Money market fund
- CA Rendimento – Euro securities fund with indexed rate

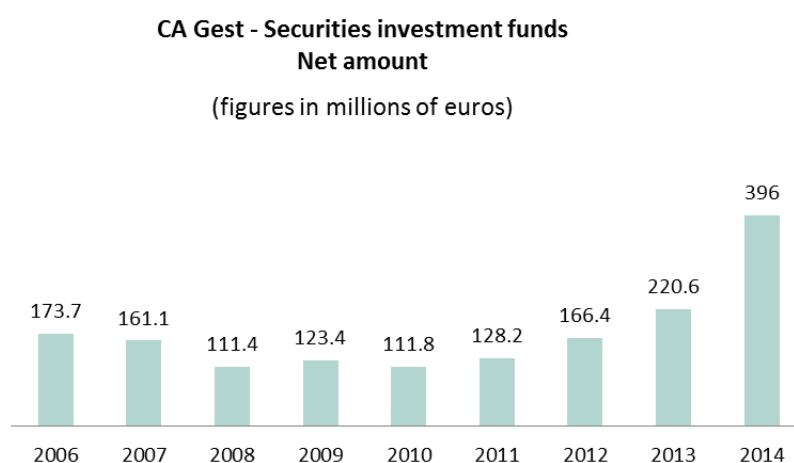
- CA Flexível – Mixed fund predominantly in shares
- CA Acções Europa – Fund in EU, Swiss and Norwegian shares
- CA Rendimento Crescente – Fundo de Investimento Alternativo Aberto / Special open investment fund
- CA Rendimento TOP – Fundo de Investimento Alternativo Fechado / Special closed investment fund
- CA Alternativo – Fundo de Investimento Alternativo Aberto Flexível / Special flexible open investment fund

During the year, the following securities investment funds were closed after reaching maturity:

- CA Rendimento Fixo - Fundo de Investimento Alternativo Aberto de Capital Garantido (Special open investment fund with capital guaranteed)
- CA Rendimento Fixo II - Fundo de Investimento Alternativo Aberto de Capital Garantido (Special open investment fund with capital guaranteed)
- CA Renda Semestral - Fundo de Investimento Alternativo Fechado (Special closed investment fund)
- CA Rendimento Mais - Fundo de Investimento Alternativo Fechado (Special closed investment fund)
- CA Rendimento Mais II - Fundo de Investimento Alternativo Fechado (Special closed investment fund)

### Net value of assets under management

The overall net value for securities investment funds under CA Gest management and marketed by SICAM was up by 175 million euros (54.2 million in 2013), mostly relating to the funds CA Rendimento and CA Monetário.



The trend growth has kept pace since 2010, running against what was visible in the markets as a whole. This was underpinned initially by the offer of special closed investment funds and,



since the last part of 2012, by the performance of the funds CA Rendimento and CA Monetário. These have consistently come with top profitability in the APFIPP national ranking.

The “CA Rendimento” fund had already posted 7.07% profitability in 2013 (and 6.58% in 2012), and it maintained its star status for CA Gest with noteworthy growth, standing as at 31 December 2014 with a net overall value of 304 million euros (up 215 million euros). Its annual return is 4.04% and it is in 1st place in its class in the APFIPP national ranking.

The CA Monetário fund is also the fund in its class with the best return in the Portuguese market, according to the APFIPP. At year-end it stood at 68 million euros, in the same position as a year earlier.

During the year, CA Gest adjusted its products to the current state of the market, and this led to a rejigging of the funds Raiz Europa and Raiz Global, giving rise to the current funds “CA Acções Europa” and “CA Flexível” respectively. They held their relative positions and laid out the groundwork for growth in 2015, which has already come with the fund CA Flexível.

The increase in the amounts placed in funds managed by CA Gest led to a gain in market share, which moved to 3.4% in 2014 (compared with 1.78% in 2013 and 1.35% in 2012).

#### Securities investment funds - Market share

	Figures in millions of euros				
	2012	2013	2014	Δ Abs.	Δ %
Total under management in the Funds - FIM (APFIPP)	12,295.3	12,397.6	11,525.5	-872	-7%
Total under management in the Funds - FIM (CA Gest)	166.4	220.6	396	175.4	79.5%
CA Gest market share	1.35%	1.78%	3.44%		+ 1.66 p.p.

#### Portfolio management

In 2014, the amount under management stood at 1,994 million euros (compared with 1,674 in 2013), a rise of 495 million euros year on year. This was a 19.1% growth, and compared with the rise of 307 million in 2013, which was a 22.5% growth. This ran counter to the trend in the sector, which saw a 0.73% fall year on year. The market share of CA Gest at year-end 2014 was 3.68% (as against 3.07% in 2013).

### Market share (source: APFIPP)

Volumes under management per managing entity	December 2014	December 2013	Proportion 2014	Proportion 2013	Var. 2013/2014
BPI Gestão de Activos	6,960,111,299	4,779,500,582	0.13%	8.76%	45.62%
Caixagest	21,894,166,530	19,589,370,142	0.4%	35.91%	11.7%
Crédito Agrícola Gest	1,993,708,142	1,673,636,948	0.04%	3.07%	19.12%
Dunas Capital - Gestão de Activos	23,163,846	21,512,046	0%	0.04%	7.68%
F&C Portugal	14,034,384,767	13,758,935,528	0.26%	25.22%	2%
GNB - SGP	2,596,004,759	8,914,143,632	0.05%	16.34%	-70.88%
MNF Gestão de Activos	20,577,978	17,390,358	0%	0.03%	18.33%
Montepio Gestão de Activos	1,356,189,033	1,200,940,710	0.03%	2.2%	12.93%
Orey Finacial	6,356,535	54,935,052	0%	0.1%	-88.43%
Optimize Investment Partners	84,974,122	0	0%	0.42%	n.a.
Patris Gestão de Activos	195,136,864	227,278,269	0%	0.42%	-14.14%
Santander Asset Management	5,073,419,964	4,312,607,495	0.09%	7.91%	17.64%
<b>Total</b>	<b>54,238,193,839</b>	<b>54,550,250,762</b>	<b>100%</b>	<b>100%</b>	<b>-0.57%</b>

SOURCE: Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios; May 7, 2015

The increase in the portfolios from institutional clients was fundamental to the performance recorded.

### Asset management - Market share (Source: APFIPP)

	2012	2013	2014	Δ Abs.	Δ %
Asset management - total volume under management	52,153.5	54,550.3	54,153.2	-397.1	-0.7%
Asset management - total volume under management (CA Gest)	1,366	1,673.6	1,993.7	320.1	19.1%
CA Gest market share	2.62%	3.07%	3.68%		+0.61 p.p.

millions of euros, except %

Managing entity	Δ 2014/2011
BPI Gestão de Activos	-5.2%
Caixagest	17.5%
Crédito Agrícola Gest	49.1%
Dunas Capital - Gestão de Activos	300%
ESAF - GP	-5.1%
F&C Portugal	20.4%
MNF Gestão de Activos	-0.9%
Montepio Gestão de Activos	16.5%
Orey Finacial	1.7%
Patris Gestão de Activos	-26.2%
Santander Asset Management	-3%
<b>Total</b>	<b>7.8%</b>

## THE SUPPLY SIDE

As part of the overhaul of the supply of open investment funds managed by CA Gest, there was the launch of an alternative flexible open investment fund called CA Alternativo. This was of the type introduced in the new legal framework for collective investment bodies (the Regime Jurídico dos Organismos de Investimento Colectivo), which came into force at the start of the third quarter of 2013. The new fund was based upon the belief that flexible funds contain an array of characteristics that are well adjusted to the demanding conditions of the financial markets and to the risk profile of the Crédito Agrícola customer.

In this context, CA Gest removed commissions on redemption of its funds, working closely with the depositing entity, and also the commissions on deposits, and it lowered the minimum figure for subscription, all with the aim of streamlining and making more flexible the financial investments in securities investment funds. In tandem, it changed the designation of the open funds Raiz Rendimento and Raiz Europa to CA Rendimento and CA Acções Europa, respectively. The CA acronym is present in all of the funds managed by CA Gest. In addition, the investment policy was altered and Raiz Global reconfigured, with adoption of the designation CA Flexível.

In March 2014, the CA on-line electronic channel was added to the marketing base of funds under management at CA Gest.

In 2014, there were substantial changes made to the structure of securities investment funds, which are now based on open solutions with unspecified duration. There has also been a big reduction in the proportion of alternative investment funds.

Interest rates and spreads on credit based on bonds issued in the Eurozone have fallen steeply, reinforced by the measures announced more recently (in 2015) by the European Central Bank. This meant (and continues to mean) that there is currently no place in the market for closed investment funds with guaranteed capital, simply because rates of return are not attractive enough.

Against this backdrop, the fund with the value best adjusted to financial market conditions and the basic risk profile of Crédito Agrícola customers was CA Rendimento. This took advantage of the substantial fall in interest rates and had the benefit of an active and judicious management.

The portfolio of securities investment funds fell from 11 to 7, stemming from the closure of the fixed maturity funds CA Rendimento Fixo, CA Rendimento Fixo II, CA Rendimento Mais, CA Rendimento Mais II and CA Renda Semestral. These had reached the date on which they were due to close. Another fund, however, was started, the Fundo de Investimento Alternativo Flexível Aberto CA Alternativo.

## MAIN FINANCIAL INDICATORS

### CA GEST - MAIN FINANCIAL INDICATORS

Figures in euros, except %

	2012	2013	2014	Δ Abs.	Δ %
Financial margin	99,611	77,395	47,064	-30,331	-39.2%
Net worth	2,443,045	2,789,616	2,954,461	164,845	5.9%
Net commissions	2,388,946	2,706,564	4,151,240	1,444,677	53.4%
Operating costs	2,107,523	2,182,962	2,334,139	151,177	6.9%
Net results	225,297	428,254	417,898	-10,356	-2.4%
Distribution free reserves		1,500,000	a)		
Assets (net)	4,864,108	3,946,507	4,417,255	470,748	11.9%
Liabilities	884,913	1,039,059	1,091,908	52,850	5.1%
Capital	3,979,195	2,907,449	3,325,347	417,898	14.4%

a) In 2015 distribution was made of 600.0,00 euros

The financial margin fell by 39.2% as a result of the fall in interest rates for investments made by the Company and the fall resulting from the distribution of free reserves to the only shareholder. This took place in mid-December 2013, and totalled 1,500,000 euros.

The 53.4% increase in net commissions stemmed from the increase in the amount under management and led to a positive change of 5.9% in net worth, which stood at almost 3 million euros as at 31 December 2014.

The commissions paid to the Caixas and to the Caixa Central came to 1.02 million euros (in 2013 they came to 614 thousand euros).

The overall operation of asset management at the Company in 2014 brought in earnings for the Crédito Agrícola Group of 7,015 million euros (in 2013 the total was 4.7 million euros).

Operating costs for the Company were up by 6.9%.

Results after tax were 417.9 thousand euros, practically the same as a year before, when the figure was 428 thousand euros.

Total net assets rose by 11.9%.

Company liabilities rose by 5.1%, this being made up of amounts payable to suppliers and to the State, as well as the amounts relating to the periodic charges on deferred commissions and normal periodic charges related to holidays and holiday subsidies for employees.

Own funds were up to 3.3 million euros.

Return on own funds was 14.4%. The average for the last 9 years is 8.3%.

## ORGANISATION AND HUMAN RESOURCES

The internal structure was similar to 2013, but work was started on detecting opportunities to improve the organisation and internal Company procedures. This is being done in close collaboration with the human resources department at the Caixa Central.

	2010	2011	2012	2013	2014
Advisory unit to the Board	0	0	0	1	1
Analysis of and strategy for investments	0	0	1	0	0
Institutional clients					
Investment	3	3	3	3	3
Commercial	3	3	3	3	3
Back-Office	3	3	3	3	3
Compliance/Internal control	1	1	1	1	1
Financial consultancy and oversight management	1	1	1	1	1
Venture capital consultancy	1	1	1	1	1
Administrative support	1	1	1	1	1
Human resources					1
<b>Total</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>15</b>

The Company used the services of specialist entities in the Group to carry out business support functions, specifically through its administrative and accounting services, its legal advisory unit and information systems, with its own resources focused on its core business. In the table above there is reference to one member of staff for whom the Caixa Central bore the cost, though this will be reimbursed by CA Gest.

## OPERATING RISKS

The main operating risks for the Company relate to compliance, operational, reputational and IT systems risks. Liquidity, credit, interest rate and price risks are of minor importance for the Company, taking into account that:

- The Company has 2.4 million euros cash in hand and financial investments, corresponding to 2.1 times total liabilities;
- The Company does need to resort to financing and its earnings come from financial investments affected by interest rate risk are only 1.1% of its net assets;
- Company credits correspond almost exclusively to the amounts for management commissions to be received, and for which collection is assured firstly by the powers set out in the Company mandate, through regulations regarding management of the funds and the portfolio management contracts held with customers; and secondly, by the management policy and the regulatory norms, which ensure liquidity levels that are enough to pay the commissions in question;
- The regulatory and contractual stipulations that govern all the commissions collected by the Company are its fundamental earnings, and this means that there is no price risk;
- There are no items on the balance sheet involving assets denominated in currencies other than the euro.

- The management of compliance, operational and reputational risk has been bolstered through changes in the organisation of the Company and its IT systems, with the addition of disaster recovery and security policies.

The Company has also focused on setting up procedures in each specific functional area, aligning them all closely with the Company's internal control system.

### **Investment Funds (Property)**

The Crédito Agrícola has the following property investment funds managed by Square AM:

#### Open property investment Fund CA Património Crescente

- Type of fund: Open property investment fund
- Managed by: Square Asset Management - Sociedade Gestora de Fundos de Investimento Imobiliário, SA
- Starting date: 15/07/2005
- Net overall value of the fund as at 31 December 2014: 248,993,859 euros
- Net overall value of the fund as at 31 December 2013: 211,731,911 euros
- Value of property acquired in 2014: 13,000,000 euros
- Value of property disposed of in 2014: 3,540,000 euros
- Return in 5 years, annualised (2010-2014): 3.34%
- Return in 1 year (2014): 2.52%
- Vacancy Rate as at 31 December 2014: 2.2%

As at 31 December 2014, the fund had 10,038 participants (7,026 participants in 2013) who subscribed to the fund at 546 Caixa branches in the CA Group network (with 79 Caixas involved).

During the year the fund came to the end of its 9th year, with 65 properties on its books, most of them from the segments "Warehouses/ Industrial" (28.6%), "Retail/ Distribution" (26.2%) and "Offices" (24.8%). The remaining assets (20.4% of the portfolio) are distributed across the segments "Health", "Retail – Street Shop", "Services" and "Land". The aim of the fund is to set up rental contracts of more than 5 years, and among the quality tenants that can be found the Jerónimo Martins Group, Media Markt, the Sonae Group and the Portuguese State, as well as the Caixa Central de Crédito Agrícola Mútuo, Crl.

#### Special open property investment fund CA Imobiliário

- Type of fund: Special open fund for property investment
- Managed by: Square Asset Management - Sociedade Gestora de Fundos de Investimento Imobiliário, SA
- Starting date: 01/09/2005
- Net overall value of the fund as at 31 December 2014: 232,303,605 euros

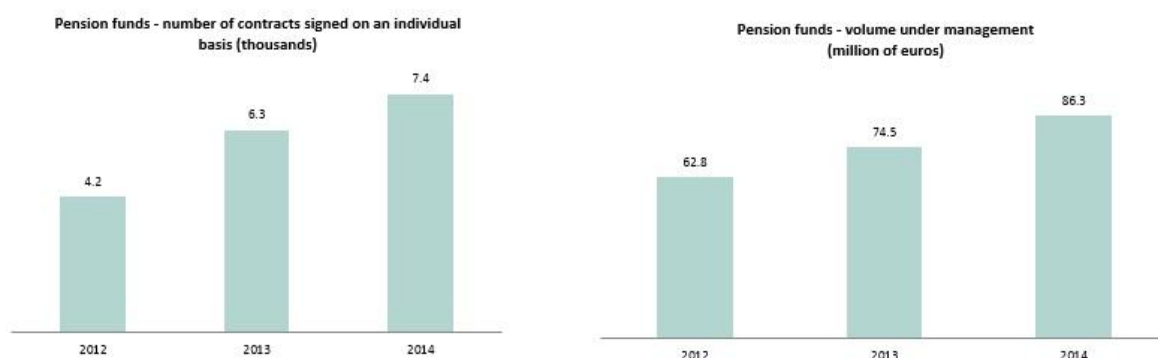
- Net overall value of the fund as at 31 December 2013: 266,083,656 euros
- Return at 1 year (2014): -7.41%

#### Closed property investment fund CA Arrendamento Habitacional

- Type of fund: Closed property investment fund\_for renting as housing
- Managed by: Square Asset Management - Sociedade Gestora de Fundos de Investimento Imobiliário, SA
- Starting date: 23/10/2009
- Net overall value of the fund as at 31 December 2014: 110,880,923 euros
- Net overall value of the fund as at 31 December 2013: 114,029,121 euros

#### **Pension Funds**

The pension funds managed by CA Vida ended 2014 on a fundamentally positive note, with growth both in the number of contracts signed on an individual basis (in the case of open pension funds) and in the amount under management:



The amount under management in 2014 was 16% higher than a year earlier, on an upward path that started in 2011. The aim of the open pension funds is to finance individual or group pension plans, with different investment policies, in accordance with a tolerable level of risk during the period of the investment. The CA Reforma Segura is for investors with low risk tolerance and the investment is above all insecurities with fixed return; CA Reforma Tranquila is for investors with a moderate risk tolerance, the focus being on bonds and shares; and CA Reforma Mais, with a more risk-oriented and more dynamic profile, with more exposure to the stock market.

In 2014 these funds came in with returns of 7.9% (CA Reforma Mais), 7.09% (CA Reforma Tranquila) and 6.5% (CA Reforma Segura). Apart from these open pension funds, CA Vida also manages the open pension fund CA Reforma Garantida, a fund with capital guaranteed, and the closed fund of the Crédito Agrícola, the aim of which is to finance the pension plan deriving from the collective labour contract of the Crédito Agrícola institutions.



## 4.2. VENTURE CAPITAL FUNDS, FINANCIAL CONSULTANCY AND ACCOUNTING SERVICES

Within the mission that the CA Group has endowed CA Consult, and following the process that started in the second half of 2013, this Group Company focused on proving consultancy services to other parts of the Group in the following areas:

- Venture capital consultancy;
- Consultancy for management of CCCAM structural entities and their affiliates; and
- Provision of Administrative and Accounting Services;

Only rarely, and on case by case basis, has any consultancy work been done for outside clients as stipulated in mandates entered into in previous years.

In 2014, there was a far greater need for support from the resources of CA Consult to structural entities of the CCCAM and companies where the Group has a holding. It is in this framework that that the start of 2014 saw the following set-up structured with the dual aims of streamlining the organisation of the Group and bring down its structure costs:

- The allocation of human resources from CA Consult would take the form of:
  - Occasional provision of staff where applicable (to the CCCAM, CA Gest and CA SGPS); and, in all other cases,
  - Through labour contracts based on secondments or appointment of a manager (for CA Serviços, CA Imóveis and CA SGPS);
- The decision was taken to suspend the provision of financial and management consultancy;
- There was to be more outsourcing of specific posts, for example in administrative support and management of human resources.

### Venture Capital Consultancy

A CA Consult continues to provide a consultancy service for tasks that are the responsibility of the CCCAM and AGROCAPITAL as entities that manage venture capital funds (Fundos de Capital de Risco – FCR).

As far as **FCR CENTRAL FRIE** is concerned, the aim for 2014 was to see through an investment operation already approved in 2013. If the liquidity available had run out, the investment phase of the investment fund would have had to be terminated.

It was, however, considered to be impossible to finalise the operation in question – because the promoters had changed the suppositions – and there were deemed to be no objective conditions to carry out new investment which could be recouped before maturity of the FCR (the end of 2016). During December, there was a discussion on this in an official meeting of the participants (as per the management regulations) and it was decided that there were no reasons to justify changing the maturity. In that meeting, approval was also given for a budget to cover the operations of the FCR, and this presupposes that there will be a distribution of available liquidity during 2015.

In 2014 management of the fund also included the sale of a holding in S&A – Sociedade Industrial de Aperitivos, S.A. This was an investment that the fund had made in a syndicated operation with FCR AGROCAPITAL 1, along with monitoring the portfolio through litigation with HexaPainel.

As for **FCR AGROCAPITAL 1**, the start of 2014 saw the analysis of business plans for 6 opportunities for investment in the sectors of fruit growing (3), horticulture, dairy products and viticulture. In tandem, there was a negotiation about contracts relating to an operation in the cork sector, already approved by the governing bodies of the fund.

This last operation did not get off the ground after the counterparty pulled out, and of the other 6 opportunities, 3 also involved the promoters pulling out, 1 was refused and with the remaining 2 relevant updated data and/or details of the scope of the operation are still to come from the promoters.

As a result of a lot of promotional work with dozens of companies, 8 proposals came through, with the presentation of business plans, relating to the following sectors: abattoirs/products based on meat (3), livestock breeding, fruit growing, viticulture, production of pellets and fruit processing. Two of the operations did not fit the purposes of the fund and where the others were concerned (3 start-ups and 3 at the expansion stage) two promoters pulled out of 2 proposals, 2 others were given a favourable technical appraisal, and a definitive position by the promoters is awaited, and the remainder are being analysed.

As for investments existing in the portfolio, monitoring by the affiliates continued, with particular importance being attached to the preparation for disinvestment in Parmouras, SGPS, S.A., which is slated for the first half of 2015.

#### Consultancy services for the CCCAM and CA SGPS in the management of holdings

In this field, CA Consult continued to monitor and report on events, specifically those relating to company business or associated matters where the CCCAM, CA SGPS and CCCAM GI have a holding. These holdings are in:

- Mutualist guarantee entities;
- Companies that manage assets in property;
- Financial companies specialising in payments management;
- Forestry investment funds and their management body;
- Venture capital funds; and
- Associations in business or specific sector areas.

During 2014, CA Consult saw considerable enlargement of the range of organisations involved in this type of support, given the increase in the number of venture capital funds where the CCCAM have holdings (among them the 3 FCRs Revitalizar). In addition, the Caixa Central became more involved, with the setting up of a social investment fund.

## Administrative and Accounting Services

CA Consult continued to provide administrative support services and accounting processing. This involved its own books, as well as those of CA Gest, CCCAM GI, FCR Central FRIE, Agrocapital SCR, FCR Agrocapital 1 and CA Finance, as well as the preparation of accounting information for the CCCAM. In 2014 these services were broadened to include CA Imóveis.

As a result of this growth and the increasing demands for external reporting on these companies, stemming from the greater financial supervision by the authorities, a new member of staff was employed in the second half of the year on a fixed term contract.

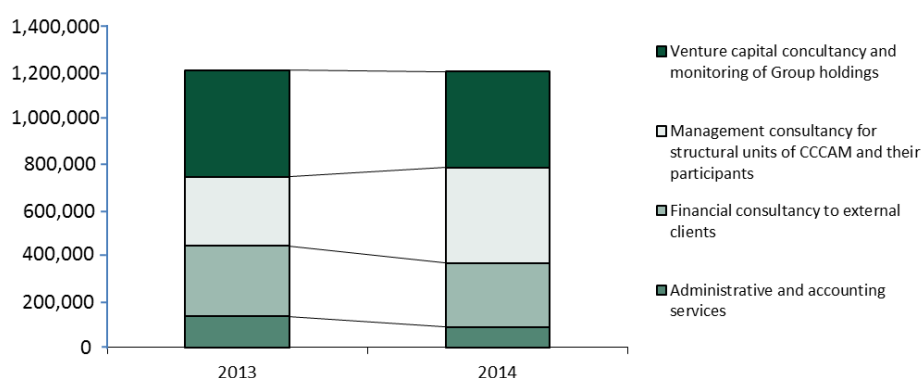
In the same half year, a conclusion was reached on the process of integrating the CA Consult accounting team in the CCCAM Department of Accounts and Taxation. This gave those responsible for the department an appropriate size for their purpose and skills for their work.

## ECONOMIC AND FINANCIAL PERFORMANCE

In spite of the cut in average numbers of employees in 2014, the value of the services provided by the Company stood at euros 1,206 thousand, a mere 0.5% below the amount posted for the year before. The earnings from consultancy for external organisations (deriving from mandates signed in previous years and consequently non-recurrent) accounted for 23% of the total amount of service provided, 2 p.p. down on 2013.

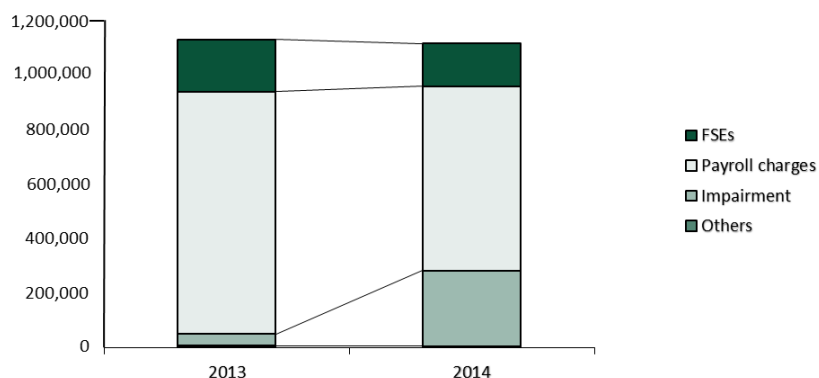
In fact, the type and size of the services provided to related organisations was fundamentally the same as in 2013, but the terms of the agreement relating to secondment of members of staff at CA Consult meant that earnings previously considered as deriving from services rendered were no classified as reimbursement of the exact amount of the charges on these employees. For this reason, the income stemming from structural bodies of the CCCAM and their holdings now accounted for 35% of total income, up 10 p.p. on a year earlier.

A breakdown of operating income (all from operations in Portugal) came in as follows:



Operating expenses came to euros 838 thousand, some 23% less year on year, as a result of cuts in Payroll Charges by 24.1%, and 17.7% in FSEs and Other Expenses. A part was played in this by changes to the size and structure of staffing levels, as well as by savings resulting from integration and rationalisation measures made as a result of the change in premises for the Company.

Although there were big savings made on expenses inherent to the organisation's operations, the total related organisational costs were only down by 1.3% year on year because of the booking of impairment on customer credit. This related, in net terms, to around 23% of business volume.



In spite of recognition of these costs (to a large extent merely contingent) the Company's EBITDA came in at euros 97 thousand, with around 8% operating income, down 3 p.p. on 2013.

As a result of the fall in contract staff at the Company, there was a reduction in the need to use fixed assets such as vehicles, with depreciation for the year falling by around 56%. Moreover, since all the Company's operations were financed exclusively from own funds, financial overheads were minimal.

CA Consult recorded a net result of euros 64 thousand for the year, equivalent to 5.3% of business volume. This was 2 p.p. down on 2013, and represented 4.3% of the total of own funds, which was invested by the only shareholder.

In confirmation of the good levels of net funds generated, cash at call increased over the year by around 200%, coming to account for more than 77% of assets. Current assets, however, came in with a rise of 11.6%, given the reduction of more than 70% in the book value of credit on customers, arising through the recognition of losses through impairment. This figure now represents 100% of the value of credit considered as bad and doubtful debt.

The Company has no banking liabilities and no financial debts, with liabilities made up solely of current debts deriving from dealings with suppliers, the State and other creditors.

The net result and the freeing up of funds associated with it meant that financial autonomy stood at 71%, 14 p.p. up on a year before.

#### CA Consult - Main Indicators

Figures in thousands of euros, except no. of staff

	2010	2011	2012	2013	2014
Net assets	944	660	1.301	533	524
Operating income	217	139	218	306	370
Net result	-258	-679	-631	88	64
No. of staff on contract	20	20	21	16	15

## IV . FINANCIAL ANALYSIS

### 1. SICAM (CAIXA CENTRAL + ASSOCIATED CAIXAS AGRÍCOLAS)

The economic squeeze in 2014 saw GDP down by 0.8% in the euro zone as a whole and 0.9% in Portugal. The levels of debt in public and private sectors and in households all had a direct impact on credit granted, with volume down 7.8%<sup>13</sup> for companies and 3.6% for households<sup>14</sup>.

Banking operations at the Crédito Agrícola Group, which includes the Caixa Central and the associated Caixas, were in line with the market, although the fall was a lot less, with gross credit to companies and the administrative side of the public sector down by 0.1% compared with 2013 and credit to individuals down 1.1%. This led to an overall fall in customer credit of 0.6%.

The financial margin was knocked by the fall in customer credit, by the squeeze on levels in indexing rates and by the increase in the volume of deposits. However, it was possible to mitigate these effects by a reduction in the remuneration paid to customers on the funds deposited in SICAM.

In spite of all this, the management of surplus liquidity is based on the logic of making short-term gains and this meant that to a large extent it was possible to offset the contraction on the financial margin. This led to a net result in SICAM of 24.5 million euros, compared with 1.5 million euros in 2013.

MAIN INDICATORS					
<i>Figures in thousands of euros</i>					
	#	2013	2014	Var. 13/14	
				Abs.	%
Total assets	42	12,968,918	13,266,600	297,682	2.3%
Financial assets avail. for sale and held to maturity	78	3,07,808	4,276,714	368,906	9.4%
Customer credit (gross)	02	8,198,573	8,147,371	-51,202	-0.6%
Total liabilities	15	11,863,045	1,209,8264	235,219	2.0%
Customer funds	02	10,209,731	10,620,337	410,605	4.0%
Funds from other credit institutions and ECB	18	1,362,912	1,116,382	-246,530	-18.1%
Own funds	27	1,105,873	1,168,335	62,462	5.6%
Financial margin	35	250,657	24,8225	-2,432	-1.0%
Net worth	59	472,645	554,378	81,733	17.3%
Structure costs	51	302,356	300,475	-1,882	-0.67%
Provisions / impairment	95	150,025	200,507	50,482	33.6%
Net result	19	1,506	24,505	22,999	1526.8%
ROE	%	0.1%	2.2%	n.a.	2.0 p.p.
Efficiency ratio	%	64.0%	54.2%	n.a.	-9.8 p.p.

<sup>13</sup> This year-on-year variation (-7.8%) compares with the -4.7% recorded in Dec 2013 and -6.6% in Dec.2012. If the effect of disposal of credit portfolios is removed, these falls are -7.1% (2014), -2.9% (2013) and -4.3% (2012). Source: CRC – banking loans and deposits, *Banco de Portugal* (Feb.2015).

<sup>14</sup> Esta variação homóloga anual (-3,6%) compara com os -4,2% registados em Dez.2013 e com os -4,3% registados em Dez.2012. Fonte: Fonte: CRC - empréstimos e depósitos bancários, BdP (Fev.2015).

Total assets as at 31 December 2014 stood at 13,267 million euros, a 2.3% rise on total assets a year earlier, when the figure was 12,969 million euros. On this point, mention should be made of the fall in net credit, which was down by 2.4%. Much of this was the extra 50 million euros put aside for impairment (regulatory and extraordinary), and the increase in the figure for assets under management, which stood at year-end 2014 at 4,277 million euros (up 9.4% year on year).

Total liabilities moved in tandem with assets, to stand at 12,098 million euros at year-end 2014, a rise of 2.0% year on year. This can be explained by the 4.0% increase in customer deposits, which offset part of the loan raised through Banco de Portugal (270 million euros).

Own funds rose by 62 million euros to 1,168 million euros, as a result of (i) the capital increase undertaken (39 million euros) and the net result (25 million euros).

## 1.1. INCOME STATEMENT

In spite of all the difficulties affecting the domestic banking sector, SICAM came in with a net result of 24.5 million euros for the year, a 23.0 million euro rise on 2013.

<b>Income statement</b>				
<i>Figures in thousands of euros</i>	2013	2014	Variation	
			Abs.	%
Interest and similar income	457,451	457,014	-437	-0.1%
Interest and similar charges	206,794	208,789	1,995	-1.0%
<b>Financial margin</b>	<b>250,657</b>	<b>248,225</b>	<b>-2,432</b>	<b>-1.0%</b>
Net commissions	131,599	28,522	-3,076	-2.3%
Result of financial operations	7,8779	171,767	92,987	18.0%
Other operating results	11,611	5,864	-5,746,	-45.5%
<b>Net worth</b>	<b>72,645</b>	<b>554,378</b>	<b>1,733</b>	<b>17.3%</b>
<b>Structure costs</b>	<b>02,356</b>	<b>30,0475</b>	<b>-1,882</b>	<b>-0.6%</b>
Payroll charges	163,962	164,986	,024	.6%
<i>of which non-recurrent*</i>	<i>1,158</i>	<i>2,297</i>		
General administrative costs	23,604	121,298	2,307	-1.9%
<i>of which non-recurrent*</i>	<i>,732</i>	<i>477</i>		
Amortisations	14,770	14,190	-599	-4.1%
Provisions and impairment	150,025	200,507	50,482	33.6%
<b>Pre-tax result</b>	<b>20,264</b>	<b>53,397</b>	<b>3,132</b>	<b>163.5%</b>
Taxes after corrections and deferred payments	18,758	28,891	0,133	54.0%
<b>Net result</b>	<b>1,506</b>	<b>24,505</b>	<b>22,999</b>	<b>1526.8%</b>

\* Costs with early retirement, compensations resulting from Caixa Central reorganisation and support for the transformation programme

In general terms, this result stems mainly from:

- i) the 93.0 million euro increase in return on financial operations, deriving from the dynamic treasury management at SICAM, which largely offset the 2.4 million euro fall in the financial margin;

- ii) the 1.9 million euro cut in structure costs, above all through general administrative costs, which were down by 2.3 million euros, and amortisations, down by 0.6 million euros, with payroll charges up 1.0 million euros (though if we exclude non-recurrent effects related to compensation payments, along with other pay-outs and early pensions, payroll costs would actually be down by 0.1 million euros for the year);
- iii) and the addition of 50.5 million euros for impairment, corrections and provisions for the year.

### 1.1.1. Financial margin

The SICAM financial margin stood at 248.2 million euros for 2014, compared with 250.7 million euros in 2013 (down therefore by 1.0%).

FINANCIAL MARGIN						
<i>Figures in thousands of euros</i>						
Variables	2013			2014		
	Average capital	Average rate (%)	Income/ Costs	Average capital	Average rate (%)	Income/ Costs
Credit to customers	8,281,988	4.0%	334,003	8,172,972	4.0%	22,855
Securities and other placements	4,730,938	2.6%	23,448	4,647,210	2.9%	134,159
<b>Financial assets</b>	<b>13,012,926</b>	<b>3.5%</b>	<b>57,451</b>	<b>1,282,182</b>	<b>3.6%</b>	<b>457,014</b>
Customer deposits	10,193,717	1.7%	173,167	10,15,034	1.4%	41,950
Central bank funds and other liabilities	1,907,476	1.8%	3,626	1,384,318	4.8%	66,838
<b>Financial liabilities</b>	<b>12,101,193</b>	<b>1.7%</b>	<b>2'6,794</b>	<b>11,799,352</b>	<b>1.8%</b>	<b>208,789</b>
<b>Financial margin</b>		<b>1.8%</b>	<b>250,657</b>		<b>1.8%</b>	<b>248,225</b>
Intermediation margin*		2.3%			2.6%	
Average euribor rate (6 months)		0.3%			0.3%	

(\*) average rate for credit to customers - customer deposits

This variation was due in large measure to the increase in remuneration of financial liabilities, up to 209 million euros. The return on financial assets was practically unchanged compared with 2013, standing at around 457 million euros.

In point of fact, the 11.1 million euro fall in interest on customer credit operations (as a result of the fall in volume, since the average rate stayed at the 2013 figure of 4%), was offset by the 10.7 million euro increase in return on securities and other placements of funds, above all through a 2.9% rise in yields.

The financial margin worsened by comparison with 2013 above all on the back of the 33.2 million euro increase in return on central bank funds and other liabilities, with the return on customer deposits down by 31.2 million euros, caused by the fall in interest rate to 1.4%, even though the average volume of customer deposits in SICAM rose by 2.2% over the year.

An analysis of the variation in the financial margin, broken down into volume and price, shows that the 2.4 million euro fall is partly due to the volume effect (46%) and partly the price effect (54%).



**BREAKDOWN OF THE EFFECTS FROM VARIATION IN THE FINANCIAL MARGIN***Figures in thousands of euros*

	Volume effect	Price effect	Variation for the year
<b>Financial assets</b>	<b>-6,581</b>	<b>6,144</b>	<b>437</b>
Credit to customers	-4,396	-6,751	11,148
Securities and other placements	-2,185	2,895	10,711
<b>Financial liabilities</b>	<b>-5,463</b>	<b>458</b>	<b>995</b>
Customer deposits	3,760	-34,977	-3,217
Central bank funds and other liabilities	9,223	2,435	3,212
<b>Financial margin</b>	<b>-1,118</b>	<b>1,313</b>	<b>-2,432</b>

**1.1.2. Net commissions**

Net commissions were 2.3% down in 2014, standing at 128.5 million euros. This fall stems from:

- i) The 2.9% reduction in commissions received, largely as a result of the falls in transfers (down by 1.1 million euros, i.e. 27.6%). A breakdown shows a fall in credit operations (down by 2,8 million euros i.e. 10.2%) and in cards (down 1.2 million euros, i.e. 4.5%), and these figures were not offset fully by the rise in placement and sales (up 2.4 million euros, i.e. 9.1%). The upside figures came above all from Group companies, in particular CA Gest, CA Seguros and CA Vida;
- ii) The 9.9% reduction in commissions paid, in particular interbank commissions (they accounted for 81% of commissions paid in 2014), down by 15.5% to stand at 7.8 million euros.

**COMMISSIONS***Figures in thousands of euros*

	2013	2014	Variation	
			Abs.	%
<b>Commissions received</b>	<b>142,358</b>	<b>138,214</b>	<b>-4,144</b>	<b>-2.9%</b>
Guarantees given	5,305	5,382	77	1.4%
Open documentary credits	144	85	-58	-40.5%
Commitments to third parties	7,860	7,894	34	0.4%
Deposits and valuables in custody	4,083	3,345	-737	-18.1%
Collection of valuables	1,016	927	89	-8.7%
Transfer of valuables	3,979	2,882	-1,098	7.6%
Credit operations	,749	4,905	-2,844	-10.2%
Cards	26,026	24,849	-1,177	-4.5%
Interbank operations	364	366	2	0.5%
Placements and marketing	26,566	28,989	2,423	.1%
Other commissions received	39,266	38,589	-676	-1.7%
<b>Commissions paid</b>	<b>10,760</b>	<b>9,692</b>	<b>-1,068</b>	<b>-9.9%</b>
<b>Total net commissions</b>	<b>131,599</b>	<b>128,522</b>	<b>3,076</b>	<b>-2.3%</b>

The increase in operations in affiliated companies brought in more revenue for the Caixa Central and for the associated Caixas which placed funds with them. The remaining placement commissions relate to the sale of property investment funds (among them CA Património Crescente, CA Imobiliário and CAAH).

<b>COMMISSIONS FOR PLACEMENTS AND MARKETING</b>					
<i>Figures in thousands of euros</i>					
	2013	2014	Variation		
			Abs.	%	
CA Gest	376	870	494	131.5%	
CA Seguros	10,623	12,197	1,574	14.8%	
CA Vida	1'1,584	11,710	126	1.1	
<b>Sub-total</b>	<b>22,583</b>	<b>24,777</b>	<b>2,194</b>	<b>9.7%</b>	
Other commissions for placement/marketing	3,983	4,212	229	5.7%	
<b>Total</b>	<b>26,566</b>	<b>28,989</b>	<b>2,423</b>	<b>9.1%</b>	

### 1.1.3. Results from Financial Operations

The results from financial operations stood at 172 million euros in 2014, compared with 79 million a year earlier 2013.

<b>RESULT OF FINANCIAL OPERATIONS</b>				
<i>Figures in thousands of euros</i>				
	2013	2014	Absolute variation	Variation%
Financial assets held for sale	76,272	169,130	92,858	121.7%
Sovereign debt	67,618	184,616	116,998	173%
Other debt instruments	8,448	-7,820	-16,268	-193%
UP CA Imobiliário	0	-10,785	-10,785	-
UP CA Património Crescente	0	3,127	3,127	-
Other assets	206	-9	-215	-104%
Return on financial instruments	856	341	-515	-60%
Exchange operations	1,411	847	-564	-40%
Other results	240	1,449	1,208	503%
<b>Total result from financial operations</b>	<b>78,779</b>	<b>171,767</b>	<b>92,988</b>	

In 2013, the Caixa Central, which is responsible for treasury operations in SICAM, set out a more dynamic management strategy for liquidity. This made it possible to take advantage of opportunities that led to short-term capital gains without doing damage to overall strategy or to medium-term scenarios. In 2014, the liquidity management strategy operated along the same general lines and brought in 185 million euros in capital gains from public debt bonds. During the year, the following results from disposal of held-for-sale financial assets are the most salient:

- i) capital losses of 7.8 million euros from other debt instruments relating to the portfolio of bonds issued by domestic and foreign companies, in particular those involving disinvestment in GES/BES debt instruments;
- ii) capital losses of 10.8 million euros on the hiving off of the Fundo CA Imobiliário;
- iii) capital gains of 3.1 million euros resulting from disposal of shares in the fund CA Património Crescente.

#### 1.1.4. Structure costs

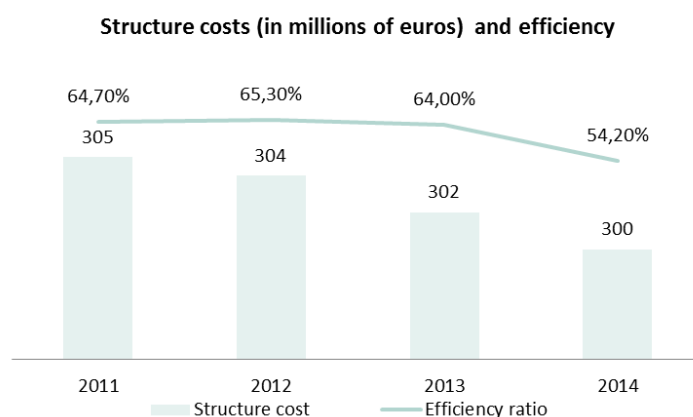
There was a fall in structure costs in 2014, going down by 0.6%, from 302.4 million euros in 2013 to 300.5 million euros a year later. Non-recurrent costs were at approximately the same point as in 2013 (2.8 million in 2014 as against 2.9 million in 2013), with a 173% rise in costs for early retirement at the Caixa Central. These stood at 2.1 million euros for the year.

Excluding the impact of non-recurrent costs, payroll costs were down by 0.1%, and general administrative costs by 0.9%. This is an indication of the excellent cost control being carried out by the Caixa Central.

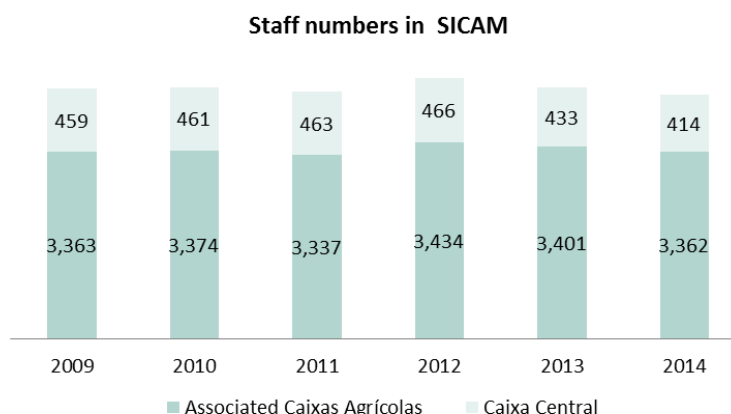
<b>Structure costs</b>				
<i>Figures in thousands of euros</i>	2013	2014	Variation	
			Absolute	Relative
<u>Operating costs</u>	<u>287,567</u>	<u>286,284</u>	<u>-1,282</u>	<u>-0.4%</u>
Payroll costs	163,962	164,986	1,024	0.6%
<i>of which non-recurrent*</i>	1,158	2,297	1,139	98.4%
General administrative costs	123,604	121,298	-2,307	-1.9%
<i>of which non-recurrent*</i>	1,732	477	-1,255	-72.4%
Amortisations	14,790	14,190	-599	-4.1%
<b>Structure costs</b>	<b>302,356</b>	<b>300,475</b>	<b>-1,882</b>	<b>-0.6%</b>
Non-recurrent costs*	2,890	2,774	-116	-4.0%
<b>Structure costs exc- non-recurrent costs</b>	<b>299,466</b>	<b>297,700</b>	<b>-1,766</b>	<b>-0.6%</b>
Efficiency ratio	64%	54%	-9.8 p.p.	-

\* Costs from early retirement, compensation, and consultancy at the Caixa Central

The efficiency ratio improved from 64.0% in 2013 to 54.2% in 2014, above all on the back of the 17.3% rise in net worth.



### 1.1.5. Staffing levels in SICAM



The number of employees in SICAM went down in 2014 from 3,834 to 3,776 (a fall of 58). In relative terms, this was 1.5%. Almost a third of this came from the overhaul at the Caixa Central, visible in the cut to structures and the cut to contract staff. The staff number was down from 433 to 414 (down by 19), an indication of the effort to bring down costs that started with the Caixa Central overhaul.

### 1.1.6. Provisions / Impairment

This was a demanding year for the whole banking sector, especially for the banks exposed exclusively to the domestic market and therefore without possibility of recourse to other growth lines in different markets (for example the PALOP – the Portuguese-speaking countries of Africa, Central Europe, Asia or Latin America). They saw credit amounts fall in year-on-year terms and overdue credit ratios higher than in 2013, both in terms of individuals (4.9% in 2014 as against 4.5% in 2013<sup>15</sup>), and in terms of companies (15.0% in 2014 as against 13.4% in 2013<sup>18</sup>).

The demands facing the sector are also visible in the worsening of the banks' credit portfolios, with the ratio of overdue debt increasing along the year, not just for individuals but also for companies.

The troubles that the banks are going through did not leave SICAM unscathed. There had to be a substantial hike in provisions and year-end 2014 saw the total at 200.5 million euros, in contrast to the 150.0 million euros recognised in 2013.

There were many factors playing a part in this, the following being the major ones:

- i) the setting up of net provisions for bad and doubtful debt (regulatory and extraordinary) totalling 155.0 million euros, compared with 106.4 million in 2013; and
- ii) the recognition of impairment in other financial assets, to the value of 29.3 million euros, of which the devaluation of the shares in the Fundo CA Imobiliário was around 19.5 million euros.

<sup>15</sup> Source: CRC – banking loans and deposits, *Banco de Portugal* (Feb.2015).

As a result of the combined effect of increased net provisions and impairment, along with the fall in overdue credit led to the fact that cover of overdue credit stood at 126.1%, on a conservative estimate, at year-end 2014.

In addition, the property repossessed during credit recovery led to a further 9.2 million euros in impairment, less than the 29.2 million euros posted at year-end 2013.

PROVISIONS / IMPAIRMENT				
Figures in thousands of euros	2013	2014	Variation	
			Abs.	%
Provisions for overdue credit and bad and doubtful debt	106,385	155,001	48,616	45.7%
Impairment in other financial assets	15,350	29,256	13,906	90.6%
Impairment in other assets	33,072	11,130	-21,942	-66.3%
<i>of which property for credit recovery</i>	29,237	9,242	-19,995	-68.4%
Other provisions / impairment	-4,783	5,119	9,902	-207.0%
<b>Total</b>	<b>150,025</b>	<b>200,507</b>	<b>50,482</b>	<b>33.6%</b>

### 1.1.7. Profitability

Banking operations, as gauged by the gross commercial margin, was practically unchanged in 2014 compared with 2013, to the extent that the growth in return on financial assets (up 0.05%) was damped by the increase in return on financial liabilities (up 0.04%).

However, the more profitable scenario in financial operations (up 0.69%) was the item that contributed the most to the increase in own funds (up 2.02%), offsetting in this way the downside effect stemming from the extra provisions set aside and tax paid (up 0.49%).

BREAKDOWN OF PROFITABILITY			
	2013	2014	Variation
+ Rate for financial assets	3.52%	3.56%	0.05%
- Rate for financial liabilities	1.59%	1.63%	0.04%
<b>= Financial margin</b>	<b>1.93%</b>	<b>1.94%</b>	<b>0.01%</b>
+ Return on commissions	1.01%	1.0%	-0.01%
<b>= Gross commercial margin</b>	<b>2.94%</b>	<b>2.94%</b>	<b>0.01%</b>
+ Result from financial and other operations	0.69%	1.39%	0.69%
<b>= Business margin</b>	<b>3.63%</b>	<b>4.32%</b>	<b>0.69%</b>
- Effect of structure costs	2.32%	2.34%	0.02%
Effect of provisions and tax	1.30%	1.79%	0.49%
<b>= Return on financial assets</b>	<b>0.01%</b>	<b>0.19%</b>	<b>0.18</b>
x Financial assets / Net assets	1.00	0.97	-3.70%
<b>= ROA</b>	<b>0.01%</b>	<b>0.18%</b>	<b>0.17%</b>
x Net assets / Own funds	11.73	11.67	-0.06
<b>= ROE</b>	<b>0.14%</b>	<b>2.16%</b>	<b>2.02%</b>

## 1.2. STRUCTURE OF THE BALANCE SHEET

BALANCE SHEET AS AT 31 DECEMBER 2014				
Figures in thousands of euros	2013	2014	Variation	
			Abs.	%
<b>Assets</b>				
At call	463,470	501,641	38,171	8.2%
Placements at credit institutions	31,931	191	-31,740	-99.40%
Credit to customers (net)	7,491,909	7,309,837	-182,073	-2.43%
<i>Credit to customers (gross)</i>	<i>8,198,573</i>	<i>8,147,371</i>	<i>-51,202</i>	<i>-0.6%</i>
<i>Impairment</i>	<i>706,663</i>	<i>837,534</i>	<i>130,871</i>	<i>18.5%</i>
Securities held (net)	3,907,810	4,277,583	369,773	9.50%
Non-current assets held for sale	400,990	429	28,020	7.0%
Investment in affiliates, tangibles and intangibles	337,857	323,123	-14,734	-4.4%
Other assets	334,950	425,215	90,264	26.9%
<b>Total Assets</b>	<b>12,968,918</b>	<b>13,266,600</b>	<b>297,682</b>	<b>2.3%</b>

Total assets in 2014 came in at around 13,267 million euros, representing a 2.3% growth year on year. One of the contributions to this came from the increase in the securities portfolio (up 370 million euros i.e. 9.5%), a figure that made up for the fall in net customer credit (down 182 million euros i.e. 2.4%). The increase in impairment (up 18.5%) played a major part in this, given that gross credit was only down by 0.6%.

Total liabilities also moved in line with total net assets, standing at 12,098 million euros, an increase of 235 million euros (i.e. up 2.0% compared with the 11.863 million euros recorded a year earlier). The increase in total liabilities reflects:

- i) payment of 270 million euros to cover loans from *Banco de Portugal*; and
- ii) a 411 million euros increase in customer deposits (i.e. up 4.0%).

As a final point, own funds grew by 62 million euros to stand at around 1,168 million euros, as a result of:

- i) a 39 million euro increase in equity through new associates and additions to the existing capital of associates;
- ii) a 30 million euro rise in revaluation reserves, a factor that can be explained essentially by increased revaluation reserves on public debt securities and held-for-sale investment units;
- iii) a 28 million euro fall in results carried over;
- iv) a net result for the year of 24.5 million euros.

## 1.2.2. Held-for-sale financial assets

The SICAM financial asset portfolio is managed by the Caixa Central, which is responsible for treasury operations and liquidity in the system. The dynamic management of liquidity was put in place in 2013, and the following are the relevant facts for 2014:

- i) the reduction in treasury bills and other Portuguese debt instruments, now standing at a relative proportion of 7.3% of the total portfolio of financial assets (the figure was 16.4% in 2013); and
- ii) the 44.1% increase in the securities portfolio of bonds issued by foreign public entities in the euro zone, with the proportion rising from 50.3% in 2013 to 66.2% in 2014.

Overall, the portfolio of financial assets stood at 4,277 million euros in 2014 (up 9.4% compared with 2013). This came in the wake of the low demand for credit in the country and therefore the fact that customer funds in SICAM could not be transformed into credit.

<b>Financial assets available for sale and held to maturity</b>					
<i>Figures in thousands of euros</i>	2013		2014		2013 /2014
	Value	% of total	Value	% of total	
<b>Debt instruments</b>	<b>3,488,302</b>	<b>89.3%</b>	<b>3,885,078</b>	<b>90.8%</b>	<b>11.4%</b>
<u>Assets available for sale</u>	<u>3,360,932</u>	<u>86.0%</u>	<u>3,745,496</u>	<u>87.6%</u>	<u>11.4%</u>
Treasury bills and other Portuguese debt securities	641,559	16.4%	311,380	7.3%	-51.5%
Bonds from other resident issuers	623,136	15.9%	473,293	11.1%	-24.0%
Bonds from foreign public issuers	1,963,979	50.3%	2,829,313	66.2%	44.1%
Bonds from other foreign issuers	132,257	3.4%	131,510	3.1%	-0.6%
<u>Investments held to maturity</u>	<u>127,370</u>	<u>3.3%</u>	<u>139,582</u>	<u>3.3%</u>	<u>9.6%</u>
Treasury bills and other Portuguese debt securities	124,562	3.2%	136,535	3.2%	9.6%
Bonds from other domestic public issuers	0	0.0%	0	0.0%	-
Bonds from other resident issuers	0	0.0%	0	0.0%	-
Bonds from foreign public issuers	0	0.0%	0	0.0%	-
Bonds from other foreign issuers	0	0.0%	0	0.0%	-
Others, indiscriminated	2,808	0.1%	3,047	0.1%	8.5%
<u>Financial instruments</u>	<u>419,506</u>	<u>10.7%</u>	<u>391,636</u>	<u>9.2%</u>	<u>-6.6%</u>
Shares in domestic companies and units in unit funds	419,376	10.7%	382,637	8.9%	-8.8%
Shares in foreign companies and units in unit funds	129	0.0%	8,999	0.2%	6852.4%
<b>Total</b>	<b>3,907,808</b>	<b>100%</b>	<b>4,276,714</b>	<b>100.0%</b>	<b>9.4%</b>



## 2. THE CRÉDITO AGRÍCOLA GROUP (CONSOLIDATED)

MAIN INDICATORS					
<i>Figures in thousands of euros</i>					
	2012	2013	2014	Var. 13/14	
				Abs.	%
Total assets	15,113,117	14,620,576	15,050,841	430,264	2.9%
Financial assets avail. for sale and held to maturity	5,168,103	4,987,081	5,747,753	760,672	15.3%
Customer credit (gross)	8,290,369	8,136,142	8,099,442	-36,670	-0.5%
Customer funds	10,112,824	10,122,543	10,536,609	414,066	4.1%
Insurance technical provisions	1,137,404	1,261,657	1,516,614	254,957	20.2%
Own funds	1,100,249	1,141,019	1,210,925	69,907	6.1%
Financial margin	366,583	306,704	306,940	236	0.1%
Net worth	493,168	486,000	576,559	90,559	18.6%
Structure costs	330,649	331,636	331,578	-58	0.0%
Provisions / impairment	117,163	137,118	179,320	42,202	30.8%
Net result	8.0%	-2,941	26,883	29,825	n.a.
Ratio of overdue credit >90 days*	6.8%	7.7%	8.0%	0.34 p.p.	
ROE	4.06%	-0.26%	2.22%	2.48 p.p.	
ROA	0.3%	-0.02%	0.18%	0.20 p.p.	
Efficiency ratio	67.0%	68.2%	57.5%	-10.73 p.p.	
Common equity tier 1	n.a.	n.a.	13.1%	n.a.	

(\*) figures relating to 2012 and 2013 refer to SICAM

Total consolidated assets at the Crédito Agrícola Group, which involves SICAM, Group companies (business instruments), investment funds (FEIIA CA Imobiliário, FII ImoValor CA, FII CA Arrendamento Habitacional), FENACAM and other lesser holdings (consolidated either by the asset equivalence or the full consolidation method), came in at 15,051 million euros at year-end, compared with 14.621 million euros a year earlier, a 2.9% rise year on year. The rise in consolidated assets was more pronounced than in SICAM (2.9% as against 2.3%) with the bigger growth in financial assets (15.3% in the Group as against 9.4% in SICAM), more than offsetting the bigger fall in net credit (down 2.8% in the Group as against 2.4% in SICAM).

Total consolidated liabilities rose by 2.7%, from 13,480 million euros in 2013 to 13.840 million euros in 2014. Again the rise was more than in SICAM (up 2.7% as against 2.0%) due above all to the 1,261 million euro increase in insurance technical provisions, up 1,517 million euros from 2013 to 2014, a growth of 20.2% (up 255 million euros).

Consolidated own funds at the Crédito Agrícola Group rose by 70 million euros (up 6.1%) to stand at 1,211 million euros in 2014, compared with the more moderate growth in SICAM, which was 62 million euros higher (up 5.6%).

Net profits for the Group stood at 26.9 million euros in 2014, a substantial rise of 29.8 million euros compared with 2013. This increase stemmed fundamentally from the rise in net worth

through the returns from financial operations, since the financial margin and structure costs were both practically unchanged year on year.

In fact, the 115 million euro rise in the results from financial operations, up to 211 million, was clearly bigger than the recognition of impairment (42 million euros) and the negative impact of the technical margin in the insurance arms (down 12 million euros), caused by the rise in net technical provisions for reinsurance in the Life branch. All of this meant that the Group came in with significant results, in another difficult year for banking operations in Portugal.

Own funds in the Group stood at 1,049 million euros as at 31 December 2014, up 136 million euros year on year.

The requirements of own funds to cover credit risk (including own funds for adjustments in credit assessment) and operational risk were down overall by 6.0% year on year.

The ratio for common equity tier 1 and total solvency, calculated with the application of phased-in and fully implemented stipulations as set out in Regulation (UE) no. 575/2013, came in as follows:

- CET1, phased-in: 13.1%;
- Total solvency, phased-in: 13.1% (up 2.3 p.p. on the ratio for 2013).

Minimum capital ratios recommended by *Banco de Portugal* are as follows:

- Up to 31/12/2013: core tier 1 ratio of 10% and total ratio 8.0%;
- From 01/01/2014: common equity tier 1 ratio of 8.0%; tier 1 ratio of 9.5% and total ratio 11.5%.

<b>OWN FUNDS AND SOLVENCY RATIO - CRÉDITO AGRÍCOLA GROUP</b>				
<i>Figures in millions of euros</i>	2012	2013	2014	Δ 13/14
<b>Total own funds <sup>(a)</sup></b>	<b>992</b>	<b>913</b>	<b>1,049</b>	<b>14.8%</b>
Core tier 1	1,052	1,012		
Common equity tier 1			1,049	
<i>Tier 1</i>	1,011.0	967,0	1,049	8.4%
<b>Position at risk for assets and equivalents</b>	<b>15,825</b>	<b>13,505</b>	<b>15,292</b>	<b>13.2%</b>
<b>Requirements for own funds</b>	<b>9,088</b>	<b>8,495</b>	<b>7,982</b>	<b>-6.0%</b>
Credit <sup>(b)</sup>	8,096	7,487	6,916	-7.6%
Operational	992	1,008	1,066	5.7%
<b>Solvency ratios <sup>(c)</sup></b>				
<b>Core Tier 1</b>	<b>11.6%</b>	<b>11.9%</b>		
<b>Common equity tier 1</b>			<b>13.1%</b>	
<b>Tier 1</b>	<b>11.1%</b>	<b>11.4%</b>	<b>13.1%</b>	<b>1.7 p.p</b>
<b>Total</b>	<b>10.9%</b>	<b>10.8%</b>	<b>13.1%</b>	<b>2.3 p.p</b>

(a) Including net results from 2014. In previous periods the results at year-end are incorporated

(b) Including own fund requirements for adjustment risk in assessment of credit

(c) Up to December 2013 the ratios are calculated in line with Banco de Portugal Notices 5/2007 and 6/2010, after which the rules applied are as in Directive 2013/36/UE (CRD IV - Capital Requirements Directive) and Regulation (U.E.) 575/2013 (CRR – Capital Requirements Regulation).

## Income statement

<i>Figures in thousands of euros</i>	2013	2014	Variation	
			Abs.	%
Interest and similar income	519,891	531,548	11,657	2.2%
Interest and similar charges	213,188	224,609	11,421	5.4%
<b>Financial margin</b>	<b>306,704</b>	<b>306,940</b>	<b>236</b>	<b>0.1%</b>
Insurance technical margin	-9,348	-21,497	-12,149	130.0%
Net commissions	100,569	100,601	32	0.0%
Result of financial ops.	96,379	211,182	114,803	119.1%
Other operating results:	-8,304	-20,667	-12,363	148.9%
Results from assets and liabilities at fair v	-534	564	1,097	205.6%
Result from disposal of other assets	-11,902	-7,560	4,342	36.5%
Other operating results	4,131	-13,671	-17,802	-430.9%
<b>Net worth</b>	<b>486,000</b>	<b>576,559</b>	<b>90,559</b>	<b>18.6%</b>
<u>Structure costs</u>	<u>331,636</u>	<u>331,578</u>	<u>-58</u>	<u>0.0%</u>
Payroll charges	190,648	192,135	1,487	0.8%
General administrative costs	110,014	107,300	-2,714	-2.5%
Amortisations	30,975	32,144	1,169	3.8%
Provisions and impairment	137,118	179,320	42,202	30.8%
Results from holdings in associates (asset equivalence)	1,908	-100	-2,009	-105.3%
<b>Pre-tax results</b>	<b>19,154</b>	<b>65,560</b>	<b>46,406</b>	<b>242.3%</b>
Tax	22,012	38,582	16,569	75.3%
Minority interests	-83	-95	-12	14.0%
<b>Net result</b>	<b>-2,941</b>	<b>26,883</b>	<b>29,825</b>	<b>-1,014.0%</b>

**BALANCE SHEET AS AT 31 DECEMBER**

<i>Figures in thousands of euros</i>	2013	2014	Variation	
			Abs.	%
<b>Assets</b>				
At call	466,613	501,660	35,047	7.5%
Placements in credit institutions	32,031	3,194	-28,837	-90.0%
Credit to customers (net)	7,471,989	7,261,441	-210,548	-2.8%
Securities held (net)	5,041,398	5,856,848	815,450	16.2%
Investment in affiliates, tangibles and intang	411,576	335,393	-76,183	-18.5%
Assets for deferred tax	127,170	150,357	23,187	18.2%
Other assets	1,069,799	941,947	-127,852	-12.0%
<b>Total assets</b>	<b>14,620,576</b>	<b>15,050,841</b>	<b>430,264</b>	<b>2.9%</b>
<b>Liabilities</b>				
Funds from central banks and other credit in:	1,362,912	1,116,382	-246,530	-18.1%
Customer funds	10,122,543	10,536,609	414,066	4.1%
Insurance technical provisions	1,61,657	1,516,614	254,957	20.2%
Subordinated liabilities	133,404	142,534	9,130	6.8%
Other liabilities	599,043	527,777	-71,266	-11.9%
<b>Total liabilities</b>	<b>13,479,558</b>	<b>13,839,915</b>	<b>360,358</b>	<b>2.7%</b>
Own funds	1,141,019	1,210,925	69,907	6.1%
<b>Total of own funds + liabilities</b>	<b>14,620,576</b>	<b>15,050,841</b>	<b>430,264</b>	<b>2.9%</b>

## 2.1. CREDIT PORTFOLIO QUALITY

With the economy only recovering sluggishly, the domestic banking system was still hampered by the need to bolster provisions for credit stemming from continuing troubles in overblown portfolios.

The volume of overdue credit went up by 14.3 million euros, though there was a positive performance from companies and public administration, a segment where there was a fall in default levels.

MOVES IN OVERDUE CREDIT					
<i>Figures in millions of euros</i>	2011	2012	2013	2014	Δ 2013/2014
Overdue credit < 90 days	55.2	39.8	29.8	27.5	-2.3
Overdue credit > 90 days	499.6	568.0	627.6	644.1	16.5
Total overdue credit	554.8	607.8	657.5	671.6	14.2
Overdue credit ratio > 90 days	5.8%	6.8%	7.7%	8.0%	0.3 p.p

Overdue credit at more than 90 days was up by 16.5 million euros, with the ratio coming in at 8.0% in December 2014.

There needed to be a considerable addition to provisioning to cover the credit portfolio in December 2014. This totalled 826 million euros, giving a prudent cover ratio of 122.9%.

OVERDUE CREDIT AND IMPAIRMENT AS AT 31 DEC. 2014					
<i>Figures in millions of euros</i>	Total gross credit	Overdue credit	Overdue credit / Total credit	Provisions for credit risk	Degree of cover
Companies and public administration	4,007	422	10.5%	535	126.7%
Individuals	4,084	249	6.1%	290	116.4%
Housing	2,378	54	2.3%	41	76.5%
Consumption and other purposes	1,707	195	11.4%	249	127.5%
<b>Total</b>	<b>8,091</b>	<b>672</b>	<b>8.3%</b>	<b>826</b>	<b>122.9%</b>

There was a fall in credit given in the companies and public administration segment and overdue credit was reined in, this ratio coming in at 10.5%. Credit to individuals fell slightly year on year, except for mortgage credit, where in spite of the rise in overdue credit, the ratio was 6.1%.

The ratio of credit in default, calculated in terms of *Banco de Portugal* Instruction no. 22/2012, picked up slightly compared with 2013 and stood at 8.5% in December 2014. The ratio of net default was down to 1.8%, reflecting the bolstering of provisions that had been made.

DEFAULT RATIO (*)				
	2011	2012	2013	2014
Credit in default / Total credit	6.5%	7.8%	8.4%	8.5%
Credit with default, net / Total credit, net	-0.4%	0.2%	-0.2%	-1.8%

(\*) Ratios for 2010 and 2011 are calculated in terms defined by Banco de Portugal in Instruction 22/2011. Ratios for 2012 are calculated in terms defined by Banco de Portugal in Instruction 24/2012 which amended Instruction 22/2011

The ratio of credit at risk includes the total value in arrears for 90 days or more, along with restructured credit in arrears for the same period, without all payments of interest and charges and added guarantees. This indicator went up slightly, by 0.5 p.p. compared with a year earlier. It now stands at 11.8%, a net fall of 1.8% year on year.

#### RATIOS FOR CREDIT AT RISK (\*)

	2011	2012	2013	2014
Credit at risk / Total credit	9.6%	10.7%	11.3%	11.8%
Credit at risk, net / Total credit, net	2.9%	3.3%	3.0%	1.8%

(\*) Ratios for 2010 and 2011 are calculated in terms defined by Banco de Portugal in Instruction 22/2011. Ratios for 2012 are calculated in terms defined by Banco de Portugal Ratios for 2010 and 2011 are calculated in terms defined by Banco de Portugal in Instruction 22/2011. Ratios for 2012 are defined in terms of Instruction 24/2012 which amended Instruction 22/2011

The ratio of restructured credit, calculated in terms of *Banco de Portugal* Instruction no. 32/2013 stood at 10.7% and the ratio of restructured credit not included in credit at risk was 9.7%.

#### RATIOS OF RESTRUCTURED CREDIT

	2013	2014
Restructured credit / Total credit	10.8%	10.7%
Restructured credit not included in Credit at risk / Total credit	10.2%	9.7%

(\*) Ratios defined by Banco de Portugal in Instruction 32/2013.

## **IV. GROUP CONSOLIDATED FINANCIAL STATEMENTS**



SICAM - SISTEMA INTEGRADO DO CRÉDITO AGRÍCOLA MÚTUO

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2014 AND 2013

(Figures in euros)

ASSETS	2014			2013		LIABILITIES AND CAPITAL		
	Gross Assets	Provisions, impairment and amortization	Net assets	Net assets		2014	2013	
Cash at call in central banks	423,403,986	-	423,403,986	384,777,133	Funds from central banks	980,225,728	1,262,845,139	
Cash at call in other credit institutions	78,237,262	-	78,237,262	78,693,130	Financial liabilities held for trading	196,836	303,906	
Financial assets held for trading	869,057	-	869,057	2,071	Funds from other credit institutions	136,156,329	100,067,053	
Other financial assets at fair value through results	-	-	-	-	Customer funds and other loans	10,620,336,672	10,209,731,246	
Financial assets available for sale	4,208,578,277	(71,446,424)	4,137,131,853	3,780,437,276	Provisions	6,470,387	3,402,428	
Placements in credit institutions	190,677	-	190,677	31,930,695	Liabilities for current tax	32,354,551	6,577,028	
Credit to customers	8,147,370,642	(837,534,056)	7,309,836,586	7,491,909,455	Liabilities for deferred tax	15,723,100	596,608	
Investments held to maturity	139,582,134	-	139,582,134	127,370,363	Instruments representing capital	2,255,655	10,648,770	
Non-current assets held for sale	503,388,562	(74,378,443)	429,010,119	400,990,324	Other subordinated liabilities	142,533,965	133,403,514	
Other tangible assets	472,344,356	(219,904,685)	252,439,671	261,297,526	Other liabilities	162,010,950	135,469,310	
Intangible assets	14,579,521	(14,380,953)	199	253,124	Total liabilities	12,098,264,173	11,863,045,002	
Investments in affiliates, associates and business combinations	71,016,987	(531,731)	70,485,256	76,306,507	Capital	965,798,891	926,355,629	
Assets for current tax	1,169,603	-	1,169,603	6,778,962	Revaluation reserves	56,672,343	26,422,604	
Assets for deferred tax	154,626,590	-	154,626,590	125,777,751	Other reserves and results carried down	121,358,867	151,588,459	
Other assets	286,804,585	-17,386,276	269,418,309	202,393,716	Profit for the year	24,505,397	1,506,339	
Total assets	<u>14,502,162,239</u>	<u>(1,235,562,568)</u>	<u>13,266,599,671</u>	<u>12,968,918,033</u>	Total capital	<u>1,168,335,498</u>	<u>1,105,873,031</u>	
					Total liabilities and capital	<u>13,266,599,671</u>	<u>12,968,918,033</u>	

THE HEAD OF THE ACCOUNTS DEPARTMENT



The annex is an integral part of these statements

THE EXECUTIVE BOARD



SICAM - SISTEMA INTEGRADO DO CRÉDITO AGRÍCOLA MÚTUO

INCOME STATEMENT

FOR THE YEARS ENDING 31 DECEMBER 2014 AND 2013

(Figures in euros)

HEADING	2014	2013
Interest and similar income	457,013,640	457,450,552
Interest and similar charges	(208,788,736)	(206,793,894)
<b>Financial margin</b>	<b>248,224,904</b>	<b>250,656,658</b>
Income from financial instruments	341,067	856,331
Income from services and commissions	138,214,420	142,358,354
Charges with services and commissions	(9,692,101)	(10,759,774)
Results from assets and liabilities valued at fair value through results	1,448,582	240,243
Results from financial assets held for sale	169,129,589	76,271,852
Results from exchange revaluations	847,325	1,411,025
Results from disposal of other assets	(2,168,374)	(2,478,379)
Other operating results	8,032,534	14,088,909
<b>Net worth</b>	<b>554,377,946</b>	<b>472,645,219</b>
Payroll charges	(164,986,450)	(163,962,342)
General administrative charges	(121,297,716)	(123,604,305)
Amortisation for the year	(14,190,456)	(14,789,590)
Provisions net of repositions and cancellations	(51,190,469)	4,782,875
Corrections of values associated with credit to customers and receivables from other debtors (net of repositions and cancellations)	(166,131,060)	(139,457,403)
Impairment of other financial assets net of reversions and recoveries	(29,256,461)	(15,350,102)
<b>Result before tax</b>	<b>53,396,757</b>	<b>20,264,352</b>
Tax		
current	(49,287,731)	(187,876,979)
deferred	20,396,371	29,684
<b>Net result for the year</b>	<b>24,505,397</b>	<b>1,506,339</b>

THE HEAD OF THE ACCOUNTS DEPARTMENT



THE EXECUTIVE BOARD



CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2014 AND 2013

(Figures in euros)

ASSETS	Notes	2014			2013		LIABILITIES AND CAPITAL	Notes	2014	2013
		Gross Assets	Provisions, impairment and amortisations	Net assets	Net assets	Net assets				
Cash at call in central banks	6	423,407,710	-	423,407,710	384,781,220	Funds from central banks	20	980,225,728	1,262,845,139	
Cash at call in other credit institutions	7	78,252,455	-	78,252,455	81,831,513	Financial liabilities held for trading	12	196,836	514,933	
Financial assets held for trading	8	31,796,258	-	31,796,258	23,531,359	unds from other credit institutions	20	136,156,394	100,067,053	
Other financial assets at fair value through results	9	77,298,709	-	77,298,709	30,785,624	Customer funds and other loans	21	10,536,608,852	10,122,542,896	
Financial assets available for sale	10	5,758,538,372	(10,785,262)	5,747,753,110	4,987,080,751	Provisions	22	7,500,400	4,125,557	
Placements in credit institutions	11	3,194,001	-	3,194,001	32,030,820	Insurance technical contracts	18	1,516,613,693	1,261,656,635	
Credit to customer	13	8,099,442,498	(838,001,231)	7,261,441,267	7,471,989,466	Liabilities for current tax	17	37,044,554	9,957,674	
Other tangible assets	14	546,916,891	(277,883,461)	269,033,430	280,616,491	Liabilities for deferred tax	17	25,448,612	14,091,857	
Intangible assets	15	235,126,332	(173,930,518)	61,195,814	60,770,620	Instruments representing capital	23	2,255,655	10,648,770	
Investment in affiliates, associates and business combinations	16	5,163,983	-	5,163,983	70,189,354	Other subordinated liabilities	24	142,533,965	133,403,514	
Assets for current tax	17	3,191,644	-	3,191,644	11,031,905	Other liabilities	25	455,330,738	559,703,731	
Assets for deferred tax	17	150,356,848	-	150,356,848	127,170,056	Total liabilities		<u>13,839,915,427</u>	<u>13,479,557,759</u>	
Other assets	19	1,049,277,623	(110,522,125)	938,755,498	1,058,767,090					
						Capital	27	965,798,891	926,355,629	
						Revaluation reserves	28	95,497,848	51,088,525	
						Other reserves and results carried over	28	121,204,064	165,245,789	
						Profit for the year	29	26,883,471	(2,941,149)	
								<u>1,209,384,274</u>	<u>1,139,748,524</u>	
						Minority interests	30	1,541,026	1,269,986	
						Total capital		<u>1,210,925,300</u>	<u>1,141,018,510</u>	
Total assets		<u>16,461,963,324</u>	<u>(1,411,122,597)</u>	<u>15,050,840,727</u>	<u>14,620,576,269</u>	Total liabilities and capital		<u>15,050,840,727</u>	<u>14,620,576,269</u>	

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THE EXECUTIVE BOARD



CRÉDITO AGRÍCOLA GROUP

STATEMENT OF CONSOLIDATED RESULTS

FOR THE YEARS ENDING 31 DECEMBER 2014 AND 2013

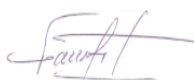
(Figures in euros)

HEADING	Notes	2014	2013
Interest and similar income	31	531,548,374	519,891,164
Interest and similar charges	32	(224,608,508)	(213,187,521)
<b>Financial margin</b>		<b>306,939,866</b>	<b>306,703,643</b>
Insurance technical margin	41	(21,497,257)	(9,347,971)
Income from financial instruments	33	1,641,309	1,555,675
Income from services and commissions	34	117,946,225	123,623,778
Charges with services and commissions	35	(17,344,869)	(23,054,294)
Results for assets and liabilities valued at fair value through results	36	563,605	(533,643)
Results for assets financial assets available for sale	37	208,693,057	93,412,329
Results from exchange revaluation	38	847,325	1,411,044
Results from disposal of other assets	39	(7,559,683)	(11,901,729)
Other operating results	40	(13,670,881)	4,131,300
<b>Net worth</b>		<b>576,558,697</b>	<b>486,000,132</b>
Payroll charges	42	(192,134,660)	(190,647,712)
General administrative charges	43	(107,299,995)	(110,013,798)
Amortisations for the year	14 e 15	(32,143,588)	(30,974,908)
Provisions net of repositions and cancellations	22	(5,712,011)	4,257,475
Corrections of values associated with credit to customers and receivables from other debtors (net of repositions and cancellations)	22	(156,800,500)	(106,385,128)
Impairment of other financial assets net of reversions and recoveries	22	(16,807,538)	34,990,065
Negative differences of consolidation	29	-	25
Results from holdings in associates and business combinations (asset equivalence)	29	(100,227)	1,908,392
<b>Result before tax and minority interests</b>		<b>-</b>	<b>19,154,413</b>
Tax			
current	17	(53,074,773)	(22,605,452)
deferred	17	14,493,067	592,975
<b>Result after tax and minority interests</b>		<b>26,978,472</b>	<b>2,858,064</b>
Minority interests	29 e 30	(95,001)	(83,355)
<b>Consolidated result for the year</b>		<b>26,883,471</b>	<b>(2,941,419)</b>

THE HEAD OF THE ACCOUNTS DEPARTMENT

THE EXECUTIVE BOARD

The annex is an integral part of these statements




GRUPO CRÉDITO AGRÍCOLA

STATEMENTS OF CONSOLIDATED CASH FLOWS

FOR THE YEARS ENDING 31 DECEMBER 2014 AND 2013

(Figures in euros)

	<u>2014</u>	<u>2013</u>
<b><u>OPERATIONAL ACTIVITIES</u></b>		
Operational flows before variations in assets and liabilities		
Interest, commissions and other similar income received	649,494,599	643,514,942
Interest, commissions and other similar income paid	(241,953,377)	(236,241,815)
Payments to employees and suppliers	(299,046,593)	(298,439,898)
Payments and contributions to pension funds	(388,062)	(2,221,612)
(Payment)/receipt of corporation tax	(33,572,690)	(25,968,013)
Other (payment)/receipt relating to operational activity	(18,560,886)	19,539,069
	<u>55,972,991</u>	<u>100,182,673</u>
(Increases) decreases in operational assets:		
Credit to customers	(53,663,281)	(81,697,563)
Financial assets held for trading and other assets valued at fair value before results	54,214,379	28,133,078
Financial assets available for sale	537,756,368	2,445,651,846
Placements in credit institutions	(28,836,819)	(90,690,125)
Investments held to maturity	-	(2,760,551,345)
Other assets	(99,640,964)	38,710,118
	<u>409,829,683</u>	<u>(420,443,991)</u>
Increases (decreases) in operational liabilities:		
Funds from other credit institutions and central banks	(246,530,070)	(785,105,360)
Customer funds and other loans	414,065,956	9,718,526
Financial liabilities held for trading and derivatives as cover	(318,097)	(794,418)
Other liabilities	143,994,441	226,084,739
	<u>311,212,230</u>	<u>(550,096,513)</u>
Net cash from operational activities	<u>(42,644,462)</u>	<u>(29,469,849)</u>
<b><u>INVESTMENT</u></b>		
Dividends	(1,641,309)	(1,555,675)
Acquisitions in affiliates and associates, net of disposals	(65,025,338)	(9,183,621)
Acquisition of tangible and intangible assets and properties for investment, net of disposals	21,864,351	33,150,391
Net cash from investment activities	<u>-</u>	<u>22,411,095</u>
<b><u>FINANCING</u></b>		
Issue of subordinated liabilities, net of reimbursements	9,130,451	4,568,268
Minority interests	27,104	53,260
Increase (decrease) of capital	23,488,107	420,130
Net cash from financing activities	<u>32,889,598</u>	<u>(22,411,095)</u>
Net increase (decrease) of cash and equivalents	35,047,432	(46,839,286)
Cash and equivalents at the start of the year	466,612,733	513,452,019
Cash and equivalents at the end of the year	501,660,165	466,612,733
Cash and equivalents at the end of the year includes:		
Casha at call in central banks	423,407,710	384,781,220
Cash at call in other credit institutions	78,252,455	81,831,513
	<u>501,660,165</u>	<u>466,612,733</u>

THE HEAD OF THE ACCOUNTS DEPARTMENT

THE EXECUTIVE BOARD

The annex is an integral part of these statements




CRÉDITO AGRÍCOLA GROUP

STATEMENTS OF CHANGES IN CONSOLIDATED OWN FUNDS

FOR THE YEARS ENDING 31 DECEMBER 2014 AND 2013

(Figures in euros)

	Capital	Revaluation reserves	Other reserves and results carried over			Consolidated result of the year	Sub-total	Minority interests	Total
			Other reserves	Results carried over	Total				
<b>Balances as at 31 December 2012</b>	<b>904,415,840</b>	<b>(3,929,230)</b>	<b>29,8425,201</b>	<b>(149,759,691)</b>	<b>148,665,510</b>	<b>44,708,142</b>	<b>1,093,860,262</b>	<b>1,216,726</b>	<b>1,095,076,988</b>
Impact of the accounting change (IAS 19 Reviewed)		5,171,864					5,171,864	-	5,171,864
<b>Balances as at 1 January 2013</b>	<b>904,415,840</b>	<b>1,242,634</b>	<b>29,8425,201</b>	<b>(149,759,691)</b>	<b>148,665,510</b>	<b>44,708,142</b>	<b>1,099,032,126</b>	<b>1,216,726</b>	<b>1,100,248,852</b>
Application of the result of 2012:									
Transfer to reserves and results carried over	-	-	39,113,677	5,594,465	44,708,142	(44,708,142)	-	-	-
Distribution of results to associates	-	-	(6,470,605)	-	(6,470,605)	-	(6,470,605)	-	(6,470,605)
Capital increase through incorporation of reserves	21,519,659	-	(21,519,659)	-	(21,519,659)	-	-	-	-
Capital increase through new associates	8,499,460	-	-	-	-	-	8,499,460	-	8,499,460
Capital decrease through reimbursement of associates	(8,079,330)	-	-	-	-	-	(8,079,330)	-	(8,079,330)
Increase in minority interests	-	-	-	-	-	-	-	136,615	136,615
Other variations in own funds	-	-	-	(137,599)	(137,599)	-	(137,599)	-	(137,599)
Net result	-	-	-	-	-	(2,941,419)	(2,941,419)	(83,355)	(3,024,774)
Consolidated integral income for 2013	-	49,845,891	-	-	-	-	49,845,891	-	49,845,891
<b>Balances as at 31 December 2013</b>	<b>926,355,629</b>	<b>51,088,525</b>	<b>-</b>	<b>(144,302,825)</b>	<b>165,245,789</b>	<b>(2,941,419)</b>	<b>-</b>	<b>1,269,986</b>	<b>1,141,018,510</b>
Application of the result of 2013:									
Transfer to reserves and results carried over	-	-	21,698,974	(24,640,393)	(2,941,419)	2,941,419	-	-	-
Distribution of results to associates	-	-	(6,227,473)	-	(6,227,473)	-	(6,227,473)	-	(6,227,473)
Capital increase through incorporation of reserves	1,955,155	-	(15,955,155)	-	(15,955,155)	-	-	-	-
Capital increase through new associates	28,989,552	-	-	-	-	-	28,989,552	-	28,989,552
Capital decrease through reimbursement of associates	(5,501,445)	-	-	-	-	-	(5,501,445)	-	(5,501,445)
Increase in minority interests	-	-	-	-	-	-	-	366,041	366,041
Other variations in own funds	-	-	-	(18,917,678)	(18,917,678)	-	(18,917,678)	-	(18,917,678)
Net result	-	-	-	-	-	26,883,471	26,883,471	(95,001)	26,788,470
Consolidated integral income for 2014	-	44,409,323	-	-	-	-	44,409,323	-	44,409,323
<b>Balances as at 31 December 2014</b>	<b>965,798,891</b>	<b>95,497,848</b>	<b>309,064,960</b>	<b>(187,860,896)</b>	<b>121,204,064</b>	<b>26,883,471</b>	<b>1,209,384,274</b>	<b>1,541,026</b>	<b>1,210,925,300</b>

THE HEAD OF THE ACCOUNTS DEPARTMENT



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The annex is an integral part of these financial statements

CRÉDITO AGRÍCOLA GROUP  
STATEMENTS OF CONSOLIDATED INTEGRAL INCOME FOR  
THE YEARS ENDING 31 DECEMBER 2014 AND 2013  
(Figures in euros)

	<u>2014 12</u>	<u>2013 12</u>
<b>Consolidated result for the year</b>	<u>26,883,471</u>	<u>(2,941,419)</u>
Revaluation of financial assets available for sale, net	55,914,434	63,259,146
Variation of revaluation reserve for fixed assets	(427,452)	-
Transfer to results through disposal	<u>(8,714,299)</u>	<u>(223,039)</u>
	46,772,682	63,036,107
Impact on tax:		
Revaluation of financial assets available for sale, net	(6,419,601)	(14,501,573)
Recognition of integral income within the scope of IAS 19 Reviewed	<u>4,056,241</u>	<u>1,311,357</u>
<b>Result not recognised on the income statement</b>	<u>44,409,323</u>	<u>49,845,891</u>
<b>Consolidated integral income</b>	<u><u>71,292,794</u></u>	<u><u>46,904,472</u></u>

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## **V. NOTES TO THE ACCOUNTS AS AT 31.DEC.2014**

## 1. INTRODUCTION

The Sistema Integrado do Crédito Agrícola Mútuo (SICAM) was set up in 1991. It comprises the Caixa Central and associated Caixas, in a regime of co-responsibility. The Caixas have freedom of association with the Caixa Central and they can operate outside SICAM, although the rules for this are more stringent and approximate more to those that prevail in other credit institutions.

The consolidated accounts presented here reflect the overall asset situation of SICAM, which is made up of Caixa Central and the associated Caixas. Together with affiliated and associated companies, they make up the financial group Crédito Agrícola (CGA). The accounts are set out in line with the stipulations in Article 74 of the legal regime that governs their operations (the Regime Jurídico do Crédito Agrícola Mútuo), Decree Law 36/92 and the instructions laid down there in Article 7.

The Crédito Agrícola Group is a nationwide financial group with a large number of local banks, called Caixas Agrícolas, and by specialist companies, with the Caixa Central de Crédito Agrícola Mútuo providing the central organisation. This is a banking institution that also has powers to supervise, provide guidelines and monitor the activities of the associated Caixas and Fenacam, the co-operative representative that provides specialist services for the Group.

The attached financial statements refer to the consolidated operations of the Crédito Agrícola Group, and are set out in such a way as to comply with the *Banco de Portugal* requirements for the presentation of accounts. The Executive Board of the Caixa Central approved the consolidated financial statements on 26 February 2015, as they refer to the year ending 31 December 2014. The financial statements will be submitted for approval to the AGM of associates to be held on 30 May 2015.

During 2014, the Caixa Central and its affiliate Crédito Agrícola Imóveis, exchanged unit holdings (UH) in the property investment funds. The whole of the UHs of the Montepio Group were moved to the FII CA imobiliário. In exchange, all the UHs held by the Caixa Central in the FII Carteira Imobiliária were taken by Crédito Agrícola Imóveis. The result was an increase in the percentage held by the Crédito Agrícola Group in the FII CA Imobiliário (now held almost 100%) and the removal of the FII Carteira Imobiliária from the perimeter of consolidation in the accounts of the Crédito Agrícola Group. The FII Carteira Imobiliária as included in the consolidated accounts at year-end 2013 using the method of integral consolidation.

The changes in SICAM stemmed uniquely from mergers between associated Caixas Agrícolas. In 2014 there was a merger between the Ribatejo Norte CCAM and the Tramagal CCAM, the new name being the Ribatejo Norte e Tramagal CCAM, C.R.L.

The consolidated accounts include the accounts of the 82 associated Caixas de Crédito Agrícola Mútuo as at 31 December 2014.

The Crédito Agrícola Group has direct or indirect holdings in affiliated and associated companies. Affiliated companies are those where the holding is more than 50% of equity or where the Caixa Central has effective control over management. Associated companies are those where the holding is between 20% and 50% or where SICAM has a significant influence, directly or indirectly, on management and financial policy.

## 2. BASES FOR PRESENTATION, PRINCIPLES OF CONSOLIDATION AND MAIN ACCOUNTING POLICIES

### 2.1. Bases for presentation

The consolidated financial statements of the Group were prepared on the going-concern principle, based on the books and accounting ledgers set out in accordance with the principles detailed in the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union under European Council Regulation no. 1606/2002 of the European Parliament and the Council on 19 July, transposed into Portuguese law in Decree Law no. 35/2005 of 17 February and Bank of Portugal Notice 1/2005 of 21 February and in accordance with its own statutes relating to the consolidation of accounts (in Article 74 of the Regime Jurídico do Crédito Agrícola Mútuo, in Decree Law no. 36/92 of 28 March and in Bank of Portugal Instruction no. 71/96). Where there are Group companies that use different accounting standards, conversion is made to IAS/IFRS.

There was no materially relevant effect on the consolidated financial statements of the Group as at 31 December 2014 stemming from the adoption of the new norms, interpretations, amendments or revisions.

Amounts are in euros (except when expressly indicated otherwise), rounded up or down to the nearest euro.

The Group's consolidated financial statements were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, specifically derivatives, financial assets and liabilities recorded at fair value through results and financial assets held for sale.

Except for matters regulated by *Banco de Portugal*, such as those referred to above in 2014 and 2013, the organisations that make up the Crédito Agrícola Group use the norms and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) insofar as they are relevant for its operations and effective for the periods after 1 January 2014, as long as they are endorsed by the European Union.

### 2.2. Alterations to accounting policies and comparative information

During 2014, provisions were calculated for impairment to the holdings in Sibs and Unicre. These have been recorded in the portfolio of Financial Assets Available for Sale at historic cost. For the purposes of comparability, and there being provisions for impairment relating to previous years, there was a revisit to the impact on the accounts in 2013, with resulting adjustments to related deferred taxes.

The application of this accounting policy led to the following impacts:

	Balance			
	Financial assets available for sale (net)	Assets for deferred tax	Revaluation reserves	Other reserves and results carried over
Balance as at 31-12-2013	3,723,828,526	24,777,085	14,360,764	(81,762,572)
Impact of the retrospective application of the accounting policy:				
- Provisions for impairment and units in funds	(922,837)	-	-	(9,228,379)
- Deferred tax on impairment	-	4,843,794	(39,733)	4,883,527
Balance reexpressed as at 31-12-2013	3,722,905,689	29,620,879	-	(77,801,882)

With the exception of the change mentioned above with impact on the accounts for 2013, the accounting policies used in the preparation of the financial statements for the year are consistent with those used in the previous year, except for the new norms and interpretations issued by the IASB and by the IFRIC respectively.

The changes to the IFRS norms listed below did not have any impact on the accounting policies or on the financial statements prepared with reference to 31 December 2014:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 7 (Amendment) Off-setting financial assets and liabilities
- IFRS 13 Fair value measurement (Issue)
- IAS 1 (Amendment) Presentation of financial statements
- IAS 12 Income taxes
- IAS 19 Employee benefits (Reviewed)
- IFRIC 20 Stripping costs in the production phase of a surface mine
- Annual improvements relating to the 2009-2011 cycle

In the annual improvements relating to the 2009-2011 cycle, the IASB issued six amendments to five norms, summarised below:

- IFRS 1 (Amendment) First-time adoption of International Financial Reporting Standards
- IAS 1 (Amendment) Presentation of financial statements
- IAS 16 Property, plant and equipment
- IAS 32 Financial instruments
- IAS 34 Interim financial reporting

In general, the figures are comparable, in all relevant aspects, to the previous year.

As at 31 December 2014, the following norms (new and reviewed) and interpretations were available for early adoption. They have already been adopted by the European Union:

IAS 19 R – Employee benefits (Amendment): Employee contributions

This amendment applies to contributions by employees or third parties to defined benefit plans. It simplifies the booking of contributions that may be independent of the number of years that

the employee has worked, such as contributions made by the employee calculated as a fixed percentage of salary, which may be a fixed sum along the whole period of service or an amount that depends on the age of the employee. These contributions can now be recognised as a reduction in the cost of service during the period when the service is provided.

In accordance with the endorsement (Regulation EU 2015/29, of 17 December 2014), the changes shall apply at the latest for the financial year as and from its commencement date on or after 1 February 2015. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact. The application is retrospective.

#### IFRIC 21 – Levies

This interpretation applies to payments of a levy imposed by a government other than those levies within the scope of other standards (e.g.: IAS 12), including fines or penalties imposed for breaches of legislation. The interpretation clarifies that: (i) a liability is recognised when an obligating event triggers payment as identified in the relevant legislation (ii) if the obligating event occurs over a period of time the liability is recognised progressively in accordance with relevant legislation (iii) if payment is triggered only when the obligating event is reaching a minimum threshold, no liability is recognised until this threshold is met. This interpretation does not set out how the liability is to be offset, and the provisions of other norms should be borne in mind to determine if an asset or an expense is to be recognised.

In accordance with the endorsement (Regulation EU 634/2014, of 13 June), the interpretation shall apply at the latest for the first financial year as and from its commencement date on or after 17 June 2014. The application is retrospective.

#### Annual improvements relating to the 2010-2012 cycle

In the annual improvements for this cycle, the ISB introduced seven points and seven standards. These are summarised below:

##### IFRS 2 Share-based payment

This amends the definitions, clarifies what is meant by vesting conditions and also situations related to concerns expressed about service conditions, market conditions and performance conditions.

##### IFRS 3 Business combinations

This introduces changes in the recognition of fair value for contingent payments which are not capital instruments. These changes will from now be recognised exclusively in the results for the year.

##### IFRS 8 Operating segments

Requires additional disclosures (description and economic indicators) which determine the aggregation of the segments. The disclosure of the total assets in the reportable segments with the total assets of the entity is only required if it is also reported to the manager responsible, in the terms as the disclosure required for the liabilities of the segment.

##### IFRS 13 Fair value measurement

Clarifies that receivables and payables with no stated interest rate disclosed can be measured at nominal value when the effect of the discount is immaterial. So the reason for eliminating

paragraphs from IAS 9 and IAS 39 has nothing to do with changes in the measurement but rather with the fact that the specific situation is immaterial and therefore it is not mandatory to be treated as set out in IAS 8.

#### IAS 16 Property, plant and equipment and IAS 38 Intangible assets

The standard for revaluation now sets out that the entity can opt between adjusting the gross carrying amount based on observable data in the market or determine the market value of the carrying amount proportionately so that the resulting carrying amount equals the market value, though in both cases it is mandatory to eliminate accumulated depreciation against the gross value of the asset. These changes are only applicable to the revaluations carried out in the year when the change was applied for the first time and in the year immediately preceding this. The re-expression can be made for all the years previous to this but it is not mandatory to do so. However, if it is not done, the criteria used for these periods should be disclosed.

#### IAS 24 Related party disclosures

Clarifies that a management entity – an entity providing management services – is a related party subject to the associated disclosure requirements. In addition, an entity which uses the services of a management entity is obliged to disclose the expenditure incurred with the service.

According to the endorsement (Regulation EU 2015/28, of 17 December 2014) the 2010-2012 improvements are applicable as and from the commencement date on or after 1 February 2015. Application can be made earlier as long as disclosure is made. The application is generally prospective.

#### Annual improvements relating to the 2011-2013 cycle

In the annual improvements relating to the 2011-2013 cycle, the IASB has introduced four improvements and as many norms, summarised below:

##### IFRS 1 First-time adoption of International Financial Reporting Standards

Clarifies what is understood by the standards in force.

##### IFRS 3 Business combinations

The scope exception to this standard is updated, clarifying that the only exception refers to the recognition of the creation of a joint venture in the financial statements of the joint venture itself.

##### IFRS 13 Measurement of fair value

This updates paragraph 52 in the sense that the portfolio exception can be applied to other contracts which are within the scope of or recognised in accordance with IAS 39 or IFRS 9, regardless of whether they satisfy the definitions of financial assets or financial liabilities under the terms of IAS 32.

##### IAS 40 Investment properties

Clarifies that in the light of IFRS 3 it should be determined if a specific transaction is a business combination or the purchase of assets and not the description currently in IAS 40, which allows for differentiation between investment property and owner-occupied property.

In accordance with the endorsement (Regulation EU no. 1361/2014, of 18 December), the changes are applicable as from the commencement date of its first financial year starting on or after the date of entry into force of this Regulation, that is 1 January 2015. Application can be earlier as long as this is disclosed. Application is generally prospective.

These standards have been approved or amended by the European Union, but they were not adopted by the Group for the financial statements with reference to 31 December 2014, since it is not yet mandatory to apply them. However, no significant impact on the financial statements is expected from their adoption.

On 10 April 2015, the Executive Board of the Caixa Central approved the consolidated financial statements of the Grupo Crédito Agrícola as at 31 December 2014 and authorized publication. The financial statements will be submitted to the associates' AGM, to be held on 30 May 2015.

### 2.3. Principles of consolidation and record of associated companies

Consolidation of Group accounts complies with the following legislation:

- Article no. 74 of the Regime Jurídico de Crédito Agrícola Mútuo e das Cooperativas de Crédito Agrícola (Decree Law no. 24/91 of 11 January, with the latest amendments set out in Decree Law 142/2009 of 16 June);
- Decree Law no. 36/92 of 28 March; and
- *Banco de Portugal* Instruction no. 1/2005.

#### a) Affiliated or subsidiary companies

The consolidated financial statements include the accounts of the Caixa Central de Crédito Agrícola Mútuo, C.R.L. (Caixa Central), the associated Caixas, and the affiliated and associated companies controlled directly or indirectly by the Caixa Central (Note 4).

"Affiliated" companies are those where the Caixa Central has effective control over current management, with the purpose of reaping economic benefits from their operations. Control is normally taken as holding more than 50% of equity or of voting right.

The accounts of affiliated companies were prepared by the full consolidation method, from the point where the Caixa Central takes control over operations to the point where control ceases. Transactions and significant balances between consolidated companies were cancelled out. In addition, where applicable, adjustments to consolidation were made to ensure consistency with the Group's accounting principles.

Acquisition of affiliates is recorded by the purchase method. The cost of acquisition is made up of the aggregate fair value of the assets and liabilities incurred or assumed in exchange for control, plus the costs directly imputed to the operation. At date of acquisition, the assets, liabilities and contingent liabilities that meet the recognition requirements of IFRS 3 ("Business combinations") are recognised at their respective fair value.



Until 1 January 2006, it was allowable within the accounting policies set out by *Banco de Portugal* to offset goodwill against reserves in the year of acquisition. The Crédito Agrícola Group, in accordance with IFRS 1, has made no change to this record, so the goodwill generated by operations prior to 1 January 2006 is recorded in the reserve.

Third party participation in affiliated companies is recorded under "Minority interests" on the item relating to own funds.

The figure for consolidated net income is reached by aggregating the net results of SICAM and the affiliated companies, in proportion to the holding, after consolidation adjustments, specifically the elimination of dividends received and capital gains and losses on transactions between Group companies within the consolidation perimeter.

#### b) Associated companies

Associated companies are those where the Group has significant influence but does not hold control. Significant influence is taken to mean that the holding is (directly or indirectly) more than 20% or the rights needed to participate in decisions relating to financial and operational policies even though joint control over these decisions does not exist. Any dividends that may be paid are recorded against a drop in value of the financial investment.

Holdings in associated companies are recorded by the asset equivalence method from the point where the Caixa Central has significant influence over operations to the point where this ceases.

The consolidated financial statements include what is imputed to the Group as a proportion of the equity and the profit and loss recorded by the associated company.

#### c) Goodwill

Acquisitions of subsidiaries and associated companies occurring before 1 January 2006 are recorded by the purchase method. The cost of acquisition is equivalent to the fair value as at date of purchase, the assets and liabilities incurred or assumed, plus the costs directly imputed to the operation. Goodwill is recorded as an asset and is subject to impairment testing in accordance with IAS 36. There is no amortisation. In addition, whenever the fair value is above acquisition cost (negative goodwill), the differential is carried over to the income statement.

### 2.4. Summary of main accounting policies

The most important accounting policies underlying the financial statements are as follows:

#### a) The accrual method

The Group follows the principle of accrual-based accounting in relation to most of the items in its consolidated financial statements. Costs and income, therefore, are recorded as they occur, independently of when they are paid or received.

#### b) Foreign currency operations

Assets and liabilities in foreign currency are converted into euros at the rate for fixing at the balance sheet date, as indicated by *Banco de Portugal*.

Income and costs relating to foreign exchange transactions are recorded in the period when they occur at the rate of exchange in force on the date they occurred.

In addition, the following accounting procedures are used:

- the spot exchange rate position for each currency is given by the net balance for the assets and liabilities of any specific currency. It is revalued daily according to the exchange rate published by *Banco de Portugal* and is recorded in the income statement;
- the forward position for each currency is given by the net balance for term operations awaiting settlement and is revalued at the forward exchange rate in the market, or, if such does not exist, through calculation on the basis of the interest rate which can be applied on the residual term for each operation. The difference between the balances converted into euros at the revaluation rates used and the balances at contracted rates corresponds to revaluation of the term exchange position and is recorded on the income statement.

#### c) Credit to customers

Customer credit covers credit to individuals and companies and other loans (commercial paper). The aim is not short-term sale and they are recorded at the date when the amount of credit is given to the customers. The credit is recognised at nominal value.

In due time, credit and other receivables are recorded at amortised cost. They are subject to periodical impairment analysis.

There is a separate accounting entry in the income statement for interest, including any premiums or discounts that are due. Revenue is recognised when obtained and distributed in monthly periods. Whenever applicable, commissions and exogenous costs that can be imputed to the operation underlying the assets are spread over the period when the loan is active, following the method of actual rate.

Interest is recognised following the accrual principle and commissions and costs are spread across the life of the operation, whatever the point when they are collected or paid.

The Group classifies credit as overdue, including capital and interest, 30 days after it is due. Credit with installments overdue are reported under the terms defined in the handbook relating to approved credit. At this point, the whole debt is considered as due.

#### Guarantees given and irrevocable commitments

Liabilities for guarantees given and irrevocable commitments are recorded in off-balance-sheet accounts at the figure at risk. Interest streams, commissions or other income are recorded in the income statement during the life of the operation.

## Impairment

The Group regularly analyses customer credit and other receivables to identify possible impairment. A financial asset is deemed to be impaired if and only if there is evidence that an event (or more than one) occurs with a measurable effect on future cash flows expected from this asset or group of assets.

For the purpose of checking impairment, the Group uses the following segmentation for its portfolio:

- Credit to companies;
- Mortgage credit;
- Consumer credit;
- Credit on credit cards;
- Other credit to individuals
- Off-balance-sheet items.

In addition, liabilities were included as they relate to commercial paper, foreign currency operations, and financial leasing operations.

The Group impairment model in use for customers' credit portfolio allows for an analysis of losses through impairment for individuals on a case by case and a group basis. When a group of financial assets is analysed together, the future cash flows for the group are estimated on the basis of the contractual flows of the assets and the historical data relating to losses in assets with a similar risk profile.

Whenever the Group considers it necessary, the historical information is updated on the basis of observable current data to give a true picture of the current situation.

The criteria for selecting customers for individual analysis are as follows:

- All customers with liabilities above 1,000,000 euros; and
- Customers with overdue credit (more than 90 days) above 50,000 euros.

Evidence of impairment in assets or groups of assets as defined by the Group is related to the observation of a range of events called "loss occurrences", among which:

- Failure to comply with contractual obligations such as being in arrears in capital and/or interest payments;
- Significant financial problems;
- Significant changes to the asset or property situations;
- The occurrence of adverse changes such as:
  - . conditions and/or capacity for payment;
  - . the economic situation in a sector which may have an impact on the ability to fulfil obligations.

Losses through impairment when there is no default correspond to the ratio of the probability of default (PD) and the amount corresponding to the balance sheet values for the respective credits and the updated values of the cash flows from the operations. Probability of default corresponds to the probability of an operation or a customer defaulting in an emergency. The emergency period is equivalent to the time that occurs between an event occurring that may occasion losses and the point when the existence of this event is perceived by the Group's services (incurred but not reported). The Group considers the emergency period to be six months for all segments of the portfolio.

If there is evidence that the Group has incurred a loss through impairment on a loan or other receivables, the amount of the loss is determined by the difference between the value of this asset on the balance sheet and the current figure for its estimated future cash flows, calculated at the original rate of interest for the financial asset or assets. The value of the asset or assets on the balance sheet is reduced by the balance of the account for losses through impairment. For credit on a floating rate, the calculation used to determine any loss through impairment is the current rate of interest, as specified on the contract. Losses through impairment are recognised on the income statement.

When in a later period there is a decline in the amount of losses through impairment attributed to an event, the amount at first allocated is reversed and the account for losses through impairment is adjusted. The amount of reversion is recognised directly on the income statement.

#### *Writing off capital and interest*

Periodically, the Group writes off from the assets the credit deemed to be irrecoverable, using the accumulated impairment for this purpose, following firstly specific analysis by those responsible for monitoring and recovering credit, and then approval by the Executive Committee. If the credit is subsequently recovered, this is recognised as a deduction from the losses for impairment recognised on the income statement "Impairment of credit net of reversions and recoveries".

Following the policies in force at the Group, interest on overdue credit where there is not a real guarantee is written off three months after the date of maturity of the operation or the first instalment in arrears. Interest not recorded on the credit mentioned above is only recognised in the year when it is collected, should this be so.

Interest on overdue loans where there is a mortgage guarantee or other real guarantee is not written off. However, there is a break in the calculation and recording of the interest and capital still due where there is credit with a real guarantee and instalments with capital overdue and not paid for more than six months and twelve months respectively.

Recovery of interest that has been written down on the assets side is reflected under the heading "Impairment of credit net of reversions and recoveries".

d) Other financial assets and liabilities

Financial assets and liabilities are recognised at transaction date, which is the date when the commitment to purchase or sale is made. The classification of financial instruments at the date of recognition depends on their characteristics and the intention behind the acquisition.

i) Held-for-trading financial assets and at fair value through profit and loss

Financial assets classified as held-for-trading include floating rate securities traded on active markets, acquired with the aim of selling or buying back short-term. Derivatives are also included. Derivatives for trading with net gain receivable (positive fair value) are included under the heading of held-for-trading financial assets. Derivatives for trading with net loss receivable (negative fair value) are included under held-for-trading financial liabilities.

Financial assets at fair value through profit and loss include fixed yield securities traded in active markets that the Group has opted to record and value at fair value through profit and loss, being therefore seen as within point 9 b) i) of IAS 39, this being to avoid or reduce considerably any inconsistency in measurement or recognition.

Held-for-trading financial assets and liabilities and financial assets at fair value through profit and loss are initially recognised at fair value. Gains and losses stemming from subsequent valuation at fair value are recognised on the income statement.

Interest inherent in financial assets is calculated in accordance with the effective rate method and recognised on the income statement as "Interest and similar income".

Dividends are recognised on the income statement when the right to payment is established.

Fair value for held-for-trading financial assets traded in active markets is the bid price or the quotation at market closing on balance sheet date. If the market price is not available, the fair value of the instrument is estimated using valuation techniques, which include price assessment models and discounted cash flows.

ii) Held-for-sale financial assets

Held-for-sale financial assets include capital and debt instruments which are not classified as held-for-trading financial assets, at fair value through profit and loss, investments to be held to maturity, credit or loans and receivables.

Held-for-sale financial assets are recorded at fair value, with the exception of financial instruments that are not quoted on an active market and whose fair value cannot be reliably measured. They are recorded at cost. Gains and losses relating to subsequent variation in fair value are recorded under own funds in a special item - "Fair value reserve" - until sale (or until recognition as a loss through impairment). At this point they are carried to the income statement. Foreign exchange gains and losses on monetary assets are recognised directly on the income statement for the period concerned.

Interest inherent in financial assets is calculated in accordance with the effective rate method and recognised in the income statement as "Interest and similar income".

Dividends are recorded in their respective accounts on the income statement when the right to payment is established.

iii) Funds held in credit institutions

Only amounts receivable from other credit institutions are recorded under this heading.

These are financial assets with fixed payments or payments that can be calculated, not quoted on an active market and not included in any of the other categories of financial assets.

In the initial recognition, these assets are valued at fair value, less any commissions that may be included in the effective rate, plus all the incremental costs directly attributable to the transaction. These assets are subsequently recognised on the balance sheet at amortised cost, less losses for impairment.

Interest is recognised on the basis of the effective rate method, which means that it is possible to calculate the amortised cost and spread the interest across the period of the operation. The effective rate is the one which is used to calculate the estimated future cash flows associated with the financial instrument at the date of the initial recognition.

iv) Sales with buy-back agreement

A buy-back agreement is considered to be an agreement to transfer a financial asset to another party in exchange for cash or another form of payment and with an associated obligation to acquire the financial asset at a future date for the same in amount in cash or in any other form of payment including interest.

Securities sold with buy-back agreement are kept in the portfolio where they were originally recorded. Funds received are recorded at settlement date in a separate account on the liabilities side, with related interest attributed on a periodical basis using the effective rate method.

v) Purchases with sell-back agreement

A sell-back agreement is considered to be an agreement where an institution buys a financial asset with the commitment to sell it back at a pre-determined price and at a fixed date or a date to be fixed.

If financial assets are acquired with a sell-back agreement at a fixed price or a price that would be the same as the purchase price plus interest as per the period of the operation, they are not recognised on the balance sheet, and the acquisition cost is recorded as a loan to other credit institutions. The difference between the purchase value and the selling value is treated as interest and is deferred during the existence of the agreement using the effective rate method.

vi) Other financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement through payment in cash or through another financial asset, regardless of its legal form.

Other financial liabilities, fundamentally funds from credit institutions, customer deposits and debt issued are initially valued at fair value, corresponding to the counter-instalment received net of the transaction costs. They are subsequently valued at amortised cost.

The Crédito Agrícola Mútuo Guarantee Fund was created through Decree Law no. 182/87 of 21 April and its operations regulated through Decree Law no. 345/98 of 9 November. The purpose of the second of these was to convert the Guarantee Fund so that its objectives were i) to guarantee reimbursement of customer deposits in the Caixa Central and the associated Caixas and ii) to stimulate actions that would ensure the solvency and liquidity of these institutions in defence of the integrated system (Sistema Integrado do Crédito Agrícola Mútuo – SICAM).

#### vii) Impairment of financial assets

The Group carries out periodical checks for impairment of financial assets with the exception of credit to customers and other receivables, as referred in Note 2.4.c).

When evidence of impairment in an asset or group of assets exists, the losses through impairment are recorded on the income statement.

For listed securities, evidence of impairment is considered to exist in a situation where there is continuous devaluation or a significant value in the quotation for the securities. Continuous devaluation is taken to be more than 12 months and a significant figure is taken to be more than 30%. For unlisted securities, evidence of impairment is taken to be the existence of an impact on the estimated future cash flows of the financial asset, as long as this can be reasonably estimated.

If subsequently there is a decline in the amount of losses through impairment attributed to an event, the value previously recognised is reversed through an adjustment to the account detailing losses through impairment. The amount of the reversion is recognised directly on the income statement.

In the case of held-for-sale assets, if there is objective evidence of impairment as the result of a significant and prolonged decline in fair value on the security or if there are financial difficulties with the issuer, the cumulative loss in the revaluation reserve at just value is removed from own funds and recognised in the income statement. The losses through impairment recorded for fixed rate securities can be reversed on the income statement, if there is a positive change to the fair value of the security resulting from an event that occurred after the impairment was determined. Losses through impairment on variable yield securities cannot be reversed, so any gain coming after the recognition of losses through impairment is recorded on reserves at fair value. In the case of variable yield securities where losses through impairment have been recognised and a further negative variation occurs to fair value, this is always recognised on the income statement.

#### e) Derivatives

Financial derivatives are recorded at fair value as at the date of contract. In addition, they are recorded on off-balance-sheet accounts at their nominal value. Subsequently they are measured by fair value. Fair value is assessed:

- on the basis of quotations obtained on active markets (for example, in terms of futures traded in organised markets);
- on the basis of models that incorporate valuation techniques accepted on the markets, including discounted cash flows and option valuation models.

Derivatives are recorded at fair value, with the profit or loss indicated daily and recognised as profit or loss for the year under the headings "Profit and loss from assets and liabilities assessed at fair value through results". Positive and negative revaluations are recorded respectively under the headings "Financial assets at fair value through results" and "Financial liabilities at fair value through results".

f) Other tangible assets

Tangible assets used by the Group for its activities are recorded at acquisition cost (including costs directly attributable) less accumulated amortisations.

Depreciation of tangible assets is recorded on a systematic basis during the estimated useful life of the asset:

	<u>Years of useful life</u>
Property for own use	50
Expenditure on rented property	10
Computer and office expenditure	4 to 10
Furniture and fittings	6 to 10
Vehicles	4

Expenses incurred on investment in works that cannot be recouped, carried out on premises that are not the property of the Group, are amortized for a period compatible with their anticipated use or rental agreement.

g) Intangible assets

This heading fundamentally includes expenses during the development phase of projects relating to information systems or already installed and the cost of software, in either case when the expected impact carries over from the year in which they were undertaken.

Intangible assets are recorded at acquisition cost, less amortisation costs and losses through accumulated impairment.

Amortisations are recorded as costs for the year on a systematic basis during the estimated useful life of the assets, which is three to six years.



#### h) Held-for-sale non-current assets

The Group records under "Held-for-sale non-current assets" the property, equipment and other assets received in lieu of payment on operations where credit is overdue. These assets are recorded at the value agreed on the repossession contract, either at the current outstanding debt or assessment of the value of the asset, whichever is the lower. Property is subject to periodical assessments which give rise to the record of losses through impairment whenever the value resulting from such assessments (net of the cost of sale) is less than the book value. Tangible assets are recorded under this heading from the point when the promissory contract for repossession or judicial agreement is signed.

There is an exception to the situation in the paragraph above, and that is when property is subject to an "encumbrance" which means it cannot be sold. In such a case, the property is recorded under "Other assets", following the wording of paragraph 7 of IFRS 5 "Non-current assets held for sale and discontinued operations":

"For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable."

The Group does not recognise potential capital gains on these assets.

#### i) Provisions

This heading on the liabilities side includes provisions to cover fiscal risks, legal cases and other specific risks stemming from the Group's activities, in line with IAS 37 (Note 23).

Provisions for other risks and charges are based on the suppositions in IAS 37 - "Provisions, contingent liabilities and contingent assets", corresponding to current liabilities or obligations, with a high probability that they will occur in the future or a liability where settlement is expected to lead to an outflow of resources. The high level of certainty makes the setting up of a provision necessary, and the act cannot simply be recognised as "a contingent liability".

#### j) Deposits and other funds

After initial recognition, deposits and financial resources from customers and credit institutions are valued at amortised cost, based on the method of effective interest rate.

#### k) Securitised debt issued by the Group

Group bond issues are recorded under the heading Other subordinated liabilities. On the date of issue, the securities are recognised at fair value (issue value), including expenses and transaction fees, and later they are valued at amortised cost, based the effective interest rate method.

#### l) Benefits for employees

SICAM has signed the Collective Agreement for the Crédito Agrícola (known as the Acordo Colectivo de Trabalho das Instituições de Crédito Agrícola Mútuo). Its employees and their families therefore have the right to pensions for retirement, disability and survival. However, since the employees are registered in the National Insurance Scheme, the responsibility of SICAM in terms of employee pensions consists of payment for additional pensions in accordance with the stipulations of the collective agreement.

SICAM has a pension fund to cover the Group's liabilities, structured to pay out pensions in addition to the National Insurance scheme due for old age, disability, the widowed or orphaned. The additional amounts are calculated by reference to the collective agreement, as per (i) the pension guaranteed at the presumed age of retirement, (ii) with the coefficient between the number of years of service until the date of calculation and the total number of years of service at the date of retirement.

The benefits to be given through the pension plan as defined in the collective agreement (Acordo Colectivo de Trabalho Vertical do Crédito Agrícola Mútuo) means that the fund is effectively a solidarity fund. The Crédito Agrícola Vida insurance company is responsible for its management.

As stipulated in the statutes of SICAM, members of the governing bodies are not covered by the benefits described above.

To calculate the pension through the collective agreement, the length of service was calculated from the following dates:

- for future seniority awards and automatic promotions, the starting point for length of service was the date from which level and seniority were calculated.
- for the calculations in Annex V, the starting point was the date of entry into the pension fund.

For the share of liabilities for past services to be borne by the fund, the following was taken:

- when the date for seniority for the purposes of level and length of service is after the date recognised for entry into the pension fund, the latter is used to calculate past and total length of service;
- when the date for seniority for the purposes of level and length of service is before the date accepted as entry into the pension fund, the latter will be used, since this corresponds to the date of entry into the bank's service.

The "Projected Unit Credit" method was used for calculating old age and deferred survivors' pensions and the "Single Successive Premium" for retirement through disability and immediate survivor requirements.

Only those legally married are accepted for survivor pensions. For surviving men, the age is taken as three years less than the pensioner, and for women as three years more. The value of the pension is based on salary level, in line with Annex VI of the collective agreement.

SICAM records its annual contribution to the fund as a cost. It is estimated by the Crédito Agrícola Vida insurance company for each contributing entity on the basis of its staff numbers.

*Banco de Portugal* Notice no. 4/2005 specifies that it is mandatory to ensure full pension fund financing to cover outlay on pensions and a level of 95% to cover responsibility for past services due to staff still in service. It does, however, set out a transitional period of between 5 and 7 years for the cover of increased responsibilities deriving from adoption of IAS 19. During 2008, *Banco de Portugal* issued Notice no. 7/2008 on 14 October 2008, allowing the impact of transition described above to be deferred for an additional period of three years, over and above the period initially set down. The Caixa Central decided to prolong deferral as allowed in the above-mentioned Notice.

Post-service benefits for staff also include health care (through the banking system health scheme, SAMS) and these were calculated on the same suppositions as the additional pension responsibilities.

As a result of application of IAS 19 Reviewed starting in 2013, the resultant actuarial gains and losses (i) from the differences between the actuarial and financial suppositions used and the figures actually verified and (ii) from changes to actuarial suppositions, are fully recognised as income for the year when they occur, and are recognised on an item for revaluation reserves.

The figures recorded for the year in results are now gauged by their “net interest”:

- Service cost (P&L): The cost of service includes the cost of current services, past services and gains or losses on settlement;
- Net interest (P&L): Net interest is determined by the multiplication of the discount rate for the liability (asset) net of defined benefits (both determined at the start of the period for annual reporting, taking into accounting variation in the liability (asset) net of defined benefits during the period as a result of payment of contributions and benefits);
- Remeasurements (Other integral income): Includes all the changes stemming from remeasurement of the responsibilities for past and present services in the plan.

m) Length of service awards

Under the terms of the collective agreement (ACTV), SICAM accepted the commitment to give a length of service award to those members of staff completing fifteen, twenty-five and thirty years of good service. This would be, respectively, one, two and three months' salary as it stood when the award was made.

SICAM calculates the actual benefits for length of service awards by the "Projected Unit Credit" method. The actuarial suppositions (financial and demographic) are based on expectations for salary growth and make use of mortality tables used to calculate pension responsibilities. The discount rate is determined on the basis of market rates for highly rated companies and a similar period to the point where responsibilities are cleared.

n) Recognition of earnings from services and commissions

Earnings from services rendered and commissions received during an act of major importance are recognised in results when the act of major importance has been concluded;

Earnings from services rendered and commissions received as the service is performed are recognised in resulted for the year in which they take place;

Earnings from services rendered and commissions received which are an integral part of the effective interest rate for a financial instrument are recorded in results by the effective rate method.

o) Tax on profits

The entities that make up the Group are taxed individually and are subject to corporate tax (in accordance with the Código do Imposto sobre o Rendimento das Pessoas Colectivas).

The accounts of branches are integrated with the accounts of the Caixa Central for tax purposes.

The total tax recorded in the profit and loss account includes current and deferred taxes.

Current tax is calculated on the basis of the fiscal result for the year, which differs from the book value as a result of adjustments to costs and income not relevant for tax purposes or which will only be considered in other periods.

Deferred tax on the asset and liabilities sides correspond to the value of the tax to be recovered and payable in future periods, resulting from the temporary differences between the value of an asset or liabilities on the balance sheet and the basis for its liability to tax. Fiscal credit is also recorded as deferred tax on the asset side.

Liabilities for deferred tax are normally recorded for all temporary taxable differences, while deferred tax on the asset side is only recorded to the moment when there is the likely existence of taxable future profits that allow for the use of the corresponding differences in deductible tax or losses for tax purposes. However, deferred tax is not recorded in the following circumstances:

- Temporary differences in the initial recognition of assets and liabilities in transactions that do not affect accounting results or taxable profits;
- Tax-deductible differences from profits not allocated by affiliated or associated companies, to the extent that the Caixa Central has the possibility of controlling its reversion and it is likely that this will not occur in the foreseeable future.

Deferred tax is calculated on the basis of rates of tax that are expected to be in force on the date of reversion of temporary differences, and these correspond to the rates approved or substantially approved at balance sheet date.

Tax on income (current or deferred) is reflected in the income statement for the year, except for cases where the transactions that cause it have been reflected under other headings of own capital (as is the case, for example, of revaluation of held-for-sale financial assets). In such cases, the corresponding tax is also reflected against own capital and does not affect the results for the year.

p) Financial leasing

Assets in financial leasing are recorded on the balance sheet as credit granted and are reimbursed through amortisation of capital as in the financial plan set out in the contract. Interest included in the rentals is recorded as financial income.

r) Insurance

1) Insurance contracts

Insurance contracts are contracts under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if an uncertain future event adversely affects the policyholder. This kind of contract is within the scope of IFRS 4 (Insurance contracts).

Investment contracts are contracts which only involve financial risk. These contracts can be divided between contracts that are purely financial and those that have a discretionary element (participation in results). If the investment contracts are of the first type, they come under the terms of IAS 39, but if they are of the second type they come under the terms of IFRS 4 (Financial guarantee contracts with participation in results), continuing to recognise the premiums received as income and the corresponding increase in responsibility as cost.

Potential gains, net of losses, resulting from revaluation of assets allotted to with-profits insurance, are shared between a liability component and an equity component, based on the conditions of the product and the history of sharing in the results.

2) Recognition in income and costs

The premiums for non-life contracts, life contracts and with-profits investment contracts with a discretionary component are recorded when due, under the heading "Premiums, net of reinsurance" on the income statement.

Premiums relating to non-life contracts and related acquisition costs are recognised as income and cost during the corresponding risk periods, through entries on the provisions for premiums not acquired.

Responsibilities towards policyholders associated to life policies and with-profits investment contracts with a discretionary component are recognised through the mathematical provision for life insurance, with the cost reflected at the time that the income from the premiums issued is recorded.

The main accounting policies and bases for measurement of technical provisions are as follows:

i) Provision for premiums not acquired

This provision covers the premiums recorded for the year regarding risks not incurred at balance sheet date and is imputed to one or more of the following years. The aim is to cover the resultant risks and the charges during the period from the date that the balance sheet is closed to the end

of each insurance contract. This is calculated for each contract in force, through application of the straight line method applied to the gross premiums issued.

Deduction is made from the provision for premiums not acquired relating to that part of the cost to be deferred that involves remuneration of the measurements by insurance broking and by other acquisition costs.

ii) Provision for risks in progress

The provision for risks in progress corresponds to the amount needed to cover probable compensation and charges after completion of the year insofar as they exceed the value of premiums not acquired and the premiums that may be demanded on the contracts in force. This provision is calculated for direct insurance on the basis of claims ratios, ceding and charges and the profitability of the investments, in accordance with terms defined by the Portuguese Supervising Authority for Insurance and pension Funds (ASF).

iii) Claims provision

This covers the estimated value of compensation to be paid for claims already made, including those not yet reported (IBNR – Incurred but not reported) and the direct and indirect costs to be associated with settlement. The provision for claims submitted and not submitted is estimated by the Group on the basis of past experience, available information and statistical methods.

In order to calculate the provision for IBNR in branches relating to vehicles, accidents at work, dwelling, business, services and civil responsibility (of all kinds), actuarial estimates were made on the basis of triangulation of amounts paid, bearing in mind the specific characteristics of each branch. For other branches, there is a generic rate of 4% applied to the costs with claims for the year relating to claims declared this being to cover responsibility on claims that are declared after the end of the year. The provision for claims management cost is calculated on the basis of average cost.

There is also a mathematical provision for accidents at work relating to the following responsibilities for claims made up to 31 December: (i) pensions to be paid on claims where the amount has been confirmed by the Labour Tribunal (ii) pensions due on conciliation already agreed; (iii) pensions on claims already submitted but awaiting a final agreement or decision. The mathematical provision relating to claims made and involving life-long payment of pensions referring to accidents at work is calculated using actuarial assumptions based on actuarial methods recognised in existing labour law.

In addition, there is a mathematical provision to cover: (i) responsibilities for pensions resulting from claims pertaining to possible permanent incapacity where the claimant is undergoing treatment or (ii) claims not yet put in.

Provisions for claims are not recorded at updated value, except for the mathematical provision for work-related accidents, which is calculated on an estimate of future cash-flows, updated at a discount rate of 3.25%.

Any shortfall or surplus on provisions for claims, if any comes to exist, is recorded in current results as and when specified.

iv) Equalisation provision

The equalisation provision is for claims which are exceptionally high in branches which, by their very nature, can lead to greater fluctuations. Within the scope of risks taken on by the Group, this provision only relates to earthquake risk. It is calculated through the application of a risk factor, defined by the ASF for each seismic zone and applied to insurance cover provided by the Group.

v) Technical provisions for reinsurance ceded

These are fixed by applying the criteria described above for direct insurance, taking into account the percentages for assignment to reinsurance as well as other clauses in current treaties.

vi) Mathematical provision for the life branch

The mathematical provision for the Life insurance arm corresponds to the difference between the current amounts for company responsibilities and the current amounts for the responsibilities of policyholders in terms of the policies issued. The calculations are made on the basis of actuarial methods recognised and approved by the ASF for each type of policy.

In accordance with these technical notes, the provision is calculated on the basis of the GKM80 mortality table and with the technical interest rate defined for each type of policy.

vii) Provision for stabilising the life insurance portfolio

This provision is calculated for annual renewable group contracts, which guarantee the risk of death as the main cover, with a view to coping with the worsening of risk inherent in the move in average age of the group insured, whenever the tariff for this group is based on a single rate which must be kept for a certain period in terms of the commitment in the contract.

viii) Provision for rate commitment in the life branch

At each reporting date, the company assesses the adequacy of the responsibilities stemming from insurance contracts and discretionary with-profits investment contracts. This assessment is made on the basis of future cash flow projections associated with each contract, discounting the rates determined by reference to the euroswap curve. This is done product by product or aggregated when the risks of the products are similar or generated together. If there is any discrepancy between the responsibilities and the forecast for future discounted cash flows, this is recorded on the income statement against the heading of Provision for rate commitment.

ix) Provision for profit-sharing

*Provision for participation in results (shadow accounting)*

In accordance with what is set down in IFRS 4, unrealized gains and losses for financial assets allocated to responsibilities for insurance contracts and discretionary with-profits investment are attributed to policyholders according to the estimated amount of their participation through

recognition of a responsibility, using as a basis the expectation that they will participate in the non-realized gains and losses when such are realized.

This provision corresponds to the net value for adjustments to fair value relating to investments connected with life insurance with participation in results, estimated from the side of the policyholder or beneficiary. There needs to be an estimate of the amounts to be allocated to policyholders in the form of participation in the results for each type of cover. This should be calculated on the basis of an adequate plan applied in a consistent way, bearing in mind the participation plan, the maturity of commitments for the linked assets and any other variable or variables specific to the types of cover in question.

During the duration of the contracts for each type or types of cover, the balance on the participation in results as due should be fully used to offset the negative adjustments to fair value for investments and for transfer to the provision for participation in the results to be allocated.

#### *Provision for participation in results*

This provision includes amounts for policyholder or beneficiaries of policies with participation in results where no outlay has yet been made, specifically through the mathematical provision for the policies.

#### x) Insurance and investment contracts with discretionary profit-sharing

As mentioned above, the Group maintained most of its accounting policies applicable to insurance contracts and with-profits investment contracts where the profit sharing includes a discretionary component on the company side. It continued to recognise premiums received as income and the corresponding increase in responsibilities as cost.

An insurance or investment contract with discretionary profit sharing is considered to be when the contractual conditions stipulate that the policyholder has the right to receive an additional amount above the guaranteed amount, in the following circumstances:

- when it is likely that this amount will prove to be a significant part of the total benefits due on the contract; and
- when the amount or the timing depends contractually on the discretion of the issuer; and
- when they depend on the performance of a specific group of contracts, with realised or unrealised gains in particular assets held by the issuer of the contract, or the result of the entity responsible for issuing the contract.

The responsibilities in insurance policies and with-profits investment contracts with a discretionary component are included in the liabilities adequacy tests carried out by the Group.



xi) Derivatives embedded in insurance contracts

In line with what is allowable in IFRS 4, the options held by policyholders for early redemption of contracts in force at a fixed amount, or by a fixed amount plus interest, are not separable from the contract.

xii) Adequacy tests for liabilities

In accordance with the requirements of IFRS 4, the Group carries out adequacy tests on liabilities related to current insurance contracts with reference to the date of the financial statements, taking into account estimates of the current value of future cash flows associated with the contracts, including expenses to be incurred with claims and the cash flows associated with options and guarantees implicit in the insurance contracts.

If the current value of the estimated responsibilities shown up by these tests is higher than the value of the liabilities recognised in the financial statements, net of the book value of the deferred acquisition costs and the intangible assets related to the contract in question, an additional provision is set aside in the profit and loss account for the year.

The methodology and the main suppositions used to carry out these tests of adequacy for liabilities are as follows:

**Life insurance**

Adequacy tests on liabilities are performed by updating (using a risk-free market interest rate) future cash flows from claims, redemptions, maturities, commissions and management expenses deducted from the future cash flows from premiums.

These cash flows are projected policy by policy, bearing in mind the prudent technical bases in use, these being calculated on the historical basis of their data in the following way:

*Mortality:*

Based on the files taken from the IT systems, a number is reached for people insured, broken down by age groups, for the start and for the end, and the claims in the year. From these data, a calculation is made of the number of people exposed to risk for each age group, and this figure is multiplied by the probability of death in any specific table to get the expected number of claims in accordance with the table. This figure is then compared with the real figure to obtain the real claim rate for the year as a percentage of the table. The presupposition of mortality is then determined through an analysis of the figures for the previous five years. This analysis is carried out separately for the life risk area and for capitalisation policies.

*Redemptions:*

Based on the files taken from the IT systems, a number is reached for people insured, broken down by age groups, for the start and for the end of the year, and the redemptions in the year. From these data, a calculation is made of the average figure for mathematical provisions for

each product. Dividing the amount of redemptions by this figure, the rate of redemptions per year is obtained. The presupposition of redemptions for each product is then determined through an analysis of the figures for the previous five years.

*Expenses:*

Expenses are split between investment, administration and claims. In order to obtain unit costs, the expenses on investment are divided by the average figure for mathematical provisions, for administration they are divided by the average number of people with policies, and for expenses on claims, they are divided by the total number of claims in the year.

*Rates of yield:*

Future rates of yield to be applied to mathematical provisions are determined by the risk-free market rate of interest. Projected participation in future results is based on yield obtained, and such participation is incorporated in the mathematical provisions and is then projected for maturities, claims and future redemptions.

*Provisions for claims:*

Future cash flows are projected from the run-off of the company in the cover for death and disability with the purpose of determining future cost by comparison with current cost. Statistical methods are used for this. The cash flows are short-term so provisions are not taken into account.

**Non-life**

The actuaries who are responsible for assessment do so regularly to check if provisions are adequate, and for this they make use of an analysis of the responsibilities of the companies, in the areas covering uncertainties, contract duration, nature of claims and expenditure on settling claims. They apply a raft of micro and macro-economic scenarios to check adequacy levels.

xiii) Impairment of debtor balances related to insurance and reinsurance contracts

With reference to each date that the financial statements are presented, the Group checks for indications of impairment in the assets generated by insurance and reinsurance contracts, including receivables from policyholders, brokers, reinsurers and the technical provisions of reinsurance assigned.

If any losses through impairment are detected, the balance sheet value of the assets concerned is reduced on the income statement for the year, and is reflected under the heading "Impairment of other financial assets net of reversions and recoveries".

o) Cash flow statements

For the purposes of setting out the Statement of cash flow and equivalent, the heading Cash and equivalent includes the figures recorded on the cash headings on the balance sheet, cash at call at central banks and other credit institutions. Mandatory deposits at central banks are excluded.

3. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH APPLICATION OF ACCOUNTING POLICIES

Preparation of the financial statements requires the elaboration of estimates and the adoption of certain suppositions by management and these may affect the value of assets and liabilities, revenue and costs as well as disclosed contingent liabilities.

The most significant estimates and suppositions used by management are as follows:

Fair value for financial instruments

Fair value is based on market quotations, whenever possible. However, in the absence of a quotation, financial instruments are valued on the basis of indicative bids calculated by third parties using valuation models or in agreement with methodologies that look fundamentally at inputs that can be observed in markets with a significant impact.

Benefits for staff

Responsibilities with additional retirement and survivor pensions are estimated on the basis of actuarial and financial presuppositions, specifically as concerns mortality, salary and pension increases and long-term interest rates. It follows that the real figures may be different from the estimates that were calculated.

Deferred taxes

Assets for deferred taxes covering unused tax losses are recognised, to the extent that they may exist in some future time for upside tax results fixed by law. For these purposes estimates are made of the amount of deferred taxes that may be recognised, based on the level of future expected fiscal results according to economic and financial projections in conditions of uncertainty. Should these estimates prove incorrect, there is a risk that adjustment of the asset for deferred taxes may be different in future years.

Assessment of the value of assets in properties

Valuations are carried out by independent experts, registered with the Portuguese Securities Funds Commission (CMVM). They are qualified, have recognized skills and professional experience, suitable for the task they perform.

These procedures presuppose the organisation of rigorous information in three areas: in up-to-date documentation; in the inspection of the property and the surrounding area; and in the analysis of the market, transactions, the relationship between supply and demand, and the prospects for development. The treatment of information then ensures the adoption of basic values for the calculation, applying the method and using it for comparative purposes.

The value of these assets when realized depend on future developments in the property market.

#### Impairment to fixed assets used for own service

These are recorded at acquisition cost, deducted from accumulated amortisations and possible losses through impairment. The valuations of assets that are employed for own service, used for impairment tests, were carried out on the assumption that they were part of a going concern and using the method of depreciated cost reposi-tion.

#### Determination of liabilities for insurance contracts

These liabilities are determined on the basis of methods and assumptions detailed in Note 2.4. n) above. The liabilities reflect an estimated figure for the impact of future events on the Group's insurance companies, on the basis of actuarial assumptions, claims history and methods generally accepted in the sector.

Given the nature of insurance, determining provisions for claims and other liabilities for contracts is highly subjective and the actual figures to be disbursed in the future could well be considerably different from the estimates made here.

The Group does, however, consider that these liabilities, as detailed in the consolidated accounts, reflect in an adequate way the best estimate at balance sheet date of the amounts that the Group will have to disburse.

#### Impairment in credit to customers

The Group regularly analyses customer credit to identify possible impairment. In this context, customers in default, where their total liabilities are deemed to be significant for the Group, are the subject of individual analysis to assess the need to record losses through impairment.

These estimates are based on assumptions relating to an array of factors which may change in the future and, as a result, the amount of impairment may differ. In addition, a collective analysis of impairment is made of the other credit operations which were not subject to scrutiny on an individual basis, through the allocation of such operations to credit segments with similar characteristics and risks. An estimate is then made of the collective losses through impairment, with the basis for calculation the historical behaviour of losses for the same type of asset. Where no objective existence of impairment has been noticed in credit analysed on an individual basis, these are put together on the grounds of having similar risk characteristics and a collective assessment of impairment is then made.

#### 4. GROUP COMPANIES

As at 31 December 2014, the entities that make up the Crédito Agrícola Group are as follow:

	Own funds	Net assets	Profit/(Loss) for the year	Direct holding	Real holding	Method of consolidation
<b>Banks</b>						
Caixas de Crédito Agrícola Mútuo <sup>(1)</sup>	117,097,806	11,837,309,42	(13,111,621)	100%	100%	Full
Caixa Central de Crédito Agrícola Mútuo	301,878,374	5,994,802,762	36,610,035	100%	100%	Full
<b>Asset management and trading</b>						
Crédito Agrícola Gest - Sociedade Gestora de Fundos de Investimento Mobiliário S.A.	3,325,347	4,417,255	41,7898	100.00%	100.00%	Full
Crédito Agrícola Imóveis, Unipessoal, Lda.	1,347,257	38,150,037	(4,452,231)	100.00%	100.00%	Full
Crédito Agrícola Finance - Gestão de Activos (I.F.I.), Sociedade Unipessoal S.A..	118,585	126,265	(62.514)	100.00%	100.00%	Full
<b>Provision of services</b>						
FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL	5,279,851	7,690,521	91,220	99.98%	99.98%	Full
Crédito Agrícola Consult - Assessoria Financeira e de Gestão S.A.	369,942	523,773	64,349	100.00%	100.00%	Full
Crédito Agrícola Informática-Serviços de Informática	6,621,974	,21,697,337	314,140	99.45%	99.45%	Full
<b>Venture capital</b>						
Agrocapital – Sociedade de Capital de Risco, S.A.	1.013.269	1.151.970	5.280	66.67%	66.67%	Full
<b>Investment funds</b>						
FEIIA CA Imobiliário	232,303,605	241,895,433	(33,953,001)	99.89%	99.89%	Full
FIIF CA Arrendamento Habitacional	110,880,923	112,593,069	(3,148,198)	100.00%	100.00%	Full
FEIIF ImoValorCA	10,447,525	10,625,214	(261,373)	100.00%	100.00%	Full
FCR Central Frie	2,218,596	2,221,570	(108.315)	28.57%	28.57%	Asset equivalence
FCR Agrocapital 1	14,329,311	14,454,641	(230,939)	27.78%	30.00%	Asset equivalence
<b>Insurance</b>						
Crédito Agrícola Seguros	42,341,431	194,699,003	3,394,131	97.4%	97.4%	Full
Crédito Agrícola Vida	81,186,832	1,756,573,536	4,059,390	99.92%	99.92%	Full
<b>Others</b>						
CA Serviços - Serviços Informáticos e de Gestão -	-	59,806,949	-	99.98%	99.98%	Full
Crédito Agrícola SGPS S.A.	43.259.271	147.229.332	(6,828,338)	100.00%	100.00%	Full
CCCAM Gestão de Investimentos Unipessoal Lda	467,984	21,857,942	(5,229,625)	100.00%	100.00%	Full

Notes: Figures are as at 31 December 2014 (accounting figures before consolidation)

<sup>(1)</sup> These figures correspond to the algebraic sum of the balance sheets of the associated Caixas

The registered offices of these entities are as follows:

Caixa Central de Crédito Agrícola Mútuo, CRL, Crédito Agrícola SGPS S.A., Crédito Agrícola Vida, S.A. and Crédito Agrícola Imóveis, Unipessoal, Lda – Address: Rua Castilho, n.º 233 – 1099-004 Lisboa.

Crédito Agrícola Seguros, S.A. Address: Rua de Campolide 372, 1070-040 Lisboa.

A CA Informática – Serviços de Informática, S.A. and CA Serviços – Serviços Informáticos e de Gestão - ACE Address: Rua Teófilo Braga, Lote 43 Damaia – 2720-526 Amadora.

A Crédito Agrícola Gest - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A., Crédito Agrícola Consult S.A., CCCAM SGPS Unipessoal Lda and Agrocapital SCR S.A. Address: Avenida da Republica, n.º 23 – 1050-185 Lisboa.

A FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL, Address: Rua Professor Henrique Barros, Edifício Sagres, 7.º Piso - 2685-338 Prior Velho.

Agrocapital – Sociedade de Capital de Risco S.A. Address: Rua Júlio Dinis nº.535 – 4050-325 Porto.

FII CA Imobiliário and FII CA Arrendamento Habitacional are property investment funds, managed by Square Asset Management – Sociedade Gestora de Fundos de Investimento Imobiliário S.A, Address: Rua Tierno Galvan, Torre 3, Piso 7, Sala 706, 1070-274 Lisboa

FIIF Imovalor CA is a property investment fund managed by Sociedade Gestora de Fundos de Investimento Imobiliário S.A. Address: Rua de S. Caetano à Lapa, nº 6, Bloco C, 1º Piso, 1200-829 Lisbon.

FCR Agrocapital 1 is a venture capital fund for qualified investors managed by Agrocapital SCR S.A..

FCR Central Frie is a venture capital fund for qualified investors, managed by Caixa Central CRL, with head office in Rua Castilho, n.º. 233 – 1099-004 Lisboa.

The changes made to the perimeter of consolidation for 2014 are detailed in Note 1.

## 5. SEGMENT REPORTING

The Group carried out a first analysis of its business lines, in accordance with IFRS 8, and marked out four segments considered to be materially relevant. These are:

- Commercial/retail banking: this includes all operations related to its own portfolio, derivatives, investments and funds from other credit institutions and treasury operations.
- Investment fund and asset management: this includes operations related mainly to the management of property-based investment funds.
- Insurance: this includes operations relating to marketing and management of life and non-life insurance.
- Consultancy: this includes economic and financial services or specialist strategies, accountancy and company management consultancy, along with drawing up or revising economic and financial studies.
- Others: this covers all other remaining operations such as those related to back-up services and group business.

For the years ending 2014 and 2013, the segmentation of results per business area was as follows:

	2014						
	Business and retail banking	Investment fund and asset fund management	Insurance		Consultancy services	Others	Total
			Life	Non-life			
Financial margin	248,224,904	28,348	57,430,397	3,262,558	(369)	(2,005,972)	306,939,866
Insurance technical margin	-	-	(44,928,107)	23,430,850	-	-	(21,497,257)
Income from financial instruments	341,067	-	743,935	75,000	-	481,307	1,641,309
Results from services and commissions	128,522,319	(4,003,856)	(11,518,041)	(10,765,112)	-	(1,633,954)	100,601,356
Other operating results	(177,289,656)	(31,050,946)	27,952,632	6,907,486	1,207,894	6,566,701	188,873,423
Net worth	554,377,946	(35,026,454)	29,680,816	2,2910,782	1,207,525	3,408,082	576,558,697
Payroll and general administrative costs	(286,284,166)	(5,997,238)	(5,977,058)	(14,719,194)	(832,514)	14,375,515	(299,434,655)
Amortisations	(14,190,456)	(29,807)	(324,026)	(2,087,302)	(9,248)	(15,502,749)	(32,143,588)
Provisions and impairment	(200,506,567)	(301,967)	(17,408,240)	(1,309,890)	(277,722)	(40,484,337)	(179,320,049)
Results from holdings in business combinations	-	-	-	-	-	(100,227)	(100,227)
Results before tax and minority interests	53,396,757	(41,355,466)	5,971,492	4,794,396	88,041	42,664,958	65,560,178
Tax	(28,891,360)	(202,423)	(1,912,102)	(1,400,265)	(23,692)	(6,151,864)	(38,581,706)
Results after tax and before minority interests	24,505,397	(41,557,889)	4,059,390	3,394,131	64,349	36,513,094	26,978,472
Minority interests	-	-	-	-	-	(95,001)	(95,001)
Net result for the year	24,505,397	(41,557,889)	4,059,390	3,394,131	64,349	36,418,093	26,883,471

	2013						
	Business and retail banking	Investment fund and asset fund management	Insurance		Consultancy services	Others	Total
			Life	Non-life			
Financial margin	250,656,658	6,598	53,380,962	4,433,341	(4,119)	(1,769,797)	306,703,643
Insurance technical margin	-	-	(34,789,749)	25,441,778	-	9,347,971	-
Income from financial instruments	856,331	-	726,960	75,000	-	(102,616)	1,555,675
Results from services and commissions	131,598,580	(96,48,428)	(8,594,655)	(9,382,699)	-	(3,403,314)	100,569,484
Other operating results	89,533,650	(17,238,048)	3,337,098	2,015,901	1,253,417	109,358,094	188,260,112
Net worth	472,645,219	(26,879,878)	14,060,616	22,583,321	1,249,298	113,430,338	597,088,914
Payroll and general administrative costs	(287,566,647)	(4,840,176)	(5,888,713)	(15,291,129)	(1,081,106)	14,006,261	(300,661,510)
Amortisations	(14,789,590)	(43,350)	(350,758)	(2,554,126)	(20,903)	(13,216,181)	(30,974,908)
Provisions and impairment	(150,024,630)	(509,786)	115,337	(95,2347)	(42,486)	(109,819,186)	(261,233,098)
Results from holdings in business combinations	-	-	-	-	-	1,908,392	1,908,392
Results before tax and minority interests	20,264,352	(32,273,190)	7,936,482	3,785,719	104,803	6,309,624	6,127,790
Tax	(18,758,013)	(178,401)	(1,962,080)	(1,140,973)	(16,785)	43,775	(22,012,477)
Results after tax and before minority interests	1,506,339	(32,451,591)	5,974,402	2,644,746	88,018	6,353,399	(15,884,687)
Minority interests	-	-	-	-	-	12,943,268	12,943,268
Net result for the year	1,506,339	(32,451,591)	5,974,402	2,644,746	88,018	19,296,667	(2,941,419)

For the years ending 2014 and 2013, segmentation of the main assets and liabilities of the Group per business area are as follows:

	2014						
	Commercial/retail banking	Management of investment funds and heritage	Insurance		Consultancy services	Others	Total
			Life	Non-life			
Cash at call in central banks and other credit institutions	501.641.248	2.291.889	14.341.519	4.053.184	402.856	(21.070.531)	501.660.165
Held-for-trading financial assets	869.057	-	29.447.557	-	-	1.479.644	31.796.258
Available-for-sale financial assets	4.137.131.853	-	1.623.985.729	149.889.890	94	(161.147.051)	5.749.860.515
Placements in credit institutions	190.677	28.002.247	7.054.106	14.063.250	-	(46.116.279)	3.194.001
Customer credit	7.309.836.586	-	-	-	-	(48.395.319)	7.261.441.267
Held-to-maturity investments	139.582.134	-	-	-	-	(139.582.134)	-
Others	1.177.348.116	333.451.890	79.838.386	24.246.744	107.685	(109.996.895)	1.504.995.926
<b>Total net assets</b>	<b>13.266.599.671</b>	<b>363.746.026</b>	<b>1.754.667.297</b>	<b>192.253.068</b>	<b>510.635</b>	<b>(524.828.565)</b>	<b>15.052.948.132</b>
Funds from central banks	(980.225.728)	-	-	-	-	-	(980.225.728)
Held-for-trading financial liabilities	(196.836)	-	-	-	-	-	(196.836)
Funds from other credit institutions	(136.156.329)	(4.823.533)	-	(1.510.425)	-	6.333.893	(136.156.394)
Customer funds and other loans	(10.620.336.672)	-	-	-	-	83.727.820	(10.536.608.852)
Others	(361.348.608)	(6.829.638)	(1.673.480.464)	(148.401.211)	(140.693)	3.472.997	(2.186.727.617)
<b>Total liabilities</b>	<b>(12.098.264.173)</b>	<b>(11.653.171)</b>	<b>(1.673.480.464)</b>	<b>(149.911.636)</b>	<b>(140.693)</b>	<b>93.534.710</b>	<b>(13.839.915.427)</b>

	2013						
	Commercial/retail banking	Management of investment funds and heritage	Insurance		Consultancy services	Others	Total
			Life	Non-life			
Cash at call in central banks and other credit institutions	463.470.263	8.903.241	12.062.370	3.265.896	130.851	(21.219.888)	466.612.733
Held-for-trading financial assets	2.071	-	22.752.929	-	-	776.359	23.531.359
Available-for-sale financial assets	3.780.437.276	11.336.411	866.822.507	80.525.306	-	247.959.251	4.987.080.751
Placements in credit institutions	31.930.695	7.927.045	31.541.201	23.138.611	-	(62.506.732)	32.030.820
Customer credit	7.491.909.455	-	5.521.054	-	-	(25.441.043)	7.471.989.466
Held-to-maturity investments	127.370.363	-	454.203.517	38.962.282	-	(620.536.162)	-
Others	1.073.797.910	578.006.072	32.290.872	24.367.380	402.606	(69.533.700)	1.639.331.140
<b>Total net assets</b>	<b>12.968.918.033</b>	<b>606.172.769</b>	<b>1.425.194.450</b>	<b>170.259.475</b>	<b>533.457</b>	<b>(550.501.915)</b>	<b>14.620.576.269</b>
Funds from central banks	(1.262.845.139)	-	-	-	-	-	(1.262.845.139)
Held-for-trading financial liabilities	(303.906)	-	(211.027)	-	-	-	(514.933)
Funds from other credit institutions	(100.067.053)	(5.616.928)	-	(735.721)	-	6.352.649	(100.067.053)
Customer funds and other loans	(10.209.731.246)	-	-	-	-	87.188.350	(10.122.542.896)
Others	(290.097.658)	(121.105.168)	(1.360.458.090)	(136.959.389)	(227.864)	(84.739.569)	(1.993.587.738)
<b>Total liabilities</b>	<b>(11.863.045.002)</b>	<b>(126.722.096)</b>	<b>(1.360.669.117)</b>	<b>(137.695.110)</b>	<b>(227.864)</b>	<b>8.801.430</b>	<b>(13.479.557.759)</b>



## 6. CASH BALANCES IN CENTRAL BANKS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Cash at call	108,359,995	108,076,217
Deposits at call in <i>Banco de Portugal</i>	315,047,715	276,705,003
	-----	-----
	423,407,710	384,781,220
	=====	=====

The credit institutions set up in member states must have minimum reserves in accounts held at the participating national central banks.

The minimum reserve regime of the European central Bank (ECB) is applicable to credit institutions in the euro zone and its main aim is to stabilise the interest rates on the money market and with the creation (or increase) of structural scarcity of liquidity.

The amount of minimum reserves to be placed by each institution is determined by the application of coefficients of its reserve base, which is obtained by the sum of a cluster of headings on the liabilities side of the balance sheet. Currently, the coefficient is 1% for responsibilities a period equal to two years or less.

The periods for maintaining the minimum reserves are defined on the ECB calendar. To pursue the aim of stabilising interest rates, the ECB minimum reserve regime allows institutions to use an average figure. In the light of this, the fulfillment of minimum reserves is verified by comparing the average figures for daily balances for current accounts held by the institution at *Banco de Portugal* for a maintenance period for reserves and the amount of reserves to be fulfilled as already mentioned.

The minimum reserves actually deposited are remunerated for a given maintenance period at the average marginal rate for placement (weighted in accordance with the number of calendar days) for the main refinancing operations of the Eurosystem. According to a decision made by the Board of the ECB (BCE/2014/23 of 5 June 2014), the deposits above the figure for the average minimum reserve will be remunerated at zero percent, or at the interest rates for the permanent deposit facility, whichever is lower. As such, surplus reserves may be subject to a negative interest rate.

## 7. CASH BALANCES IN OTHER INSTITUTIONS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Cash at call in domestic credit institutions:		
Cheques payable	49,645,366	58,264,995
Current accounts	3,313,273	6,011,051
	-----	-----
	52,958,639	64,276,046
	-----	-----
Cash balances in credit institutions abroad:		
Current accounts	25,293,673	17,555,327
	-----	-----
	78,252,312	17,555,327
	-----	-----
Interest receivable	143	140
	-----	-----
	78,252,455	81,831,513
	=====	=====

The vast majority of cheques awaiting collection as at 31 December 2014 and 2013 were cleared in the first days of January 2015 and 2014, respectively.

## 8. HELD-FOR-TRADING FINANCIAL ASSETS

This heading is broken down as follows:

	<u>2014</u>	-	<u>2013</u>
Securities			
Issued by residents			
Financial instruments	1,479,644		776,359
Derivatives with positive fair value (Note 12)			
Foreign exchange forwards	869,057		2,071
Interest rates swaps	<u>29,447,557</u>		<u>22,752,929</u>
	<u>31,796,258</u>		<u>23,531,359</u>
Not listed			
	<u>31,796,258</u>		<u>23,531,359</u>
	<u>31,796,258</u>		<u>23,531,359</u>

Details of the securities included under this heading will be found in Annex 1.

## 9. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH RESULTS

This heading is broken down as follows:

	<u>2014</u>	-	<u>2013</u>
Securities			
Issued by non residents			
Debt instruments	-		30,732,472
Issued by residents			
Debt instruments	<u>77,298,709</u>		<u>53,152</u>
	<u>77,298,709</u>		<u>30,785,624</u>
Listed			
	<u>77,298,709</u>		<u>30,785,624</u>
	<u>77,298,709</u>		<u>30,785,624</u>

All securities issued by residents are Portuguese sovereign debt.

Details of the securities included under this heading will be found in Annex 1.

#### 10. HELD-FOR-SALE FINANCIAL ASSETS

This heading is broken down as follows:

	<u>2014</u>	-	<u>2013</u>
Securities			
Issued by residents			
Debt instruments	1,130,723,180		1,666,814,199
Financial instruments	91,226,449		38,428,111
Issued by non residents			
Debt instruments	4,475,035,797		3,181,442,287
Financial instruments	61,552,946		105,273,116
	<u>5,758,538,372</u>		<u>4,991,957,713</u>
Impairment (Note 22)	(10,785,262)		(4,876,962)
	(10,785,262)		(4,876,962)
	<u>5,747,753,110</u>		<u>4,987,080,751</u>

Under the heading of debt securities issued by residents, 412,483,279 euros relates to Portuguese sovereign debt.

Among the securities issued by non-residents, the part relating to foreign sovereign debt is 3,588,128,808 euros, with the most relevant figures being the Spanish and Italian sovereign debt – 1,556,110,467 euros and 1,761,183,385 euros respectively. In this portfolio, there is no sovereign debt issued by Greece.

Details of the securities included under this heading will be found in Annex 1.

## 11. FUNDS HELD AT CREDIT INSTITUTIONS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Funds held in domestic credit institutions:		
Funds in other domestic credit institutions:		
Deposits	3,057,362	25,011,070
Loans	120,000	6,990,000
Other investments	2,338	3,515
	<u>3,179,700</u>	<u>32,004,585</u>
Interest receivable	14,301	26,235
	<u>3,194,001</u>	<u>32,030,820</u>

As at 31 December 2014 and 2013, the residual periods for funds held in credit institutions were as follows:

	<u>2014</u>	<u>2013</u>
Up to three months	3,017,110	24,844,498
Between three months and one year	162,589	7,160,087
	<u>3,179,700</u>	<u>32,004,585</u>
Interest receivable	14,301	26,235
	<u>3,194,001</u>	<u>32,030,820</u>

As at 31 December 2014, details per entity are as follows:

. Novo Banco, SA	3,000,000
. Finanfarma	120,000
. Caixa Económica de Cabo Verde	57,361
. Others	2,339
	<u>3,179,700</u>

## 12. DERIVATIVES

As at 31 December 2014 and 2013, this heading is broken down as follows:

	2014			
	Notional amount	Accounting value		Total
	Derivatives	Held-for-sale assets (Note 8)	Held-for-sale liabilities	
Term foreign exchange operations				
<u>Foreign exchange forwards</u>		869,057	(22,668)	846,389
Purchases	12,957,143			
Sales	12,102,473			
<u>Swaps</u>	117,925,000	29,447,557	(174,168)	29,273,389
	<u>142,984,615</u>	<u>30,316,614</u>	<u>(196,836)</u>	<u>30,119,778</u>

	2013			
	Notional amount	Accounting value		Total
	Derivatives	Held-for-sale assets (Note 8)	Held-for-sale liabilities	
Term foreign exchange operations				
<u>Foreign exchange forwards</u>		2,071	(1,624)	447
Purchases	55,514			
Sales	54,383			
<u>Swaps</u>	133,925,000	22,752,928	(513,309)	22,239,619
	<u>134,034,897</u>	<u>22,754,999</u>	<u>(514,933)</u>	<u>22,240,066</u>

The distribution of Group operations involving derivatives as at 31 December 2014 broken down into residual periods is as follows:

	2014					Total
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	>=5 years	
Term foreign exchange operations						
<u>Foreign exchange forwards</u>						
Purchases	412,808	12,544,334	-	-	-	12,544,334
Sales	415,890	11,686,583	-	-	-	11,686,583
<u>Swaps</u>	6,000,000	-	-	111,925,000	-	117,925,000
	<u>6,828,699</u>	<u>24,230,917</u>	<u>-</u>	<u>111,925,000</u>	<u>-</u>	<u>142,984,616</u>

	<u>2013</u>					<u>Total</u>
	<u>&lt;= 3 months</u>	<u>&gt; 3 months &lt;= 6 months</u>	<u>&gt; 6 months &lt;= 1 year</u>	<u>&gt; 1 year &lt;= 5 years</u>	<u>&gt;=5 years</u>	
Term foreign exchange operations						
<u>Foreign exchange forwards</u>						
Purchases	-	55,514	-	-	-	55,514
Sales	-	54,383	-	-	-	54,383
<u>Swaps</u>	<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>60,130,000</u>	<u>57,795,000</u>	<u>133,925,000</u>
	<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>60,130,000</u>	<u>57,795,000</u>	<u>133,925,000</u>

The distribution of Group operations involving derivatives as at 31 December 2014 broken down by counterparts is as follows:

	<u>Notional value</u>	<u>Accounting value</u>
Term foreign exchange operations		
<u>Foreign exchange forwards</u>		
<i>Customers</i>	25,059,616	846,389
Swaps		
<u>Interest rates swaps</u>		
<i>Financial institutions</i>	117,925,000	29,273,389
	<u>142,984,616</u>	<u>30,119,778</u>

### 13. CUSTOMER CREDIT

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>Domestic</u>		
Medium and long-term:		
Secured loans	3,115,573,266	1,971,148,088
Unsecured loans	827,881,253	2,021,520,908
Housing loans (standard conditions)	2,085,615,302	2,063,934,062
Housing loans (with subsidised interest)	200,623,013	222,050,626
Commercial paper	264,989,080	245,583,333
Financial leasing contracts	123,955,114	123,897,177
Short-term:		
Credit on current accounts	404,415,629	426,756,855
Other credit:		
Credit cards	31,669,475	32,579,432
Other credit	303,496,067	297,650,012
Overdrafts on current accounts	14,108,601	16,127,096
	<u>7,372,326,799</u>	<u>7,421,247,589</u>

Credit abroad

## Medium and long-term:

Loans	4,686,120	6,157,769
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## Short-term

Overdrafts on current accounts	5,134	-
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Other credit	37,761,578	33,177,737
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42,452,832	39,335,506
-----	-----

Interest receivable	33,617,159	37,697,623
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Commissions at amortised cost:

Earnings with deferred income	(20,652,042)	(19,627,093)
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Expenses with deferred charges	47,457	37,172
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-----	-----
(20,604,585)	(19,589,921)
-----	-----

Total credit (duly paid to date)	7,427,792,206	7,478,690,797
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Overdue credit and interest

Overdue credit	661,476,954	646,626,362
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Overdue interest	10,173,338	10,825,025
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671,650,292	657,451,388
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8,099,442,498	8,136,142,185
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Impairment

Overdue credit and interest	(550,803,300)	(497,736,359)
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For bad and doubtful debt	(287,197,931)	(166,416,360)
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(838,001,231)	(664,152,719)
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7,261,441,267	7,471,989,466
=====	=====



As at 31 December 2014 and 2013, customer credit, broken down into sectors, was as follows:

Figures in euros

	2014		
	Credit up to date	Overdue credit	Total
<b>Companies</b>			
Wholesale and retail trades, auto and motorcycle repairs	620,743,863	77,054,768	697,798,631
Manufacturing	511,395,287	63,389,667	574,784,954
Construction	341,356,909	112,021,124	453,378,033
Agriculture, livestock, game and forestry and fishing	409,555,735	21,308,618	430,864,353
Real estate	286,866,324	53,596,577	340,462,901
Financial and insurance operations	324,510,244	10,444,315	334,954,559
Health and social security	221,607,404	214,355	221,821,759
Public administration, defence and mandatory social security	21,772,047	5,693,749	223,414,219
Lodgings and restaurants, etc	182,751,011	20,569,091	203,320,102
Transport and warehousing	54,684,642	12,209,837	66,894,479
Scientific, technical and similar consultancy	7,343,234	4,850,614	78,284,848
Other services	56,369,946	12,478,190	68,848,136
Administrative and ancillary services	74,088,876	2,428,750	76,517,626
Artistic, sporting and recreational activities	33,373,880	3,219,286	36,593,166
Education	33,633,514	2,029,844	35,663,358
Electricity, gas, steam, hot water and air cooling	30,685,463	339,952	31,025,415
Water drawing, treatment and distribution; sewage, waste treatment and depu	45,343,595	124,329	45,467,924
Mining	57,003,881	6,389,555	63,393,436
Information and communication activities	13,478,379	4,015,381	17,493,760
Households with domestic servants and related activities	0	24,823	24,823
Others	4,243,690	2,465,621	6,709,311
	<b>3,592,847,347</b>	<b>414,868,446</b>	<b>4,007,715,793</b>
<b>Individuals</b>			
Housing **	2,321,673,558	53,488,824	2,375,162,382
Other purposes	1,500,258,727	193,119,684	1,693,378,411
	<b>3,821,932,285</b>	<b>246,608,508</b>	<b>4,068,540,793</b>
Interest receivable	33,617,159		33,617,159
Commissions at amortized cost	-20,604,585		-20,604,585
<b>Overdue interest to be cleared</b>			
Companies		7,149,668	7,149,668
Individuals		3,023,670	3,023,670
<b>Total</b>	<b>7,427,792,206</b>	<b>671,650,292</b>	<b>8,099,442,498</b>

	2013		
	Credit up to date	Overdue credit	Total
<b>Companies</b>			
Wholesale and retail trades, auto and motorcycle repairs	622,153,434	77,763,295	699,916,729
Manufacturing	531,105,464	78,427,856	609,533,319
Construction	379,132,051	128,565,471	507,697,522
Agriculture, livestock, game and forestry and fishing	407,874,777	21,639,888	429,514,665
Real estate	300,728,472	55,113,916	355,842,388
Financial and insurance operations	241,227,482	9,245,403	250,472,885
Public administration, defence and mandatory social security	239,481,703	96,598	239,578,300
Health and social security	221,978,829	4,243,630	226,222,459
Lodgings and restaurants, etc	186,468,143	21,159,766	207,627,908
Transport and warehousing	74,990,296	13,289,230	88,279,527
Scientific, technical and similar consultancy	76,704,304	4,236,175	80,940,479
Other services	65,545,713	3,554,413	69,100,127
Administrative and ancillary services	60,914,130	2,565,117	63,479,247
Artistic, sporting and recreational activities	30,760,710	3,965,015	34,725,725
Education	30,871,892	1,643,605	32,515,497
Electricity, gas, steam, hot water and air cooling	29,430,103	142,677	29,572,780
Water drawing, treatment and distribution; sewage, waste treatment and depollutic	26,384,938	347,749	26,732,687
Mining	16,176,848	7,033,281	23,210,128
Information and communication activities	8,486,991	4,755,546	13,242,537
Households with domestic servants and related activities	8,597	18,787	27,384
Others	8,423	1,306	9,729
	<b>3,550,433,300</b>	<b>437,808,724</b>	<b>3,988,242,024</b>
<b>Individuals</b>			
Housing **	2,352,872,761	50,634,503	2,403,507,264
Other purposes	1,557,277,034	169,008,161	1,726,285,195
	<b>3,910,149,795</b>	<b>219,642,664</b>	<b>4,129,792,459</b>
Interest receivable			37,697,623
Commissions relating to amortised cost			-19,589,921
<b>Total</b>	<b>7,460,583,095</b>	<b>657,451,388</b>	<b>8,136,142,185</b>

As at 31 December 2014 and 2013, the residual periods for customer credit can be broken down as follows:

	<u>2014</u>	<u>2013</u>
Up to three months	1,209,599,889	1,239,916,420
Between three months and one year	569,034,120	592,767,634
Between one year and three years	579,090,799	644,823,910
Between three years and five years	638,189,613	607,374,958
More than five years	5,090,515,503	5,033,151,561
	-----	-----
	8,086,429,924	8,118,034,483
Interest receivable	33,617,159	37,697,623
Commissions associated with amortised cost	(20,604,585)	(19,589,921)
	-----	-----
	8,099,442,498	8,136,142,185
	=====	=====

The Crédito Agrícola has not to date undertaken any credit portfolio securitisation operation.

## 14. OTHER TANGIBLE ASSETS

Entries under the heading "Other tangible assets" during 2014 and 2013 were as follows:

OTHER TANGIBLE ASSETS						
Description	31-12-2013			Impairment (Note 23)	Write-offs, disposals and others	31-12-2014
	Net value	Acquisitions	Amortization			Net value
Property:						
For own service	227,106,479	887,882	(5,781,160)	(44,958)	(136,292)	222,031,951
Works in rented premises	8,510,733	300,989	(852,020)	-	205,373	8,165,075
Other property	2,075,424	-	(79,056)	-	-	1,996,368
	<u>237,692,636</u>	<u>1,188,871</u>	<u>(6,712,236)</u>	<u>(44,958)</u>	<u>69,081</u>	<u>232,193,394</u>
Equipment	34,482,576	5,687,577	(11,162,054)	-	122,294	29,130,393
Works of art	985,813	9,782	-	-	-	995,595
Equipment in financial leasing :						
Equipment	134,669	53,296	(20,623)	-	(20,400)	146,942
Other assets in financial leasing	(5,765)	-	(24,082)	-	-	(29,847)
	<u>128,904</u>	<u>53,296</u>	<u>(44,705)</u>	<u>-</u>	<u>(20,400)</u>	<u>117,095</u>
Other tangible assets:						
Tangible assets in progress	6,996,992	2,869,718	-	-	(3,509,882)	6,356,828
Others	329,570	-	(89,445)	-	-	240,125
	<u>7,326,562</u>	<u>2,869,718</u>	<u>(89,445)</u>	<u>-</u>	<u>(3,509,882)</u>	<u>6,596,953</u>
	<u>280,616,491</u>	<u>9,809,244</u>	<u>(18,008,440)</u>	<u>(44,958)</u>	<u>(3,338,907)</u>	<u>269,033,430</u>
31-12-2012						
Description	31-12-2012			Impairment (Note 23)	Write-offs, disposals and others	31-12-2013
	Net value	Acquisitions	Amortization			Net value
Property:						
For own service	218,899,309	2,410,852	(5,793,441)	63,135	11,526,624	227,106,479
Works in rented premises	8,750,620	200,964	(877,015)	-	436,164	8,510,733
Other property	2,260,292	6,888	(78,627)	-	(113,129)	2,075,424
	<u>229,910,221</u>	<u>2,618,704</u>	<u>(6,749,083)</u>	<u>63,135</u>	<u>11,849,659</u>	<u>237,692,636</u>
Equipment	38,477,372	7,693,634	(12,270,048)	-	581,618	34,482,576
Works of art	975,886	8,025	-	-	1,902	985,813
Equipment in financial leasing :						
Equipment	236,724	65,705	(69,408)	-	(98,352)	134,669
Other assets in financial leasing	(44,929)	-	(12,896)	-	52,060	(5,765)
	<u>191,795</u>	<u>65,705</u>	<u>(82,304)</u>	<u>-</u>	<u>(46,292)</u>	<u>128,904</u>
Other tangible assets:						
Tangible assets in progress	12,702,084	11,421,324	-	-	(17,126,416)	6,996,992
Others	425,245	2,706	(98,026)	-	(355)	329,570
	<u>13,127,329</u>	<u>11,424,030</u>	<u>(98,026)</u>	<u>-</u>	<u>(17,126,771)</u>	<u>7,326,562</u>
	<u>282,682,603</u>	<u>21,810,098</u>	<u>(19,199,461)</u>	<u>63,135</u>	<u>(4,739,884)</u>	<u>280,616,491</u>

## 15. INTANGIBLE ASSETS

Entries under the heading "Intangible assets" during 2014 and 2013 were as follows:

Description	31-12-2013			Write-offs, disposals and others	31-12-2014
	Net Value	Acquisitions	Amortizations		Net Value
Automatic data treatment system (software)	47,130,517	16,488,219	(14,130,179)	2,864,248	52,352,805
Other intangible assets	168,340	-	(4,969)	-	163,371
Intangible assets in progress	13,471,763	11,447,689	-	(16,239,814)	8,679,638
	<u>60,770,620</u>	<u>27,935,908</u>	<u>(14,135,148)</u>	<u>(13,375,566)</u>	<u>61,195,814</u>

Description	31-12-2012			Write-offs, disposals and others	31-12-2013
	Net Value	Acquisitions	Amortizations		Net Value
Automatic data treatment system (software)	43,320,607	4,147,821	(11,770,478)	11,432,567	47,130,517
Other intangible assets	173,309	-	(4,969)	-	168,340
Intangible assets in progress	13,267,262	10,407,123	-	(10,202,622)	13,471,763
	<u>56,761,178</u>	<u>14,554,944</u>	<u>(11,775,447)</u>	<u>1,229,945</u>	<u>60,770,620</u>

As at 31 December 2014 and 2013, this heading includes 46,171,534 euros and 42,050,147 euros respectively, relating to costs incurred with staff allocated to software development at CA Serviços, The amount incurred in 2014 was 4,121,387 euros.

As at 31 December 2014, the heading "Intangible assets in progress" relates fundamentally to costs incurred with staff allocated to software development at CA Serviços.

During the financial years 2014 and 2013, the capital gains and losses recorded for the disposal of tangible assets can be found under the heading "Results from disposal of other assets – Other tangible assets" (Note 39).

## 16. INVESTMENT IN AFFILIATED AND ASSOCIATED COMPANIES AND BUSINESS COMBINATIONS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
FII CA Património Crescente	-	64,945,980
FCR Agrocapital 1	4,298,761	4,368,075
FCR Central Frie	633,852	664,799
Rede Nacional de Assistência, SA	231,370	210,500
	<u>5,163,983</u>	<u>70,189,354</u>
	=====	=====

As at 31 December 2014, the most significant financial information on the non-audited financial statements of these companies are summarised in Note 4.

During 2014, the number of units held by the group in the fund FII CA Patrimônio Crescente (an open property fund), and it ceased to be within the consolidation perimeter since the holding was less than 20%. It was then recognised in the portfolio of held-for-sale financial assets.

## 17. INCOME TAX

Balances on assets and liabilities for income tax as at 31 December 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Assets for deferred tax		
For temporary differences	145,709,439	122,242,825
Losses accepted for tax purposes	<u>4,647,409</u>	<u>4,927,231</u>
	<u>150,356,848</u>	<u>127,170,056</u>
Liabilities for deferred tax		
For temporary differences	<u>(25,448,612)</u>	<u>(14,091,857)</u>
	<u>124,908,236</u>	<u>113,078,199</u>
Assets for current tax		
Corporate tax to be repaid	3,191,644	11,031,905
Liabilities for current tax		
Corporate tax to pay	<u>(37,044,554)</u>	<u>(9,957,674)</u>
	<u>(33,852,910)</u>	<u>1,074,231</u>

Details of entries occurring on deferred taxes during 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
FII CA Patrimônio Crescente	-	64,945,980
FCR Agrocapital 1	4,298,761	4,368,075
FCR Central Frie	633,852	664,799
Rede Nacional de Assistência, SA	231,370	210,500
	-----	-----
	5,163,983	70,189,354
	=====	=====

As at 31 December 2014, the most significant financial information on the non-audited financial statements of these companies are summarised in Note 4.

During 2014, the number of units held by the group in the fund FII CA Património Crescente (an open property fund), and it ceased to be within the consolidation perimeter since the holding was less than 20%. It was then recognised in the portfolio of held-for-sale financial assets.

## 17. INCOME TAX

Balances on assets and liabilities for income tax as at 31 December 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Assets for deferred tax		
For temporary differences	145,709,439	122,242,825
Losses accepted for tax purposes	4,647,409	4,927,231
	<u>150,356,848</u>	<u>127,170,056</u>
Liabilities for deferred tax		
For temporary differences	(25,448,612)	(14,091,857)
	<u>124,908,236</u>	<u>113,078,199</u>
Assets for current tax		
Corporate tax to be repaid	3,191,644	11,031,905
Liabilities for current tax		
Corporate tax to pay	(37,044,554)	(9,957,674)
	<u>(33,852,910)</u>	<u>1,074,231</u>

Details of entries occurring on deferred taxes during 2014 and 2013 are as follows:

	2014			Balance as at 31-12-2014
	Balance as at 31-12-2013	Variation in results	Variation in reserves	
. Tangible assets and impairment	78,232	(25,817)		52,415
. Intangible assets	104	(84)		20
. Provisions not accepted for tax purposes:				
Provision for doubtful debt	55,147,013	11,758,280		66,905,293
Provision for overdue credit and interest	54,860,512	3,893,346		58,753,858
Provision for general credit risk	7,102,794	515,879		7,618,673
Provision for financial investment	40,514	(894)		39,620
Provision for property	938,033	94,111		1,032,144
Provision for other investments	1,346,356	552,535		1,898,891
Provision for other risks and charges	512,090	115,324		627,414
. Pensions				
Early retirement	462,900	(105)		35,8266
Contributions	125,348	(136)		(11)
Seniority awards	4,372,360	(138)		4,234,251
Charges with health	168,827	(59,280)		109,547
. Valuation at fair value for held-for-sale financial assets in reserves	(15,767,721)	4,123,568	111,710	(1,1532,443)
. Revaluation of property not accepted for tax purposes	(524,306)	71,239		(453,067)
. Fiscal credits	(1,180,468)	(2,625,785)		(3,806,253)
. Losses acceptable for tax purposes	4,927,231	(279,822)		4,647,409
. Commissions	69,213	(59,353)		9,860
. Gains in value of available-for-sale financial assets	-	-		
. Others	399,167	(5,976,194)		(5,577,027)
	<u>113,078,199</u>	<u>11,718,327</u>	<u>111,710</u>	<u>124,908,236</u>

	2013			Balance as at 31-12-2013
	Balance as at 31-12-2012	Variation in results	Variation in reserves	
. Tangible assets and impairment	14,493	63,739		78,232
. Intangible assets	71,629	(71,525)		104
. Provisions not accepted for tax purposes:				
Provision for doubtful debt	31,768,025	23,378,988		55,147,013
Provision for overdue credit and interest	77,497,847	(226,373,359)		54,860,512
Provision for general credit risk	9,848,297	(2,745,503)		7,102,794
Provision for financial investment	86,603	(46,089)		40,514
Provision for property	912,348	25,685		938,033
Provision for other investments	826,230	520,126		1,346,356
Provision for other risks and charges	2,140,818	(1,628,728)		512,090
. Pensions				
Early retirement	380,488	82,412		462,900
Contributions	19,745	105,603		125,348
Seniority awards	4,564,301	(191,941)		4,372,360
Charges with health	254,008	(85)		168,827
. Valuation at fair value for held-for-sale financial assets in reserves	(1,382,790)	810,029	(15,194,960)	(15,767,721)
. Revaluation of property not accepted for tax purposes	(585,388)	61,082		(524,306)
. Fiscal credits	-	(1,180,468)		(1,180,468)
. Losses acceptable for tax purposes	1,169,294	3,757,937		4,927,231
. Commissions	69,281	(68)		69,213
. Others	24,955	374,212		399,167
	<u>127,680,184</u>	<u>592,975</u>	<u>(15,194,960)</u>	<u>113,078,199</u>

The increase in deferred tax on the asset side in 2014 and 2013 results mainly from provisions for credit granted with mortgage guarantee.

Expenditure on tax recorded in results, along with the related tax, measured by the relationship between the set aside for tax on profits and the profit for the year before tax, is presented as follows:

	<u>2014</u>	<u>2013</u>
Current tax	53,074,773	22,605,452
<u>Deferred tax</u>		
Recording and reversion of temporary differences	-14,493,067	-592,975
	-----	-----
Total tax recognised in results	38,581,706	22,012,477
Profit before tax	65,560,178	19,154,413
Tax burden	58.85%	114.92%



Reconciliation between nominal tax and actual tax for 2014 and 2013 is set out as follows:

	2014		2013	
	Rate of tax	Amount	Rate of tax	Amount
Results before tax		<u>65,560,178</u>		<u>19,154,413</u>
Tax assessed on basis of nominal rate	24.5%	16,062,244	26.5%	5,075,919
Additional tax (government surtax)	3% and 5%	6,760,209	3% and 5%	895,275
Provisions not accepted for tax purposes, net of repositions	17%	10,895,781	0%	-
Municipal surtax	3%	1,942,762	6%	1,105,360
Self-assessment	2%	1,354,406	6%	1,232,965
Corrections of tax for previous years	2%	1,388,310	0%	(18,569)
Correction of deferred tax (+1,5%)	-3%	(2,251,485)	0%	-
Tax benefits	-1%	(470,235)	-5%	(993,244)
Tax on unit redemption - tax taxen from fund	-1%	(968,552)	0%	-
Potential addition of deferred tax related to unrecognised losses	4%	2,695,042	49%	9,377,889
Reduction of rate on deferred tax (-2%)	-3%	(1,669,941)	13%	2,553,604
Others	4%	2,843,167	15%	2,783,278
Tax recorded on the income statement		<u>58.85%</u> <u>38,581,706</u>		<u>114.92%</u> <u>22,012,477</u>

## 18. TECHNICAL PROVISIONS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<b>Life:</b>		
Mathematical provision	1,251,540,302	1,077,891,601
Claims provision	5,965,090	,244,337
Other technical provisions:		
Provision for participation in results	90,788,454	24,623,935
Provision for evening out portfolio	13,695,770	14,308,054
Provision for rate	37,230,005	28,072,161
	<u>1,399,219,621</u>	<u>1,150,140,088</u>
<b>Non-life:</b>		
Provision for unacquired premiums	15,939,177	15,951,101
Claims provision	97,075,386	91,038,036
Other technical provisions:		
Provision for risks in progress	3,480,330	3,832,012
Provision for discrepancies in claims	899,179	695,398
	<u>117,394,072</u>	<u>111,516,547</u>
	<u>1,516,613,693</u>	<u>1,261,656,635</u>

Entries on technical provisions for 2013 and 2014 were as follows:

Balance as at 31-12-2012	Reinforcements net of repositioning and cancellations (Note 41)	Use / Reconciliation	Balance as at 31-12-2013	Reinforcements net of repositioning and cancellations (Note 41)	Use	Reconciliation	Balance as at 31-12-2014
1,137,403,788	124,115,380	137,468	1,261,656,636	189	-	66,199,257	1,516,613,693

As at 31 December 2014 and 2013, the mathematical provision can be broken down as follows:

	<u>2014</u>	<u>2013</u>
Protecção Poupança Investimento	48,506,901	85,701,801
Protecção Poupança Reforma	101,476,546	112,917,162
Protecção Poupança Educação	16,862,578	17,161,660
CA PPR+6	4,869,099	7,939,052
CA Poupança Activa	365,084,548	258,466,614
Protecção Super-Crédito	27,472	47,251
CA PPR	204,297,822	130,390,698
CA Protecção Livre	193,146	200,516
CA Vida Plena	40,412	30,822
CA Super 4,25	80,284,334	77,899,813
CA Primavera	26,616,753	26,293,221
CA Verão Taxa Crescente	25,644,419	25,129,488
CA Verão PPR	1,063,683	10,687,802
CA Futuro Garantido PPR	25,904,832	25,393,567
CA Mulher	12,679	13,157
CA Super 5	39,201,601	38,202,601
CA Super 5 - 3,8%	7,964,518	7,935,897
CA Super 5 PPR	32,381,735	31,262,037
CA Super 5 - PPR (3,8%)	7,199,149	7,157,433
CA Sempre +	14,493,536	14,240,010
CA Sempre + PPR	11,669,509	1,160,0847
CA Garantia Máxima	28,469,519	27,930,349
CA Garantia Máxima - PPR	21,789,802	21,441,011
CA Pessoa-Chave	6,538	3,860
CA Pessoa-Chave Crédito	13,722	9,885
CA Garantia 5 (1ª série)	19,328,464	19,457,421
CA Garantia 5 - PPR (1ª série)	29,615,300	29,321,641
CA Garantia 5 - 2 série	51,418,169	39,286,480
CA Garantia 5 PPR - 2 série	61,975,224	48,122,832
CA Universitário (Poupança)	15,125,207	3,646,673
CA Premium	408	0
CA Mulher	2,677	0
	<u>1,251,540,302</u>	<u>1,077,891,601</u>

## 19. OTHER ASSETS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>Other assets</u>		
Other cash at call	1,006,463	1,972,467
Gold and other precious metals	575,461	561,546
Debtors in futures operations	474,740	23,164
Counter-guarantee placements	3,663,087	3,596,569
Other funds invested	-	37,757
Public Sector		
VAT reimbursable	528,881	73,743
IMT - reimbursement requested	1,692,489	1,737,543
Other receivables	2,265,076	1,659,833
Debtors for capital not paid up	1,720	730
Expenses with credit in litigation	4,056,268	4,127,215
Shareholder's capital	1,183,689	1,176,317
Subsidies receivable	1,300,199	1,309,842
Other assets held against credit recovery	9,723,100	-
Sundry debtors - advances	3,433,064	61,070,365
Financial leasing customers	1,682,033	2,234,546
Other sundry debtors	51,198,134	55,317,454
	<u>82,784,404</u>	<u>134,899,091</u>
<u>Responsibilities with pensions and other benefits</u>		
Total responsibilities	(62,898,329)	-
Value of assets in the pension fund	(63,189,835)	-
	<u>291,506</u>	<u>-</u>
<u>Revenue receivable</u>		
For irrevocable commitments taken on	130,128	134,125
For banking services rendered	1,850,327	2,389,339
Other income receivable	1,712,856	731,944
	<u>3,693,311</u>	<u>3,255,408</u>
<u>Expenses with deferred charges</u>		
Rentals	387,244	377,941
Insurance	1,013,230	1,302,462
Other expenses deferrable	6,023,656	6,688,463
Contributions for the resolution fund	1,454	-
Contributions to FGD, FGCAM and SII	10,534	-
	<u>7,436,118</u>	<u>8,368,866</u>
<u>Amounts to be reconciled</u>		
Multibanco (ATM clearance)	51,518,611	44,299,278
Foreign Exchange operations to be settled	-	172,196
Protocols	4,967,746	-
IT systems	13,525,228	-
Stationery	1,070,044	2,190,926
Amounts cleared	8,062	-
Other operations to be settled	30,210,066	2,986,801
	<u>101,299,757</u>	<u>49,649,201</u>
<u>Tangible assets available for sale</u>		
Property	844,921,042	1,007,037,444
Equipment	648,280	694,352
Others	3,444,602	2,351,188
	<u>849,013,924</u>	<u>1,010,082,984</u>
	<u>1,044,519,020</u>	<u>1,206,255,550</u>
<u>Impairment – Other assets</u>		
Other sundry debtors	(19,574,728)	(17,712,710)
Tangible assets held for sale		
Property	(85,409,531)	(129,399,242)
Equipment	196,683	(149,750)
Others	(582,580)	(226,758)
	<u>(105,763,522)</u>	<u>(147,488,460)</u>
	<u>983,755,498</u>	<u>1,058,767,090</u>

The entries on non-current held-for-sale tangible assets during 2014 and 2013 are as follows:

	31-12-2013			Impairment					Transfers*			31-12-2014			
	Gross value	Impairment	FII Carteira Imobiliária	Acquisitions	Disposals	Adjustments	Use of impairment	Adjustments	Allocation of impairment	Repositions of impairment			Gross value	Impairment	Net value
Non-current tangible assets held for sale:															
Property	1,007,037,444	(129,399,243)	(141,344,354)	120,750,970	(98,147,515)	(33,652,403)	6,310,483	47,029,786	(16,591,266)	5,996,413	(9,723,100)	1,244,296	844,921,042	(85,409,531)	75,951,151
Equipment	694,352	(149,749)	-	501,626	(547,698)	-	2,770	-	(122,062)	72,358	-	-	648,280	(196,683)	451,597
Others	2,351,188	(226,758)	(526,342)	1,639,928	(20,172)	-	-	-	(355,822)	-	-	-	3,444,602	(582,580)	2,862,022
	<b>1,010,082,984</b>	<b>(129,775,750)</b>	<b>(141,870,696)</b>	<b>122,892,524</b>	<b>(98,715,385)</b>	<b>(33,652,403)</b>	<b>6,313,253</b>	<b>47,029,786</b>	<b>(17,069,150)</b>	<b>6,068,771</b>	<b>(9,723,100)</b>	<b>1,244,296</b>	<b>849,013,924</b>	<b>(86,188,794)</b>	<b>762,825,130</b>

	31-12-2012			Impairment					31-12-2013		
	Gross value	Impairment	Acquisitions	Disposals	Use of impairment	Adjustments	Allocation of impairment	Repositions of impairment	Gross value	Impairment	Net value
Non-current tangible assets held for sale:											
Property	960,969,732	(66,109,855)	167,694,470	(121,626,758)	8,357,634	(39,491,678)	(40,424,062)	8,268,718	1,007,037,444	(129,399,243)	877,638,201
Equipment	682,936	(348,444)	464,835	(453,419)	4,800	-	(67,127)	261,022	694,352	(149,749)	544,603
Others	1,881,349	(158,110)	1,662,178	(1,192,339)	87,974	-	(176,622)	20,000	2,351,188	(226,758)	2,124,430
	<b>963,534,017</b>	<b>(66,616,409)</b>	<b>169,821,483</b>	<b>(123,272,516)</b>	<b>8,450,408</b>	<b>(39,491,678)</b>	<b>(40,667,811)</b>	<b>8,549,740</b>	<b>1,010,082,984</b>	<b>(129,775,750)</b>	<b>880,307,234</b>

\* Transfer to the heading "Other assets" of properties as being in line with paragraph 7 of IFRS 5 "Non-current assets held for sale and discontinued operations". There is no impact on the item on the balance sheet "Other assets", but they appear as properties transferred as fitting the designation "other assets for credit recovery".

At the start of 2014, the divestment process was concluded for the Fundo Investimento Imobiliário CA Imobiliário, with the acquisition of units from the fund and disposal of the Unidades de Participação do Fundo Investimento Imobiliário Carteira Imobiliária. The latter ceased to be within the perimeter of the consolidation process for the Group.

Assessments of fair value were also made of all the assets in the Fundo Investimento Imobiliário CA Imobiliário, resulting in adjustments to fair value in the accounting value.

The heading "ATM machines" corresponds to the amount held in the ATM, which is awaiting reconciliation by SIBS.

As at 31 December 2014 and 2013, the heading "Other assets – Shareholders' capital" relates to loans for Propaço.

As at 31 December 2014 and 2013, the heading "Other sundry debtors" includes 7,502,828 euros and 9,843,203 euros respectively for subsidies to be received by CA Seguros from IFAP.

## 20. FUNDS AT CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

These headings are broken down as follows:

	2014	2013
<u>Funds from Central Banks</u>		
Funds from Banco de Portugal		
Term deposits	980,200,000	1,250,000,000
Interest payable	25,728	12,845,139
	<u>980,225,728</u>	<u>1,262,845,139</u>
 <u>Funds from domestic credit institutions</u>		
Deposits	130,124,744	53,992,151
Other funds	-	61,194
	<u>130,124,744</u>	<u>54,053,345</u>
 <u>Funds from foreign credit institutions</u>		
Other credit institutions:		
Deposits	600,814	489,282
Sales with buy-back agreement	4,587,660	43,819,546
Other funds	722,000	1,463,692
	<u>5,910,474</u>	<u>45,772,520</u>
Interest payable	121,176	241,188
	<u>136,156,394</u>	<u>100,067,053</u>

As at 31 December 2014 and 2013, the heading “Repo operations” relates to Portuguese public debt securities with foreign counterparts, the aim being to boost liquidity.

As at 31 December 2014 and 2013, the residual period for funds of central banks and other financial credit institutions is as follows:

	<u>2014</u>	<u>2013</u>
Up to three months	702,813,218	396,027,000
Between three months and one year	28,222,000	-
Between one year and three years	-	952,999,104
Between three years and five years	<u>385,200,000</u>	<u>799,761</u>
	<u>1,116,235,218</u>	<u>1,349,825,865</u>
Interest payable	<u>146,904</u>	<u>13,086,327</u>
	<u>1,116,382,122</u>	<u>1,362,912,192</u>
Interest payable	<u>50,133,638</u>	<u>59,290,287</u>
	<u>10,536,608,852</u>	<u>10,122,542,896</u>

The heading “Bank of Portugal funds” includes two loans to the total amount of 980,200,000 euros, with maturities in January 2015 (595,000,000 euros) and September 2018 (385,200,000 euros).

Securities given as pledges to the Bank of Portugal for cover of financing operations through the Eurosystem, with reference to 31 December 2014 are:

31-12-2014

Designation	ISIN	Quantity	Final value
SPGB 4.3 10/19	ES0000012106	25,000	28,913,148.25
SPGB 4.85 31/10/20	ES0000012273	50,000	60,181,555.00
SPGB 5.25 04/21	ES00000123B9	100,000	128,337,566.00
SPGB 5.85 01/22	ES00000123K0	50,000	66,569,548.00
SPGB 5.40 01/31/23	ES00000123U9	25,000	32,955,774.25
BTPS 4.5 02/20	IT0003644769	125,000	145,850,460.00
BTPS 4.5 08/18	IT0004361041	25,000	28,332,687.75
BTPS 4.25 09/19	IT0004489610	110,000	126,278,999.55
BTPS 4 01/09/20	IT0004594930	152,000	174,290,796.96
BTPS 3 06/15	IT0004615917	100,000	100,818,673.50
BTPS 4.75 09/21	IT0004695075	20,000	24,125,953.60
BTPS 3 1/2 11/17	IT0004867070	275	295,572.57
BTPS 3.5 12/18	IT0004957574	35,000	38,128,694.98
BTPS 2.5 05/19	IT0004992308	55,000	58,075,816.70
BPIL 15/01/15	PTBB5JOE0000	934	44,783,658.50
BCPPL 3.75 10/16	PTBCSSOE0011	234	121,89,198.59
BCPPL 4.75 06/22/17	PTBCUB1E0005	1,679	92,228,631.87
BCPPL 3.375 02/17	PTBITIOM0057	700	54,957,922.25
CGD 28/09/2015	PTCG32OM0004	30,440	28,332,358.75
CGD 06/12/2016	PTCGF11E0000	2,518	132,331,679.56
CXGD 3 1/19	PTCGHAE0019	405	43,913,362.28
CXGD3.75 01/18	PTCGHUOE0015	125	13,677,485
EDP FINANCE 26/09/2016	XS0435879605	6,000	4,851,702.48
EDP FINANCE 16/03/2015	XS0495010133	13,214	11,832,834.14
RBS 5.5 03/20	XS0496481200	12,000	13,461,724.50
EDP FINANCE 01/02/2016	XS0586598350	3,000	2,482,240.68
EDP FINANCE 21/09/2017	XS0831842645	10,830	9,218,265.27
ISPIM 4.375 10/19	XS0842828120	100	10,310,116.00
UCGIM 1.5 06/19	XS1078760813	10,000	6,882,320.25
LLOYDS 1 19/11/21	XS1139091372	20,000	17,708,652.50
DANBNK 0 11/19	XS1139303736	10,000	9,333,170
			<b>1,521,650,569.73</b>

Assets not recognised and associated with repo operations are as follows:

Designation	ISIN	Quantity	Repurchase value
BTPS 3 1/2 11/17	IT0004867070	9,725,000	4,587,660

## 21. FUNDS FROM CUSTOMERS AND OTHER LOANS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Deposits		
Current accounts	2,909,640,291	2,713,549,351
Term accounts	5,450,232,469	5,190,187,465
Savings accounts	2,119,528,384	2,150,048,805
Other customer funds	225,259	453,58
Cheques and payment orders	6,329,605	8,945,778
Others	519,206	67,630
Interest payable	50,133,638	59,290,287
	<u>10,536,608,852</u>	<u>10,122,542,896</u>

As at 31 December 2014 and 31 December 2013, the residual period for funds of customers and other credit were as follows:

	<u>2014</u>	<u>2013</u>
Up to three months	5,931,408,245	5,693,954,674
Between three months and one year	4,218,046,277	4,133,288,259
Between one year and three years	325,922,272	224,379,851
Between three years and five years	6,624,145	8,985,937
More than five years	4,474,275	2,643,888
	<u>10,486,475,214</u>	<u>10,063,252,609</u>
Interest payable	50,133,638	59,290,287
	<u>10,536,608,852</u>	<u>10,122,542,896</u>





### 23. FINANCIAL INSTRUMENTS

This heading is broken down as follows:

		<u>2014</u>	<u>2013</u>
C6150	C.C.A.M. Nordeste Alentejano, CRL	572,765	661,680
C1290	C.C.A.M. Vila Verde e Terras do Bouro, CRL	500,000	-
C5230	C.C.A.M. Pernes, CRL	341,45	361,560
C7140	C.C.A.M. Sotavento Algarvio, CRL	334,475	398,810
C5430	C.C.A.M. Ribatejo Norte e Tramagal, CRL	190,670	377,285
C6250	C.C.A.M. Guadiana Interior, CRL	152,300	1,022,100
C2230	C.C.A.M. Douro, Corgo e Tâmega, CRL	89,160	91,125
C1280	C.C.A.M. Médio Ave, CRL	55,305	66,535
C3240	C.C.A.M. Baixo Vouga, CRL	13,175	30,435
C6320	C.C.A.M. Costa Azul, CRL	5,275	5,275
C5270	C.C.A.M. Salvaterra de Magos, CRL	500	-
C1340	C.C.A.M. de Vale de Sousa e Baixo Tâmega,	475	-
C1420	C.C.A.M. do Noroeste, CRL	105	-
C5240	C.C.A.M. Porto de Mós, CRL	-	100,010
C8050	C.C.A.M. Açores, CRL	-	7,406,150
C4050	C.C.A.M. Beira Baixa (Sul), CRL	-	127,805
		-----	-----
		2,255,655	1,0648,770
		=====	=====

In accordance with IAS 32, financial instruments are own funds instruments if the entity has an unconditional right to refuse reimbursement. The introduction of IAS/IFRS implied an adjustment with reference to 1 January 2006 to the amount of 41,447,495 euros, due to the fact that financial instruments are classified as liabilities (Note 27).

The reductions on securities representing capital relate to reimbursement to associates.

### 24. OTHER SUBORDINATED LIABILITIES

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>Subordinated loans granted by FGCAM:</u>		
Not securatised	94,433,884	81,433,884
<u>Investment securities:</u>		
Issued	47,612,340	51,558,840
	-----	-----
	142,046,224	132,992,724
	-----	-----
Interest payable	487,741	410,790
	-----	-----
	142,533,965	133,403,514
	=====	=====

In terms of the maturities for subordinated loans, the residual duration of the balance as at 31 December 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Less than three months	300,000	1,959,800
Between three months and one year	21,874,300	496,000
Between one year and three years	19,834,900	35,953,700
Between three years and five years	38,080,300	47,626,500
More than five years	61,956,724	46,956,724
Interest payable	487,741	410,790
	-----	-----
	<b>142,533,965</b>	<b>133,403,514</b>
	=====	=====

As at 31 December 2014, the Group held subordinated loans granted by the guarantee fund (the Fundo de Garantia de Crédito Agrícola Mútuo) to the amount of 94,433,884 euros (81,433,884 euros as at 31 December 2013).

The balance on the Guarantee Fund stands as follows:

Description	Entity holding the securities	Currency	Date of interest maturity	Interest rate in force as at 31.12.2014	Date of maturity	2014			Balance 31.12.2014
						Balance 31.12.2013	Reimbursements	Issues	
FGCAM loan	C3030 - Coimbra	euro	05-jun	0.5000%	05-06-2022	-	-	13,000,000	13,000,000
FGCAM loan	C3220 - Costa Verde	euro	31-jan	0.5000%	31-01-2018	11,000,000	-	-	11,000,000
FGCAM loan	C3400 - Bairrada e Agueira	euro	-	0.5000%	05-05-2016	3,000,000	-	-	3,000,000
FGCAM loan	C3400 - Bairrada e Agueira	euro	-	0.5000%	05-05-2018	5,000,000	-	-	5,000,000
FGCAM loan	C3400 - Bairrada e Agueira	euro	-	0.5000%	16-06-2021	8,000,000	-	-	8,000,000
FGCAM loan	C4050 - Beira Baixa (Sul)	euro	15-may	0.7500%	15-05-2018	4,000,000	-	-	4,000,000
FGCAM loan	C5460 - Entre Tejo e Sado	euro	31-dec	0.5000%	31-12-2022	5,000,000	-	-	5,000,000
FGCAM loan	C5460 - Entre Tejo e Sado	euro	31-dec	0.5000%	31-12-2022	968,745	-	-	968,745
FGCAM loan	C5460 - Entre Tejo e Sado	euro	31-dec	0.5000%	31-12-2022	2,493,989	-	-	2,493,989
FGCAM loan	C5460 - Entre Tejo e Sado	euro	31-dec	0.5000%	31-12-2022	2,493,990	-	-	2,493,990
FGCAM loan	C5460 - Entre Tejo e Sado	euro	29-oct	0.3000%	31-12-2022	10,000,000	-	-	10,000,000
FGCAM loan	C6020 - Alcacer Sal e Montemor-Novio	euro	30-nov	0.5000%	30-11-2022	12,000,000	-	-	12,000,000
FGCAM loan	C6240 - Moravis	euro	15-dec	0.5000%	15-12-2022	8,000,000	-	-	8,000,000
FGCAM loan	C6440 - Alentejo Central	euro	23-oct	0.5000%	23-10-2015	1,995,192	-	-	1,995,192
FGCAM loan	C6440 - Alentejo Central	euro	23-oct	0.5000%	23-10-2015	7,481,968	-	-	7,481,968
						<u>81,433,884</u>	<u>-</u>	<u>13,000,000</u>	<u>94,433,884</u>

The balance on investment securities is as follows:

Description	Entity holding the securities	Number of bonds	Currency	Nominal unit value	Date of interest maturity	Interest rate in force as at 31.12.2014	Date of maturity	2014			
								Balance 31.12.2013	Reimbursements	Issues	Balance 31.12.2014
Investment Security/2007- 1 <sup>st</sup> Issue	CCCAM	10,000	euro	100	27-mar		27-03-2014	93,300	93,300	-	-
Investment Security/2010	C1340 - Vale de Sousa e Baixo Tâmega	2,000,000	euro	5	30-jun	5.000%	31-12-2015	10,000,000	-	-	10,000,000
Investment Security/2008	C1420 - Noroeste	3,133	euro	500	2-feb		02-02-2014	1,566,500	1,566,500	-	-
Investment Security/2011	C1420 - Noroeste	5,883	euro	500	3-mar	3.7500%	30-09-2016	2,941,500	-	-	2,941,500
Investment Security/2011	C1420 - Noroeste	9,186	euro	500	02-apr	4.2920%	02-04-2017	4,593,000	-	-	4,593,000
Investment Security/2012	C1420 - Noroeste	2,142	euro	500	02-apr	3.7920%	02-04-2018	1,071,000	-	-	1,071,000
Investment Security/2011	C1440 - Área Metropolitana do Porto		euro		23-dec	4.2500%	22-12-2016	1,400,100	-	-	1,400,100
Investment Security/2010	C2090 - Beira Douro	1,032	euro	500	15-jun	2.4243%	15-06-2015	516,000	-	-	516,000
Investment Security/2009	C2160 - Vale do Távora	392	euro	500	30-sep		30-09-2014	196,000	196,000	-	-
Investment Security/2011 - 1 <sup>st</sup> Issue	C2160 - Vale do Távora	1,016	euro	500	01-jul	4.0000%	30-06-2016	304,800	-	-	304,800
Investment Security/2011 - 2 <sup>nd</sup> Issue	C2160 - Vale do Távora	3,000	euro	500	31-dec	5.5000%	30-12-2016	1,200,000	-	-	1,200,000
Investment Security/2012 - 1 <sup>st</sup> Issue	C2160 - Vale do Távora	2,347	euro	500	30-jun	4.3890%	29-06-2017	1,173,500	-	-	1,173,500
Investment Security/2011	C2190 - Terra Quente	3,000	euro	500	30-mar	4.1250%	30-09-2016	1,500,000	-	-	1,500,000
Investment Security/2012 - 1 <sup>st</sup> Issue	C2190 - Terra Quente	3,000	euro	500	30-mar	4.1875%	30-03-2017	1,500,000	-	-	1,500,000
Investment Security/2012 - 2 <sup>nd</sup> Issue	C2190 - Terra Quente	1,578	euro	500	01-feb	4.3125%	01-08-2017	789,000	-	-	789,000
Investment Security/2011	C3160 - Vale de Cambra	286,600	euro	5	01-oct	4.5000%	01-04-2016	1,433,000	-	-	1,433,000
Investment Security/2009	C3370 - Serras de Ansião	60,000	euro	5	16-apr		16-04-2014	300,000	300,000	-	-
Investment Security/2010	C3370 - Serras de Ansião	60,000	euro	5	31-mar	2.3750%	29-03-2015	300,000	-	-	300,000
Investment Security/2012	C5460 - Entre Tejo e Sado	500,000	euro	5	31-mar	5.5000%	30-09-2017	2,500,000	2,500,000	-	-
Investment Security/2008	C6160 - Elvas e Campo Maior	60,000	euro	5	30-jul		30-01-2014	300,000	300,000	-	-
Investment Security/2010	C6250 - Guadiana Interior	376,228	euro	5	01-apr	2.8400%	01-10-2015	1,881,140	-	-	1,881,140
Investment Security/2014	C6250 - Guadiana Interior	165,160	euro	5	28-jun	4.0000%	28-07-2019	-	-	1,009,300	1,009,300
Investment Security/2013	C6320 - Costa Azul	32,000	euro	500	30-jun	4.0000%	31-12-2018	16,000,000	-	-	16,000,000
								<b>51,558,840</b>	<b>4,955,800</b>	<b>1,009,300</b>	<b>47,612,340</b>

## 25. OTHER LIABILITIES

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>Creditors and other funds</u>		
Funds - blocked accounts	2,159,574	1,843,124
Funds – guaranteed accounts	9,390,952	6,628,570
Other funds	2,028,247	2,17,664
Public Sector		
Employee tax collected	9,837,027	10,537,196
Social security contributions	3,274,411	3,250,077
VAT	1,224,143	1,798,154
Other taxes	3,758,759	3,725,241
Collections for third parties	210,302	216,808
Contributions for other health systems	617,937	620,670
Financial liabilities in insurance contracts	255,327,738	196,833,430
Liabilities in investment funds integrated in consolidation	251,329	202,265,647
Sundry creditors		
Creditors for supply of goods and services	11,150,943	12,651,815
Creditors with amounts payable	197,309	275,970
Creditors - parts realisable in securities taken	2,488,410	3,447,174
Creditors – credit cards	232,634	162,204
Advances for promissory contracts on purchase and sale (property)	2,544,891	3,544,099
Subsidies receivable	4,796	7,308
Other creditors	22,090,259	16,215,092
	<u>326,789,661</u>	<u>466,140,243</u>
<u>Responsibilities with pensions and other benefits</u>		
Total responsibilities	-	61,496,569
Assets in pension funds	-	<u>(57,395,358)</u>
	-	<u>4,101,211</u>
<u>Charges payable</u>		
Expenses with staff		
Provision for holidays and holiday subsidies	22,792,152	21,802,527
Length of service awards	19,494,776	18,978,567
Others	1,750,644	1,567,212
General administrative expenses	55,404	36,493
Others	2,956,294	2,095,860
	<u>47,049,270</u>	<u>44,480,659</u>
<u>Earnings with deferred income</u>		
Commissions on guarantees given	619	655,643
Rentals	337,629	383,693
Others	466,729	486,453
	<u>1,423,451</u>	<u>1,525,789</u>
<u>Amounts to be settled</u>		
Operations with securities to be cleared	21,045,725	7,624,976
Multibanco clearance - real time	14,158,287	12,434,087
Foreign Exchange position	830,856	1,223
Electronic transfers	139,675	313,203
Amounts collected – direct debit system (SDD)	6	3,598,964
Clearance of valuables	4,867,428	5,112,379
Other operations to be settled	39,026,379	14,370,997
	<u>80,068,356</u>	<u>43,455,829</u>
	<u>455,330,738</u>	<u>559,703,731</u>

Following AG29A and BC68 of IAS32, the Group switched to recognition under “Other liabilities” for holdings in investment funds that are within the consolidation process and held by entities outside the Group, since these holdings are seen as liabilities. They had previously been recorded under “minority interests”.

As at 31 December 2014, the balance under the heading “Creditors and other funds – Financial liabilities in insurance contracts” relates to CA Vida contracts, at guaranteed rate, without discretionary participation in results, valued at amortized cost. Moves between 31 December 2013 and 2014 were as follows:

	Amount under management as at 31.12.2013	Amounts		Variations in gains and losses (technical interest)	Amount under management as at 31.12.2014
		In	Out		
Valued at amortized cost	196,833,430	59,967,466	9,400,958	7,927,801	255,327,738

As at 31 December 2014 and 2013, the balance under the heading "Other operations to be settled - SDD" includes amounts for direct debit operations. The figures under this heading were drawn from customers by the issuing bank and offset through the Bank of Portugal in the first days of 2015 and 2014 respectively.

As at 31 December 2014 and 2013, the balance under the heading "Other operations to be settled" includes entries on Nostro accounts, specifically in foreign currency operations made by CA customers, awaiting the value date for entries to be made. Most of these amounts were cleared in the early part of January 2015 and 2014 respectively.

## 26. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments associated with banking operations are recorded under off-balance sheet items and are as follows:

	<u>2014</u>	<u>2013</u>
<u>Guarantees given and other possible liabilities</u>		
Guarantees and endorsements given	222,486,098	232,170,376
Assets given as guarantees	1,521,965,202	5,109,318,094
Open documentary credit	2,005,873	3,467,694
Assets given as guarantees - other assets	9,857,505	13,743,618
Other guarantees	17,494	17,494
<u>Commitments to third parties</u>		
For credit lines		
Irrevocable commitments	844,092,062	571,946,690
Revocable commitments	295,505,469	286,987,480
Through subscription to securities	52,350,000	88,150,000
Potential responsibility with investor compensation system	372,727	341,208
<u>Responsibilities for services rendered</u>		
Deposits and safekeeping	1,141,122,272	1,166,220,156
Amounts administered through the institution	2,389,744,163	894,260,843
Amounts received for collection	68,641,332	80,436,133
Others	13,190,253	2,563,766
	<u>6,561,350,450</u>	<u>9,449,623,552</u>

As at 31 December 2014 and 2013, the item “Assets given as guarantees” includes the value of securities in the pool of collateral deposited at *Banco de Portugal* as a guarantee against funding through the Eurosystem. This item also includes securities given as a guarantee to cover repos contracted with other non-resident financial institutions.

As at 31 December 2012 and 2011, the total balance under the heading “Commitments to third parties – for subscription of securities” relates to commercial paper.

In terms of the statutes of the Crédito Agrícola Mútuo, the Group has a responsibility for the unfinanced amount of the pension funds of the Caixas Agrícolas who do not belong to SICAM (Note 45), even though this is not recorded in the respective off-balance sheet item.



## 27. CAPITAL

The statutory capital of the Group is divided up and represented by nominative certificates, with the nominal unit value of 5 euros. As at 31 December 2014, this stood at 965,798,891 euros.

From the paid up capital, 2,255,655 euros was transferred to a liabilities account "Financial instruments with liabilities characteristics", in accordance with IAS 32 – Financial Instruments (Note 23).

With the publication of the new statutes for the Crédito Agrícola (the Regime Jurídico do Crédito Agrícola Mútuo) in the Government Gazette (Decree Law no. 142/2009, of 16 June), as mentioned in the Introduction, the Caixas de Crédito Agrícola changed their statutes to be in line with the new regime. This had to be done at the outside by the date of the first mandatory AGM in 2010, as mentioned in the transitional provisions set down in article 5 of the said Decree Law. The statutes of individual Caixas were therefore altered and approved at the AGM during 2009 or in early 2010. Any decision by a Caixa to withdraw is subject to a decision at the AGM, this being the reason why the capital in the form of nominal securities subscribed by the Caixas kept the same classification, under the terms of IAS 32. The exception is the situation where they fit in the framework of liabilities (as defined in IAS 32).

In terms of the statutes of the Caixas Agrícolas, the conditions for withdrawal are as follows:

- Up to 31 October in any year, associates can request withdrawal or a reduction of their holding, in writing addressed to the Board, under the following conditions:
  - At least three years must have elapsed after the financial instruments have been paid up.
  - Reimbursement must not lead to a reduction in equity to a figure less than the minimum amount stipulated in the statutes nor imply default or the worsening of default in any relationship or prudential limits fixed by law or the Bank of Portugal for the Caixa Agrícola.
- Withdrawal becomes effective after approval by the AGM that analyses the report and accounts for the year during which the request was made.
- The associate who has withdrawn, or has requested a reduction in the holding, has the right to reimbursement of the securities representing capital, under the provisions of clause 7 of article 8 of the statutes, though the Board can suspend reimbursement as stipulated in clause 8 of the same article.
- Reimbursement can be made in three annual installments, unless a shorter period is decided by the Board.

During 2014, there were capital increases, one of 15,955,155 euros through incorporation of reserves, the other of 28,989,552 euros by the entry for new partners.

As at 31 December 2014 and 2013, the statutory capital, broken down by associated Caixas, was as follows:

	2014	2013
CCAM de Pombal, CRL	55,966,520	55,970,360
CCAM Batalha, CRL	42,371,290	41,360,680
CCAM Região Bragança e Alto Douro, CRL	35,146,765	32,501,985
CCAM Costa Azul, CRL	32,528,440	30,306,210
CCAM Açores, CRL	30,938,910	22,842,120
CCAM do Noroeste, CRL	28,515,900	27,790,145
CCAM Alto Cávado e Basto, CRL	27,276,835	27,004,705
CCAM da Serra da Estrela, CRL	24,981,050	22,917,800
CCAM C. da Rainha, Óbidos e Peniche, CRL	21,457,800	21,449,735
CCAM do Vale do Távora e Douro, CRL	20,506,985	18,936,055
CCAM Terras Sousa, Ave, Basto e Tâmega, CRL	18,707,405	17,700,330
CCAM do Sotavento Algarvio, CRL	18,641,035	18,607,630
CCAM do Douro, Corgo e Tâmega, CRL	17,863,245	17,333,005
CCAM de São Teotónio, CRL	17,752,555	17,471,220
CCAM P. Varzim, V. Conde e Esposende, CRL	17,267,550	17,483,030
CCAM de Vale de Sousa e Baixo Tâmega, CRL	16,991,895	16,930,430
CCAM do Baixo Mondego, CRL	16,292,150	15,596,760
CCAM Beira Douro, CRL	14,984,280	12,699,385
CCAM Coimbra, CRL	14,073,660	14,032,295
CCAM de Alcobaça, CRL	13,622,050	12,593,515
CCAM Alenquer, CRL	13,498,925	13,170,250
CCAM Vale do Dão e Alto Vouga, CRL	12,733,555	12,275,505
CCAM da Zona do Pinhal, CRL	12,215,150	12,075,105
CCAM do Baixo Vouga, CRL	12,128,750	12,137,960
CCAM S. Bart. Messin. e S. Marcos Serra, CRL	11,983,340	11,796,145
CCAM Ribatejo Norte e Tramagal, CRL	11,917,000	11,889,440
CCAM S. João da Pesqueira, CRL	11,730,170	11,689,550
CCAM de Terras de Viriato, CRL	11,212,055	10,637,985
CCAM Beja e Mértola, CRL	11,092,280	11,076,985
CCAM Costa Verde, CRL	10,829,440	10,807,940
CCAM Lourinhã, CRL	10,813,045	10,415,465
CCAM do Guadiana Interior, CRL	10,802,320	11,246,725
CCAM Salvaterra de Magos, CRL	10,565,590	10,527,065
CCAM Coruche, CRL	10,464,600	10,462,940
CCAM Albufeira, CRL	9,950,230	9,760,215
CCAM Região do Fundão e Sabugal, CRL	9,683,090	9,281,275
CCAM da Terra Quente, CRL	9,535,585	9,086,980
CCAM de Silves, CRL	9,509,415	9,272,510
CCAM Loures, Sintra e Litoral, CRL	9,352,325	9,376,710
CCAM Médio Ave, CRL	9,001,170	8,961,295
CCAM de Cantanhede e Mira, CRL	8,962,585	8,769,825
CCAM Estremoz, CRL	8,257,570	7,975,965
CCAM de Lafões, CRL	8,011,775	7,283,945
CCAM Nordeste Alentejano, CRL	7,949,135	7,930,275
CCAM Ferreira do Alentejo, CRL	7,876,530	7,875,820
CCAM Oliveira de Azeméis e Estarreja, CRL	7,787,815	7,994,455
CCAM Área Metropolitana do Porto, CRL	7,764,555	6,747,105
CCAM de Moravis, CRL	7,557,180	7,490,010
CCAM Oliveira do Bairro, CRL	7,261,260	7,134,905
CCAM Cadaval, CRL	7,141,330	6,383,090

	2014	2013
CCAM Arruda dos Vinhos, CRL	7,036,185	6,763,175
CCAM da Bairrada e Agueira, CRL	6,952,135	6,903,325
CCAM Alentejo Central, CRL	6,922,385	6,820,285
CCAM Arouca, CRL	6,725,385	6,712,045
CCAM Terras de Miranda do Douro, CRL	6,463,665	6,059,595
CCAM Alcácer-Sal e Montemor-Novu, CRL	6,454,550	6,460,725
CCAM Beira Centro, CRL	6,304,945	6,256,120
CCAM Porto de Mós, CRL	6,205,945	6,172,735
CCAM Elvas e Campo Maior, CRL	6,162,225	6,165,805
CCAM do Algarve, CRL	6,130,711	4,569,661
CCAM Paredes, CRL	6,127,695	5,509,485
CCAM do Ribatejo Sul, CRL	6,119,700	6,043,890
CCAM Vila Franca de Xira, CRL	6,071,025	6,037,618
CCAM Sousel, CRL	5,94,7125	5,883,890
CCAM Mogadouro e Vimioso, CRL	5,518,760	5,019,260
CCAM Pernes, CRL	5,468,685	5,429,675
CCAM Sobral de Monte Agraço, CRL	5,463,605	5,431,055
CCAM Anadia, CRL	5,461,075	5,481,610
CCAM do Norte Alentejano, CRL	5,441,875	5,043,370
CCAM Azambuja, CRL	5,435,210	5,297,095
CCAM Aljustrel e Almodovar, CRL	5,354,715	5,230,955
CCAM Entre Tejo e Sado, CRL	5,192,025	3,876,015
CCAM Borba, CRL	5,130,335	4,053,845
CCAM Vila Verde e Terras do Bouro, CRL	5,098,080	5,840,190
CCAM Vagos, CRL	5,050,695	5,103,710
CCAM Oliveira do Hospital, CRL	5,030,615	4,057,970
CCAM de Albergaria e Sever, CRL	5,021,975	4,836,500
CCAM Vale de Cambra, CRL	5,018,370	4,059,540
CCAM Alcanhões, CRL	5,014,160	4,336,870
CCAM da Beira Baixa (Sul), CRL	4,971,490	4,780,700
CCAM Cartaxo, CRL	4,965,430	5,093,895
CCAM Serras de Ansião, CRL	4,064,025	3,964,185
	<u>965,798,891</u>	<u>926,355,629</u>

As at 31 December 2014 and 2013, the shareholder structure of the Group is divided among thousands of subscribers to capital certificates in the associated Caixas, and there is no single holder with more than 0.1% of capital.

## 28. RESERVES AND RETAINED EARNINGS

As at 31 December 2014 and 2013, the headings for reserves and results carried over are broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>Revaluation reserves:</u>		
Reserves from valuation at fair value, net:		
Of available-for-sale financial assets	81,918,546	41,096,490
	-----	-----
Revaluation reserves of fixed assets, net	6,269,081	6,696,533
Other revaluation reserves – pension fund (Note 45)	10,539,462	6,483,221
Others	(3,229,241)	(3,187,719)
	-----	-----
	95,497,848	51,088,525
	-----	-----
Other reserves	309,064,960	309,548,614
Retained earnings	(187,860,896)	(144,302,825)
	-----	-----
	121,204,064	165,245,789
	-----	-----
Profit for the year (Note 29)	(26,883,471)	(2,941,419)
	-----	-----
	243,585,383	213,392,895
	=====	=====

### Legal reserves

The purpose of the legal reserves is to cover losses that might occur during the year. In line with Article 33 of the statutes, the legal reserves are credited with 20% of the net annual surplus and any other amounts from associates to this end, up to the point where the total equals equity.

### Reserves for training and co-operative education

The purpose of these reserves is to provide finance for expenses incurred with technical, cultural or co-operative training programme put on by associates, management or employees of the Caixa Central. Additional funds are put in every year to a maximum of 2.5% of annual net surplus, along with any other sum acquired in any way for this purpose.

### Reserves for mutualist activities

These reserves are to cover the cost of mutual assistance needed by associates or employees. The allocation is up to a maximum of 2.5% of annual net surplus.

### Revaluation reserves

This heading includes the amount from revaluation of held-for-sale financial assets at fair value, and revaluation of fixed assets. These reserves cannot be distributed, though in the case of the revaluation of fixed assets, they can be used for capital increases or cover of losses, as they are used (amortisation) or the assets they represent are divested.

## 29. CONSOLIDATED PROFIT

The way consolidated profit was determined for 2014 can be summarised as follows:

	2014
Results from the Caixas de Crédito Agrícola Mútuo <sup>(1)</sup>	-13,111,621
Results from the Caixa Central de Crédito Agrícola Mútuo	36,610,035
	<u>23,498,414</u>
Impact on results from reconciliation of common balances in SICAM	1,006,982
Net result of SICAM	<u>24,505,396</u>
Net results for other Group companies:	
<i>Crédito Agrícola Vida, Companhia de Seguros S.A.</i>	4,059,390
<i>Crédito Agrícola Seguros – Companhia de Seguros de Ramos Reais, S.A.</i>	3,394,131
<i>Crédito Agrícola Gest - Sociedade Gestora de Fundos de Investimento Mobiliário S.A.</i>	417,898
<i>Crédito Agrícola Informática - Serviços de Informática S.A.</i>	314,140
<i>Fenacam - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL</i>	91,220
<i>Crédito Agrícola Consult - Acessoria Financeira e de Gestão S.A.</i>	64,349
<i>Agrocapital - Sociedade de Capital de Risco S.A.</i>	5,280
<i>Crédito Agrícola Serviços - ACE (2)</i>	-
<i>FII ImoValor CA</i>	-261,373
<i>FII CA Arrendamento Habitacional</i>	-3,148,198
<i>CA Imóveis, Unipessoal Lda</i>	-4,452,231
<i>CCCAM Gestão de Investimentos Unipessoal Lda</i>	-5,229,623
<i>Crédito Agrícola SGPS S.A.</i>	-6,828,338
<i>FEIIA CA Imobiliário</i>	-33,953,001
<i>FII Carteira Imobiliária</i>	-
	<u>(45,526,355)</u>
Cancellation of the extra provisions for impairment in business combinations recorded in individual accounts of Group companies	26,537,616
Difference in consolidation for FII CA Imobiliário and FII CAAH	11,740,003
Cancellation of adjustments at fair value of UP's in FII	1,593,282
Cancellation of impairment at CA SGPS on financial holdings in GCA companies	686,769
Results in uncontrolled interests in investment funds	36,734
Adjustments to Group pension funds	-212,433
Results from application of asset equivalence to group companies	-100,260
	<u>40,281,711</u>
Adjustments for intragroup relations and cancellation of common balances:	
<i>Cancellation of impairments in CA SGPS on supplementary capital (loans) granted to Group companies</i>	8,971,512
Cancellation of intra-group dividends	-2,853,227
<i>Cancellation of insurance premiums collected from Group companies</i>	903,583
<i>Cancellation of gains and losses on the sale of property held by CA Imóveis to Fundos II</i>	804,596
<i>Cancellation of intermediation commissions on banking and intermediation services</i>	241,123
<i>Cancellation of fixed assets sold intra-group, capital gains and correction of amortisations</i>	-72,701
<i>Cancellation of invoicing and inter-group services</i>	-183,385
<i>Other adjustments from consolidation</i>	-93,781
	<u>7,717,720</u>
	<u>26,978,472</u>
Results imputed to uncontrolled interests	-95,001
Consolidated Group profit for the year	<u><u>26,883,471</u></u>

<sup>(1)</sup> This figure derives from the sum of the net result of all the Caixas in SICAM

<sup>(2)</sup> At the end of each financial year, the ACE result is shared in the invoicing to group entities in proportion to the total invoicing in the year

### 30. MINORITY INTERESTS

Third-party holdings in Group companies in 2014 and 2013 can be broken down as follows:

#### **MINORITY INTERESTS**

	2014		2013	
	Balance sheet	Income statement	Balance sheet	Income statement
Crédito Agrícola Seguros	1,100,877	(88,247)	846,673	(68,763)
Agrocapital SCR	337,723	(1,760)	335,963	(5,986)
Crédito Agrícola Vida	64,949	(3,248)	51,620	(4,780)
Crédito Agrícola Informática	36,421	(1,728)	34,693	(3,724)
Fenacam	1,056	(18)	1,037	(102)
	<u>1,541,026</u>	<u>(-95,001)</u>	<u>1,269,986</u>	<u>(83,355)</u>

Entries for minority interests for as at 31 December 2014 and 2013, are as follows:

Minority interests as at 31 December 2012	1,216,726
	=====
Net results attributable to minority interests:	
Crédito Agrícola Seguros	68,763
Agrocapital SCR	5,986
Crédito Agrícola Vida	4,780
Crédito Agrícola Informática	3,724
Fenacam	102
	-----
	83,355
Variation in own funds (revaluation reserves) of insurance companies	(136,615)
	-----
Minority interests as at 31 December 2013	1,269,986
	=====
Net results attributable to minority interests:	
Crédito Agrícola Seguros	88,247
Crédito Agrícola Vida	3,248

Agrocapital SCR	1,760
Crédito Agrícola Informática	1,728
Fenacam	18
	-----
	95,001
Variation in own funds (revaluation reserves) of insurance companies	(366,041)
	-----
Minority interests as at 31 December 2014	1,541,026
	=====

### 31. INTEREST AND SIMILAR INCOME

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Interest on cash balances at central banks	172,852	552,183
Interest on cash balances at other credit institutions:		
Cash at call at domestic credit institutions	2,105	2,457
Cash at call at credit institutions abroad	1,139	1,514
	<u>3,244</u>	<u>3,971</u>
Interest on cash balances at other credit institutions:		
Funds at domestic credit institutions	736,738	5,336,545
Funds at credit institutions abroad	1,202	2,498
	<u>737,940</u>	<u>5,339,043</u>
Interest on customer credit:		
Loans	186,231,111	188,330,493
Housing	42,033,366	40,780,839
Credit on current accounts	26,895,289	32,418,572
Overdrafts on current accounts	6,586,730	8,260,124
Others	4,512,095	44,636,163
	<u>304,258,591</u>	<u>314,426,191</u>
Interest from overdue credit	16,797,262	17,979,611
Interest from other financial assets valued at fair value through results	2,920,660	655,885
Interest from held-for-sale financial assets	169,899,627	98,962,995
Interest from held-for-trading financial assets	7,189,752	7,991,123
Interest from held-to-maturity investments	13,830,434	33,844,713
Other interest and similar income	15,738,012	40,135,449
	<u>226,375,747</u>	<u>199,569,776</u>
	<u>531,548,374</u>	<u>519,891,164</u>

### 32. INTEREST AND SIMILAR CHARGES

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Interest on customer funds and other loans	140,481,977	171,673,860
Interest on funds from other credit institutions	1,152,905	3,128,349
Interest on funds from central banks	1,902,969	8,401,389
Interest from held-for-trading financial liabilities derivatives	201,938	203,625
Discount from operations on bonds in the capital market	(598)	(346)
Interest on subordinated liabilities	2,512,122	1,946,543
Other interest and similar income	78,954,793	28,179,966
	<u>224,608,508</u>	<u>213,187,521</u>

### 33. YIELD FROM CAPITAL INSTRUMENTS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>Held-for-sale financial assets</u>		
Issued by residents	974,331	974,875
Issued by non-residents	666,978	580,800
	<u>1,641,309</u>	<u>1,555,675</u>

As at 31 December 2014 and 2013, the figure under this heading refers to dividends received on financial instruments issued by residents, relating to capital instruments in the securities portfolios of CA Vida.

The dividends on securities issued by non-residents relate to the CIMD Group, held by Crédito Agrícola SGPS.



### 34. INCOME FROM SERVICES AND COMMISSIONS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>For guarantees given</u>		
Guarantees and endorsements	5,359,602	5,282,639
Open documentary credit	85,487	143,715
Other guarantees given	-	56
	<u>5,445,089</u>	<u>5,426,410</u>
<u>For commitments towards third parties</u>		
Irrevocable commitments		
Irrevocable credit lines	6,381,981	6,00,206
Other irrevocable commitments	1,08,901	1,257,169
	<u>7,90,882</u>	<u>7,857,375</u>
<u>For services rendered</u>		
Credit operations		
Other credit operations	24,97,790	27,743,886
Annuities	6,143,778	6,240,120
Transfers	2,857,861	3,954,904
Investment fund organisations		
Management commission	2,013,389	1,136,075
Collections	581,590	678,492
Deposits and safekeeping	1,220,358	1,182,470
Management of cards	90,059	82,872
Other services rendered		
Placement and marketing	4,281,417	3,931,047
Other interbank commissions	366,217	364,408
Others	<u>27,078,575</u>	<u>28,260,991</u>
	<u>69,531,034</u>	<u>73,575,265</u>
<u>For operations performed by third parties</u>		
On securities		
On Stock Market operations	51,618	194,072
Over the counter operations	7,776	11,078
Other operations for third parties	<u>54,979</u>	<u>50,710</u>
	<u>214,373</u>	<u>255,860</u>
Other commissions received	34,864,847	36,508,868
	<u>117,946,225</u>	<u>123,623,778</u>

### 35. CHARGES WITH SERVICES AND COMMISSIONS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
For guarantees received	501	270
For banking services rendered by third parties		
Deposits and safekeeping	1,216,480	966,885
Collections	30,095	21,198
Administration	48,114	55,830
Other banking services rendered by third parties	7,974,052	20,202,439
For operations performed by third parties	6,132,099	141,057
Other commissions paid	<u>1,943,528</u>	<u>1,666,615</u>
	<u>17,344,869</u>	<u>23,054,294</u>

### 36. RESULTS FROM ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS

This heading is broken down as follows:

	<u>Gains</u>	<u>Losses</u>	<u>Net</u>
Held-for-trading financial assets:			
Securities	535,713	(5,423,591)	(4,887,878)
Derivatives for trading	1,434,522	(69)	1,365,066
Derivatives for trading	<u>4,191,690</u>	<u>(160,545)</u>	<u>4,086,417</u>
	<u>6,161,925</u>	<u>(5,598,320)</u>	<u>563,605</u>
		2013	
	<u>Gains</u>	<u>Losses</u>	<u>Net</u>
Held-for-trading financial assets:			
Securities	198,094	(2,063)	196,031
Derivatives for trading	1,785,689	(3,403,331)	(1,617,642)
Other financial assets at fair value thro	<u>1,048,513</u>	<u>(160,545)</u>	<u>887,968</u>
	<u>3,032,296</u>	<u>(3,565,939)</u>	<u>(533,643)</u>

### 37. RESULTS FROM HELD-FOR-SALE FINANCIAL ASSETS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Issued by residents		
Debt instruments	2,322,247	49,718,574
Financial instruments	725,211	(2,778,724)
Issued by non-residents		
Debt instruments	179,645,599	46,472,479
	<u>208,693,057</u>	<u>93,412,329</u>

As can be seen, the big increase comes essentially from capital gains made by disposal of foreign public debt securities, recorded in the portfolio of held-for-sale assets.

### 38. RESULTS FROM FOREIGN EXCHANGE REVALUATION

During 2014 and 2013, the results from foreign exchange revaluation correspond to sight operations, standing stress test 847,325 euros and 1,411,044 euros respectively.

The heading includes results from the reassessment of assets and liabilities in the form of cash expressed in foreign currency.

These are spot exchange operations and refer to transactions with settlement at two working days or less.

### 39. RESULTS FROM DISPOSAL OF OTHER ASSETS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Results from non-financial assets		
Available-for-sale non-current assets	(6,726,325)	(11,639,909)
Available-for-sale non-current assets	(833,332)	(261,820)
Other non-financial assets	(26)	-
	<u>(7,559,683)</u>	<u>(11,901,729)</u>

#### 40. OTHER OPERATING RESULTS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
<u>Other income from operations</u>		
Rents	4,903,362	4,158,914
Reimbursement of expenses	2,408,991	2,082,456
Recovery of credit, interest and expenses		
Recovery of uncollectable credit	9,931,239	14,219,355
Recover of interest and charges on overdue credit	15,583,531	17,602,425
Income from sundry services	3,764,625	3,268,176
Gains from previous years	949,342	2,287,433
Results from investment funds integrated in the perimeter of consolidation	36,734	13,026,623
Others	<u>12,153,446</u>	<u>8,530,328</u>
	<u>49,731,270</u>	<u>65,175,710</u>
<u>Other charges from operations</u>		
Dues and donations	(1,315,561)	(1,367,289)
Contributions to the Crédito Agrícola guarantee fund	(4,816,446)	(6,853,191)
Other tax	(6,223,875)	(6,774,638)
Failures in management and procedures	(140,508)	(227,424)
Other charges and operating expenses from previous years	(1,363,735)	(1,438,107)
Other extraordinary charges and operating expenses	<u>(44,783,423)</u>	<u>(44,383,761)</u>
	<u>(58,643,548)</u>	<u>(61,044,410)</u>
	<u>(8,912,278)</u>	<u>4,131,300</u>

The fall in the results for investment funds included in the consolidation process is directly related to the exchange of units in property investment funds stemming from the increase in the percentage held by the Crédito Agrícola Group, in FII CA Imobiliário (now held at almost 100%), and this led to a fall in minority interests to a residual figure. Connected to this, the fact that the FII Carteira Imobiliário was now outside the consolidation process of the Crédito Agrícola Group, where it had been included in 2013 by the full consolidation method, meant that the minority interest calculated for 2013, relating to this entity, is also not included in the consolidated accounts for 2014.

The large amount in “Other charges and operational expenditure” relates to unrealised losses in assets held by the property investment funds. This stood at 31,913,112 euros at year-end 2014.

#### 41. OTHER INCOME FROM OPERATIONS

This heading is broken down as follows:

##### Premiums net of reinsurance

Life insurance		
Life insurance	289,188,728	236,179,614
Reinsurance premiums ceded	<u>(6,287,524)</u>	<u>(6,490,909)</u>
	<u>282,901,204</u>	<u>229,688,705</u>
Non-life		
Gross premiums issued	81,285,125	80,630,528
Reinsurance premiums ceded	<u>(15,977,538)</u>	<u>(16,086,938)</u>
	<u>65,307,587</u>	<u>64,543,590</u>
	<u>348,208,791</u>	<u>294,232,295</u>
<u>Costs with claims</u>		
Amounts paid		
Gross amounts	190,426,463	188,486,932
Portion of reinsurers	<u>(9,478,215)</u>	<u>(9,022,046)</u>
	<u>180,948,248</u>	<u>179,464,886</u>
Variation in technical provisions, net of reinsurance (Note 18)	(188,757,800)	(124,115,380)
	<u>(21,497,257)</u>	<u>(9,347,971)</u>

#### 42. STAFF COSTS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
Salaries		
Staff	136,788,477	134,243,124
Management and oversight units	14,555,961	14,509,174
Mandatory social security charges		
Pension fund (Note 46)		
Cost of current service	341,352	1,020,747
Interest	118,792	493,362
Insurance premiums paid	1,045,897	1,234,145
Charges on payroll:		
Social security	29,720,516	28,918,869
SAMS	6,260,669	6,197,284
Others	289,918	849,394
Other mandatory social security charges	948,896	963,881
Optional social charges	49,563	63,444
Other costs with staff:		
Contractual compensation	,017,441	1,176,144
Others	997,178	978,144
	<u>192,134,660</u>	<u>190,647,712</u>

The average number of staff in the Group in 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Executive level	158	159
Department heads and senior managers	864	860
Specialist staff	737	736
Commercial staff	1,652	1,652
Administrative staff	614	614
Others	212	213
	<u>4,237</u>	<u>4,234</u>

#### 43. GENERAL ADMINISTRATIVE COSTS

This heading is broken down as follows:

	<u>2014</u>	<u>2013</u>
With supplies:		
Water, power and fuel	7,242,968	7,926,336
Consumables	924,576	1,008,223
Publications	245,368	317,690
Hygiene and cleaning materials	110,788	160,164
Material for repairs and assistance	45,346	41,711
Other third party supplies	<u>1,279,048</u>	<u>1,238,108</u>
	<u>9,848,094</u>	<u>10,692,232</u>
With services:		
Communications	11,375,031	12,721,026
Preservation and repair	7,320,708	7,347,556
Advertising and publications	6,322,296	5,148,514
Travel and out of pocket expenses	5,234,529	5,686,618
Rentals	6,483,222	6,391,822
Transport	2,148,297	2,97,240
Insurance	951,387	975,742
Staff training	786,944	723,894
Specialist services:		
Information technology	14,893,659	16,973,542
Fees and retainers	8,158,733	7,590,452
Legal, litigation and notarial	3,433,111	3,818,509
Security and surveillance	1,117,241	1,252,924
Information	1,401,759	1,280,388
Casual labour	126,071	165,551
Database	171,838	183,452
Other specialist services:		
Multibanco (ATM)	7,301,317	6,922,361
External values	1,946,426	1,416,859
Other third party services	<u>18,279,332</u>	<u>18,525,116</u>
	<u>97,451,901</u>	<u>99,321,566</u>
	<u>107,299,995</u>	<u>110,013,798</u>

The heading "Other specialist services – other third party services" includes 2,446,082 euros for total fees charged by the chartered accountants during the year (2,098,373 euros in 2013). This information is included here to comply with the effects of the change deriving from Decree Law 185/2009 of 12 August and relating to Article 66-A of the Company Code.

#### 44. RELATED ENTITIES

As at 31 December 2014, the credit granted to members of the governing bodies of the Caixas that make up the Group stood at 17,684,106 euros (14,844,483 euros as at 31 December 2013).

#### 45. RETIREMENT PENSIONS

The suppositions used for responsibilities for past services at the Group for staff on active service and retired were based on actuarial studies made by the Companhia de Seguros Crédito Agrícola Vida, S.A. (entity that is part of the Group).

On 1 January 2013, the changes to IAS published in June 2011 came into force. This international accounting standard deals with benefits for employees.

The transition period for implementation of the changes to IAS 19 finished at the end of 2013, and all those companies that have adopted this standard for booking benefits to employees (pension plans), are obliged to put the changes into practice in 2013.

The financial statements now have to report this with regard to 2013, and they have to follow the changes in IAS 19 from its entry into force on 1 January 2013. This altered the accounting policy for recognising actuarial discrepancies in pension plans. The corridor method was no longer used, and booking was now under "Other assets" or "Other liabilities or other liabilities". Actuarial gains and losses are now recognised directly in own funds, under the heading "Other reserves".

In 31 December 2014, the figure recorded under revaluation reserves "integral return", regarding the actuarial gains and losses came in on the upside to the amount of 10,539,462 euros (the figure for 2013 was also on the upside, at 6,483,221 euros).

With the changes to IAS 19, there came to be a single rate for the responsibilities and the assets of the plan, and in view of this, the results with pension funds now corresponded only to current costs and net expenditure on interest. The impact on results is recognised under the heading "Payroll costs", and this relates to the value of the costs with current service and net interest, to the amount of 1,506,041 euros (in December 2013 this was 2,748,254 euros) (Note 42).



The actuarial and financial suppositions used at 31 December 2014 and 2013 were as follows:

	<u>31/12/2014</u>	<u>31/12/2013</u>
<u>Demographic suppositions</u>		
Mortality table	TV – 88/90	TV – 88/90
Disability table	EVK 80	EVK 80
Retirement age	(**)	65
Assessment method	“Projected Unit Credit”	“Projected Unit Credit”
<u>Financial suppositions</u>		
Discount rate	(*)	(*)
Growth rate for salaries and other benefits	1.40%	1.65%
Growth rate for pensions	1.00%	1.40%
<u>Salary revaluation rate for Social Security</u>		
- in accordance with clause 2 of article 27 of Decree Law 187/2007	1.40%	1.46%
- in accordance with clause 1 of article 27 of Decree Law 187/2007	1.40%	1.40%

(\*) Discount rate different for different groups in the population:

Employees in active service and on leave of absence with actuarial age < 55:	3.25%	4.25%
Employees in active service and on leave of absence with actuarial age > = 55:	2.75%	4.00%
Early retirees, retirees and pensioners:	2.25%	3.50%

(\*\*) In accordance with Decree Law 167-E/2013

Responsibilities for pensions as at 31 December 2014 and 2013, are with the company pension fund (the Fundo de Pensões do Crédito Agrícola (FPCAM)). These responsibilities and the cover provided are as follows:

	<u>2013</u>	<u>2013</u>
Estimate of responsibilities		
for past services:		
. Staff in service and former staff	38,699,267	40,015,332
. Unpaid leave	1,400,442	1,244,684
. Early retirement	2,428,459	1,189,360
. Pensions being paid	20,370,161	19,047,190
	-----	-----
Total responsibilities	62,898,329	61,496,569
	=====	=====
Cover of responsibilities:		
. Value of assets in the fund (Note 19)	63,189,835	57,395,358
	-----	-----
Surplus / (shortfall)	291,506	( 4,101,211 )

The figure in the accounts for total responsibilities is deducted from the net figure for financing the insurers' autonomous pension fund. This follows defined contribution plans and not defined benefits plans such as the FPCAM.

*Banco de Portugal* Notice no. 4/2005 stipulates that it is mandatory to provide total funding in pension funds for pension responsibilities in progress and a minimum level of 95% for responsibilities regarding past service for employees still working. However, the Notice also sets down a transitional period of between 5 and 7 years for the cover of additional responsibilities through adoption of IAS 19. During 2008, the Bank of Portugal issued Notice no. 7/2008, on 14 October 2008, allowing for the impact of the above transition to be deferred for an additional 3-year period beyond the initial period set down. The Crédito Agrícola decided to extend deferral of the impact of transition as allowed in the Notice.

SICAM pension fund includes the Caixas de Crédito Agrícola Mútuo of Leiria, Torres Vedras and Mafra. These, however, are not within the Group's consolidation process. The responsibilities of the Group, assessed in line with IAS 19 and the respective share in the Fund as at 31 December 2014, are broken down as follows:

Total responsibilities for past services	3,738,205
Cover of responsibilities:	
. Value of assets in the fund	3,918,924
	-----
Financing surplus to requirements / shortfall	180,719
	=====

As at 31 December 2014, these amounts were not included on the Group's consolidated balance sheet.

As at 31 December 2014 and 2013 the balances relating to the pension fund are as follows (Note 19):

	<u>2014</u>	<u>2013</u>
Responsibilities for pensions	(62,898,329)	(61,496,569)
Amount in the pension fund	63,189,835	57,395,358
	-----	-----
Differential	291,506	(4,101,211)
	=====	=====

As a consequence of the change in policy through the implementation of IAS 19 Reviewed, actuarial discrepancies were no longer deferred, but recorded directly in the income statement under a heading for revaluation reserves.

In line with IAS 19 Reviewed, the figure recorded for the year in results includes the cost of net interest. The service cost includes the cost of current services, the cost of past services and gains or losses at settlement, deducted from the expected return.

Costs with pensions for 2014 and 2013 can be broken down as follows:

	<u>2014</u>	<u>2013</u>
Cost of net interest	118,792	493,362
Cost of current service	341,352	1,020,747
Insurance premiums paid	1,045,897	1,234,145
	-----	-----
Annual increase in responsibilities	1,433,959	2,748,254
	=====	=====

In line with *Banco de Portugal* circular no. 106/08/DSBDR of 18 December, as and from 2008, the cost with current service, the cost with interest and the expected return from the pension fund were from then on recorded under the heading "Payroll costs" (Note 42).

Entries for the figures relating to responsibilities during 2013 and 2014 were as follows:

Responsibilities as at 31 December 2012	59,992,357
	-----
Cost of current service	1,020,747
Staff contributions	1,371,686
Interest	2,775,890
Actuarial gains and losses	(2,287,899)
Pensions paid	(978,848)
SAMS paid from the pension fund	(397,369)
	-----
Responsibilities as at 31 December 2013	61,496,569
	-----
Cost of current service	341,352
Staff contributions	1,425,948
Interest	2,152,077
Actuarial gains and losses	(1,157,948)
Pensions paid	(946,751)
SAMS paid from the pension fund	(412,918)
	-----
Responsibilities as at 31 December 2014	62,898,329
	=====

The average duration of responsibilities for pensions, bearing in mind the groups created, was as follows:

- Employees on active service and those on unpaid leave aged < 55: 27 years
- Employees on active service and those on unpaid leave aged > = 55: 16 years
- Those on early retirement, retirees and pensioners: 11 years

Entries on the pension fund during 2013 and 2014 were as follows:

Asset value as at 31 December 2012	50,225,036
	-----
Group contributions	4,893,442
Staff contributions	1,371,686
Capital received from insurance	225,169
Net yield from the fund	2,373,195
Participation in results from insurance	917,187
Insurance premiums paid	(1,234,145)
Pensions paid	(878,848)
SAMS paid from the pension fund	(397,369)
	-----
Asset value as at 31 December 2013	57,395,358
	-----
Group contributions	628,014
Staff contributions	1,425,948
Capital received from insurance	19,462
Net yield from the fund	5,169,159
Participation in results from insurance	957,468
Insurance premiums paid	(1,045,897)
Pensions paid	(946,751)
SAMS paid from the pension fund	(412,918)
	-----
Asset value as at 31 December 2013	63,189,835
	=====

As at 31 December 2014, the assets that make up the pension fund are: company bonds (60.29%), public debt (23.45%), shares (10.33%), related with property investment (1.61%) and other investment assets (4.32%). These assets are valued at fair value.

	<u>2014</u>		<u>2013</u>	
Company bonds	40,459,440	60.29%	20,521,588	33.64%
Public debt	15,740,094	23.45%	22,785,911	37.35%
Shares	6,929,238	10.33%	9,602,253	15.74%
Other investment assets	2,897,753	4.32%	7,055,916	11.57%
Assets related to property investment	<u>1,082,238</u>	1.61%	<u>1,033,616</u>	1.69%
Total assets in the CAM pension plan	<u><u>67,108,762</u></u>		<u><u>60,999,285</u></u>	

According to the actuarial report on the Crédito Agrícola Mútuo pension fund in 2014, the return on the portfolio was more than 9.06%. This is broken down as follows:

Class of asset	Average return
Public debt	16.81%
Company bonds	8.22%
Shares in euros	-1.84%
Shares in other currencies	7.00%
Other investment assets	-0.95%
Assets related to property investment	0.95%

a) Risks associated with the benefits of the plan:

The plan guarantees pensions for old age, disability, early retirement and survivor, in line with what is defined in the collective contract for the Crédito Agrícola Mútuo institutions. In terms of pension payments, this is a complement to the social security scheme. The plan also sets out the payment of contributions for medical and social support after retirement.

Given this, the risks associated with the benefits of the plan are as follows:

- Risk of the benefits being dependent on the state social security regimes;
- Risk of mortality during the period when the benefit is being formed and the long-life risk in the post-employment period;
- Risk of disability;
- Relative risk of early retirement. Currently, this risk is mitigated to the extent that the regime of early retirement covered by the general social security scheme is inactive.

b) Presentation of sensitivity analysis for each significant actuarial supposition:

			Figures in euros	
			Value of responsibilities	Value compared with central scenario
<b>DISCOUNT RATE</b>				
Increase of 50 b.p.			60,591,964	-6,044,566
Decrease of 50 b.p.			73,653,348	7,016,818
<b>GROWTH RATE FOR PENSIONS</b>				
Increase of 50 b.p.			70,813,888	4,177,358
Decrease of 50 b.p.			62,876,316	-3,760,214
<b>MORTALITY TABLE</b>				
Adjustment of less than 1 year			68,937,967	2,301,437
<b>SALARY GROWTH RATE</b>				
Increase of 50 b.p.			69,666,185	3,029,655
Decrease of 50 b.p.			63,957,647	-2,678,883

For the scenario relating to adjustment of the mortality table, this consists in practice of considering an age for those in the scheme as one year less than the real age of those in the scheme and those benefiting from it.

For the scenario related to increase in salaries, this was subject to a sensitivity analysis on the basis of the supposition that the ACT (collective contract) salary tables would move upwards, as well as the salary subject to social security contributions.

In addition, the Crédito Agrícola Group has accepted the commitment of ensuring part of the length of service bonus for its staff (Note 27). As at 31 December 2014 and 2013, responsibilities are as follows:

	<u>2014</u>	<u>2013</u>
Length of service awards:		
. Staff on active service and former members of staff	18,868,433	18,448,669
. Unpaid leave	656,236	576,197
	-----	-----
Total responsibilities with length of service awards (Note 25)	19,524,669	19,024,866
	=====	=====

## 46. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

### Market risk

Market risk involves possible losses if there is a financial instrument that moves negatively on a change in the market. This can include interest rates, exchange rates, share prices, commodity prices, credit spreads or other similar variables.

The rules for market risk management set down by the Caixa Central's financial department for each portfolio include limits of market risk, exposure limits to credit and liquidity risk, profitability demanded, types of instrument that are authorised and maximum allowable losses.

There is a policy to separate the execution of market operations from risk control, at each moment stemming from these operations. The aim is to mitigate the effects associated with assessing the risks undertaken.

Hedging operations may be proposed by portfolio managers and also by those responsible for risk control, bearing in mind the risk limits and the instruments authorised.

The CA Vida securities portfolio is fully in the hands of CA Gest. There is an investment benchmark in line with the risk that may be taken and the profitability desired.

The portfolio value is updated monthly on the basis of input from the management entity.

In terms of the management of credit and market risk, CA Vida has the following controls in place:

- Permanent contact is maintained with the management entity, with the aim of assessing moves in the portfolio;
- Risk analysis reports are put together periodically by the management entity and these are checked thoroughly; and
- There are meetings with the management entity every three months and the risk profile is redefined whenever necessary, with the emphasis always risk-averse.

The value at risk of the portfolio as at 31 December 2014 is outlined below:

	<u>Market value</u>	<u>Duration</u>	<u>VaR Parametric</u>	<u>VaR Monte Carlo</u>	<u>Historical VaR</u>
Portfolio position	3,664,013,638	4.47	144,085,936	148,778,416	201,680,800
Variation compared with 31.12.2013	343,760,480	1.73	25,797,560	28,240,952	25,907,200

## Foreign exchange risk

Foreign exchange risk occurs as a result of changes in exchange rates for currencies whenever there is an open position in one of them.

Control and assessment of foreign exchange risk are carried out on a daily basis, individually for each branch and in consolidated terms. Amounts and limit compliance in totally open positions are calculated.

There is centralised foreign exchange risk management at the Group, with responsibility held by the financial department, within limits approved by the executive board.

The Group only has a small exposure to this type of risk. The profile defined for this risk is very conservative and has been borne out by the cover policy followed.

## Interest rate risk

The Group is subject to interest rate risk whenever its operations mean that it has contracts with future financial flows where current values are sensitive to variations in interest rates.

Aggregate interest rate risk stems from a number of factors, among them:

- different periods for maturity or revision of rates for assets, liabilities and off-balance-sheet items (repricing risk);
- alterations to interest rates curves;
- asymmetrical variations for the various market curves that affect a number of asset and off-balance-sheet groups (base risk); and
- explicit or implicit options in many banking products (option risk).

The interest rate risk management policy is defined and monitored by the assets and liabilities committee (ALCO).

The Group takes monthly measurements of exposure to this type of risk, with recourse to a methodology based on grouping various sensitive assets and liabilities at intervals of time in line with the dates of rate revision. For each interval, the assets and liabilities cash flows are calculated and the corresponding risk-sensitive gap is measured. There is then an assessment of the impact of these gaps on the financial margin and on the economic value of the entity in various scenarios of differing interest rates.

The risk/profitability relationship is defined within limits and monitored every month by the ALCO in terms of financial margin exposure and the economic impact of adverse interest rate changes.



In the case of CA Vida, this risk is monitored on a daily basis, with observation of the differential between the amount of assets and liabilities that will be subject to re-fixing of interest rate on the basis of pre-defined intervals of time.

The company can sell derivatives, specifically selling futures on interest rates with the strict aim of covering the risk of variation to assets. The use of futures only contemplates contracts that can be traded on the Stock Exchange or in organised markets.

The company also trades interest rate swaps over-the-counter, the aim being to ensure a suitable model for the financial streams generated by closed portfolios, traded and contracted with financial institutions whose rating is preferentially investment grade, minimising in this way the credit and/or counterparty risk in portfolios.

As at 31 December 2014 and 2013, the exposure to interest rate risk can be summed up as follows (amounts in thousands of euros):

	2014					Total
	Fixed rate	Variable rate	Subtotal	Not subject to interest rate risk	Undetermined	
<b>Assets</b>						
Cash balances at central banks	-	423,408	423,408	-	-	423,408
Funds held at credit institutions	-	78,252	78,252	-	-	78,252
Held-for-trading financial assets	31,796	-	31,796	-	-	31,796
Other financial assets at fair value through results	77,299	-	77,299	-	-	77,299
Available-for-sale financial assets	5,595,185	44,638	5,639,822	116,192	2,524	5,758,539
Funds in credit institutions	3,180	-	3,180	14	-	3,194
Customer credit (gross)	1,418,678	6,663,692	8,082,371	13,012	4,060	8,099,443
	<u>7,126,138</u>	<u>7,209,990</u>	<u>14,336,128</u>	<u>129,218</u>	<u>6,584</u>	<u>14,471,930</u>
<b>Liabilities</b>						
Funds from central banks	980,200	-	980,200	26	-	980,226
Held-for-trading financial liabilities	197	-	197	-	-	197
Funds from credit institutions	50,216	85,940	136,156	-	-	136,156
Customer funds and other loans	10,404,350	78,444	10,482,794	50,134	3,681	10,536,609
Financial instruments	-	-	-	2,256	-	2,256
Other subordinated liabilities	-	142,046	142,046	488	-	142,534
	<u>11,434,963</u>	<u>306,430</u>	<u>11,741,393</u>	<u>52,904</u>	<u>3,681</u>	<u>11,797,978</u>
Held-for-trading derivatives	111,925	-	111,925	-	-	111,925
Net exposure	<u>(4,420,750)</u>	<u>6,903,560</u>	<u>2,482,810</u>	<u>76,314</u>	<u>2,903</u>	<u>2,562,027</u>
<b>2013</b>						
	Fixed rate	Variable rate	Subtotal	Not subject to interest rate risk	Undetermined	Total
<b>Assets</b>						
Cash balances at central banks	-	384,781	384,781	-	-	384,781
Funds held at credit institutions	-	81,832	81,832	-	-	81,832
Held-for-trading financial assets	23,531	-	23,531	-	-	23,531
Other financial assets at fair value through results	30,786	-	30,786	-	-	30,786
Available-for-sale financial assets	4,653,485	201,605	4,855,090	133,436	3,432	4,991,958
Funds in credit institutions	32,005	-	32,005	26	-	32,031
Customer credit (gross)	594,137	7,508,866	8,103,003	18,108	15,031	8,136,142
	<u>5,333,944</u>	<u>8,177,084</u>	<u>13,511,028</u>	<u>151,570</u>	<u>18,463</u>	<u>13,681,061</u>
<b>Liabilities</b>						
Funds from central banks	1,250,000	-	1,250,000	12,845	-	1,262,845
Held-for-trading financial liabilities	515	-	515	-	-	515
Funds from credit institutions	60,829	32,702	93,531	241	6,295	100,067
Customer funds and other loans	7,926,714	2,128,657	10,055,372	59,290	7,881	10,122,543
Financial instruments	-	-	-	10,649	-	10,649
Other subordinated liabilities	-	132,993	132,993	411	-	133,404
	<u>9,238,058</u>	<u>2,294,352</u>	<u>11,532,410</u>	<u>83,436</u>	<u>14,176</u>	<u>11,630,022</u>
Held-for-trading derivatives	127,925	6,000	13,925	-	-	133,925
Net exposure	<u>(4,032,039)</u>	<u>5,876,732</u>	<u>1,844,692</u>	<u>68,134</u>	<u>4,287</u>	<u>1,917,113</u>

As at 31 December 2014 and 2013, the position regarding financial instruments exposed to risk as a result of maturity or refixing, excluding derivatives, is as follows (figures in thousands of euros):

		2014								
		Dates for refixing / Dates of maturity								
	Spot	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Subtotal	Not subject to interest rate risk	Undetermined	Total
<b>Assets</b>										
Cash balances at central banks	423,408	-	-	-	-	-	423,408	-	-	423,408
Funds held at credit institutions	78,252	-	-	-	-	-	78,252	-	-	78,252
Held-for-trading financial assets	-	-	-	11,361	18,087	2,349	31,797	-	-	31,797
Other financial assets at fair value through results	-	-	-	4,642	51,973	20,683	77,298	-	-	77,298
Available-for-sale financial assets	-	94,470	217,950	753,665	1,630,856	2,945,405	5,642,346	116,192	-	5,758,539
Funds in credit institutions	11	3,082	88	-	-	-	3,180	14	-	3,194
	<u>1,877,531</u>	<u>2,670,675</u>	<u>3,172,405</u>	<u>142,954</u>	<u>75,553</u>	<u>147,314</u>	<u>8,086,431</u>	<u>13,012</u>	-	<u>8,099,443</u>
Customer credit (gross)	<u>2,379,201</u>	<u>2,768,226</u>	<u>3,390,442</u>	<u>912,622</u>	<u>1,776,469</u>	<u>3,115,751</u>	<u>14,342,712</u>	<u>129,218</u>	-	<u>14,471,930</u>
<b>Liabilities</b>										
Funds from central banks	-	595,000	-	-	385,200	-	980,200	26	-	980,226
Financial liabilities held for trading	-	174	23	-	-	-	197	-	-	197
Funds from credit institutions	71,720	36,893	25,355	2,067	-	-	136,035	121	-	136,156
Customer funds and other loans	1,491,513	2,283,274	5,253,328	1,447,946	6,102	4,312	10,486,475	50,134	-	10,536,609
Financial instruments	-	-	-	-	-	-	-	2,256	-	2,256
Other subordinated liabilities	-	300	21,874	19,835	38,080	61,957	142,046	488	-	142,534
	<u>1,563,233</u>	<u>2,915,641</u>	<u>5,300,580</u>	<u>1,469,848</u>	<u>429,382</u>	<u>66,269</u>	<u>11,744,953</u>	<u>53,025</u>	-	<u>11,797,978</u>
Net exposure	<u>815,968</u>	<u>(147,415)</u>	<u>(1,910,138)</u>	<u>(557,227)</u>	<u>1,347,087</u>	<u>3,049,482</u>	<u>2,597,759</u>	<u>76,193</u>	-	<u>2,673,952</u>

		2013								
		Dates for refixing / Dates of maturity								
	Spot	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Subtotal	Not subject to interest rate risk	Undetermined	Total
<b>Assets</b>										
Cash balances at central banks	384,781	-	-	-	-	-	384,781	-	-	384,781
Funds held at credit institutions	81,832	-	-	-	-	-	81,832	-	-	81,832
Held-for-trading financial assets	-	-	778	8,554	-	14,199	23,531	-	-	23,531
Other financial assets at fair value through results	-	-	53	931	29,801	-	30,785	-	-	30,785
Available-for-sale financial assets	-	136,798	849,542	901,868	2,533,844	433,039	4,855,090	133,436	3,432	4,991,958
Funds in credit institutions	174	24,841	6,990	-	-	-	32,005	26	-	32,031
Customer credit (gross)	<u>41,238</u>	<u>4,389,387</u>	<u>3,129,952</u>	<u>169,899</u>	<u>91,347</u>	<u>281,181</u>	<u>8,103,003</u>	<u>18,108</u>	<u>15,031</u>	<u>8,136,142</u>
	<u>508,025</u>	<u>4,551,026</u>	<u>3,987,314</u>	<u>1,081,252</u>	<u>2,654,992</u>	<u>728,419</u>	<u>13,511,028</u>	<u>151,570</u>	<u>18,463</u>	<u>13,681,061</u>
<b>Liabilities</b>										
Funds from central banks	-	300,000	-	950,000	-	-	1,250,000	12,845	-	1,262,845
Financial liabilities held for trading	-	515	-	-	-	-	515	-	-	515
Funds from credit institutions	9,581	67,234	7,338	8,695	-	-	92,848	924	6,295	100,067
Customer funds and other loans	17,516	3,652,212	5,095,715	1,267,022	6,479	2,607	10,041,552	73,110	7,881	10,122,543
Financial instruments	-	-	-	-	-	-	-	10,649	-	10,649
Other subordinated liabilities	11,000	11,190	110,802	-	-	-	132,993	411	-	133,404
	<u>38,097</u>	<u>4,031,151</u>	<u>5,213,855</u>	<u>2,225,717</u>	<u>6,479</u>	<u>2,607</u>	<u>11,517,907</u>	<u>97,939</u>	<u>14,176</u>	<u>11,630,022</u>
Net exposure	<u>469,927</u>	<u>519,875</u>	<u>(1,226,541)</u>	<u>(1,144,465)</u>	<u>2,648,513</u>	<u>725,812</u>	<u>1,993,121</u>	<u>53,631</u>	<u>4,287</u>	<u>2,051,039</u>

The figures in the Tables above show that there is a relevant exposure to interest rate risk, both in terms of the financial margin and the economic value of capital. This risk measures the impact that comes from a variation in interest rates on the indicators, up or down, as a result of net exposure at different time intervals.

There follows a sensitivity analysis for interest rate risk to which the Group was exposed at 31 December 2014 and 2013. The results are from a simulation involving assets and liabilities sensitive to a 200 b.p. variation in the base rate and include the impact on the financial margin (figures in thousands of euros):

	2014					
	impact resulting from the variation in reference rate					
	- 200 bp	- 100bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
<b>Assets</b>						
Cash balances at central banks	967	441	212	(199)	(388)	(743)
Funds held at other credit institutions	1	0	0	(0)	(0)	(1)
Financial assets held for trading	2,496	1,217	601	(586)	(1,159)	(2,262)
Other financial assets at fair value through results	6,644	3,236	1,589	(1,544)	(3,055)	(5,924)
Available-for-sale financial assets	670,439	322,543	157,432	(151,296)	(297,683)	(571,662)
Funds in credit institutions	1	1	0	(0)	(1)	(1)
Customer credit (gross)	246,089	117,154	57,198	(54,604)	(106,768)	(204,330)
	<u>926,638</u>	<u>444,593</u>	<u>217,033</u>	<u>(208,231)</u>	<u>(409,054)</u>	<u>(784,923)</u>
<b>Liabilities</b>						
Funds from central banks	30,101	14,690	7,257	(7,087)	(14,009)	(27,375)
Funds from other credit institutions	528	262	130	(129)	(257)	(510)
Customer funds and other loans	125,516	62,027	30,834	(30,483)	(60,620)	(119,885)
Other subordinated liabilities	4,700	2,288	1,129	(1,100)	(2,171)	(4,232)
Available-for-sale financial liabilities	-	-	-	-	-	-
	<u>160,845</u>	<u>79,266</u>	<u>39,351</u>	<u>(38,798)</u>	<u>(77,057)</u>	<u>(152,003)</u>
<i>Impact on economic value</i>	<u>765,793</u>	<u>365,327</u>	<u>177,682</u>	<u>(169,433)</u>	<u>(331,997)</u>	<u>(632,920)</u>

	2013					
	impact resulting from the variation in reference rate					
	- 200 bp	- 100bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
<b>Assets</b>						
Cash balances at central banks	683	330	162	(159)	(314)	(619)
Funds held at other credit institutions	1	0	0	(0)	(0)	(1)
Financial assets held for trading	2,904	1,409	694	(673)	(1,327)	(2,579)
Other financial assets at fair value through results	1,836	906	445	(436)	(670)	(1,693)
Available-for-sale financial assets	345,740	168,935	82,757	(80,466)	(159,662)	(308,977)
Funds in credit institutions	80	40	20	(20)	(39)	(78)
Customer credit (gross)	234,128	111,425	54,395	(51,925)	(101,532)	(194,346)
	<u>585,371</u>	<u>283,045</u>	<u>138,473</u>	<u>(133,679)</u>	<u>(263,545)</u>	<u>(508,293)</u>
<b>Liabilities</b>						
Funds from central banks	21,889	10,822	5,381	(5,322)	(10,586)	(20,942)
Funds from other credit institutions	489	242	120	(119)	(237)	(470)
Customer funds and other loans	116,004	57,345	28,511	(28,195)	(56,079)	(110,936)
Other subordinated liabilities	27,857	13,647	6,755	(6,622)	(13,115)	(25,726)
Available-for-sale financial liabilities	-	-	-	-	-	-
	<u>166,239</u>	<u>82,057</u>	<u>40,768</u>	<u>(40,258)</u>	<u>(80,017)</u>	<u>(158,074)</u>
<i>Impact on economic value</i>	<u>419,132</u>	<u>200,988</u>	<u>97,705</u>	<u>(93,420)</u>	<u>(183,528)</u>	<u>(350,219)</u>

The sensitivity analysis table shows us the variation in the theoretical market value of a range of items on the asset and liabilities side in the light of diverse scenarios of variation in market interest rates (+50bp, +100bp, +200bp, -50bp, -100bp, -200bp) For this is needed an update of associated cash flows for each operation in a different market scenario.

The variation of residual values in absolute terms (Assets less Liabilities) can be interpreted as the impact in the economic value of the Group's own funds.

### **Liquidity risk**

Liquidity risk is associated with the potential inability of the Group to finance its assets and satisfy all contracted liabilities on due date.

The liquidity management policy is defined and monitored by the ALCO, with daily management in the hands of the financial department.

To assess the overall exposure to this type of risk in the short, medium and long-term, reports are made allowing for any negative mismatches to be identified and the dynamic cover assessed. The Group and the Caixa Central also monitor the liquidity ratios from a prudential angle, calculated according to the rules set down by *Banco de Portugal*.

In matters of liquidity, the Group's policy is conservative and this means that there is a transformation ratio in each of its areas which is clearly below the average ratio in the domestic banking system.

Surplus funds from the Caixas are channelled through the Caixa Central, where they are used for assets of high credit and liquidity quality. Among these are public debt among the euro area countries and short-term investment in top credit institutions, both domestic and international.

The Group has a solid position in the retail market, covering the whole country evenly. It has 683 local banks and a varied base for its funding, stable and with a high degree of permanence.

From a standpoint of prevention and management of liquidity risk contingency, the following points are especially borne in mind:

- Control of and containment of any possible concentration of commercial resources. This concentration could, if it developed, lead to a shakier portfolio, less stable and less permanent. Regular simulations are carried out to gauge impact, using very prudent hypotheses relating to the stability of retail funds and without using additional sources of financing as back up.
- Regular tests have to be made on the financing lines with domestic and international credit institutions, even though we work without having to be dependent on these sources of additional financing, bearing in mind the overall position of the Group's treasury;
- A frequent launch of liabilities that keep up the standards of permanence among estimated future resources.

- Maintenance of a cushion made up of assets with immediate liquidity to cope with any unexpected cash outflows.

The treasury situation of CA Vida is monitored on a daily basis by the financial department. Daily controls on existing balances are carried out and on the guidelines set out to maintain liquidity. A prudent management of liquidity risk implies holding cash or sufficient liquid financial instruments and the possibility to close market positions. Management keeps a hands-on approach to updates of liquidity forecasts, bearing in mind expected cash flows. This is done on the basis of an analysis of the remaining contractual maturity of financial liabilities and the obligations on insurance contracts, as well as the expected date of inflows of financial assets. Specifically as regards investment portfolios, the management entity keeps a daily check on treasury, bearing in mind the incoming and outgoing streams and the settlement of transactions on securities. In addition, it is part of the investment policy to acquire special financial assets traded in organised markets.

As at 31 December 2014 and 2013, residual contracted periods for financial instruments can be broken down as follows (figures in thousands of euros):

		2014							
		Residual contractual periods							
	Spot	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Deferred interest and commissions	Undetermined	Total
<b>Assets</b>									
Cash balances at central banks	423,408	-	-	-	-	-	-	-	423,408
Cash at call at other credit institutions	78,252	-	-	-	-	-	-	-	78,252
Available-for-trading financial assets	-	-	-	11,361	18,087	2,349	-	-	31,797
Other financial assets at fair value through results	-	-	-	4,642	51,973	20,683	-	-	77,298
Available-for-sale financial assets	-	70,614	219,957	753,665	1,647,185	3,050,925	7,226	8,966	5,758,539
Funds in credit institutions	-	3,017	163	-	-	-	14	-	3,194
Customer credit (gross)	-	1,209,600	569,034	579,091	638,190	5,090,515	13,012	-	8,099,442
	<b>501,660</b>	<b>1,283,231</b>	<b>789,154</b>	<b>1,348,759</b>	<b>2,355,435</b>	<b>8,164,472</b>	<b>20,252</b>	<b>8,966</b>	<b>14,471,930</b>
<b>Liabilities</b>									
Funds from central banks	-	595,000	-	-	385,200	-	26	-	980,226
Financial liabilities held for trading	-	174	23	-	-	-	-	-	197
Funds from other credit institutions	58,934	48,879	28,222	-	-	-	121	-	136,156
Customer funds and other loans	1,551,936	4,379,473	4,218,046	325,922	6,624	4,474	50,134	-	10,536,609
Financial instruments	-	-	-	-	-	-	2,256	-	2,256
Other subordinated liabilities	-	300	21,874	19,835	38,080	61,957	488	-	142,534
	<b>1,610,870</b>	<b>5,023,826</b>	<b>4,268,165</b>	<b>345,757</b>	<b>429,904</b>	<b>66,431</b>	<b>53,025</b>	<b>-</b>	<b>11,797,978</b>
Diferencial	<b>(1,109,210)</b>	<b>(3,740,595)</b>	<b>(3,479,011)</b>	<b>1,003,002</b>	<b>1,925,531</b>	<b>8,098,041</b>	<b>(32,773)</b>	<b>8,966</b>	<b>2,673,952</b>

		2013							
		Residual contractual periods							
	Spot	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Deferred interest and commissions	Undetermined	Total
<b>Assets</b>									
Cash balances at central banks	384,781	-	-	-	-	-	-	-	384,781
Cash at call at other credit institutions	81,832	-	-	-	-	-	-	-	81,832
Available-for-trading financial assets	-	(1,441)	(3,886)	6,184	(5,660)	28,334	-	-	23,532
Other financial assets at fair value through results	-	400	3,365	8,404	18,617	-	-	-	30,785
Available-for-sale financial assets	-	48,700	949,123	963,856	2,411,522	610,176	8,581	-	4,991,958
Funds in credit institutions	-	24,845	7,160	-	-	-	26	-	32,031
Customer credit (gross)	-	1,239,916	592,768	644,824	607,375	5,033,151	18,108	-	8,136,142
	<b>466,613</b>	<b>1,312,420</b>	<b>1,548,530</b>	<b>1,623,268</b>	<b>3,031,854</b>	<b>5,671,661</b>	<b>26,715</b>	<b>-</b>	<b>13,681,061</b>
<b>Liabilities</b>									
Funds from central banks	-	300,000	-	950,000	-	-	12,845	-	1,262,845
Financial liabilities held for trading	-	213	-	-	-	302	-	-	515
Funds from other credit institutions	9,676	86,351	-	2,999	800	-	241	-	100,067
Customer funds and other loans	2,713,549	2,980,406	4,133,288	224,380	8,986	2,644	59,290	-	10,122,543
Financial instruments	-	-	-	-	-	-	10,649	-	10,649
Other subordinated liabilities	-	1,960	496	35,954	47,626	46,957	411	-	133,404
	<b>2,723,225</b>	<b>3,368,930</b>	<b>4,133,784</b>	<b>1,213,333</b>	<b>57,412</b>	<b>49,903</b>	<b>83,436</b>	<b>-</b>	<b>11,630,023</b>
Diferencial	<b>(2,256,612)</b>	<b>(2,056,510)</b>	<b>(2,585,254)</b>	<b>409,935</b>	<b>2,974,442</b>	<b>5,621,758</b>	<b>(56,721)</b>	<b>-</b>	<b>2,051,038</b>

## Credit risk

There was an improvement in the Group's customer portfolio, taking form in the containment of claims and the bolstering of impairment provisions for customer credit. This now provides a cover ratio of 131.7% for impairment in overdue credit (at more than 90 days). The ratio of overdue credit stands at 8%, the ratio of credit at risk is 11.8% and the ratio of net credit risk comes in at minus 1.7%.

The current economic and regulatory framework in terms of risk management and capital has remained very demanding. Against a backdrop of frequent tightening of the standards, operations in this field aimed at ensuring that there were the necessary changes to face the challenges mentioned and provide the Caixa Central and the Group with the means for a management of the various risks in line with best practices in the market, through a substantial array of initiatives that included working closely with the technological tools available and the development of specific skills in-house.

The operations and the projects associated with risk management were properly directed to continuing work within the scope of the special inspection programme covering the domestic financial system, involving the biggest Portuguese banks, among them the Crédito Agrícola Group. This was part of the programme of economic and financial assistance for Portugal, and was also seen as needed for implementation of the new framework for prudential accounting reporting set out by the European Banking Authority (EBA), with the aim of harmonising and guaranteeing the comparability of information in the European Union relating to assets and the risk for financial institutions. This was designated COREP – Common Reporting, and it gives material form to a raft of prudent information models and it works in conjunction with FINREP – Financial Reporting, which covers the reporting of financial data, specifically assets, liabilities, own funds, off-balance-sheet items and non-financial instruments.

In short, there was during 2014 a raft of activities undertaken in the following areas of risk management:

- Risk support infrastructure (ISR);
- The COREP/FINREP framework;
- Credit impairment;
- Individual impairment analysis module (MOAI);
- Credit limit management system;
- Rating model;
- Behavioural scoring model for credit cards;
- Guarantee management tool (FGG);
- Solution for proposals and credit scoring (SPCS);
- Risk metrics;
- Internal control system;
- Concentration risk;
- Process for self-assessment of internal capital adequacy (ICAAP);
- Plan covering financing and capital;
- Stress tests;

- Recovery plans;
- Market discipline.

Maximum exposure to credit risk

As at 31 December 2014 and 2013, the maximum exposure by type of financial instrument, excluding securities in portfolios, can be broken down as follows:

	<u>2014</u>	<u>2013</u>
Balance sheet items		
Customer credit	8,099,442,498	8,136,142,185
Cash at call at other credit institutions	78,252,455	81,831,513
Funds held at credit institutions	3,194,001	32,030,820
	-----	-----
	8,180,888,954	8,250,004,518
	-----	-----
Off-balance-sheet		
Guarantees given	234,366,971	249,399,182
Irrevocable commitments	896,814,789	660,437,898
	-----	-----
	1,131,181,760	909,837,080
	-----	-----
	9,312,070,714	9,158,841,598
	=====	=====



## Quality of credit in financial assets without default or impairment

As at 31 December 2014 and 2013, the quality of credit in financial assets in the Group, based on an internal rating scheme, can be broken down as follows (figures in thousands of euros):

Assets	2013								Total
	Aaa	Aa1	Aa2	Aa3	Between A1 and A3	Baa1to B3	C	Indetermined	
Available-for-trading financial assets	-	-	-	-	-	-	-	23,531,359	23,531,359
Other financial assets at fair value through results	-	-	-	-	931,015	29,854,609	-	-	30,785,624
Available-for-sale financial assets	71,145,736	42,830,248	7,431,184	50,180,159	133,556,805	4,434,664,289	-	252,149,292	4,991,957,713
	<b>71,145,736</b>	<b>42,830,248</b>	<b>7,431,184</b>	<b>50,180,159</b>	<b>134,487,820</b>	<b>4,464,518,898</b>	<b>-</b>	<b>275,680,651</b>	<b>5,046,274,696</b>

Activo	2014								Total
	Aaa	Aa1	Aa2	Aa3	Between A1 and A3	Baa1to B3	C	Indetermined	
Available-for-trading financial assets	-	-	-	-	-	-	-	31,796,258	31,796,258
Other financial assets at fair value through results	-	-	-	-	917,559	27,285	-	76,353,865	77,298,709
Available-for-sale financial assets	96,745,548	-	198,192,057	-	174,780,873	5,133,165,923	-	155,653,971	5,758,538,372
	<b>96,745,548</b>	<b>-</b>	<b>198,192,057</b>	<b>-</b>	<b>175,698,433</b>	<b>5,133,193,208</b>	<b>-</b>	<b>263,804,094</b>	<b>5,867,633,339</b>

The Group used the ratings published by Moody's, the international rating agency, and if this did not exist in any one case, the better of Fitch, and Standard & Poor's.

In terms of credit to customers, the Group has a heuristic rating model associated to a workflow process. The aim is to standardise the procedure for analysing credit risk among companies and scoring models for acceptance does not currently have in-house or outside ratings to check portfolio quality. The Group has been developing and improving its risk management skill, based on methodologies that give a clearer view of the risk profile of its portfolio.

## Restructurings

As at 31 December 2014 and 2013, the value on the balance of customer credit with renegotiation in hand or considered to be in default or with impairment is as follows:

Credit Risk	Customer credit restructured (gross)	Customer credit at risk (gross)	2014			
			Of which: restructured credit	Customer credit in default (gross)	Cumulative provisions / impairment for credit	Credit written off from assets
Resident private sector	858,407,410	949,810,114	79,155,794	684,958,208	817,978,073	546,246,283
Resident individual, of which:	278,246,311	360,037,829	18,829,878	253,980,060	290,415,925	238,189,391
Housing	58,344,189	88,334,283	150,920	58,580,335	41,429,670	6,701,345
Consumption and other purposes	219,902,122	271,703,546	18,678,959	195,399,726	248,986,255	231,488,046
Resident non-financial companies	580,161,099	589,772,285	60,325,915	430,978,148	527,562,148	308,056,892
Public sector	6,530,134	1,452,733	-	-	9	-
Others residents	-	-	-	-	-	-
Non-Residents	314,065	1,385,558	-	1,036,712	982,058	394,392
<b>Total</b>	<b>865,251,609</b>	<b>952,648,406</b>	<b>79,155,794</b>	<b>685,994,920</b>	<b>818,960,141</b>	<b>546,640,675</b>

Credit Risk	Customer credit restructured (gross)	Customer credit at risk (gross)	2013			
			Of which: restructured credit	Customer credit in default (gross)	Cumulative provisions / impairment for credit	Credit written off from assets
Resident private sector	880,674,734	920,812,749	47,438,159	686,245,115	656,325,110	534,354,085
Resident individual, of which:	274,322,621	349,974,267	13,650,646	241,586,593	236,151,443	237,743,098
Housing	59,622,931	90,922,500	192,722	55,013,930	37,641,176	5,411,902
Consumption and other purposes	214,699,691	259,051,768	13,457,924	186,572,663	198,510,267	232,331,196
Resident non-financial companies	606,352,113	570,838,482	33,787,513	444,658,522	420,173,667	296,610,986
Public sector	4,936,739	1,857,395	400,000	-	80	-
Others residents	-	-	-	-	-	-
Non-Residents	1,149,930	1,063,882	-	519,754	598,499	361,784
<b>Total</b>	<b>886,761,403</b>	<b>923,734,026</b>	<b>47,838,159</b>	<b>686,764,869</b>	<b>656,923,688</b>	<b>534,715,869</b>

### Length of default in overdue credit operations

As at 31 December 2014 and 2013, the length of default in overdue credit operations can be summarised as follows (Note 13):

	<u>2014</u>	<u>2013</u>
Up to 3 months	17,342,627	19,022,960
From 3 to 6 months	20,186,171	24,349,540
From 6 to 12 months	67,523,564	96,194,284
From 1 to 3 years	265,358,383	291,118,821
From 3 to 5 years	152,566,597	112,273,126
More than 5 years	138,499,612	103,667,632
Interest receivable	10,173,339	10,825,025
	-----	-----
	671,650,293	657,451,388
	=====	=====

## Concentration risk

### Principles and policies for concentration risk management

#### 1. Risk management in the Group

Risk management is one of the priority areas for the Group. This fact shows how decisive it is for value creation.

It is the responsibility of the Executive Committee of the Board of the Caixa Central (hereafter designated EC) to define the overall acceptable risk, using measurable objectives relating to risk that can be assumed, and the return that is wished for.

The Department for Overall Risk (hereafter designated DRG) and the Asset and Liabilities Committee (ALCO), working closely with the other areas with responsibility in the field, have a crucial role in the definition of policies and procedures for risk management, subject to the approval of the CAE.

##### 1.1 Functions of the Department for Overall Risk

The CCCAM, through the DRG, is responsible for the definition of the overall principles and policies of risk management. For this it develops and makes available the instruments for analysis and support for decision-making, using the ICAAP (Processo de Auto-Avaliação da Adequação do Capital Interno) for calculating consolidated impairment, it creates models and systems for supporting the risk function, the setting up of norms and the establishment of guidelines for procedures and processes.

It is the responsibility of the DRG to supervise the strategic risk management of credit and the organisation and coordination of management of all the other risks. It is, however, the Department of Credit Risk (DRC) that is responsible for guaranteeing that the policies defined by the DRG are operational in terms of the credit risk in the CCCAM, and it is the CCAMs that ensure management at a local level.

As for concentration risk, the DRG is responsible for putting in place and using the management model for concentration risk: this involves identification of the relevant variables for assessment, the measuring of associated concentration and drawing up in-house and external reports.

In the process of identifying, assessing and monitoring concentration risk, the DRG is also responsible for writing up the report set out in Instruction no. 23/2007, in such a way as to make it possible to calculate the individual concentration index as per Instruction no. 5/2011 of *Banco de Portugal*.

##### 1.2 Functions of the ALCO committee

The ALCO committee is chaired by the Caixa Central and includes various departments and bureaus with direct responsibility for:

- 1) Control of operations related with the balance sheet of the Caixa Central and the GCA.
- 2) Control of risk stemming from the production of management, accounting and reporting information for the Caixa Central and the GCA.

Among the functions of the ALCO, the following are of particular importance in risk management:

- assessment and on-going monitoring of the various financial risks (among them the concentration risk) to which the GCA and the Caixa Central are subject, using its measurements and control through predefined methods and indicators.
- Proposal to the Executive Board on the limits of risk pertinent to the management of assets and liabilities.

In terms of concentration risk, the remit of ALCO is to supervise this concentration in financial risks (in particular, interest rate, exchange, liquidity and market risk) with the contribution of the finance department, as well as monitoring overall concentration risk for the group in close coordination with the DRG.

### 1.3 Functions of the Department of Inspection, Guidelines and Monitoring (DFOA)

The functions of the DFOA in the context of risk management is to monitor and give guidelines to the management teams in the associated Caixas, in particular, in terms of the policy for taking on risks.

As far as management of concentration risk is concerned, the DFOA is responsible for coordination between the CCCAM entities (DRG and ALCO) and the CCAM, with the latter responsible for local management of concentration risk.

## 2. The integration of good practices in concentration risk management

The guidelines of the Basel Committee, the CEBS (Committee of European Banking Supervisors) state that institutions should put in place a systematic practice for the management of this risk, including identification, assessment, adjustment, monitoring and control.

The Basel Committee offers two options for the management of this risk: a basic approach (one-dimensional methodologies for assessment) and an advanced approach (use of internal models of economic capital which should adequately measure this risk but which are at times limited by lack of data).

### 2.1 Measurement of concentration risk: the option put in place

The Group has been putting a management model for concentration risk into place, and this will continue to be seen as something warranting focus and efforts from the Group in the medium term.

The assessment of concentration risk (for which the DRG is responsible) is based on an appraisal of the portfolios of credit, investment and resources, focusing on the range of relevant variables from a one-dimensional and multidimensional point of view, using the Herfindahl and Gini indexes, as well as the relative proportion of exposure. Where pertinent, a coefficient for the correlation of variables is also used in order to explore possible connections between variables at risk or to relate internal variables with the actual situation.

The Group's aim is for permanently increasing robustness in the methodology used for concentration risk management.

## 2.2 Monitoring concentration risk

The group has set up a management model that will serve as the framework for monitoring and controlling concentration risk, by means of periodical revisions of the analyses made and the implementation of preventive or corrective measures.

### 3. Common features of each concentration

#### Analysis of concentration in credit risk:

The analysis of concentration risk involves the credit portfolio of Group customers, as considered for the Group's prudential report (as it pertains to customer credit). The concept of exposure used for the analysis is the balance of the operation that has been used (which means the sum of overdue capital and outstanding capital). This differs from the concept used in the Annex to Instruction 5/2011 (in the calculation of the Index of Sectorial Concentration and the Index of Individual Concentration): Total (sum of the balance used and the credit limit not used).

One dimensional analyses are made (Region, Product Group, Rate, Guarantee, Customer, Sector of Activity, Total Duration, Residual Duration) and also multidimensional analyses (Product Group per Region, Sector per Region and Guarantee per Product Group) of exposure to concentration risk. The multidimensional analysis with Product Group and Region included aims to assess the level of concentration of the portfolio to customers based in each region in terms of distribution per Product Group. The multidimensional analysis with Sector and Region included aims to assess the level of concentration of the portfolio to customers based in each region in terms of distribution per Sector (using the CAE terminology). Within each multidimensional analysis mentioned, three regions are selected as a target for the concentration analysis. As a final point, the multidimensional analysis with Guarantee and Product Group included aims to assess the level of concentration of the portfolio to customers of a specific product group in terms of distribution per type of guarantee involved. Within this last analysis, two product groups are chosen as a target for the concentration analysis.

#### 3.1 Analysis by Region

The "Region" variable was chosen so as to analyse the geographical concentration risk, with the bank within the local Caixa system used as a reference point for the region where the operation was taking place. The breakdown into regions follows the classification in NUTS III, as per the National Statistical Office.

A correlation analysis was made between the customer credit portfolio by region and the GDP by the region variable.

Another correlation analysis was made between the proportion of Caixas per region and the distribution of the SICAM credit portfolio per region.

A further correlation analysis was made between the proportion of customer credit and the proportion of impairment in the region.

It was also considered pertinent to compare the distribution of the SICAM credit portfolio with the Portuguese banking sector.

### 3.2 Analysis by product group

A concentration analysis was made of the distribution of the credit portfolio per type of product group.

An analysis was made of the correlation between the proportion of the customer credit and the proportion of impairment per product group.

### 3.3 Analysis by type of rate

A portfolio distribution was made (proportion by type of rate: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.4 Analysis by guarantees

The analysis of customer credit portfolio concentration per type of guarantee was made, taking into account just one of the guarantees available and recorded in the system, and one was chosen according to its relevance in a list set up conceptually. The distribution of the portfolio was analysed (proportion per type of guarantee: balance used and outlay on credit in the current year) and a comparison made with the results of the analysis of the balance used, overdue credit and total amount.

A correlation analysis was made between the proportion of customer credit and the proportion of impairment per guarantee.

### 3.5 Analysis by type of customer

A portfolio distribution was made (proportion per type of customer: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

A correlation analysis was made between the proportion of customer credit and the proportion of impairment per customer.

It was considered pertinent to compare the distribution of the SICAM credit portfolio per type of customer with the Portuguese banking sector.

In the set of customers made up of individuals and companies, the following distribution was found in terms of the Group and the market.

### 3.6 Analysis by sector of economic activity (CAE)

A portfolio distribution was made (proportion per section of the CAE: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

A correlation analysis was made between the proportion of credit to non-financial enterprises in the banking sector and the Group's credit portfolio.

### 3.7 Analysis by total duration

A portfolio distribution was made (proportion per interval in the total duration: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

It was considered pertinent to compare the spread of credit per duration of the operation in SICAM and the Portuguese banking sector.

### 3.8 Analysis by residual duration

A portfolio distribution was made (proportion per interval in the residual duration: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.9 Analysis by company size

The analysis per company size is a way to check the concentration of credit per type of customer (used for Companies) in the Group. In this study, companies are divided according to turnover. "Large companies" have a turnover of more than 50 million euros, "Medium-sized companies" between 10 and 50 million, "Small" between 2 and 10 million and "Micro companies" less than 2 million euros.

A portfolio distribution was made (proportion per size of company: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.10 Analysis by product group in the Lisbon metropolitan region

The multidimensional analysis with product group in the Lisbon metropolitan region aims to assess the level of concentration in the credit portfolio with company head office in the same region according to the distribution per product group.

The regions of Lisbon, West and Algarve were chosen as they have larger concentration in the one-dimensional analysis of the credit portfolio per region.

A portfolio distribution was made (proportion per product group in Lisbon: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.11 Analysis by product group in the West region

The multidimensional analysis with product group in the West region aims to assess the level of concentration in the credit portfolio with company head office in the same region according to the distribution per product group.

A portfolio distribution was made (proportion per product group in the West region: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.12 Analysis by product group in the Algarve region

The multidimensional analysis with product group in the Algarve region aims to assess the level of concentration in the credit portfolio with company head office in the same region according to the distribution per product group.

A portfolio distribution was made (proportion per product group in the Algarve region: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.13 Analysis by sector of activity sector of activity in the Lisbon region

The multidimensional analysis with sector of activity in Lisbon aims to assess the level of concentration in the credit portfolio with company head office in the Lisbon region according to the distribution per sector of activity.

The regions of Lisbon, West and Algarve were chosen as they have larger concentration in the one-dimensional analysis of the credit portfolio per region.

A portfolio distribution was made (proportion per sector of activity in Lisbon: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.



### 3.14 Analysis by sector of activity in the West region

The multidimensional analysis with sector of activity in the Algarve aims to assess the level of concentration in the credit portfolio in the West according to the distribution per sector of activity.

A portfolio distribution was made (proportion per sector of activity in the region: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.15 Analysis by sector of activity in the Algarve region

The multidimensional analysis with sector of activity in the Algarve aims to assess the level of concentration in the credit portfolio in the Algarve according to the distribution per sector of activity.

A portfolio distribution was made (proportion per sector of activity in the region: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.16 Analysis by type of guarantee for credit in company activity

The multidimensional analysis with type of guarantee for credit to companies for financing their activity aims to assess the level of concentration in the credit portfolio for this product group according to the distribution per type of guarantee.

A portfolio distribution was made (proportion per type of guarantee for credit to company operations: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

### 3.17 Analysis by type of guarantee for credit in company investment

The multidimensional analysis according to type of guarantee for credit in company investment aims to assess the level of concentration in the credit portfolio for this product group according to the distribution per type of guarantee.

A portfolio distribution was made (proportion per type of credit for company investment: balance used and outlay on credit in the current year) and a comparison made with the results of the balance used, overdue credit and total amount.

## Analysis of concentration by portfolio of resources:

### 4.1 Analysis by region

To analyse concentration risk in the portfolio of resources in terms of geography the methodology chosen was to use the “Region” variable.

A correlation analysis was made between the number of local Caixas per region and the distribution of the SICAM portfolio of resources per region.

A correlation analysis was also carried out between the distribution of deposits and similar products per administrative district in Portugal (in the banking sector) and SICAM.

### 4.2 Analysis by product group

A concentration analysis was made of the distribution of the resources portfolio per type of product group.

### 4.3 Analysis by customer

A concentration analysis was made of the distribution of the resources portfolio per type of customer, individuals and companies, divided up according to type of economic activity.

A concentration analysis was made between the proportion of each type of customer in Portugal (in the banking sector) and the Group (SICAM).

A concentration analysis was also made between the customers for resources in other credit institutions and the resources portfolio in the Group (SICAM) per institutional sector.

### 4.4 Analysis by sector of activity

A concentration analysis was made of the distribution of the resources portfolio per sector of activity.

### 4.5 Analysis by residual amount

A concentration analysis was made of the distribution of the resources portfolio per residual amount.

### 4.6 Analysis by amount

A concentration analysis was made of the distribution of the resources portfolio per classification based on the amount.

#### 4.7 Analysis by residual amount for the classification: 5 to 25 thousand euros

A multidimensional analysis was made of concentration in the distribution of the resources portfolio associated with the classification of 5 to 25 thousand euros per residual period.

The classifications of amount were taken for those with significant concentration, according to the one-dimensional analysis.

#### 4.8 Analysis by residual amount for the classification: 25 to 50 thousand euros

A multidimensional analysis was made of concentration in the distribution of the resources portfolio associated with the classification of 25 to 50 thousand euros per residual period.

The classifications of amount were taken for those with significant concentration, according to the one-dimensional analysis.

#### Analysis of the concentration risk for liquidity:

The concentration analysis was made for the headings on the SICAM balance sheet. The concept of exposure was considered for the concentration analysis on the basis of the cash flow as at 31 December 2013.

Analyses are made according to the residual maturity on the headings Assets, Liabilities and Liquidity Gap.

##### 1. ANALYSIS OF ASSETS

The item headed total assets was analysed in terms of its residual maturity. The same was done for the headings that are the most representative and where there is the most concentration.

##### 2. ANALYSIS OF LIABILITIES

The item headed total liabilities was analysed in terms of its residual maturity. The same was done for the headings that are the most representative and where there is the most concentration.

##### 3. ANALYSIS OF LIQUIDITY GAP

The liquidity gap was analysed in terms of its residual maturity (positive and negative gap).

#### **Specific risks in insurance**

Insurance companies take on risks through insurance contracts, classified here as specific insurance risks.

### The nature of specific insurance risks

These include the risks inherent in selling insurance contracts, associated with the form of the contract and the tariff, with the process of subscription and the provisioning of responsibilities, along with the management of claims and reinsurance. These risks apply to all types of insurance and can be divided into sub-risks:

- a) The risk from the design of the contract: this includes the risk of the company's exposure to features of products unanticipated when drawing up the design and defining the price of the contract.
- b) Premium risk: this is related with future claims from existing policies, where the premiums have been already collected or are fixed. The risk is that the amounts collected or due under fixed schemes may be insufficient to cover all the future obligations deriving from these contracts (under-pricing).
- c) Subscription risk: this relates to exposure to financial losses stemming from the choice and approval of risks to be insured.
- d) Provisioning risk: this relates to the provisions set aside, which may turn out to be insufficient for the cost of claims already put in.
- e) Claims risk: this relates to the fact that more claims may be made than expected, and some claims have much higher costs than anticipated, bringing unexpected losses in their wake.
- f) Retention risk: this means there is not enough cover (less reinsurance protection), leading to losses from catastrophic events or from a higher claims rate.

There is also catastrophe risk, resulting from extreme occurrences that imply devastation of property, death/injuries to people, generally due to natural disasters (earthquakes, hurricanes, floods). This means there is a risk that a specific event, or a series of event of great magnitude, normally in a short period (up to 72 hours), implies a significant discrepancy between the number and cost of claims and what was expected.

## Management of specific insurance risks

Specific insurance risk is managed by the company through operating procedures with embedded preventive control and detection. This must be automatized to a high degree, run by skilled staff and with clear responsibilities for senior management:

- a) Product design (applying to new products and changes to those existing) and pricing, within which there is a stipulation of the risks stemming from cover and insured capital, defined in the way premiums are determined, checked and matched for adequacy with the reinsurance plan associated with new products, compliance with regulatory standards and in-house regulations, a complete test programme undertaken, properly structured training schemes and outsourcing for services associated with the new product. The tariffs applied to risks are adjusted as a function of factors relating to pricing, and this makes it possible to assess the level of risk associated with each insurance contract, which is determined on the basis of technical actuarial studies.
- b) Distribution and management of the risk portfolio, within which subscription policies are defined, along with the level of delegation of power and acceptance of risk, systems encouraging sales and the subscription of new insurance, and the procedures for portfolio management and revision of premiums. The rules for accepting risk are set out in the supporting IT systems and there are also mechanisms fixed with blocks and alerts whenever any of these rules are broken. In cases where there are conditions attached to risk acceptance, the subscription is made centrally, and there is written evidence of the conditions and the person responsible for the decision.
- c) Provisioning, in the scope of which technical provisions are defined and managed, ensuring the cover of company obligations towards policyholders and claimants. This is based on studies assessing the adequacy of provisions prepared regularly by the responsible actuary.
- d) Claims management, in the scope of which payments are made to claimants, ensuring: (i) the treatment and management of claims in a timely fashion; (ii) rigorous compliance with the law, regulations and in-house rules; (iii) minimizing the average cost of claims, without compromising the fair treatment of all claimants and those with a grievance.
- e) Reinsurance management, in the scope of which will be found the specification, implementation, monitoring, report and control of treaties and other conditions agreed with reinsurers. The reinsurance policy plays a crucial role in mitigating specific insurance risks, allowing for a better stabilisation of results and of solvency levels, as well as the most efficient use of available capital and an increase in the company's capacity to take on risks.

The management of specific insurance risk is also backed by a range of studies carried out by the technical office and by the actuary in charge, who analyses the adequacy of tariffs, identifies the types of risk and the most profitable segments, as well as specifying the most reliable figures for technical provisions.

## Fair value of financial assets and liabilities

The following table gives a comparison between fair value and balance sheet value for the main assets and liabilities recorded at amortised cost as at 31 December 2014 and 2013, (amounts in thousands of euros):

	2014				
	Balances analysed			Balances not analysed	Total balance sheet value
	Balance sheet value	Fair value	Difference	Balance sheet value	
<b>Assets</b>					
Cash balances at central banks	423,408	423,408	-	-	423,408
Funds held at other credit institutions	78,252	78,252	-	-	78,252
Funds in credit institutions	3,194	123	(3,071)	-	3,194
Customer credit (net balance)	7,168,079	7,659,418	491,339	93,362	7,261,441
	<u>7,672,933</u>	<u>8,161,200</u>	<u>488,268</u>	<u>93,362</u>	<u>7,766,295</u>
<b>Liabilities</b>					
Funds from central banks	980,226	980,226	-	-	980,226
Funds from other credit institutions	132,249	132,575	326	3,907	136,156
Customer funds and other loans	10,528,550	10,547,152	18,602	8,059	10,536,609
Other subordinated liabilities	142,534	150,508	7,973	-	142,534
	<u>11,783,559</u>	<u>11,810,461</u>	<u>26,902</u>	<u>11,966</u>	<u>11,795,525</u>
<b>2013</b>					
	Balances analysed			Balances not analysed	Total balance sheet value
	Balance sheet value	Fair value	Difference	Valor de balanço	
<b>Assets</b>					
Cash balances at central banks	384,781	384,781	-	-	384,781
Funds held at other credit institutions	81,832	81,832	-	-	81,832
Funds in credit institutions	32,031	32,382	351	-	32,031
Customer credit (net balance)	7,333,134	7,194,163	(138,970)	138,856	7,471,990
	<u>7,831,777</u>	<u>7,693,158</u>	<u>(138,619)</u>	<u>138,856</u>	<u>7,970,633</u>
<b>Liabilities</b>					
Funds from central banks	1,262,845	1,262,845	-	-	1,262,845
Funds from other credit institutions	95,679	95,919	240	4,388	100,067
Customer funds and other loans	10,111,596	10,117,852	6,256	10,947	10,122,543
Other subordinated liabilities	133,404	133,998	594	-	133,404
	<u>11,603,523</u>	<u>11,610,614</u>	<u>7,091</u>	<u>15,335</u>	<u>11,618,858</u>

The main considerations on the fair value of assets and liabilities are as follows:

- in terms of sight balances, the balance sheet figure was taken as fair value;
- the fair value for remaining instruments was determined on the basis of discounted cash flow models, bearing in mind the contractual conditions of the operations involved and using appropriate interests rates for the instruments. These included:
  - a) Market interest rates for "Funds held at credit institutions" and "Other subordinated liabilities";
  - b) The interest rate used by the Caixa Central for comparable credit operations;

- c) Base rates for the issue of retail products;
- d) Interest rates used for intra-group operations undertaken within the scope of the legal framework of the group, specifically taking in funds from the associated Caixas for centralised investment decisions at the.

Specific curves were used for the headings “Credit to customers”, “Funds held in other credit institutions” and “Funds from other credit institutions” based on the application of average spreads for operations carried out in the last three months prior to 31 December 2014. Rates applied were as follows:

	Euribor - Euribor / Swap	Spread credit - individuals	Spread credit - business	Spread credit - housing	Spread - customer funds	Spread - funds from other credit institutions
1 day (overnight)	0.14%	6.67%	4.45%	2.25%	1.06%	1.10%
1 month(s)	0.02%					
2 month(s)	0.05%					
3 month(s)	0.08%					
4 month(s)	0.11%					
5 month(s)	0.14%					
6 month(s)	0.17%					
9 month(s)	0.25%					
12 month(s)	0.33%					
2 year(s)	0.19%					
3 year(s)	0.23%					
4 year(s)	0.29%					
5 year(s)	0.37%					
8 year(s)	0.64%					
10 year(s)	0.83%					
15 year(s)	1.16%					
20 year(s)	1.33%					
30 year(s)	1.49%					

As set down in IFRS7 and for presentation purposes, financial instruments recorded on the balance sheet at fair value are classified as follows:

**Level 1 – Listed on active markets**

At this level here are financial instruments valued on the basis of active market prices (bids that can be executed) made public through dealing platforms?

**Level 2 – Valuation techniques based on market data**

At this level are the financial instruments valued by use of in-house models using data observable in the market, specifically interest rate or exchange rate curves.

**Level 3 – Valuation techniques based on inputs not from data observable in the market**

At this level are the financial instruments valued by use of in-house methods based fundamentally on inputs that are not observable in the market and with significant impact on the valuing of the instrument or valued on the basis of indicative bids calculated by third parties using valuation models.

As at 31 December 2014 and 2013, fair value was assessed for financial instruments reflected on the financial statements and are summed up as follows:

	Valued at historic cost <sup>(1)</sup>	Listings in active market <sup>(2)</sup>	Valuation techniques		Total
			Market data <sup>(3)</sup>	Models <sup>(4)</sup>	
Held-for-trading financial assets	-	1,479,644	30,316,614	-	31,796,258
Other financial assets at fair value through results	-	77,298,709	-	-	77,298,709
Available-for-sale financial assets	27,409,620	5,731,128,752	-	-	5,758,538,372
	<u>27,409,620</u>	<u>5,809,907,105</u>	<u>30,316,614</u>	<u>-</u>	<u>5,867,633,339</u>
Held-for-trading financial liabilities	-	-	196,836	-	197
	<u>-</u>	<u>-</u>	<u>196,836</u>	<u>-</u>	<u>196,836</u>

(1) Unlisted securities for which it is not possible to determine fair value reliably.

(2) As well as financial instruments listed on the Stock Exchange, this category also includes securities valued on the basis of prices in active markets with trading platforms.

(3) Valuation based on market rates (swap curves).

(4) These correspond to securities valued through indicative bids.

(1) Unlisted securities for which it is not possible to gauge fair value reliably.

(2) Apart from financial instruments listed on stock exchanges, this category includes securities valued on the basis of prices in inactive markets made public through dealing platforms (Level 1).

(3) Valuation based on market rates, using interest rate curves, swap curves and exchange rates (Level 2).

(4) This relates to securities valued through indicative bids from the issuer (Level 3). The whole value corresponds to subordinated debt securities for "Banco Finantia Internacional".

During 2014 and 2013, there were no reclassifications between levels or between categories of financial assets, with the exception of reclassification of the total investment portfolio for held-to-maturity assets, these being reclassified as held-for-sale financial assets.

In terms of sovereign debt, the entire amount at year-end is recorded in the portfolio of held-for-sale financial assets, and is broken down into countries, as per the table below:



	OAFIVAR		AFDV	
	Quantity	Value	Quantity	Value
Portugal	25,000	27,285	412,483,279	474,061,175
Austria	0	0	19,950,000	21,362,984
Belgium	0	0	35,559,000	38,424,094
Spain	0	0	1,218,051,000	1,556,110,467
France	0	0	121,829,000	133,084,599
Ireland	0	0	4,380,000	5,080,566
Italy	0	0	1,522,714,000	1,761,183,385
Germany	0	0	27,514,000	28,964,604
Holland	0	0	41,055,000	43,918,109
<b>Totals</b>	<b>25,000</b>	<b>27,285</b>	<b>3,403,535,279</b>	<b>4,062,189,983</b>

In the fiscal year prior to 2013, sovereign debt was split between the available-for-sale portfolio of financial assets and the held-to-maturity portfolio:

	OAFIVAR		AFDV	
	Quantity	Value	Quantity	Value
Portugal	53,000	53,152	862,800,922	852,640,529
Austria	0	0	9,950,000	10,410,797
Belgium	0	0	30,800,000	31,744,898
Spain	0	0	1,129,845,000	1,210,045,414
France	0	0	35,240,000	37,462,901
Ireland	0	0	24,980,000	27,439,109
Italy	0	0	866,350,000	936,965,605
Germany	0	0	30,200,000	30,828,689
Holland	0	0	17,555,000	18,199,314
Poland	0	0	1,750,000	1,963,536

Totals	53,000	53,152	3,009,470,922	3,157,700,792
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#### 47. CONSOLIDATED PRUDENTIAL RATIOS

During 2014, Instruction 23/2007 was discontinued, and the calculation of requirements and prudent ratios was henceforth made through the COREP reports, using rules CRD IV / CRR, Regulation (U.E.) no. 575/2013, and the ratios for solvency of individual accounts at the Caixa Central were as follows:

<b>OWN FUNDS AND SOLVENCY RATIO - CRÉDITO AGRÍCOLA GROUP</b>				
<i>in millions of euros</i>	2012	2013	2014	Δ 13/14
<b>Core capital <sup>(a)</sup></b>	<b>992</b>	<b>913</b>	<b>1,049</b>	<b>14.8%</b>
Core tier 1	1,052	1,012		
Common equity tier 1			1,049	
Tier 1	1,011	967	1,049	8.4%
<b>Position at risk for assets and equivalents</b>	<b>15,825</b>	<b>13,505</b>	<b>15,292</b>	<b>13.2%</b>
<b>Own funds requirements</b>	<b>9,088</b>	<b>8,495</b>	<b>7,982</b>	<b>-6.0%</b>
Credit <sup>(b)</sup>	8,096	7,487	6,916	-7.6%
Operational	992	1,008	1,066	5.7%
<b>Solvency ratio <sup>(c)</sup></b>				
<b>Core Tier 1</b>	<b>11.6%</b>	<b>11.9%</b>		
<b>Common equity tier 1</b>			<b>13.1%</b>	
<b>Tier 1</b>	<b>11.1%</b>	<b>11.4%</b>	<b>13.1%</b>	<b>1.7 p.p</b>
<b>Total</b>	<b>10.9%</b>	<b>10.8%</b>	<b>13.1%</b>	<b>2.3 p.p</b>

(a) Including net results for 2014. In previous periods, the year-end results are incorporated.

(b) Including own funds requirements for risk of adjustment of credit assessment.

(c) Up to December 2013 the ratios are calculated in line with Notice 5/2007 and Notice 6/2010 Banco de Portugal, after which the rules that apply are as per Directive 2013/36/UE ( CRD IV - Capital Requirements Directive) and Regulation (U.E.) 575/2013 (CRR – Capital Requirements Regulation).

As and from 1 January 2014, the solvency of European banks was assessed by the Common Equity Tier 1 ratio (CET1), under the terms of the Basel III agreement. During 2014 there was a transitional regime allowing for a phase-in calculation of CET1. The common equity tier 1 ratio and the total solvency ratio were calculated through application of phased-in and fully implemented stipulations of the rules set out in Regulation (UE) no. 575/2013, as follows:

- CET1, phased-in: 13.1%;
- Total solvency, phased-in: 13.1% (up 2.3 p.p. than the 2013 ratio).

The minimum capital ratios recommended by *Banco de Portugal* are as follows:

- Up to 31/12/2013: core tier 1 ratio 10% and total ratio 8.0%;
- From 01/01/2014: common equity tier 1 ratio 8.0%; tier 1 ratio 9.5%, and total ratio 11.5%.

#### 48. RESOLUTION FUND

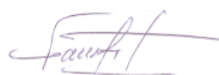
As set down in the legal framework for financial institutions (RGICIF), the Crédito Agrícola Group is a participant in the Resolution Fund. It has made the initial and the annual contributions in accordance with the applicable legislation and regulations (Note 40). As set down in article 15 of Decree-Law 24/2013, if the fund has to be used for financing resolution measures and has not got enough of its own funds to fulfil its obligations, the member of the government responsible for finance can determine, through an executive order, the specific terms for special contributions by the institutions that are in the fund, in the light of the needs for financing that arise from the specific measure.

A resolution measure was applied to the Banco Espírito Santo on 4 August 2014, with the fund providing the financial support determined by *Banco de Portugal* to make up the equity of the Novo Banco, to a total of 4,900 million euros. The process for disposal of the Novo Banco is currently under way. If the amount realised by the sale is not enough to refund the loans obtained, the fund can ask for special contributions from the participants, as per the conditions set out in the previous paragraph.

#### 49. SUBSEQUENT EVENTS

At the date when these financial statements were approved by the Executive Board, there were no events subsequent to the reference date of the statements, 31 December 2014, which would require adjustments or modifications to the values for assets and liabilities, under the provisions of IAS 10 – Events after balance sheet date.

THE HEAD OF THE ACCOUNTS DEPARTMENT



THE EXECUTIVE BOARD



## **ANNEX I – DETAILED SECURITIES PORTFOLIO**

**CRÉDITO AGRÍCOLA GROUP**  
**SECURITIES HELD AS AT 31 DECEMBER 2014**  
**ANNEX I**

Nature and type	Entity holding the securities	Category of asset - Instruction 23/2004	Code for the security	Type of issuer	Issuing country	Listed/ Not listed	Listing	Quantity	Nominal value	Valorimetric criteria	Value on the balance sheet	Corrections in value	Gains/losses (+/-)	
<b><u>FINANCIAL ASSETS HELD FOR TRADING</u></b>														
<b>Debt instruments</b>														
<b>Of public debt</b>														
												-	-	-
<b>Financial instruments</b>														
FIM CA Monetário	AGROCAPITAL SCR	AFDN	--	OUT	PRT	N		85,469	-	JV	477,309	-	-	
FIM CA Monetário	CA IMÓVEIS	AFDN	--	OUT	PRT	N		179,482	-	JV	1,002,335	-	-	
												<b>1,479,644</b>	-	-
<b>Derivatives</b>														
Exchange forwards	CCCAM	AFDN	--	-	-	-	-	-	-	-	869,057	-	-	
Interest rate swaps	CA VIDA	AFDN	--	-	-	-	-	-	-	-	29,447,557	-	-	
												<b>30,316,614</b>	-	-
<b>Total</b>								<b>264,951</b>			<b>31,796,258</b>	-	-	
<b><u>OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH RESULTS</u></b>														
<b>Debt instruments</b>														
<b>Of public debt</b>														
T-bonds October 4.35% 2017 (OTELOE)	CA GEST	OAFJVAR	PTOTELOE0010	OUT	PRT	S	108.45%	25,000	1,00	JV	27,285	-	-	
												<b>27,285</b>	-	-
<b>From other issuers</b>														

<b>Non-subordinated debt</b>												
Corsair 5% 28/07/17	CA Vida	XS0963671127	OUT	JEY	S	108.74%	3,400,000	1,00	JV	3,697,238		266,544
DEMETER 3.75% - 8 - F	CA Vida	XS1071748187	OUT	NLD	S	93.44%	4,000,000	1,00	JV	3,737,595		(339,905)
DEMETER 4% 20/03/19	CA Vida	XS1027954822	OUT	NLD	S	108.48%	10,000,000	1,00	JV	10,847,715		501,049
DEMETER 4.75% 20/12/18	CA Vida	XS0984085174	OUT	NLD	S	112.11%	10,000,000	1,00	JV	11,210,586		1,196,072
DEMETR 3.85% 20/03/19	CA Vida	XS1071747882	OUT	NLD	S	92.57%	2,000,000	1,00	JV	1,851,461		(188,322)
DEMETR 4.05% 20/03/19	CA Vida	XS1071747536	OUT	NLD	S	93.02%	2,000,000	1,00	JV	1,860,465		(181,385)
DEMETR 4.1% 20/03/19	CA Vida	XS1071747700	OUT	NLD	S	93.05%	2,000,000	1,00	JV	1,860,986		(181,381)
DEMETR 4.3% 20/03/19	CA Vida	XS1071747619	OUT	NLD	S	90.69%	2,000,000	1,00	JV	1,813,861		(230,572)
DEMETR 4.75% 20/03/22	CA Vida	XS1071977539	OUT	NLD	S	88.88%	4,000,000	1,00	JV	3,555,233		(579,934)
DEMETR 4.9% 20/03/19	CA Vida	XS1071748005	OUT	NLD	S	91.46%	2,000,000	1,00	JV	1,829,193		(221,440)
DEMETR 4.9% 20/03/22	CA Vida	XS1071975830	OUT	NLD	S	86.74%	4,000,000	1,00	JV	3,469,703		(675,564)
DEMETR 5.1% 20/03/22	CA Vida	XS1071973389	OUT	NLD	S	82.15%	4,000,000	1,00	JV	3,286,146		(843,254)
DEMETR 5.25% 20/03/2022	CA Vida	XS1071974601	OUT	NLD	S	87.93%	4,000,000	1,00	JV	3,517,045		(639,455)
DEMETR 5.25% 20/03/22	CA Vida	XS1071972225	OUT	NLD	S	87.50%	4,000,000	1,00	JV	3,500,198		(629,302)
DEMETR 6.2% 20/03/22	CA Vida	XS1071976218	OUT	NLD	S	83.87%	4,000,000	1,00	JV	3,354,911		(790,222)
Douro 7.85% 20/09/18	CA Vida	XS0968894963	OUT	NLD	S	114.19%	7,500,000	1,00	JV	8,564,390		1,044,764
SMART 4.67% 20/06/18	CA Vida	XS0958352873	OUT	LUX	S	111.96%	7,500,000	1,00	JV	8,397,139		711,312
UCGIM 4.25% 29/07/16	CA Vida	IT0004511959	OUT	ITA	S	107.95%	850,000	1,00	JV	917,559		28,167
										<b>77,271,424</b>	-	<b>(1,752,829)</b>
<b>Total</b>							<b>77,275,000</b>			<b>77,298,709</b>	-	<b>(1,752,829)</b>

CRÉDITO AGRÍCOLA GROUP

SECURITIES HELD AS AT 31 DECEMBER 2014

ANNEX I

Nature and type	Entity holding the securities	Category of asset - Instruction 23/2004	Code for the security	Type of issuer	Issuing country	Listed/ Not listed	Listing	Quantity	Nominal value	Valorimetric criteria	Value on the balance sheet	Corrections in value	Gains/losses (+/-)
<b>FINANCIAL ASSETS AVAILABLE FOR SALE</b>													
<b>Debt instruments</b>													
<b>Of public debt</b>													
DBR 3% 04/07/20	CA Seguros	AFDV	DE0001135408	OUT	DEU	S	117.67%	6,000,000	1.00	JV	7,060,060		602,860
RAGB 1.15% 19/10/18	CA Seguros	AFDV	AT0000A12B06	OUT	AUT	S	104.11%	5,000,000	1.00	JV	5,205,658		2,158
BGB 2.6% 22/06/24	CA Seguros	AFDV	BE0000332412	OUT	BEL	S	116.97%	3,000,000	1.00	JV	3,509,244		44,574
SPGB 4.50% 31/01/18	CA Seguros	AFDV	ES00000123Q7	OUT	ESP	S	115.49%	2,500,000	1.00	JV	2,887,253		188,503
SPGB 5.15% 31/10/28	CA Seguros	AFDV	ES00000124C5	OUT	ESP	S	134.25%	2,500,000	1.00	JV	3,356,245		615,245
SPGB 5.5% 30/04/21	CA Seguros	AFDV	ES00000123B9	OUT	ESP	S	130.37%	16000000	1.00	JV	20,858,696		1,677,106
FRTR 2.25% 25/10/22	CA Seguros	AFDV	FR0011337880	OUT	FRA	S	113.18%	10,000,000	1.00	JV	11,317,918		234,318

FRTR 4.25% 25/10/18	CA Seguros	AFDV	FR0010670737	OUT	FRA	S	116.28%	6,080,000	1.00	JV	7,069,932	383,148
NETHER 4% 15/07/18	CA Seguros	AFDV	NL0006227316	OUT	NLD	S	115.93%	4,550,000	1.00	JV	5,274,725	508,327
BTPS 1.5% 15/12/16	CA Seguros	AFDV	IT0004987191	OUT	ITA	S	102.00%	1,000,000	1.00	JV	1,020,019	469
BTPS 3.5% 01/06/18	CA Seguros	AFDV	IT0004907843	OUT	ITA	S	109.58%	2,500,000	1.00	JV	2,739,432	152,657
BTPS 3.75% 01/05/21	CA Seguros	AFDV	IT0004966401	OUT	ITA	S	115.55%	15,500,000	1.00	JV	17,910,545	1,126,610
BTPS 4.50% 01/03/24	CA Seguros	AFDV	IT0004953417	OUT	ITA	S	124.67%	3,000,000	1.00	JV	3,739,997	61,757
BTPS 4.75% 01/09/28	CA Seguros	AFDV	IT0004889033	OUT	ITA	S	128.28%	2,500,000	1.00	JV	3,207,021	564,871
RAGB 1.15% 19/10/18	CA Vida	AFDV	AT0000A12B06	OUT	AUT	S	104.11%	2,050,000	1.00	JV	2,134,320	73,243
RAGB 1.65% 21/10/24	CA Vida	AFDV	AT0000A185T1	OUT	AUT	S	108.71%	12,900,000	1.00	JV	14,023,007	340,291
BGB 1.25% 22/06/18	CA Vida	AFDV	BE0000329384	OUT	BEL	S	104.42%	25,259,000	1.00	JV	26,375,690	413,373
BGB 2.6% 22/06/24	CA Vida	AFDV	BE0000332412	OUT	BEL	S	116.97%	7,300,000	1.00	JV	8,539,160	98,233
BKO 0.25% 13/03/15	CA Vida	AFDV	DE0001137412	OUT	DEU	S	100.25%	664,000	1.00	JV	665,636	145
DBR 1.50% 15/02/23	CA Vida	AFDV	DE0001102309	OUT	DEU	S	110.76%	1,450,000	1.00	JV	1,605,949	162,884
OBL 0.25% 11/10/19	CA Vida	AFDV	DE0001141703	OUT	DEU	S	101.20%	19,400,000	1.00	JV	19,632,959	112,046
SPGB 2.1% 30/04/17	CA Vida	AFDV	ES00000124I2	OUT	ESP	S	104.76%	2,200,000	1.00	JV	2,304,617	(11,139)
SPGB 2.75% 31/10/24	CA Vida	AFDV	ES00000126B2	OUT	ESP	S	110.58%	3,600,000	1.00	JV	3,980,956	91,201
SPGB 3.3% 30/07/16	CA Vida	AFDV	ES00000123W5	OUT	ESP	S	105.49%	650,000	1.00	JV	685,661	11,270
SPGB 3.8% 30/04/24	CA Vida	AFDV	ES00000124W3	OUT	ESP	S	121.99%	59,750,000	1.00	JV	72,886,695	5,394,242
SPGB 4.1% 30/07/18	CA Vida	AFDV	ES00000121A5	OUT	ESP	S	113.36%	6,045,000	1.00	JV	6,852,678	868,476
SPGB 4.4% 31/10/23	CA Vida	AFDV	ES00000123X3	OUT	ESP	S	124.68%	7,028,000	1.00	JV	8,762,679	1,318,750



SPGB 4.50% 31/01/18	CA Vida	AFDV	ES00000123Q7	OUT	ESP	S	115.49%	2,600,000	1.00	JV	3,002,744	251,933
SPGB 4.6% 30/07/19	CA Vida	AFDV	ES00000121L2	OUT	ESP	S	118.50%	1,200,000	1.00	JV	1,421,981	114,122
SPGB 5.15% 31/10/28	CA Vida	AFDV	ES00000124C5	OUT	ESP	S	134.25%	53,928,000	1.00	JV	72,398,227	6,433,843
SPGB 5.15% 31/10/44	CA Vida	AFDV	ES00000124H4	OUT	ESP	S	143.38%	3,750,000	1.00	JV	5,376,930	461,605
SPGB 5.5% 30/07/17	CA Vida	AFDV	ES0000012783	OUT	ESP	S	114.59%	2,925,000	1.00	JV	3,351,629	379,616
BTNS 2.5% 25/07/16	CA Vida	AFDV	FR0119580050	OUT	FRA	S	104.60%	449,000	1.00	JV	469,658	241
FRTR 1% 25/05/18	CA Vida	AFDV	FR0011394345	OUT	FRA	S	103.64%	51,900,000	1.00	JV	53,789,409	253,478
FRTR 2.25% 25/10/22	CA Vida	AFDV	FR0011337880	OUT	FRA	S	113.18%	53,400,000	1.00	JV	60,437,682	845,242
IRISH 4.50% 18/10/18	CA Vida	AFDV	IE00B28HXX02	OUT	IRL	S	115.99%	4,380,000	1.00	JV	5,080,566	1,190,428
BTPS 1.5% 15/12/16	CA Vida	AFDV	IT0004987191	OUT	ITA	S	102.00%	35,250,000	1.00	JV	35,955,656	35,872
BTPS 2.35% 15/09/24	CA Vida	AFDV	IT0005004426	OUT	ITA	S	111.84%	9,300,000	1.00	JV	10,400,687	49,502
BTPS 2.5% 01/05/19	CA Vida	AFDV	IT0004992308	OUT	ITA	S	107.33%	3,000,000	1.00	JV	3,219,834	104,699
BTPS 3.5% 01/03/2030	CA Vida	AFDV	IT0005024234	OUT	ITA	S	112.94%	28,700,000	1.00	JV	32,413,654	1,955,598
BTPS 3.5% 01/06/18	CA Vida	AFDV	IT0004907843	OUT	ITA	S	109.58%	179,000	1.00	JV	196,143	4,861
BTPS 3.75% 01/05/21	CA Vida	AFDV	IT0004966401	OUT	ITA	S	115.55%	2,400,000	1.00	JV	2,773,246	167,401
BTPS 4.25% 01/02/19	CA Vida	AFDV	IT0003493258	OUT	ITA	S	115.48%	3,970,000	1.00	JV	4,584,436	442,298
BTPS 4.5% 01/08/18	CA Vida	AFDV	IT0004361041	OUT	ITA	S	115.10%	2,700,000	1.00	JV	3,107,600	7,322
BTPS 4.50% 01/02/18	CA Vida	AFDV	IT0004273493	OUT	ITA	S	113.44%	975,000	1.00	JV	1,106,049	115,553

**CRÉDITO AGRÍCOLA GROUP**  
**SECURITIES HELD AS AT 31 DECEMBER 2014**  
**ANNEX I**

Nature and type	Entity holding the securities	Category of asset - Instruction 23/2004	Code for the security	Type of issuer	Issuing country	Listed/ Not listed	Listing	Quantity	Nominal value	Valorimetric criteria	Value on the balance sheet	Corrections in value	Gains/losses (+/-)
<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>													
<b>Debt instruments</b>													
<b>Of public debt</b>													
BTPS 4.50% 01/03/24	CA Vida	AFDV	IT0004953417	OUT	ITA	S	124.67%	12,549,000	1.00	JV	15,644,408		1,185,956
BTPS 4.75% 01/09/28	CA Vida	AFDV	IT0004889033	OUT	ITA	S	128.28%	25,236,000	1.00	JV	32,372,950		4,067,990
BTPS 4.75% 01/09/44	CA Vida	AFDV	IT0004923998	OUT	ITA	S	131.35%	74,700,000	1.00	JV	98,119,070		6,841,869
BTPS 5.25% 01/08/17	CA Vida	AFDV	IT0003242747	OUT	ITA	S	114.06%	2,575,000	1.00	JV	2,937,116		277,903
BTPSH 0 01/02/19	CA Vida	AFDV	IT0004848583	OUT	ITA	S	96.43%	3,550,000	1.00	JV	3,423,159		452,630
BTPSS 0 01/08/18	CA Vida	AFDV	IT0004848716	OUT	ITA	S	97.14%	5,130,000	1.00	JV	4,983,282		590,968
NETHER 0 15/04/16	CA Vida	AFDV	NL0010364139	OUT	NLD	S	100.04%	115,000	1.00	JV	115,046		381
NETHER 1.25% 15/01/18	CA Vida	AFDV	NL0010200606	OUT	NLD	S	105.01%	30,854,000	1.00	JV	32,398,875		129,935
NETHER 1.75% 15/07/23	CA Vida	AFDV	NL0010418810	OUT	NLD	S	110.72%	5,536,000	1.00	JV	6,129,463		268,803
T-bonds 4.45% 15/06/18	CA Vida	AFDV	PTOTENOE0018	OUT	PRT	S	113.44%	6,145,000	1.00	JV	6,970,787		1,070,836
T-bonds OCT 15	Caixa Central	AFDV	PTOTE3OE0017	OUT	PRT	S	102.48%	0	1.00	JV	0		0
T-bonds APR 21	Caixa Central	AFDV	PTOTEYOE0007	OUT	PRT	S	111.13%	90,000,000	1.00	JV	102,493,812		662,331
T-bonds OCT 16	Caixa Central	AFDV	PTOTE6OE0006	OUT	PRT	S	106.71%	340,000	1.00	JV	365,849		23,880
T-bonds JUN 19	Caixa Central	AFDV	PTOTEMOE0027	OUT	PRT	S	114.10%	12,500,000	1.00	JV	14,589,344		133,959
T-bonds JUN 20	Caixa Central	AFDV	PTOTECOEO0029	OUT	PRT	S	116.06%	70,000,000	1.00	JV	83,085,896		561,235
T-bonds OCT 23	Caixa Central	AFDV	PTOTEAOEO0021	OUT	PRT	S	118.52%	77,500,000	1.00	JV	92,563,824		1,136,386
BTPS 1.5 12/16	Caixa Central	AFDV	IT0004987191	OUT	ITA	S	101.95%	35,000,000	1.00	JV	35,708,419		(30,980)
BTPS 2.5 05/19	Caixa Central	AFDV	IT0004992308	OUT	ITA	S	106.90%	86,000,000	1.00	JV	92,295,433		777,549
BTPS 3 06/15	Caixa Central	AFDV	IT0004615917	OUT	ITA	S	101.23%	110,000,000	1.00	JV	111,506,021		(28,904)
BTPS 3 1/2 11/17	Caixa Central	AFDV	IT0004867070	OUT	ITA	S	108.05%	10,000,000	1.00	JV	10,863,478		(6,750)
BTPS 3.5 06/18	Caixa Central	AFDV	IT0004907843	OUT	ITA	S	109.25%	50,000,000	1.00	JV	54,773,039		209,908
BTPS 3.5 12/18	Caixa Central	AFDV	IT0004957574	OUT	ITA	S	110.38%	120,000,000	1.00	JV	132,808,892		724,267
BTPS 4 01/09/20	Caixa Central	AFDV	IT0004594930	OUT	ITA	S	115.85%	229,000,000	1.00	JV	268,381,282		1,620,641

BTPS 4 02/01/17	Caixa Central	AFDV	IT0004164775	OUT	ITA	S	107.17%	35,000,000	1.00	JV	38,091,565	(51,938)	
BTPS 4.25 09/19	Caixa Central	AFDV	IT0004489610	OUT	ITA	S	115.23%	112,000,000	1.00	JV	130,660,679	1,535,144	
BTPS 4.5 01/03/24	Caixa Central	AFDV	IT0004953417	OUT	ITA	S	123.14%	40,000,000	1.00	JV	49,864,230	555,015	
BTPS 4.5 02/20	Caixa Central	AFDV	IT0003644769	OUT	ITA	S	117.35%	157,000,000	1.00	JV	187,170,571	2,281,779	
BTPS 4.5 08/18	Caixa Central	AFDV	IT0004361041	OUT	ITA	S	113.25%	100,000,000	1.00	JV	115,121,924	728,194	
BTPS 4.75 01/08/23	Caixa Central	AFDV	IT0004356843	OUT	ITA	S	124.29%	85,000,000	1.00	JV	107,323,435	808,332	
BTPS 4.75 09/21	Caixa Central	AFDV	IT0004695075	OUT	ITA	S	121.73%	119,000,000	1.00	JV	146,760,116	2,122,431	
SPGB 2.75 04/19	Caixa Central	AFDV	ES00000124V5	OUT	ESP	S	108.55%	80,700,000	1.00	JV	89,097,178	640,782	
SPGB 3 04/30/15	Caixa Central	AFDV	ES00000122F2	OUT	ESP	S	100.90%	375,000	1.00	JV	385,961	3,379	
SPGB 3.75 10/15	Caixa Central	AFDV	ES00000123P9	OUT	ESP	S	102.83%	20,000,000	1.00	JV	20,693,797	(2,547)	
SPGB 4.3 10/19	Caixa Central	AFDV	ES00000121O6	OUT	ESP	S	116.62%	84,800,000	1.00	JV	99,512,300	684,313	
SPGB 4.5 01/18	Caixa Central	AFDV	ES00000123Q7	OUT	ESP	S	111.86%	35,000,000	1.00	JV	40,596,198	133,258	
SPGB 4.85 31/10/20	Caixa Central	AFDV	ES00000122T3	OUT	ESP	S	121.97%	195,000,000	1.00	JV	239,453,829	2,155,956	
SPGB 5.25 04/21	Caixa Central	AFDV	ES00000123B9	OUT	ESP	S	127.24%	237,500,000	1.00	JV	310,998,767	3,613,268	
SPGB 5.40 01/31/23	Caixa Central	AFDV	ES00000123U9	OUT	ESP	S	130.93%	135,000,000	1.00	JV	183,447,672	2,443,539	
SPGB 5.85 01/22	Caixa Central	AFDV	ES00000123K0	OUT	ESP	S	131.91%	265,000,000	1.00	JV	363,797,772	4,802,459	
Portugal 2020-06-15	CCAM Batalha, CRL	AFDV	PTOTECOEO029	OUT	PRT	S	118.55%	3,500,000	1.00	JV	4,149,145	0	704,550
T-bonds Jul 2010082400035	CCAM Beja e Mértola, CRL	AFDV	PTOTECOEO029	OUT	PRT	S	116.14%	5,000,000	1.00	JV	5,806,750	0	757,259
PGB 5,65 02/15/24	CCAM Coimbra, CRL	AFDV	PTOTEQOE0015	OUT	PRT	S	387.39%	800,000	1.00	JV	991,720	0	(30,801)
T-bonds	CCAM da Zona do Pinhal, CRL	AFDV	PTOTELOEO010	OUT	PRT	S	109.34%	1,000,000	1.00	JV	1,093,350	0	87,508
T-bonds	CCAM da Zona do Pinhal, CRL	AFDV	PTOTE3OE0017	OUT	PRT	S	102.46%	2,000,000	1.00	JV	2,049,260	0	34,513
T-bonds	CCAM de Pombal, CRL	AFDV	PTOTE3OE0017	OUT	PRT	S	102.46%	2,500,000	1.00	JV	2,561,575	0	74,973
T-bonds June 2018	CCAM de Vale de Sousa e Baixo Tâmega, CRL	AFDV	PTOTENOE0018	OUT	PRT	S	111.08%	76,000,000	1.00	JV	84,417,000	0	8,642,618
T-bonds June 2020	CCAM de Vale de Sousa e Baixo Tâmega, CRL	AFDV	PTOTECOEO029	OUT	PRT	S	116.14%	5,000,000	1.00	JV	5,806,750	0	705,488

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<b>FINANCIAL ASSETS AVAILABLE FOR SALE</b>													
<b>Debt instruments</b>													
<b>Of public debt</b>													
T-bonds October 2017	CCAM de Vale de Sousa e Baixo Tâmega, CRL	AFDV	PTOTELOE0010	OUT	PRT	S	109.34%	1,600,000	1.00	JV	1,749,360	0	142,347
T-bonds JUN(4.45%) 18 - PTOTENOE	CCAM do Algarve, CRL	AFDV	PTOTENOE0018	OUT	PRT	S	111.08%	5,000,000	1.00	JV	5,553,750	0	499,826
T-bonds OCT(3.35%) 15 - PTOTE3OE0017	CCAM do Algarve, CRL	AFDV	PTOTE3OE0017	OUT	PRT	S	102.46%	2,000,000	1.00	JV	2,049,260	0	59,310
T-bonds 4.45% Jun 2018	CCAM Lourinhã, CRL	AFDV	PTOTENOE0018	OUT	PRT	S	111.08%	15,000,000	1.00	JV	16,661,250	0	2,000,761
T-bonds 4.80% Jun 2020	CCAM Lourinhã, CRL	AFDV	PTOTECOEO029	OUT	PRT	S	116.14%	5,500,000	1.00	JV	6,387,425	0	873,144
T-bonds 4.95% Oct 2023	CCAM Lourinhã, CRL	AFDV	PTOTEAOEO021	OUT	PRT	S	118.65%	5,000,000	1.00	JV	5,932,250	0	1,541,848
BT 19/June/2015	CCAM Porto de Mós, CRL	AFDV	PTPBTOGE0025	OUT	PRT	S	99.88%	1,213,168	1.00	JV	1,211,712	0	(232)
BT 23/January/2015	CCAM Porto de Mós, CRL	AFDV	PTPBTOGE0027	OUT	PRT	S	99.99%	314,300	1.00	JV	314,269	0	311
T-bonds 14/June/2019	CCAM Porto de Mós, CRL	AFDV	PTOTEMOEO027	OUT	PRT	S	116.31%	1,103,956	1.00	JV	1,284,041	0	110,437
T-bonds 15/April/2021	CCAM Porto de Mós, CRL	AFDV	PTOTEYOE0007	OUT	PRT	S	113.66%	993,135	1.00	JV	1,128,832	0	169,758
T-bonds T 15/April/2037	CCAM Porto de Mós, CRL	AFDV	PTOTE5OE0007	OUT	PRT	S	108.75%	2,285,000	1.00	JV	2,484,881	0	136,082
T-bonds 15/February/2024	CCAM Porto de Mós, CRL	AFDV	PTOTEQOEO015	OUT	PRT	S	128.57%	2,138,763	1.00	JV	2,749,742	0	144,736
T-bonds 15/June/2018	CCAM Porto de Mós, CRL	AFDV	PTOTENOE0018	OUT	PRT	S	113.36%	6,000	1.00	JV	6,802	0	(11,609)
T-bonds (3.875% 02/15/30)	CCAM Região Bragança e Alto Douro, CRL	AFDV	PTOTEROEO014	OUT	PRT	S	105.26%	10,000,000	1.00	JV	10,525,800	0	427,266
T-bonds OCT(3.35%) 15	CCAM Região do Fundão e Sabugal, CRL	AFDV	PTOTE3OE0017	OUT	PRT	S	102.46%	1,500,000	1.00	JV	1,536,945	0	67,038
T-bonds 4.45%15JUN18	CCAM Região do Fundão e Sabugal, CRL	AFDV	PTOTENOE0018	OUT	PRT	S	111.08%	1,500,000	1.00	JV	1,666,125	0	221,216
BT January 2015	CCAM Sobral de Monte Agraço, CRL	AFDV	PTPBTOGE0027	OUT	PRT	S	99.99%	26,000	1.00	JV	25,997	0	26

BT June 2015	CCAM Sobral de Monte Agraço, CRL	AFDV	PTPBTQGE0025	OUT	PRT	S	99.88%	237,832	1.00	JV	237,547	0	(42)
T-bonds April 2037	CCAM Sobral de Monte Agraço, CRL	AFDV	PTOTE5OE0007	OUT	PRT	S	108.75%	610,000	1.00	JV	663,360	0	19,932
T-bonds February 2024	CCAM Sobral de Monte Agraço, CRL	AFDV	PTOTEQOE0015	OUT	PRT	S	128.57%	601,217	1.00	JV	772,966	0	40,175
T-bonds June 2019	CCAM Sobral de Monte Agraço, CRL	AFDV	PTOTEMOE0027	OUT	PRT	S	116.31%	668,908	1.00	JV	778,032	0	65,769
Obrigações do Tesouro	CCAM Vale de Cambra, CRL	AFDV	PTOTE3OE0017	OUT	PRT	S	102.46%	900,000	1.00	JV	922,167	0	24,288
T-bonds 5.65% Feb 2024	CCAM Vale do Dão e Alto Vouga, CRL	AFDV	PTOTEQOE0015	OUT	PRT	S	123.68%	2,000,000	1.00	JV	2,473,600	0	(5,987)
											<b>4,062,189,983</b>	<b>-</b>	<b>88,475,898</b>
<b>From other public issuers</b>													
ICO 4% 30/04/18	CA Vida	AFDV	XS0900792473	OUT	ESP	S	113.09%	1,400,000	1.00	JV	1,583,202		133,893
ICO 4.375% 20/05/19	CA Vida	AFDV	XS0428962921	OUT	ESP	S	117.58%	6,575,000	1.00	JV	7,730,813		1,252,053
ICO 4.625% 31/01/17	CA Vida	AFDV	XS0736467159	OUT	ESP	S	112.47%	6,950,000	1.00	JV	7,816,725		640,971
ICO 5% 05/07/16	CA Vida	AFDV	XS0613543957	OUT	ESP	S	109.07%	350,000	1.00	JV	381,730		21,997
MADRID 4.125% 21/05/24	CA Vida	AFDV	ES0000101602	OUT	ESP	S	122.41%	6,900,000	1.00	JV	8,446,513		1,291,201
MADRID 4.688% 12/03/20	CA Vida	AFDV	ES0000101396	OUT	ESP	S	120.89%	1,000,000	1.00	JV	1,208,929		9,739
RATPFP 2.875% 09/09/22	CA Vida	AFDV	XS0540501359	OUT	FRA	S	117.38%	750,000	1.00	JV	880,335		128,160
MADRID 4.125% 21/05/24	CA Seguros	AFDV	ES0000101602	OUT	ESP	S	122.41%	500,000	1.00	JV	612,066		113,466
											<b>28,660,313</b>	<b>-</b>	<b>3,591,481</b>
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
BCPPL 3.375% 27/02/17	CA Vida	AFDV	PTBITIOM0057	IC	PRT	S	104.09%	4,300,000	1.00	JV	4,475,825		55,017
BCPPL 3.75% 08/10/16	CA Vida	AFDV	PTBCSSOE0011	IC	PRT	S	105.61%	9,900,000	1.00	JV	10,455,716		1,235,184
BCPPL 4.75% 22/06/17	CA Vida	AFDV	PTBCUB1E0005	IC	PRT	S	111.54%	8,050,000	1.00	JV	8,978,700		1,551,836
BESPL 2.625% 08/05/17	CA Vida	AFDV	PTBEQKOM0019	IC	PRT	S	96.23%	3,000,000	1.00	JV	2,887,019		(152,885)
BESPL 3.375% 17/02/15	CA Vida	AFDV	PTBLMVOE0011	IC	PRT	S	103.03%	500,000	1.00	JV	515,157		3,022
BESPL 4% 21/01/19	CA Vida	AFDV	PTBENKOM0012	IC	PRT	S	100.76%	3,000,000	1.00	JV	3,022,825		(89,567)
BESPL 4.75% 15/01/18	CA Vida	AFDV	PTBENJOM0015	IC	PRT	S	103.10%	32,900,000	1.00	JV	33,918,521		(369,550)

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<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>	-												
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
BESPL 5.875% 09/11/15	CA Vida	AFDV	PTBESWOM0013	IC	PRT	S	101.73%	100,000	1.00	JV	101,725		956
BESPLO 5% 23/04/19	CA Vida	AFDV	XS0772553037	IC	PRT	S	101.57%	4,300,000	1.00	JV	4,367,486		(107,378)
BRCORO 4.5% 05/12/16	CA Vida	AFDV	PTBRIHOM0001	IC	PRT	S	107.10%	20,800,000	1.00	JV	22,276,775		3,217,671
CXGD 3% 15/01/19	CA Vida	AFDV	PTCGHAOE0019	IC	PRT	S	112.04%	1,900,000	1.00	JV	2,128,797		181,677
CXGD 3.75% 18/01/18	CA Vida	AFDV	PTCGHUOE0015	IC	PRT	S	112.90%	9,500,000	1.00	JV	10,725,627		867,490
CXGD 3.875% 06/12/16	CA Vida	AFDV	PTCGF11E0000	IC	PRT	S	106.80%	2,200,000	1.00	JV	2,349,689		316,928
CXGD 4.25% 27/01/20	CA Vida	AFDV	PTCG2YOE0001	IC	PRT	S	120.49%	5,000,000	1.00	JV	6,024,313		1,479,550
ELEPOR 6% 04/05/15	CA Vida	AFDV	PTEDPTOM0035	IC	PRT	S	102.26%	50,000	1.00	JV	51,129		303
OIBRBZ 6.25% 26/07/16	CA Vida	AFDV	PTPTCYOM0008	IC	PRT	S	105.83%	4,600,000	1.00	JV	4,868,041		21,565
PTIPL 5.375% 15/05/20	CA Vida	AFDV	PTPTIHOT0014	IC	PRT	S	107.84%	23,600,000	1.00	JV	25,450,431		827,155
ABBAY 2% 14/01/19	CA Vida	AFDV	XS1014539289	IC	GBR	S	107.25%	2,700,000	1.00	JV	2,895,717		148,243
ABESM 4.625% 12/10/16	CA Vida	AFDV	ES0211845237	IC	ESP	S	108.19%	2,350,000	1.00	JV	2,542,348		179,433
ABESM 5.75% 09/03/18	CA Vida	AFDV	XS0602534637	IC	NLD	S	119.60%	2,600,000	1.00	JV	3,109,692		353,449
ACEIM 2.625% 15/07/24	CA Vida	AFDV	XS1087831688	IC	ITA	S	107.20%	3,450,000	1.00	JV	3,698,352		231,540
ADIFAL 3.5% 27/05/24	CA Vida	AFDV	XS1072141861	IC	ESP	S	115.88%	6,000,000	1.00	JV	6,952,740		850,000
ADRIT 3.25% 20/02/21	CA Vida	AFDV	XS1004236185	IC	ITA	S	114.49%	1,000,000	1.00	JV	1,144,895		120,757
AEGON 4% 25/04/44 - 24	CA Vida	AFDV	XS1061711575	IC	NLD	S	106.75%	4,000,000	1.00	JV	4,270,028		152,664
AEMSPA 3.625% 13/01/22	CA Vida	AFDV	XS1004874621	IC	ITA	S	116.49%	5,350,000	1.00	JV	6,232,306		653,551
AEMSPA 4.50% 02/11/16	CA Vida	AFDV	XS0463509959	IC	ITA	S	107.74%	6,345,000	1.00	JV	6,835,832		487,398
AIB 2.875% 28/11/16	CA Vida	AFDV	XS0997144505	IC	IRL	S	103.31%	900,000	1.00	JV	929,770		28,792
AIB 4% 19/03/15	CA Vida	AFDV	XS0496222877	IC	IRL	S	103.90%	1,000,000	1.00	JV	1,038,962		7,586
ALVGR 3.375% 29/09/49 - 24	CA Vida	AFDV	DE000A13R7Z7	IC	DEU	S	101.38%	4,000,000	1.00	JV	4,055,076		24,030

AMXLMM 1% 04/06/18	CA Vida	AFDV	XS1074479384	IC	MEX	S	101.97%	4,200,000	1.00	JV	4,282,869	69,680
ATLIM 3.375% 18/09/17	CA Vida	AFDV	XS0542522692	IC	ITA	S	108.58%	1,500,000	1.00	JV	1,628,653	80,005
AXASA 4.50% 23/01/15	CA Vida	AFDV	XS0434882014	IC	FRA	S	104.41%	250,000	1.00	JV	261,024	315
AYTCED 3.50% 14/03/16	CA Vida	AFDV	ES0312298013	IC	ESP	S	106.28%	1,300,000	1.00	JV	1,381,635	89,660
AYTCED 4.75% 04/12/18	CA Vida	AFDV	ES0370148019	IC	ESP	S	115.91%	13,200,000	1.00	JV	15,300,698	2,056,686
AYTCED 4.75% 15/06/16	CA Vida	AFDV	ES0312298229	IC	ESP	S	108.56%	700,000	1.00	JV	759,939	15,341
BAA 4.375% 25/01/17	CA Vida	AFDV	XS0736300293	IC	GBR	S	111.97%	1,350,000	1.00	JV	1,511,640	104,518
BAC 4.625% 07/08/17	CA Vida	AFDV	XS0530879658	IC	USA	S	112.39%	1,050,000	1.00	JV	1,180,050	93,752
BAC 4.75% 03/04/17	CA Vida	AFDV	XS0495891821	IC	USA	S	113.08%	3,700,000	1.00	JV	4,184,098	366,652
BACR 4% 20/01/17	CA Vida	AFDV	XS0479945353	IC	GBR	S	111.33%	400,000	1.00	JV	445,307	33,738
BACR 4.125% 15/03/16	CA Vida	AFDV	XS0605207983	IC	GBR	S	107.88%	1,806,000	1.00	JV	1,948,295	80,076
BANBRA 3.75% 25/07/18	CA Vida	AFDV	XS0955552178	IC	BRA	S	101.76%	12,850,000	1.00	JV	13,076,268	(318,126)
BANCAR 3.875% 24/10/18	CA Vida	AFDV	IT0004967698	IC	ITA	S	110.57%	11,000,000	1.00	JV	12,162,978	1,058,526
BBVASM 2.375% 22/01/19	CA Vida	AFDV	XS1016720853	IC	ESP	S	108.76%	2,400,000	1.00	JV	2,610,177	159,931
BBVASM 3.25% 23/04/15	CA Vida	AFDV	XS0503253345	IC	ESP	S	103.11%	250,000	1.00	JV	257,779	3,372
BBVASM 3.25% 24/01/16	CA Vida	AFDV	ES0413211113	IC	ESP	S	106.12%	1,800,000	1.00	JV	1,910,164	80,844
BBVASM 3.75% 17/01/18	CA Vida	AFDV	XS0872702112	IC	ESP	S	112.78%	2,600,000	1.00	JV	2,932,348	238,638
BBVASM 3.875% 06/08/15	CA Vida	AFDV	XS0531068897	IC	ESP	S	103.53%	1,500,000	1.00	JV	1,553,013	33,031
BBVASM 4.375% 21/09/15	CA Vida	AFDV	XS0829721967	IC	ESP	S	103.96%	1,100,000	1.00	JV	1,143,512	25,130
BBVASM 4.875% 15/04/16	CA Vida	AFDV	XS0615986428	IC	ESP	S	109.05%	3,000,000	1.00	JV	3,271,619	150,813
BKIASM 3.625% 05/10/16	CA Vida	AFDV	ES0414950776	IC	ESP	S	106.51%	500,000	1.00	JV	532,570	49,380
BKTSM 4.125% 22/03/17	CA Vida	AFDV	ES0413679178	IC	ESP	S	111.35%	500,000	1.00	JV	556,764	41,015
BNP 3.75% 25/11/20	CA Vida	AFDV	XS0562852375	IC	FRA	S	117.56%	1,000,000	1.00	JV	1,175,571	174,518
BOGAEI 3.625% 04/12/17	CA Vida	AFDV	XS0858803066	IC	IRL	S	108.91%	500,000	1.00	JV	544,545	30,467
BPLN 2.177% 16/02/16	CA Vida	AFDV	XS0747743937	IC	GBR	S	104.00%	500,000	1.00	JV	520,023	10,489
BRCORO 6.875% 02/04/18	CA Vida	AFDV	PTBSSGOE0009	IC	PRT	S	122.58%	9,000,000	1.00	JV	11,032,646	1,234,437
CABKSM 4% 16/02/17	CA Vida	AFDV	ES0440609040	IC	ESP	S	111.11%	1,300,000	1.00	JV	1,444,390	91,807

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<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>													
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
CAFP 4.375% 02/11/16	CA Vida	AFDV	FR0010394478	IC	FRA	S	108.09%	500,000	1.00	JV	540,436		36,815
CAIXAB 3.50% 31/03/16	CA Vida	AFDV	ES0414970535	IC	ESP	S	106.44%	1,550,000	1.00	JV	1,649,813		90,482
CAIXAB 4.625% 04/06/19	CA Vida	AFDV	ES0414970402	IC	ESP	S	120.60%	3,400,000	1.00	JV	4,100,353		728,886
CAIXAC 3.50% 07/03/16	CA Vida	AFDV	ES0414840274	IC	NLD	S	106.16%	1,800,000	1.00	JV	1,910,821		28,209
CAJAMM 5% 28/06/19	CA Vida	AFDV	ES0414950693	IC	ESP	S	121.66%	2,550,000	1.00	JV	3,102,372		595,020
CAJAMM 5.75% 29/06/16	CA Vida	AFDV	ES0414950560	IC	ESP	S	110.78%	4,900,000	1.00	JV	5,427,982		386,442
CAJARU 3.75% 22/11/18	CA Vida	AFDV	ES0422714024	IC	ESP	S	110.94%	15,000,000	1.00	JV	16,641,594		1,560,980
CARGIL 2.50% 15/02/23	CA Vida	AFDV	XS1031019562	IC	USA	S	113.26%	1,850,000	1.00	JV	2,095,387		200,783
CEIFP 3.875% 23/09/16	CA Vida	AFDV	FR0010804492	IC	FRA	S	105.12%	800,000	1.00	JV	840,981		47,411
CEIFP 4.625% 05/10/17	CA Vida	AFDV	FR0011125442	IC	FRA	S	108.83%	3,000,000	1.00	JV	3,265,022		278,984
CESDRA 4.125% 23/07/19	CA Vida	AFDV	XS0807706006	IC	CZE	S	111.89%	250,000	1.00	JV	279,722		25,399
CNH 2.875% 27/09/21	CA Vida	AFDV	XS1114452060	IC	LUX	S	101.63%	2,500,000	1.00	JV	2,540,823		40,191
COFP 3.994% 09/03/20	CA Vida	AFDV	FR0011215508	IC	FRA	S	117.99%	300,000	1.00	JV	353,961		44,082
CS 1.375% 29/11/19	CA Vida	AFDV	XS1074053130	IC	CHE	S	103.45%	4,200,000	1.00	JV	4,344,787		144,878
Citigroup Inc 4.375% 30/01/17	CA Vida	AFDV	XS0284710257	IC	USA	S	112.22%	400,000	1.00	JV	448,866		39,427
DLNA 4.25% 17/11/17	CA Vida	AFDV	XS0559434351	IC	NLD	S	110.08%	2,250,000	1.00	JV	2,476,810		232,656
EDF 5% 22/01/49 - 26	CA Vida	AFDV	FR0011697028	IC	FRA	S	115.47%	1,000,000	1.00	JV	1,154,703		120,106
EIBKOR 2% 30/04/20	CA Vida	AFDV	XS0925003732	IC	KOR	S	106.63%	2,400,000	1.00	JV	2,559,023		125,636
ELEPOR 3.25% 16/03/15	CA Vida	AFDV	XS0495010133	IC	NLD	S	102.95%	1,000,000	1.00	JV	1,029,461		7,494
ELEPOR 4.125% 20/01/21	CA Vida	AFDV	XS0995380580	IC	NLD	S	114.58%	5,500,000	1.00	JV	6,302,080		421,353
ELEPOR 4.75% 26/09/16	CA Vida	AFDV	XS0435879605	IC	NLD	S	107.07%	11,075,000	1.00	JV	11,857,707		1,193,766
ELEPOR 4.875% 14/09/20	CA Vida	AFDV	XS0970695572	IC	NLD	S	115.75%	20,400,000	1.00	JV	23,613,983		2,201,511



ELEPOR 5.75% 21/09/17	CA Vida	AFDV	XS0831842645	IC	NLD	S	112.90%	3,531,000	1.00	JV	3,986,670	322,981
ELEPOR 5.875% 01/02/16	CA Vida	AFDV	XS0586598350	IC	NLD	S	110.33%	6,730,000	1.00	JV	7,425,009	515,375
ELEPORT 4.625% 13/06/16	CA Vida	AFDV	XS0256997007	IC	NLD	S	107.26%	4,925,000	1.00	JV	5,282,486	140,212
ENEL 4% 14/09/16	CA Vida	AFDV	XS0452187759	IC	LUX	S	107.00%	2,700,000	1.00	JV	2,888,960	174,511
ENELIM 4.625% 24/06/15	CA Vida	AFDV	XS0695403765	IC	LUX	S	104.38%	250,000	1.00	JV	260,946	3,052
ENELIM 4.875% 20/02/18	CA Vida	AFDV	IT0004794142	IC	ITA	S	116.41%	3,640,000	1.00	JV	4,237,185	415,259
ENELIM 5% 15/01/75 - 20	CA Vida	AFDV	XS1014997073	IC	ITA	S	110.72%	1,500,000	1.00	JV	1,660,788	96,844
ENELIM 5.25% 20/06/17	CA Vida	AFDV	XS0306644344	IC	ITA	S	114.20%	2,000,000	1.00	JV	2,283,916	213,951
ENGSM 2.5% 11/04/22	CA Vida	AFDV	XS1052843908	IC	ESP	S	111.17%	2,000,000	1.00	JV	2,223,341	190,816
ENGSM 4.25% 05/10/17	CA Vida	AFDV	XS0834643727	IC	ESP	S	111.04%	500,000	1.00	JV	555,178	39,499
ENIIM 2.625% 22/11/21	CA Vida	AFDV	XS0996354956	IC	ITA	S	110.27%	2,600,000	1.00	JV	2,866,933	184,467
ENIIM 3.5% 29/01/18	CA Vida	AFDV	XS0563739696	IC	ITA	S	112.06%	250,000	1.00	JV	280,161	25,107
ERSTBK 1.875% 13/05/19	CA Vida	AFDV	XS0993272862	IC	AUT	S	104.69%	2,300,000	1.00	JV	2,407,960	70,199
ESBIRE 6.25% 11/09/17	CA Vida	AFDV	XS0827573766	IC	IRL	S	116.93%	500,000	1.00	JV	584,674	74,989
F 1.875% 18/04/19	CA Vida	AFDV	XS1035001921	IC	GBR	S	105.74%	1,500,000	1.00	JV	1,586,134	65,527
FADE 3.875% 17/03/18	CA Vida	AFDV	ES0378641155	IC	ESP	S	112.63%	3,000,000	1.00	JV	3,378,863	263,411
FADE 4.875% 17/12/17	CA Vida	AFDV	ES0378641114	IC	ESP	S	111.32%	700,000	1.00	JV	779,228	62,447
FERROV 3.5% 13/12/21	CA Vida	AFDV	XS1004118904	IC	ITA	S	113.05%	2,800,000	1.00	JV	3,165,461	370,001
FERSM 3.375% 07/06/21	CA Vida	AFDV	XS0940284937	IC	ESP	S	115.16%	1,700,000	1.00	JV	1,957,725	229,527
FGACAP 4% 17/10/18	CA Vida	AFDV	XS0982584004	IC	IRL	S	109.08%	4,000,000	1.00	JV	4,363,315	337,371
FRFP 5.75% 19/01/17	CA Vida	AFDV	FR0011182112	IC	FRA	S	115.84%	2,000,000	1.00	JV	2,316,749	189,698
GASSM 3.375% 27/01/15	CA Vida	AFDV	XS0479542150	IC	ESP	S	103.28%	950,000	1.00	JV	981,166	1,866
GASSM 3.50% 15/04/21	CA Vida	AFDV	XS0981438582	IC	NLD	S	117.29%	2,300,000	1.00	JV	2,697,664	342,621
GASSM 4.125% 26/01/18	CA Vida	AFDV	XS0479541699	IC	ESP	S	114.43%	2,750,000	1.00	JV	3,146,747	371,342
GASSM 4.375% 02/11/16	CA Vida	AFDV	XS0458748851	IC	ESP	S	107.80%	6,400,000	1.00	JV	6,899,148	533,481
GASSM 5% 13/02/18	CA Vida	AFDV	XS0741942576	IC	ESP	S	117.83%	5,900,000	1.00	JV	6,951,732	871,163

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<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>	-												
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
GASSM 6.375% 09/07/19	CA Vida	AFDV	XS0436928872	IC	ESP	S	127.79%	1,600,000	1.00	JV	2,044,704		352,088
GE 2.875% 18/06/19	CA Vida	AFDV	XS0794230507	IC	IRL	S	111.94%	3,800,000	1.00	JV	4,253,671		233,205
GLEINT 4.125% 03/04/18	CA Vida	AFDV	XS0767815599	IC	LUX	S	114.65%	500,000	1.00	JV	573,271		57,093
GLEINT 5.25% 22/03/17	CA Vida	AFDV	XS0495973470	IC	LUX	S	113.86%	1,500,000	1.00	JV	1,707,920		119,144
GLENLN 2.75 01/04/21 - 21	CA Vida	AFDV	XS1051003538	IC	LUX	S	109.19%	1,500,000	1.00	JV	1,637,819		113,723
GS 4% 02/02/15	CA Vida	AFDV	XS0211034540	IC	USA	S	103.75%	450,000	1.00	JV	466,885		(17)
GS 4.375% 16/03/17	CA Vida	AFDV	XS0494996043	IC	USA	S	111.93%	3,000,000	1.00	JV	3,358,020		285,422
GS 4.5% 09/05/16	CA Vida	AFDV	XS0625359384	IC	USA	S	108.37%	500,000	1.00	JV	541,835		27,566
GS 4.5% 30/01/17	CA Vida	AFDV	XS0284727814	IC	USA	S	112.37%	850,000	1.00	JV	955,132		65,122
GS 5.125% 23/10/19	CA Vida	AFDV	XS0459410782	IC	USA	S	120.56%	2,800,000	1.00	JV	3,375,593		543,167
GSK 5.625% 13/12/17	CA Vida	AFDV	XS0335134705	IC	GBR	S	115.76%	1,450,000	1.00	JV	1,678,561		167,459
GSZFP 2.375% 19/05/26	CA Vida	AFDV	FR0011911247	IC	FRA	S	111.39%	2,800,000	1.00	JV	3,118,865		316,943
HERIM 2.375% 04/07/24	CA Vida	AFDV	XS1084043451	IC	ITA	S	108.06%	2,300,000	1.00	JV	2,485,397		169,275
IBESM 2.5% 24/10/22	CA Vida	AFDV	XS1057055060	IC	NLD	S	109.80%	3,700,000	1.00	JV	4,062,733		351,825
IBESM 3.5% 13/10/16	CA Vida	AFDV	XS0548801207	IC	ESP	S	106.20%	4,500,000	1.00	JV	4,778,780		313,840
IBESM 4.50% 21/09/17	CA Vida	AFDV	XS0829209195	IC	NLD	S	111.91%	1,700,000	1.00	JV	1,902,513		170,408
INTNED 1.25% 13/12/19	CA Vida	AFDV	XS1080078428	IC	NLD	S	103.29%	4,200,000	1.00	JV	4,338,309		144,409
INTNED 4.25% 13/01/17	CA Vida	AFDV	XS0731153291	IC	NLD	S	111.92%	500,000	1.00	JV	559,621		39,570
INTPET 4.875% 14/05/16	CA Vida	AFDV	XS0605558856	IC	CYM	S	108.34%	1,260,000	1.00	JV	1,365,042		60,808
ISPIM 3.375% 19/01/15	CA Vida	AFDV	XS0478285389	IC	ITA	S	103.22%	250,000	1.00	JV	258,044		317
ISPIM 3.625% 03/12/22	CA Vida	AFDV	IT0004872328	IC	ITA	S	121.27%	1,300,000	1.00	JV	1,576,499		282,310
ISPIM 3.75% 23/11/16	CA Vida	AFDV	XS0467864160	IC	ITA	S	105.76%	500,000	1.00	JV	528,783		27,558

ISPIM 4% 08/11/18	CA Vida	AFDV	XS0555977312	IC	ITA	S	111.60%	3,700,000	1.00	JV	4,129,044	436,501
ISPIM 4.375% 16/08/16	CA Vida	AFDV	IT0004690126	IC	ITA	S	108.02%	5,775,000	1.00	JV	6,238,104	347,932
ISPIM 4.75% 15/06/17	CA Vida	AFDV	XS0304508921	IC	ITA	S	111.97%	5,550,000	1.00	JV	6,214,321	595,263
JPM 3.875% 23/09/20	CA Vida	AFDV	XS0543758246	IC	USA	S	118.64%	1,750,000	1.00	JV	2,076,159	310,429
KBCBB 2.375% 25/11/24	CA Vida	AFDV	BE0002479542	IC	BEL	S	101.02%	3,000,000	1.00	JV	3,030,653	25,496
LGFP 5.375% 26/06/17	CA Vida	AFDV	XS0307005545	IC	FRA	S	113.45%	1,650,000	1.00	JV	1,871,962	96,775
LGFP 5.50% 16/12/19	CA Vida	AFDV	XS0473114543	IC	FRA	S	121.67%	1,900,000	1.00	JV	2,311,728	25,581
LINHLD 3.875% 28/11/18	CA Vida	AFDV	XS0997829519	IC	ITA	S	106.14%	2,500,000	1.00	JV	2,653,499	154,511
LLOYDS 3.75% 07/09/15	CA Vida	AFDV	XS0539845171	IC	GBR	S	103.54%	1,000,000	1.00	JV	1,035,378	25,117
LLOYDS 4.625% 02/02/17	CA Vida	AFDV	XS0740795041	IC	GBR	S	112.99%	3,775,000	1.00	JV	4,265,430	321,003
LLOYDS 5.375% 03/09/19	CA Vida	AFDV	XS0449361350	IC	GBR	S	124.06%	2,500,000	1.00	JV	3,101,478	568,181
LLOYDS 6.50% 24/03/20	CA Vida	AFDV	XS0497187640	IC	GBR	S	128.13%	6,600,000	1.00	JV	8,456,298	930,201
LUXIM 3.625% 19/03/19	CA Vida	AFDV	XS0758640279	IC	ITA	S	115.40%	300,000	1.00	JV	346,192	38,561
Lloyds TSB Bank 6.375% 17/06/16	CA Vida	AFDV	XS0435070288	IC	GBR	S	112.17%	4,895,000	1.00	JV	5,490,928	343,321
MLFP 2.75% 20/06/19	CA Vida	AFDV	XS0794392588	IC	LUX	S	110.02%	200,000	1.00	JV	220,044	17,157
MRDGF 4.50% 04/12/23	CA Vida	AFDV	XS0998945041	IC	NLD	S	121.21%	2,500,000	1.00	JV	3,030,130	491,025
MS 4% 17/11/15	CA Vida	AFDV	XS0235620142	IC	LUX	S	103.59%	500,000	1.00	JV	517,941	17,399
MS 4.375% 12/10/16	CA Vida	AFDV	XS0270800815	IC	LUX	S	107.79%	400,000	1.00	JV	431,152	45,301
MS 4.50% 23/02/16	CA Vida	AFDV	XS0594515966	IC	LUX	S	108.35%	4,352,000	1.00	JV	4,715,548	243,117
MS 5% 02/05/19	CA Vida	AFDV	XS0298899534	IC	LUX	S	121.05%	1,950,000	1.00	JV	2,360,543	359,687
MSFT 2.125% 06/12/21	CA Vida	AFDV	XS1001749107	IC	USA	S	109.31%	1,800,000	1.00	JV	1,967,533	170,436
MTNA 4.50% 29/03/18	CA Vida	AFDV	XS0765621569	IC	NLD	S	115.46%	7,200,000	1.00	JV	8,312,792	379,634
MTNA 4.625% 17/11/17	CA Vida	AFDV	XS0559641146	IC	LUX	S	111.15%	2,350,000	1.00	JV	2,612,127	240,374
MTNA 9.375% 03/06/16	CA Vida	AFDV	XS0431928414	IC	NLD	S	119.04%	2,720,000	1.00	JV	3,237,894	214,603
NAB 2% 12/11/20	CA Vida	AFDV	XS0993248052	IC	AUS	S	108.28%	2,000,000	1.00	JV	2,165,559	159,196
NAQA 3.875% 07/06/21	CA Vida	AFDV	XS0942100388	IC	USA	S	115.87%	1,100,000	1.00	JV	1,274,528	151,832

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<b>FINANCIAL ASSETS AVAILABLE FOR SALE</b>	-												
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
ODGR 2.375% 10/02/21	CA Vida	AFDV	XS1025752293	IC	DEU	S	109.36%	4,600,000	1.00	JV	5,030,456		340,154
PEMEX 3.125% 27/11/20	CA Vida	AFDV	XS0997484430	IC	MEX	S	106.49%	2,000,000	1.00	JV	2,129,773		133,337
PETBRA 2.75% 15/01/18	CA Vida	AFDV	XS0982711631	IC	CYM	S	94.33%	800,000	1.00	JV	754,624		(71,249)
PETBRA 3.75% 14/01/21	CA Vida	AFDV	XS0982711987	IC	CYM	S	91.68%	23,300,000	1.00	JV	21,361,543		(2,508,185)
PETBRA 4.75% 14/01/25	CA Vida	AFDV	XS0982711714	IC	CYM	S	93.67%	4,200,000	1.00	JV	3,934,048		(437,553)
PEUGOT 4.875% 25/09/15	CA Vida	AFDV	XS0798333802	IC	FRA	S	104.02%	500,000	1.00	JV	520,115		13,571
PEUGOT 4.25% 25/02/16	CA Vida	AFDV	XS0594299066	IC	FRA	S	107.23%	1,570,000	1.00	JV	1,683,442		80,261
POHBK 1.25% 14/05/18	CA Vida	AFDV	XS0931144009	IC	FIN	S	103.54%	1,800,000	1.00	JV	1,863,765		49,257
POPSM 2.125% 08/10/19	CA Vida	AFDV	ES0413790355	IC	ESP	S	106.85%	6,900,000	1.00	JV	7,372,433		428,467
POPSM 4% 18/10/16	CA Vida	AFDV	ES0413790017	IC	ESP	S	107.01%	300,000	1.00	JV	321,021		10,961
POPSM 4.125% 30/03/17	CA Vida	AFDV	ES0413790173	IC	ESP	S	111.19%	4,700,000	1.00	JV	5,225,718		500,339
PORTEL 4.375% 24/03/17	CA Vida	AFDV	XS0215828913	IC	NLD	S	106.66%	5,225,000	1.00	JV	5,572,991		572,259
PORTEL 4.625% 08/05/20	CA Vida	AFDV	XS0927581842	IC	NLD	S	104.26%	4,554,000	1.00	JV	4,747,852		48,926
PORTEL 5% 04/11/19	CA Vida	AFDV	XS0462994343	IC	NLD	S	105.03%	17,894,000	1.00	JV	18,794,161		558,096
PORTEL 5.625% 08/02/16	CA Vida	AFDV	XS0587805457	IC	NLD	S	108.37%	4,745,000	1.00	JV	5,142,127		290,746
PORTEL 5.875% 17/04/18	CA Vida	AFDV	XS0843939918	IC	NLD	S	111.67%	5,450,000	1.00	JV	6,086,115		261,539
RABOBK 2.375% 22/05/23	CA Vida	AFDV	XS0933540527	IC	NLD	S	112.62%	2,800,000	1.00	JV	3,153,319		310,510
RBS 1.625% 25/06/19	CA Vida	AFDV	XS1080952960	IC	GBR	S	102.87%	1,800,000	1.00	JV	1,851,676		38,174
RBS 4.875% 20/01/17	CA Vida	AFDV	XS0480133338	IC	GBR	S	113.49%	2,635,000	1.00	JV	2,990,547		235,182
RBS 5.375% 30/09/19	CA Vida	AFDV	XS0454984765	IC	GBR	S	122.68%	3,400,000	1.00	JV	4,171,274		779,142
RBS 6.934% 09/04/18	CA Vida	AFDV	XS0356705219	IC	GBR	S	120.12%	8,000,000	1.00	JV	9,609,222		776,390

REESM 2.125% 01/07/23	CA Vida	AFDV	XS1079698376	IC	NLD	S	107.30%	1,700,000	1.00	JV	1,824,172	111,413
REESM 2.375% 31/05/19	CA Vida	AFDV	XS0935803386	IC	ESP	S	108.28%	1,900,000	1.00	JV	2,057,338	125,993
REESM 3.875% 25/01/22	CA Vida	AFDV	XS0876289652	IC	NLD	S	122.69%	900,000	1.00	JV	1,104,239	168,266
RENAUL 4% 16/03/16	CA Vida	AFDV	XS0602211202	IC	FRA	S	107.21%	4,000,000	1.00	JV	4,288,322	199,461
RENAUL 4% 25/01/16	CA Vida	AFDV	XS0551845265	IC	FRA	S	107.39%	1,990,000	1.00	JV	2,137,081	83,968
RENAUL 4.25% 27/04/17	CA Vida	AFDV	XS0775870982	IC	FRA	S	111.20%	1,425,000	1.00	JV	1,584,590	114,815
RENAUL 4.625% 18/09/17	CA Vida	AFDV	FR0011321447	IC	FRA	S	110.63%	400,000	1.00	JV	442,522	37,331
RENEPL 4.125% 31/01/18	CA Vida	AFDV	PTRELBOE0017	IC	PRT	S	112.05%	14,300,000	1.00	JV	16,023,716	964,873
RENRED 4.75% 16/10/20	CA Vida	AFDV	XS0982774399	IC	NLD	S	115.11%	17,454,000	1.00	JV	20,091,134	2,181,099
REPSM 2.625% 28/05/20	CA Vida	AFDV	XS0933604943	IC	NLD	S	107.90%	2,500,000	1.00	JV	2,697,620	(26,127)
REPSM 4.75% 16/02/17	CA Vida	AFDV	XS0287409212	IC	NLD	S	112.64%	250,000	1.00	JV	281,591	(730)
RIOLN 2.875% 11/12/24	CA Vida	AFDV	XS0863127279	IC	GBR	S	113.87%	800,000	1.00	JV	910,923	117,355
ROSW 2% 25/06/18	CA Vida	AFDV	XS0760139773	IC	NLD	S	106.86%	600,000	1.00	JV	641,167	15,062
SABSM 3.375% 23/01/18	CA Vida	AFDV	ES0413860323	IC	ESP	S	111.90%	1,200,000	1.00	JV	1,342,831	107,958
SABSM 3.625% 16/02/15	CA Vida	AFDV	ES0413860281	IC	ESP	S	103.44%	750,000	1.00	JV	775,809	2,138
SABSM 4.25% 24/01/17	CA Vida	AFDV	ES0413860067	IC	ESP	S	111.51%	2,600,000	1.00	JV	2,899,317	188,656
SANFP 1.875% 04/09/20	CA Vida	AFDV	FR0011560333	IC	FRA	S	108.08%	2,200,000	1.00	JV	2,377,789	157,795
SANTAN 1.5 03/04/17	CA Vida	AFDV	PTBSQDOE0020	IC	PRT	S	103.30%	6,300,000	1.00	JV	6,508,035	129,968
SANTAN 3.381 01/12/15	CA Vida	AFDV	XS0713861127	IC	ESP	S	102.87%	1,100,000	1.00	JV	1,131,605	31,776
SANTAN 4% 27/03/17	CA Vida	AFDV	XS0759014375	IC	ESP	S	110.50%	5,700,000	1.00	JV	6,298,528	483,100
SANTAN 4.125% 04/10/17	CA Vida	AFDV	XS0544546780	IC	ESP	S	110.50%	200,000	1.00	JV	221,000	18,569
SANTAN 4.125% 09/01/17	CA Vida	AFDV	ES0413900145	IC	ESP	S	111.71%	800,000	1.00	JV	893,717	70,103
SRGIM 1.5% 21/04/23	CA Vida	AFDV	XS1126183760	IC	ITA	S	101.40%	4,600,000	1.00	JV	4,664,574	81,596
SRGIM 3.25% 22/01/24	CA Vida	AFDV	XS1019326641	IC	ITA	S	118.19%	4,700,000	1.00	JV	5,554,836	718,286
SRGIM 4.375% 11/07/16	CA Vida	AFDV	XS0803479442	IC	ITA	S	107.87%	1,100,000	1.00	JV	1,186,588	(1,558)

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Nature and type	Entity holding the securities	Category of asset - Instruction 23/2004	Code for the security	Type of issuer	Issuing country	Listed/ Not listed	Listing	Quantity	Nominal value	Valorimetric criteria	Value on the balance sheet	Corrections in value	Gains/losses (+/-)
<b>FINANCIAL ASSETS AVAILABLE FOR SALE</b>													
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
TELEFO 2.242% 27/05/22	CA Vida	AFDV	XS1069430368	IC	ESP	S	107.93%	900,000	1.00	JV	971,345		31,687
TELEFO 3.987% 23/01/23	CA Vida	AFDV	XS0874864860	IC	ESP	S	123.32%	600,000	1.00	JV	739,916		117,380
TELEFO 4.375% 02/02/16	CA Vida	AFDV	XS0241946630	IC	ESP	S	108.24%	3,235,000	1.00	JV	3,501,449		141,769
TELEFO 4.693% 11/11/19	CA Vida	AFDV	XS0462999573	IC	ESP	S	118.79%	1,950,000	1.00	JV	2,316,322		377,540
TELEFO 4.75% 07/02/17	CA Vida	AFDV	XS0585904443	IC	ESP	S	113.08%	4,300,000	1.00	JV	4,862,246		389,408
TELEFO 4.797% 21/02/18	CA Vida	AFDV	XS0746276335	IC	ESP	S	117.03%	3,800,000	1.00	JV	4,447,054		558,127
TELEFO 5.811 05/09/17	CA Vida	AFDV	XS0828012863	IC	ESP	S	115.69%	300,000	1.00	JV	347,063		41,221
TELEFO 5.875 31/03/49 - 24	CA Vida	AFDV	XS1050461034	IC	NLD	S	111.94%	6,000,000	1.00	JV	6,716,608		377,155
TITIM 4.5% 20/09/17	CA Vida	AFDV	XS0831389985	IC	ITA	S	108.48%	700,000	1.00	JV	759,345		46,559
TITIM 4.75% 25/05/18	CA Vida	AFDV	XS0630463965	IC	ITA	S	111.98%	1,850,000	1.00	JV	2,071,594		182,514
TITIM 5.125% 25/01/16	CA Vida	AFDV	XS0583059448	IC	ITA	S	108.82%	3,750,000	1.00	JV	4,080,863		166,085
TITIM 5.375% 29/01/19	CA Vida	AFDV	XS0184373925	IC	ITA	S	116.51%	1,700,000	1.00	JV	1,980,647		192,068
TITIM 6.125% 14/12/18	CA Vida	AFDV	XS0794393396	IC	ITA	S	114.79%	23,500,000	1.00	JV	26,976,367		1,763,827
TITIM 7% 20/01/17	CA Vida	AFDV	XS0693940511	IC	ITA	S	117.42%	4,100,000	1.00	JV	4,814,204		396,032
UCGIM 2.625% 31/10/20	CA Vida	AFDV	IT0004957137	IC	ITA	S	112.11%	3,200,000	1.00	JV	3,587,516		394,140
UCGIM 3% 31/01/24	CA Vida	AFDV	IT0004988553	IC	ITA	S	119.10%	1,200,000	1.00	JV	1,429,164		128,476
UCGIM 3.375% 11/01/18	CA Vida	AFDV	XS0863482336	IC	ITA	S	110.09%	2,250,000	1.00	JV	2,477,127		159,620
UCGIM 4.375% 11/09/15	CA Vida	AFDV	XS0827818203	IC	ITA	S	103.79%	700,000	1.00	JV	726,557		17,734
UCGIM 4.875% 07/03/17	CA Vida	AFDV	XS0754588787	IC	ITA	S	112.49%	2,400,000	1.00	JV	2,699,756		238,191
VALEBZ 3.75% 10/01/23	CA Vida	AFDV	XS0802953165	IC	BRA	S	107.65%	1,100,000	1.00	JV	1,184,145		47,044
VOTORA 3.25% 25/04/21	CA Vida	AFDV	XS1061029614	IC	BRA	S	102.66%	4,800,000	1.00	JV	4,927,677		72,873

VZ 1.625% 01/12/24	CA Vida	AFDV	XS1146282634	IC	USA	S	101.38%	4,600,000	1.00	JV	4,663,296	61,896
WFC 1.125% 29/10/21	CA Vida	AFDV	XS1130067140	IC	USA	S	101.62%	2,300,000	1.00	JV	2,337,335	50,786
WFC 4.125% 03/11/16	CA Vida	AFDV	XS0273766732	IC	USA	S	107.58%	1,025,000	1.00	JV	1,102,652	68,191
ABBEY 2% 14/01/19	CA Seguros	AFDV	XS1014539289	IC	GBR	S	107.25%	500,000	1.00	JV	536,244	11,869
ACEIM 2.625% 15/07/24	CA Seguros	AFDV	XS1087831688	IC	ITA	S	107.20%	500,000	1.00	JV	535,993	39,668
ADIFAL 3.5% 27/05/24	CA Seguros	AFDV	XS1072141861	IC	ESP	S	115.88%	1,000,000	1.00	JV	1,158,790	163,270
ADPFP 2.375% 11/06/19	CA Seguros	AFDV	FR0011266519	IC	FRA	S	109.44%	500,000	1.00	JV	547,222	48,877
ADRIT 3.25% 20/02/21	CA Seguros	AFDV	XS1004236185	IC	ITA	S	114.49%	600,000	1.00	JV	686,937	87,393
AEMSPA 3.625% 13/01/22	CA Seguros	AFDV	XS1004874621	IC	ITA	S	116.49%	1,000,000	1.00	JV	1,164,917	160,112
AIB 2.875% 28/11/16	CA Seguros	AFDV	XS0997144505	IC	IRL	S	103.31%	500,000	1.00	JV	516,539	18,039
AXASA 2.25% 19/04/17	CA Seguros	AFDV	FR0011232404	IC	FRA	S	106.46%	500,000	1.00	JV	532,316	32,966
AYTCED 4.75% 15/06/16	CA Seguros	AFDV	ES0312298229	IC	ESP	S	108.56%	600,000	1.00	JV	651,376	27,976
BANBRA 3.75% 25/07/18	CA Seguros	AFDV	XS0955552178	IC	BRA	S	101.76%	300,000	1.00	JV	305,283	(1,629)
BANCAR 3.875% 24/10/18	CA Seguros	AFDV	IT0004967698	IC	ITA	S	110.57%	500,000	1.00	JV	552,863	55,533
BBVASM 2.375% 22/01/19	CA Seguros	AFDV	XS1016720853	IC	ESP	S	108.76%	500,000	1.00	JV	543,787	10,237
BCPPL 3.375% 27/02/17	CA Seguros	AFDV	PTBITIOM0057	IC	PRT	S	104.09%	1,000,000	1.00	JV	1,040,889	33,399
BNFP 2.60% 28/06/23	CA Seguros	AFDV	FR0011527241	IC	FRA	S	114.64%	500,000	1.00	JV	573,215	73,780
BPLN 1.526% 26/09/22	CA Seguros	AFDV	XS1114477133	IC	GBR	S	103.04%	500,000	1.00	JV	515,219	15,219
CAJARU 3.75% 22/11/18	CA Seguros	AFDV	ES0422714024	IC	ESP	S	110.94%	500,000	1.00	JV	554,720	54,535
CARLB 2.625% 03/07/19	CA Seguros	AFDV	XS0800572454	IC	DNK	S	108.13%	500,000	1.00	JV	540,665	43,780
CESDRA 4.125% 23/07/19	CA Seguros	AFDV	XS0807706006	IC	CZE	S	111.89%	500,000	1.00	JV	559,444	60,339
CS 1.375% 29/11/19	CA Seguros	AFDV	XS1074053130	IC	CHE	S	103.45%	500,000	1.00	JV	517,237	17,962
DPW 1.875% 27/06/17	CA Seguros	AFDV	XS0795872901	IC	DEU	S	104.92%	500,000	1.00	JV	524,612	27,277
EDF 2.75% 10/03/23	CA Seguros	AFDV	FR0011318658	IC	FRA	S	115.72%	500,000	1.00	JV	578,608	82,553
ELEPOR 2.625% 18/01/22	CA Seguros	AFDV	XS1111324700	IC	PRT	S	102.06%	500,000	1.00	JV	510,281	13,721
ELEPOR 4.125% 20/01/21	CA Seguros	AFDV	XS0995380580	IC	PRT	S	114.58%	1,000,000	1.00	JV	1,145,833	136,443

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<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>													
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
ENGSM 2.5% 11/04/22	CA Seguros	AFDV	XS1052843908	IC	ESP	S	111.17%	300,000	1.00	JV	333,501		34,170
ENIIM 2.625% 22/11/21	CA Seguros	AFDV	XS0996354956	IC	ITA	S	110.27%	500,000	1.00	JV	551,333		51,548
ENIIM 4.25% 03/02/20	CA Seguros	AFDV	XS0741137029	IC	ITA	S	120.54%	250,000	1.00	JV	301,352		52,597
ERSTBK 1.875% 13/05/19	CA Seguros	AFDV	XS0993272862	IC	AUT	S	104.69%	500,000	1.00	JV	523,470		26,440
ESBIRE 3.494% 12/01/24	CA Seguros	AFDV	XS0992646918	IC	IRL	S	120.93%	500,000	1.00	JV	604,664		104,664
F 1.875% 18/04/19	CA Seguros	AFDV	XS1035001921	IC	GBR	S	105.74%	300,000	1.00	JV	317,227		18,184
FERROV 3.5% 13/12/21	CA Seguros	AFDV	XS1004118904	IC	ITA	S	113.05%	500,000	1.00	JV	565,261		67,511
FERROV 4% 22/07/20	CA Seguros	AFDV	XS0954248729	IC	ITA	S	116.28%	300,000	1.00	JV	348,835		51,628
FERSM 3.375% 07/06/21	CA Seguros	AFDV	XS0940284937	IC	ESP	S	115.16%	500,000	1.00	JV	575,801		15,816
FERSM 3.375% 30/01/18	CA Seguros	AFDV	XS0879082914	IC	ESP	S	111.16%	300,000	1.00	JV	333,477		34,401
FGACAP 2.875% 26/01/18	CA Seguros	AFDV	XS1021817355	IC	ITA	S	106.16%	500,000	1.00	JV	530,821		30,916
GALPPL 4.125% 25/01/19	CA Seguros	AFDV	PTGALIOE0009	IC	PRT	S	107.67%	1,000,000	1.00	JV	1,076,728		82,298
GASSM 3.50% 15/04/21	CA Seguros	AFDV	XS0981438582	IC	ESP	S	117.29%	500,000	1.00	JV	586,449		86,214
GE 2.875% 18/06/19	CA Seguros	AFDV	XS0794230507	IC	USA	S	111.94%	500,000	1.00	JV	559,694		35,004
GLENLN 2.75 01/04/21 - 21	CA Seguros	AFDV	XS1051003538	IC	CHE	S	109.19%	500,000	1.00	JV	545,940		48,700
GSZFP 2.375% 19/05/26	CA Seguros	AFDV	FR0011911247	IC	FRA	S	111.39%	500,000	1.00	JV	556,940		64,470
HERIM 2.375% 04/07/24	CA Seguros	AFDV	XS1084043451	IC	ITA	S	108.06%	1,190,000	1.00	JV	1,285,923		59,152
HOLNVX 2,625% 07/09/20	CA Seguros	AFDV	XS0825829590	IC	CHE	S	110.32%	500,000	1.00	JV	551,576		52,646
IBESM 2.5% 24/10/22	CA Seguros	AFDV	XS1057055060	IC	ESP	S	109.80%	500,000	1.00	JV	549,018		50,418
INTNED 1.25% 13/12/19	CA Seguros	AFDV	XS1080078428	IC	NLD	S	103.29%	500,000	1.00	JV	516,465		17,715
MLFP 2.75% 20/06/19	CA Seguros	AFDV	XS0794392588	IC	FRA	S	110.02%	200,000	1.00	JV	220,044		20,220
MRDGF 4.50% 04/12/23	CA Seguros	AFDV	XS0998945041	IC	ESP	S	121.21%	500,000	1.00	JV	606,026		108,391



NAB 2% 12/11/20	CA Seguros	AFDV	XS0993248052	IC	AUS	S	108.28%	500,000	1.00	JV	541,390	45,320
NBHS 4% 11/07/19	CA Seguros	AFDV	XS0728763938	IC	SWE	S	117.56%	250,000	1.00	JV	293,900	44,757
NDAQ 3.875% 07/06/21	CA Seguros	AFDV	XS0942100388	IC	USA	S	115.87%	300,000	1.00	JV	347,599	40,459
ODGR 2.375% 10/02/21	CA Seguros	AFDV	XS1025752293	IC	DEU	S	109.36%	500,000	1.00	JV	546,789	48,319
OMVAV 1.75% 25/11/19	CA Seguros	AFDV	XS0996734868	IC	AUT	S	105.76%	500,000	1.00	JV	528,797	31,302
PEMEX 3.125% 27/11/20	CA Seguros	AFDV	XS0997484430	IC	MEX	S	106.49%	500,000	1.00	JV	532,443	35,653
PETBRA 2.75% 15/01/18	CA Seguros	AFDV	XS0982711631	IC	BRA	S	94.33%	500,000	1.00	JV	471,640	(26,885)
PETBRA 3.25% 01/04/19	CA Seguros	AFDV	XS0835886598	IC	BRA	S	92.28%	500,000	1.00	JV	461,393	(35,597)
PETBRA 4.75% 14/01/25	CA Seguros	AFDV	XS0982711714	IC	BRA	S	93.67%	500,000	1.00	JV	468,339	(27,681)
POPSM 2.125% 08/10/19	CA Seguros	AFDV	ES0413790355	IC	ESP	S	106.85%	500,000	1.00	JV	534,234	36,639
RABOBK 2.375% 22/05/23	CA Seguros	AFDV	XS0933540527	IC	NLD	S	112.62%	1,000,000	1.00	JV	1,126,185	111,585
RBS 4.875% 20/01/17	CA Seguros	AFDV	XS0480133338	IC	GBR	S	113.49%	500,000	1.00	JV	567,466	56,016
REESM 2.125% 01/07/23	CA Seguros	AFDV	XS1079698376	IC	ESP	S	107.30%	200,000	1.00	JV	214,608	15,434
REESM 2.375% 31/05/19	CA Seguros	AFDV	XS0935803386	IC	ESP	S	108.28%	500,000	1.00	JV	541,405	6,635
REESM 3.875% 25/01/22	CA Seguros	AFDV	XS0876289652	IC	ESP	S	122.69%	500,000	1.00	JV	613,466	114,176
RENRED 4.75% 16/10/20	CA Seguros	AFDV	XS0982774399	IC	PRT	S	115.11%	1,000,000	1.00	JV	1,151,091	(7,734)
REPSM 2.625% 28/05/20	CA Seguros	AFDV	XS0933604943	IC	ESP	S	107.90%	300,000	1.00	JV	323,714	1,184
RIOLN 2.875% 11/12/24	CA Seguros	AFDV	XS0863127279	IC	GBR	S	113.87%	500,000	1.00	JV	569,327	8,277
ROSW 2% 25/06/18	CA Seguros	AFDV	XS0760139773	IC	CHE	S	106.86%	500,000	1.00	JV	534,305	35,245
SANFP 1.875% 04/09/20	CA Seguros	AFDV	FR0011560333	IC	FRA	S	108.08%	300,000	1.00	JV	324,244	26,653
SANTAN 1.5 03/04/17	CA Seguros	AFDV	PTBSQDOE0020	IC	PRT	S	103.30%	500,000	1.00	JV	516,511	16,611
SRGIM 3.25% 22/01/24	CA Seguros	AFDV	XS1019326641	IC	ITA	S	118.19%	500,000	1.00	JV	590,940	95,490
TELEFO 3.987% 23/01/23	CA Seguros	AFDV	XS0874864860	IC	ESP	S	123.32%	500,000	1.00	JV	616,597	109,947

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<b>FINANCIAL ASSETS AVAILABLE FOR SALE</b>													
<b>From other issuers</b>													
<b>Non-subordinated debt</b>													
TELNO 1.75% 15/01/18	CA Seguros	AFDV	XS0798788716	IC	NOR	S	105.72%	500,000	1.00	JV	528,609		33,104
TITIM 4.5% 25/01/21	CA Seguros	AFDV	XS1020952435	IC	ITA	S	113.38%	500,000	1.00	JV	566,894		69,659
ULFP 1.625% 26/06/17	CA Seguros	AFDV	XS0850006593	IC	FRA	S	103.90%	500,000	1.00	JV	519,507		22,042
VALEBZ 3.75% 10/01/23	CA Seguros	AFDV	XS0802953165	IC	BRA	S	107.65%	500,000	1.00	JV	538,248		40,208
VINCI 3.375% 30/03/20	CA Seguros	AFDV	FR0011225127	IC	FRA	S	115.85%	400,000	1.00	JV	463,385		65,397
VOD 1% 11/09/20	CA Seguros	AFDV	XS1109802303	IC	GBR	S	100.74%	500,000	1.00	JV	503,699		6,959
VOTORA 3.25% 25/04/21	CA Seguros	AFDV	XS1061029614	IC	BRA	S	102.66%	500,000	1.00	JV	513,300		19,940
WFC 1.125% 29/10/21	CA Seguros	AFDV	XS1130067140	IC	USA	S	101.62%	500,000	1.00	JV	508,116		12,216
WSTP 3.875% 20/03/17	CA Seguros	AFDV	XS0494870701	IC	NZL	S	110.84%	500,000	1.00	JV	554,203		57,720
CXGD 3% 15/01/19	CA Seguros	AFDV	PTCGHAOE0019	IC	PRT	S	112.04%	500,000	1.00	JV	560,210		62,950
CXGD 4.25% 27/01/20.	CA Seguros	AFDV	PTCG2YOE0001	IC	PRT	S	240.97%	500,000	1.00	JV	1,204,863		626,713
ISPIM 3.625% 03/12/22	CA Seguros	AFDV	IT0004872328	IC	ITA	S	60.63%	1,000,000	1.00	JV	606,346		(442,254)
UCGIM 2.625% 31/10/20	CA Seguros	AFDV	IT0004957137	IC	ITAL	S	112.11%	500,000	1.00	JV	560,549		64,914
BCPPL 3.375 02/17	Caixa Central	AFDV	PTBITIOM0057	IC	PRT	S	101.38%	70,000,000	1.00	JV	72,956,062		773,163
BCPPL 3.75 10/16	Caixa Central	AFDV	PTBCSSOE0011	IC	PRT	S	104.95%	11,700,000	1.00	JV	12,381,325		399,870
BCPPL 4.75 06/22/17	Caixa Central	AFDV	PTBCUB1E0005	IC	PRT	S	109.14%	83,950,000	1.00	JV	93,727,358		3,760,054
BPIL 15/01/15	Caixa Central	AFDV	PTBB5JOE0000	IC	PRT	S	100.09%	46,700,000	1.00	JV	48,200,164		32,599
CXGD 3 1/19	Caixa Central	AFDV	PTCGHAOE0019	IC	PRT	S	109.23%	40,500,000	1.00	JV	45,404,522		3,345,499
CGD 06/12/2016	Caixa Central	AFDV	PTCGF11E0000	IC	PRT	S	106.60%	125,900,000	1.00	JV	134,560,695		6,345,691
CGD 04/12/2015	Caixa Central	AFDV	PTCG25OM0029	IC	PRT	S	104.25%	5,000,000	1.00	JV	5,234,075		119,401
CGD 28/09/2015	Caixa Central	AFDV	PTCG32OM0004	IC	PRT	S	105.13%	30,440,000	1.00	JV	32,633,869		711,728
CXGD3.75 01/18	Caixa Central	AFDV	PTCGHUOE0015	IC	PRT	S	109.45%	12,500,000	1.00	JV	14,128,293		687,782

EDP 04/05/2015	Caixa Central	AFDV	PTEDPTOM0035	OUT	PRT	S	101.25%	700,000	1.00	JV	715,400	3,747	
PESTA 0 28/02/2020	Caixa Central	AFDV	PTGRPCOE0002	SGPS	PRT	S	116.00%	5,500,000	1.00	JV	6,399,903	880,220	
SUECOfloat 01/18	Caixa Central	AFDV	PTATSLOM0002	OUT	PRT	S	109.76%	6,250,000	1.00	JV	6,951,764	609,875	
DANBNK 0 11/19	Caixa Central	AFDV	XS1139303736	IC	DNK	S	99.82%	10,000,000	1.00	JV	9,986,836	(7,624)	
EDP FINANCE 16/03/2015	Caixa Central	AFDV	XS0495010133	OIF	NLD	S	100.38%	13,214,000	1.00	JV	13,605,940	40,635	
EDP FINANCE 26/09/2016	Caixa Central	AFDV	XS0435879605	OIF	NLD	S	106.00%	6,000,000	1.00	JV	6,435,740	252,929	
EDP FINANCE 21/09/2017	Caixa Central	AFDV	XS0831842645	OIF	NLD	S	111.50%	10,830,000	1.00	JV	12,249,472	744,674	
EDP FINANCE 01/02/2016	Caixa Central	AFDV	XS0586598350	OIF	NLD	S	105.15%	3,000,000	1.00	JV	3,314,815	71,025	
EDP FINANCE 02/02/2018	Caixa Central	AFDV	XS0328781728	OIF	NLD	S	108.04%	16,815,000	1.00	JV	15,306,530	581,234	
ISPIM 4.375 10/19	Caixa Central	AFDV	XS0842828120	IC	ITA	S	115.08%	18,000,000	1.00	JV	20,882,508	20,372	
LLOYDS 1 19/11/21	Caixa Central	AFDV	XS1139091372	IC	GBR	S	101.17%	20,000,000	1.00	JV	20,256,562	319,373	
RBS 5.5 03/20	Caixa Central	AFDV	XS0496481200	IC	GBR	S	124.11%	12,000,000	1.00	JV	15,406,854	306,853	
UCGIM 1.5 06/19	Caixa Central	AFDV	XS1078760813	OIF	ITA	S	101.42%	12,000,000	1.00	JV	12,266,938	98,426	
											<b>1,513,110,832</b>	<b>-</b>	<b>81,894,343</b>
<b>Subordinated debt</b>													
BFT CAY.2015	Caixa Central	AFDV	XS0218220191	IC	CYM	S	89.50%	2,000,000	1.00	JV	1,797,849	(210,000)	
											<b>1,797,849</b>	<b>-</b>	<b>(210,000)</b>
<b>Financial instruments</b>													
Património Crescente	CA Seguros	AFDV	PTSQBHM0002	OUT	PRT	N	14.32	461,500	--	JV	6,610,295	1,608,392	
Fundo Florestal - Floresta Atlântica	CA Seguros	AFDV	PTFLTBIM0004	OUT	PRT	N		10,000	5.00	CH	632,940	132,940	
Cimpor-Cimentos de Port. SGPS	CA Vida	AFDV	PTCPR0AM0003	OUT	PRT	S	1.17	34,500	1.00	JV	40,503	(86,484)	
Galp Energia, SGPS, SA (Privat.)	CA Vida	AFDV	PTGAL0AM0009	OUT	PRT	S	8.43	7,700	1.00	JV	64,919	1,716	
NovaBase - SGPS, SA	CA Vida	AFDV	PTNBA0AM0006	OUT	PRT	S	2.21	48,380	1.00	JV	107,113	(59,105)	
CA Património Crescente	CA Vida	AFDV	PTSQBHM0002	OUT	PRT	S	14.32	653,762	1.00	JV	9,364,160	1,865,736	
RAIZ EUROPA (UP)	CA Vida	AFDV	PTYCFFLM0009	OUT	PRT	S	3.92	863,486	1.00	JV	3,381,931	44,451	
AXA SA	CA Vida	AFDV	FR0000120628	OUT	FRA	S	19.21	12,996	1.00	JV	249,588	48,774	

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<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>	-												
<b>Financial instruments</b>													
Acerinox S.A.	CA Vida	AFDV	ES0132105018	OUT	ESP	S	12.51	26,200	1.00	JV	327,631		31,720
Ahold (Koninklijke) NV	CA Vida	AFDV	NL0010672325	OUT	NLD	S	14.76	23,000	1.00	JV	339,365		53,689
Airbus Group NV	CA Vida	AFDV	NL0000235190	OUT	NLD	S	41.35	8,400	1.00	JV	347,340		145
Allianz AG Holding	CA Vida	AFDV	DE0008404005	OUT	DEU	S	137.35	2,170	1.00	JV	298,050		46,717
Assicurazioni Generali Spa	CA Vida	AFDV	IT0000062072	OUT	ITA	S	17.00	24,017	1.00	JV	408,289		13,404
Bouygues, SA	CA Vida	AFDV	FR0000120503	OUT	FRA	S	29.98	10,400	1.00	JV	311,792		21,000
CNP Assurances	CA Vida	AFDV	FR0000120222	OUT	FRA	S	14.73	18,500	1.00	JV	272,413		(12,430)
Casino Guichard Perrachon SA.	CA Vida	AFDV	FR0000125585	OUT	FRA	S	76.46	2,000	1.00	JV	152,920		(2,244)
Delhaize Group SA.	CA Vida	AFDV	BE0003562700	OUT	BEL	S	60.43	3,250	1.00	JV	196,398		29,799
Deutsche Lufthansa AG - Ord.	CA Vida	AFDV	DE0008232125	OUT	DEU	S	13.83	12,100	1.00	JV	167,343		16,949
Deutsche Telekom AG.	CA Vida	AFDV	DE0005557508	OUT	DEU	S	13.25	26,811	1.00	JV	355,246		66,938
ENI Spa.	CA Vida	AFDV	IT0003132476	OUT	ITA	S	14.51	20,700	1.00	JV	300,357		(1,620)
Electricite de France	CA Vida	AFDV	FR0010242511	OUT	FRA	S	22.83	12,900	1.00	JV	294,443		(11,692)
Endesa SA	CA Vida	AFDV	ES0130670112	OUT	ESP	S	16.55	19,000	1.00	JV	314,450		26,919
Fortum Oyj.	CA Vida	AFDV	FI0009007132	OUT	FIN	S	17.97	16,000	1.00	JV	287,520		(1,876)
Fresenius Medical Care AG & Co	CA Vida	AFDV	DE0005785802	OUT	DEU	S	61.85	2,371	1.00	JV	146,646		23,277
GTECH SPA.	CA Vida	AFDV	IT0003990402	OUT	ITA	S	18.49	7,700	1.00	JV	142,373		1,185
Gdf Suez	CA Vida	AFDV	FR0010208488	OUT	FRA	S	19.43	15,400	1.00	JV	299,222		(5,090)
Gemalto	CA Vida	AFDV	NL0000400653	OUT	NLD	S	67.93	800	1.00	JV	54,344		(9,720)
HeidelbergCement AG.	CA Vida	AFDV	DE0006047004	OUT	DEU	S	58.81	5,400	1.00	JV	317,574		2,544
Iberdrola SA.	CA Vida	AFDV	ES0144580Y14	OUT	ESP	S	5.60	1,346	1.00	JV	7,534		2,745
K+S AG	CA Vida	AFDV	DE000KSAG888	OUT	DEU	S	22.92	3,850	1.00	JV	88,223		15
KBC Bancassurance Holding NV.	CA Vida	AFDV	BE0003565737	OUT	BEL	S	46.50	12,000	1.00	JV	557,940		61,389

Koninklijke DSM NV	CA Vida	AFDV	NL0000009827	OUT	NLD	S	50.64	600	1.00	JV	30,384	(577)
Leoni AG	CA Vida	AFDV	DE0005408884	OUT	DEU	S	49.40	6,600	1.00	JV	326,007	37,034
Metro AG.	CA Vida	AFDV	DE0007257503	OUT	DEU	S	25.31	7,600	1.00	JV	192,356	(2,353)
Michelin	CA Vida	AFDV	FR0000121261	OUT	FRA	S	75.27	4,250	1.00	JV	319,898	14,582
Neopost	CA Vida	AFDV	FR0000120560	OUT	FRA	S	47.15	3,100	1.00	JV	146,150	(1,301)
Neste Oil OYJ	CA Vida	AFDV	FI0009013296	OUT	FIN	S	20.06	1,600	1.00	JV	32,096	7,204
OMV AG.	CA Vida	AFDV	AT0000743059	OUT	AUT	S	22.01	11,500	1.00	JV	253,115	15,778
Obrascon Huarte Lain SA.	CA Vida	AFDV	ES0142090317	OUT	ESP	S	18.55	11,500	1.00	JV	213,325	(3,277)
Osram Light AG	CA Vida	AFDV	DE000LED4000	OUT	DEU	S	32.76	13,800	1.00	JV	452,088	58,704
REXEL SA	CA Vida	AFDV	FR0010451203	OUT	FRA	S	14.85	17,264	1.00	JV	256,370	19,568
RHOEN-KLINIKUM AG	CA Vida	AFDV	DE0007042301	OUT	DEU	S	23.20	4,600	1.00	JV	106,697	(3,353)
Repsol YPF SA	CA Vida	AFDV	ES0173516115	OUT	ESP	S	15.55	19,250	1.00	JV	299,241	(709)
Royal Dutch Shell PLC	CA Vida	AFDV	GB00B03MLX29	OUT	NLD	S	27.66	10,834	1.00	JV	299,668	10,503
Safran SA	CA Vida	AFDV	FR0000073272	OUT	FRA	S	51.25	5,185	1.00	JV	265,731	17,792
Sanofi-Aventis	CA Vida	AFDV	FR0000120578	OUT	FRA	S	75.66	1,624	1.00	JV	122,872	19,232
Schneider Electric SA.	CA Vida	AFDV	FR0000121972	OUT	FRA	S	60.61	1,183	1.00	JV	71,702	24,632
Societe Generale SA	CA Vida	AFDV	FR0000130809	OUT	FRA	S	34.99	7,442	1.00	JV	260,396	(20,146)
Solvay SA	CA Vida	AFDV	BE0003470755	OUT	BEL	S	112.40	2,165	1.00	JV	243,346	1,494
Stora Enso Oyj - R	CA Vida	AFDV	FI0009005961	OUT	FIN	S	7.44	42,300	1.00	JV	314,501	22,518
Suez Environnement, SA	CA Vida	AFDV	FR0010613471	OUT	FRA	S	14.44	22,200	1.00	JV	320,457	32,314
Technip SA	CA Vida	AFDV	FR0000131708	OUT	FRA	S	49.42	1,400	1.00	JV	69,181	(7,221)
Telecom Italia Spa.	CA Vida	AFDV	IT0003497168	OUT	ITA	S	0.88	327,000	1.00	JV	288,414	246
Telefonica (España) SA	CA Vida	AFDV	ES0178430E18	OUT	ESP	S	11.92	23,800	1.00	JV	283,696	(24,762)
Total SA	CA Vida	AFDV	FR0000120271	OUT	FRA	S	42.52	4,035	1.00	JV	171,568	(12,640)

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<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>	-												
<b>Financial instruments</b>													
UPM-Kymmene Oyj.	CA Vida	AFDV	FI0009005987	OUT	FIN	S	13.62	26,430	1.00	JV	359,977		38,349
Volkswagen AG-PFD	CA Vida	AFDV	DE0007664039	OUT	DEU	S	184.65	1,680	1.00	JV	310,212		17,733
EASYETF EURO STOXX 50-B	CA Vida	AFDV	FR0010129072	OUT	FRA	S	44.14	7,740	1.00	JV	341,605		92,765
Lyxor ETF Euro Stoxx 50	CA Vida	AFDV	FR0007054358	OUT	FRA	S	31.16	208,777	1.00	JV	6,504,447		502,647
Allianz RCM Europe Equity Growth-IT	CA Vida	AFDV	LU0256881128	OUT	LUX	S	2.189.54	2,254	1.00	JV	4,935,105		1,122,358
Amundi Funds - Absolute Forex	CA Vida	AFDV	LU0568619042	OUT	LUX	S	1.054.28	2,073	1.00	JV	2,185,696		(15,300)
BlackRock Global Funds - European Value Fund €D2	CA Vida	AFDV	LU0329592454	OUT	LUX	S	60.35	87,711	1.00	JV	5,293,330		150,333
Fidelity Funds-European Dynamic Growth Fund-Y ACC	CA Vida	AFDV	LU0318940003	OUT	LUX	S	13.50	261,459	1.00	JV	3,529,699		658,420
Groupama FP Flex Allocat-I	CA Vida	AFDV	FR0010646299	OUT	FRA	S	12.439.46	143	1.00	JV	1,784,291		79,322
Ignis Absolute Return Government Bond Fund	CA Vida	AFDV	LU0866993628	OUT	LUX	S	1.02	1,629,973	1.00	JV	1,662,898		(25,102)
JPMorgan Funds - Europe Dynamic Fund A-A	CA Vida	AFDV	LU0210530662	OUT	LUX	S	19.96	268,791	1.00	JV	5,365,066		160,067
Pioneer Funds - European Potential - I	CA Vida	AFDV	LU0271662610	OUT	LUX	S	1.361.78	3,872	1.00	JV	5,272,560		140,565
Fundo Compensação Trabalho	CA Serviços	AFDV	0	JAN	PRT	N		0	0.00	JV	184	0	-
Corretaje e Información Monetária Y De Divisas, SA	CA SGPS	AFDV	0	OUT	ESP	N	118.21	29,040	6.01	CH	3,432,818	0	-

Floresta Atlântica-Soc.Gestora Fundos Inv.Imob.SA	CA SGPS	AFDV	PTFLTBM0004	OUT	PRT	N	5.00	10,125	5.00	CH	50,625	0	-
CA Monetário	CA SGPS	AFDV	PTYCFLHM007	OUT	PRT	N	5.58	322,960	0.00	JV	1,803,602	0	30,917
Fundo Compensação Trabalho	CA SGPS	AFDV	0	FEV	PRT	N		0	0.00	JV	125	0	-
CA PATRIMONIO CRESCENTE	Caixa Central	AFDV	PTSQUBHM0002	OUT	PRT	N	14.32	1,599,862	--	JV	22,915,623		5,374,985
CA Acções Europa	Caixa Central	AFDV	PTYCFFLM009	OUT	PRT	N	3.92	505,415	--	JV	1,979,510		(47,663)
CA Flexível	Caixa Central	AFDV	PTYCFELM000	OUT	PRT	N	5.69	339,329	--	JV	1,931,800		371,837
Fundo de Compensação do Trabalho	Caixa Central	AFDV	--	OUT	PRT	N	1.01	129	--	JV	130		-
Discovery Portugal Real Estate Fund	Caixa Central	AFDV	LU0820789831	OUT	LUX	N		9,183	--	JV	8,869,545		(220,455)
AGROGARANTE	Caixa Central	AFDV	PTAGM0AM0007	OIF	PRT	N		311,790	1.00	CH	311,790	0	
GARVAL	Caixa Central	AFDV	PTGGM0AM0004	OUT	PRT	N		69,000	1.00	CH	69,000	0	
LISGARANTE	Caixa Central	AFDV	PTLGROAM003	OUT	PRT	N		100,000	1.00	CH	100,000	0	
NORGARANTE	Caixa Central	AFDV	PTNGM0AM000	OUT	PRT	N		86,860	1.00	CH	86,860	0	
SIBS	Caixa Central	AFDV	PTSIB0AM008	OUT	PRT	N		25,680	5.00	CH	386,345	785518,76	-
UNICRE	Caixa Central	AFDV	PTUNEOAM0016	OUT	PRT	N		7,207	5.00	CH	322,906	137317,82	-
CA Rendimento TOP	Caixa Central	AFDV	PTYCFVIM0004	OUT	PRT	N	7.21	802,069	10.00	CH	5,780,190	2240499,5	
FCR Fundo Revitalizar Norte	Caixa Central	AFDV	--	OUT	PRT	N	0.00	1,090,909	1.00	CH	1,036,364	-54545,45	
FCR Fundo Revitalizar Centro	Caixa Central	AFDV	--	OUT	PRT	N	0.00	1,090,909	1.00	CH	1,083,273	-7636,363	
FCR Fundo Revitalizar Sul	Caixa Central	AFDV	--	OUT	PRT	N	0.00	818,182	1.00	CH	785,455	-32727,28	
SWIFT	Caixa Central	AFDV	--	OUT	BEL	N		30	--	CH	129,428	0	
VISA EUROPE LIMITED	Caixa Central	AFDV	--	OUT	GBR	N		1	10.00	CH	10	0	
SIBS - Sociedade Interbancária de Serviços, S.A.	CCAM Açores, CRL	AFDV	0	OUT	PRT	N	128.19	10,000	5.00	CH	1,281,911	0	-
Fundo Compensação Trabalho	CCAM Açores, CRL	AFDV	0	NOV	PRT	N	88.68	1	0.00	JV	89	0	-
Fundo Compensação Trabalho	CCAM Albufeira, CRL	AFDV	0	OUT	PRT	N	107.33	1	107.33	JV	107	0	-

FERECC	CCAM Alcanhões, CRL	AFDV	0	OUT	PRT	N	5.00	1	5.00	CH	5	0	-
FERECC	CCAM Alenquer, CRL	AFDV	0	OUT	PRT	N	5.00	1	5.00	CH	5	0	-
CARMIM	CCAM Alentejo Central, CRL	AFDV	0	OUT	PRT	N	5.00	20	5.00	CH	100	0	-
Cortiçol	CCAM Aljustrel e Almodovar, CRL	AFDV	0	OUT	PRT	N	5.00	120	5.00	CH	600	0	-
Fundo Compensação Trabalho	CCAM Alto Cávado e Basto, CRL	AFDV	0	OUT	PRT	N	47.74	1	0.00	JV	48	0	-
Fundo Compensação Trabalho	CCAM Anadia, CRL	AFDV	0	DEZ	PRT	N		0	0.00	JV	88	0	-
Cooperzoo	CCAM Área Metropolitana do Porto, CRL	AFDV	0	OUT	PRT	N	200.00	5	200.00	CH	1,000	0	-
Fundo Compensação Trabalho	CCAM Área Metropolitana do Porto, CRL	AFDV	0	OUT	PRT	N	222.08	1	0.00	JV	222	0	-
FERECC	CCAM Arruda dos Vinhos, CRL	AFDV	0	OUT	PRT	N	5.00	1	5.00	CH	5	-4,99	-
FERECC	CCAM Azambuja, CRL	AFDV	0	OUT	PRT	N	5.00	10	5.00	CH	50	0	-



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<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>	-												
<b>Financial instruments</b>													
Qualifica	CCAM Beja e Mértola, CRL	AFDV	0	OUT	PRT	N	411.00	1	0.00	CH	411	0	-
FERECC	CCAM C. da Rainha, Óbidos e Peniche, CRL	AFDV	0	OUT	PRT	N	4.99	21	5.00	CH	105	0	-
FUNDO DE REESTRUTURAÇÃO EMPRESARIAL	CCAM C. da Rainha, Óbidos e Peniche, CRL	AFDV	0	ABR	PRT	N	860.66	5,593	977.04	JV	4,813,66 1	0	(21,397)
FERECC	CCAM Cartaxo, CRL	AFDV	0	OUT	PRT	N	2.50	6	2.49	CH	15	0	-
Credicentro	CCAM Coimbra, CRL	AFDV	0	OUT	PRT	N	2.49	48	2.49	CH	120	-119,71	-
DAI, S.A.	CCAM Coruche, CRL	AFDV	0	OUT	PRT	N	27.00	47,140	24.94	CH	1,272,81 1	0	-
Uniões Regionais	CCAM Coruche, CRL	AFDV	0	OUT	PRT	N	2.50	2	2.49	CH	5	0	-
Crediagrícola	CCAM da Bairrada e Agueira, CRL	AFDV	0	OUT	PRT	N	5.00	38,266	5.00	CH	191,331	-191331,33	-
Escola Profissional da Mealhada	CCAM da Bairrada e Agueira, CRL	AFDV	0	OUT	PRT	N	176.100.00	1	176.100.00	CH	176,100	0	-
Fundo Compensação Trabalho	CCAM da Beira Baixa (Sul), CRL	AFDV	0	FEV	PRT	N	136.40	1	0.00	JV	136	0	-
ABAP	CCAM de Cantanhede e Mira, CRL	AFDV	0	OUT	PRT	N	5.000.00	1	5.000.00	CH	5,000	0	-
AIBAP	CCAM de Cantanhede e Mira, CRL	AFDV	0	OUT	PRT	N	5.000.00	1	5.000.00	CH	5,000	0	-
Fundo Compensação Trabalho	CCAM de Cantanhede e Mira, CRL	AFDV	0	OUT	PRT	N	152.53	1	0.00	JV	153	0	-
Fundo Compensação Trabalho	CCAM de Lafões, CRL	AFDV	0	OUT	PRT	N	1.10	146	0.00	JV	161	0	-
Credicentro	CCAM de Pombal, CRL	AFDV	0	OUT	PRT	N	433.95	1	433.95	CH	434	-433,95	-

Sicogest	CCAM de Pombal, CRL	AFDV	0	OUT	PRT	N	4.500.00	1	4.500.00	CH	4,500	-4500	-
Matadouro do Litoral Alentejano	CCAM de São Teotónio, CRL	AFDV	0	OUT	PRT	N	5.00	160,000	5.00	CH	800,000	-548781,04	-
Unicama	CCAM de São Teotónio, CRL	AFDV	0	OUT	PRT	N	2.50	4	2.49	CH	10	0	-
Centro Tecnológico de Citricultura	CCAM de Silves, CRL	AFDV	0	OUT	PRT	N	500.00	25	500.00	CH	12,500	-12500	-
Dolmen	CCAM de Vale de Sousa e Baixo Tâmega, CRL	AFDV	0	OUT	PRT	N	4.99	100	4.99	CH	499	0	-
Globalgarve	CCAM do Algarve, CRL	AFDV	0	OUT	PRT	N	10.00	250	10.00	CH	2,500	-2500	-
Matadouro Regional do Algarve	CCAM do Algarve, CRL	AFDV	0	OUT	PRT	N	5.00	7,000	5.00	CH	35,000	-35000	-
Fundo Compensação Trabalho	CCAM do Baixo Mondego, CRL	AFDV	0	OUT	PRT	N	6.60	1	0.00	JV	7	0	-
Matadouro Regional do Barroso e Alto Tâmega, S.A.	CCAM do Douro, Corgo e Tâmega, CRL	AFDV	0	OUT	PRT	N	5.00	5,000	5.00	CH	25,000	-25000	-
Matadouro Regional do Barroso e Alto Tâmega, S.A.	CCAM do Douro, Corgo e Tâmega, CRL	AFDV	0	OUT	PRT	N	5.00	45,000	5.00	CH	225,000	-225000	-
Fundo Compensação Trabalho	CCAM do Douro, Corgo e Tâmega, CRL	AFDV	0	OUT	PRT	N	230.30	1	0.00	JV	230	0	-
Adega Cooperativa de Vidigueira, Cuba e Alvito CRL	CCAM do Guadiana Interior, CRL	AFDV	0	OUT	PRT	N	20.56	103	5.00	CH	2,118	0	-
Cooperativa Agrícola da Vidigueira	CCAM do Guadiana Interior, CRL	AFDV	0	OUT	PRT	N	49.88	1	49.88	CH	50	0	-
Fundo Compensação Trabalho	CCAM do Guadiana Interior, CRL	AFDV	0	AGO	PRT	N		0	1.02	JV	239	0	2
Cooperativa de Melgaço	CCAM do Noroeste, CRL	AFDV	0	OUT	PRT	N	5.00	499	5.00	CH	2,494	-2493,99	-
Epralima	CCAM do Noroeste, CRL	AFDV	0	OUT	PRT	N	49.85	5	49.87	CH	249	0	-
Fundo Compensação Trabalho	CCAM do Noroeste, CRL	AFDV	0	OUT	PRT	N	273.76	1	0.00	JV	274	0	-
Fundo Compensação Trabalho	CCAM do Norte Alentejano, CRL	AFDV	0	SET	PRT	N		0	0.00	JV	391	0	-
FERECC	CCAM do Ribatejo Sul, CRL	AFDV	0	OUT	PRT	N	4.99	50	5.00	CH	249	0	-
AGETAV - Agência de Desenvolvimento de Tavira, S.A.	CCAM do Sotavento Algarvio, CRL	AFDV	0	OUT	PRT	N	4.99	1,000	4.99	CH	4,988	0	-
Spidouro	CCAM do Vale do Távora e Douro, CRL	AFDV	0	OUT	PRT	N	4.99	1,500	4.99	CH	7,482	-7481,97	-
Fundo Compensação Trabalho	CCAM do Vale do Távora e Douro, CRL	AFDV	0	OUT	PRT	N	256.85	1	0.00	JV	257	0	-
ASDOURO	CCAM Douro e Côa, CRL	AFDV	0	OUT	PRT	N	22.445.91	1	0.00	CH	22,446	-22445,91	-
Agroraiana	CCAM Elvas e Campo Maior, CRL	AFDV	0	OUT	PRT	N	2.49	2,000	2.49	CH	4,988	-4987,98	-

Agroraiana	CCAM Elvas e Campo Maior, CRL	AFDV	0	OUT	PRT	N	2.49	6,000	2.49	CH	14,940	-14940	-
Fundo Compensação Trabalho	CCAM Entre Tejo e Sado, CRL	AFDV	0	JUN	PRT	N		0	0.00	JV	165	0	1
Mobitral	CCAM Ferreira do Alentejo, CRL	AFDV	0	OUT	PRT	N	25.00	60	25.00	CH	1,500	-1500	-
FERECC	CCAM Loures, Sintra e Litoral, CRL	AFDV	0	OUT	PRT	N	5.00	1	5.00	CH	5	0	-
Fundo Compensação Trabalho	CCAM Mogadouro e Vimioso, CRL	AFDV	0	OUT	PRT	N	49.30	1	0.00	JV	49	0	-
Fundo Compensação Trabalho	CCAM Nordeste Alentejano, CRL	AFDV	0	JUL	PRT	N	48.18	1	0.00	JV	48	0	-

**CRÉDITO AGRÍCOLA GROUP**  
**SECURITIES HELD AS AT 31 DECEMBER 2014**  
**ANNEX I**

Nature and type	Entity holding the securities	Category of asset - Instruction 23/2004	Code for the security	Type of issuer	Issuing country	Listed/ Not listed	Listing	Quantity	Nominal value	Valorimetric criteria	Value on the balance sheet	Corrections in value	Gains/losses (+/-)
<b><u>FINANCIAL ASSETS AVAILABLE FOR SALE</u></b>	-												
<b>Financial instruments</b>													
Regivouga	CCAM Oliveira de Azeméis e Estarreja, CRL	AFDV	0	OUT	PRT	N	4.99	100	4.99	CH	499	-499	-
Fundo Compensação Trabalho	CCAM Oliveira do Bairro, CRL	AFDV	0	NOV	PRT	N	48.20	1	0.00	JV	48	0	-
Coop. Agro-Pecuária Beira Central CRL	CCAM Oliveira do Hospital, CRL	AFDV	0	OUT	PRT	N	2.50	5	2.49	CH	12	0	-
Fundo Compensação Trabalho	CCAM Paredes, CRL	AFDV	0	OUT	PRT	N		0	0.00	JV	150	0	-
Fundo Compensação Trabalho	CCAM Pernes, CRL	AFDV	0	MAR	PRT	N	58.87	1	0.00	JV	59	0	-
Cooperativa Agrícola de Valpaços	CCAM Região Bragança e Alto Douro, CRL	AFDV	0	OUT	PRT	N	2.49	5	2.49	CH	12	-12,47	-
Spidouro	CCAM Região Bragança e Alto Douro, CRL	AFDV	0	OUT	PRT	N	4.99	1,500	4.99	CH	7,482	-7482	-
Cerfundão, Lda.	CCAM Região do Fundão e Sabugal, CRL	AFDV	0	OUT	PRT	N	50.000.00	1	50.000.00	CH	50,000	0	-
Parkurbis, S.A.	CCAM Região do Fundão e Sabugal, CRL	AFDV	0	OUT	PRT	N	5.00	5,000	5.00	CH	25,000	-25000	-
Fundo Compensação Trabalho	CCAM Região do Fundão e Sabugal, CRL	AFDV	0	JAN	PRT	N	61.79	1	0.00	JV	62	0	-
ADIRN	CCAM Ribatejo Norte e Tramagal, CRL	AFDV	0	OUT	PRT	N	4.99	10	4.99	CH	50	0	-
Fundo Compensação Trabalho	CCAM Salvaterra de Magos, CRL	AFDV	0	ABR	PRT	N	60.01	1	0.00	JV	60	0	-
Sicogest	CCAM Serras de Ansião, CRL	AFDV	0	OUT	PRT	N	2.000.00	1	2.000.00	CH	2,000	-2000	-

FERECC	CCAM Sobral de Monte Agraço, CRL	AFDV	0	OUT	PRT	N	5.00	1	5.00	CH	5	0	-
Crediagrícola	CCAM Vila Franca de Xira, CRL	AFDV	0	OUT	PRT	N	2.49	1,000	2.49	CH	2,495	-2494,83	-
FERECC	CCAM Vila Franca de Xira, CRL	AFDV	0	OUT	PRT	N	2.49	360	2.49	CH	897	-897	-
Fundo Compensação Trabalho	CCAM Vila Franca de Xira, CRL	AFDV	0	MAI	PRT	N		0	0.00	JV	128	0	-
ADRAVE	CCCAM Gestão Inv.	AFDV	0	OUT	PRT	N	0.36	30,486	4.99	CH	10,830	0	-
FCR Portugal Ventures - FIEP	CCCAM Gestão Inv.	AFDV	0	OUT	PRT	N	818.54	485	1.000.00	CH	485,000	-104483,55	-
FCR Portugal Ventures Global 2 (B)	CCCAM Gestão Inv.	AFDV	0	OUT	PRT	N	11.528.22	111	0.00	CH	2,760,706	-	1874127,702
FCR Portugal Ventures Global 2 (C)	CCCAM Gestão Inv.	AFDV	0	OUT	PRT	N	8.837.44	100	0.00	CH	2,489,503	-	1920731,338
PROPAÇO	CCCAM Gestão Inv.	AFDV	0	OUT	PRT	N	194.00	1	0.00	CH	194	-194	-
SICAFI NEXPONOR	CCCAM Gestão Inv.	AFDV	0	OUT	PRT	N	5.00	535,000	5.00	CH	5,350,000	-1251686	-
FCR Fundo de Reestruturação Empresarial (D)	CCCAM Gestão Inv.	AFDV	0	OUT	PRT	N	994.70	8,735	994.70	JV	8,688,692	-159313,71	-
FEIIF FLORESTA ATLÂNTICA (B)	CCCAM Gestão Inv.	AFDV	PTFLTBM0004	OUT	PRT	N	55.68	18,000	0.00	JV	2,004,455	-1002227,4	-
FEIIF UNICAMPUS	CCCAM Gestão Inv.	AFDV	PTYE1GIM0001	OUT	PRT	N	1.003.33	500	0.00	JV	1,003,326	0	-
Acções ADRAL, S.A.	Fenacam	AFDV	0	OUT	PRT	N	4.99	400	4.99	CH	1,996	0	-
Acções HORTOBELI, S.A.	Fenacam	AFDV	0	OUT	PRT	N	24.94	600	24.94	CH	14,964	-14963,94	-
Acções MAP, S.A.	Fenacam	AFDV	0	OUT	PRT	N	3.39	65,051	5.00	CH	220,238	0	-
Acções SUCRAL, S.A.	Fenacam	AFDV	0	OUT	PRT	N	26.91	12,254	25.00	CH	329,742	-61882,91	-
Títulos CONFAGRI	Fenacam	AFDV	0	OUT	PRT	N	5.00	2,800	5.00	CH	14,000	0	-
Fundo Compensação Trabalho	Fenacam	AFDV	0	MAR	PRT	N		0	0.00	JV	349	0	-
											<b>152,779,395</b>	<b>(10,785,262)</b>	<b>12,525,826</b>
<b>Total</b>								<b>4,833,729,841</b>			<b>5,758,538,372</b>	<b>(10,785,262)</b>	<b>186,277,547</b>

# STATUTORY AUDIT CERTIFICATE FOR THE CONSOLIDATED ACCOUNTS

## Statutory audit certificate for the consolidated accounts

### Introduction

1. We have examined the appended financial statements of Caixa Central de Crédito Agrícola Mútuo “Caixa Central”), the associated Caixas de Crédito Agrícola Mútuo Associadas and subsidiaries (“Grupo Caixa Agrícola”), comprising the consolidated financial statement as at 31 December 2014 (showing a total of 15,050,840,727 euros and own funds totalling 1,209,384,274 euros, including net results of 26,883,471 euros, attributed to the holders of capital in the company, as mother company of the Group), the consolidated income statement, the consolidated statement of integral income, the statement of changes to consolidated own funds and the statement of consolidated cash flows for the year ending on the date above, along with the corresponding Appendix.

### Responsibilities

2. It is the responsibility of the Executive Board of the Caixa Central to prepare the consolidated financial statements in such a way as to provide a true and appropriate description of the financial situation of the companies included in the consolidation process, the consolidated results and the total consolidated integral income from their operations, the changes to their own consolidated capital and their consolidated cash flow statements and the adoption of adequate accounting policies and criteria for maintaining appropriate internal control systems.
3. It is our responsibility to express an independent professional opinion based on our examination of the financial statements.

### Scope

4. The examination we performed was in accordance with the Technical Norms and Revision Guidelines/Audit Procedures of the Association of Chartered Auditors (Ordem dos Revisores Oficiais de Contas). These require that the examination be planned and carried out with the aim of obtaining an acceptable degree of certainty as to whether the financial statements are free of any materially relevant distortions. Our examination therefore included:

- verification that the financial statements of the entities included in the consolidation have been appropriately examined and, for significant cases where they haven't been so examined, a verification on a sample basis of support for the amounts and disclosures in the consolidated financial statements and an assessment of estimates based on judgements and criteria defined by the Executive Board and used in preparation of the said statements:

- a check on the consolidation procedures;

- an assessment as to whether the accounting policies used are appropriate, and their uniform application and disclosure, bearing in mind the circumstances;

- a check on whether the going concern principle can be applied; and

- an assessment as to whether the overall presentation of the consolidated financial statements is adequate.

5. Our examination also included verification of concordance between the consolidated financial information in the management report and the consolidated financial statements.

6. We consider that the examination has provided us with acceptable grounds for an expression of our opinion.

## Opinion

7. In our opinion, the financial statements mentioned above provide a true and appropriate description, in all materially relevant ways, of the consolidated financial position of the Grupo Crédito Agrícola, as at 31 December 2014, along with the results and the total consolidated integral income from their operations, the changes in their consolidated own funds and their consolidated cash flow statements for the year ending at that date, in accordance with international reporting standards (IFRS) as adopted in the European Union.

## Report on other legal requirements

8. We are also of the opinion that the financial information in the consolidated management report is in accordance with the consolidated financial statements for the year.

Lisbon, 12 May 2015

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ERNST & YOUNG & ASSOCIADOS, SROC S.A. SROC no. 178)

## OPINION OF THE ADVISORY BOARD

The Advisory Board of the Caixa Central

The Advisory Board of the Caixa Central, under the provisions of clause g) of Article 37 of the Caixa Central statutes, hereby issues its considered opinion on the consolidated report and accounts of SICAM (the Sistema Integrado do Crédito Agrícola Mútuo) for 2014. This report will be discussed and put to a vote at the AGM on 30 May.

The Report provides a true and adequate description of the performance of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM) and the Crédito Agrícola group during the financial year ending on 31 December 2014.

The international scene saw the global economy continuing the slowdown of recent years. During this period, the GDP of the developed economies grew at less than 2%. The euro zone recorded a slight upward move in GDP, which came in at around 0.8%.

Over and beyond these conditioning factors – economic, financial and internationally geostrategic – 2014 was marked by the start of a new cycle, with events on the domestic scene that can be summed up as follows:

- i) the end of the financial assistance programme for Portugal (17 May);
- ii) the resolution measures taken for the Banco Espírito Santo (3 August) and the creation of the Novo Banco;
- iii) transposition to domestic legislation of regulatory standards CRD IV (Capital Requirements Directive) and CRR (Capital Requirements Regulation), resulting from Basel III (Decree Law no. 157/2014 of 24 October (RGICSF)).

Implementing the new standards has meant an enormous effort being made by domestic banks to adapt to and fulfil the increasing demands of national supervisors, in compliance with the recommendations and requirements of the European supervisor. An example is the effort made by the Caixa Central to develop programmes and routines that can respond in a timely fashion to the demands, and, in the process, do whatever is possible to ease the strain on and direct involvement of the Caixas.

Bearing in mind the average size of the Caixas that make up SICAM, the emphasis on these obligations, both necessary and recommended, involved an enormous reduction in the capacity to focus teams on the business objectives, and this knocked on to the profitability of our institutions. This situation was even more pertinent if the sluggish nature of the economy is borne in mind, in which teams have to adopt a proactive stance when trying to attract business.

It was against this backdrop that operations were carried out at the Group, which is made up of the Caixas, the Caixa Central and Group companies, and even so they came in with net consolidated profits of around 26.9 million euros.

A special mention must be made of the profit unveiled by the Caixa Central, to the approximate amount of 37.6 million euros. This was at odds with the banking market and with SICAM, and derived fundamentally from an efficient and timely management of treasury funds. This meant that the capital gains were generated to underpin Group results.

We would like to mention also the performance of the Group's insurance arms, not only by their results but also for the commissions transferred to the Caixas, in perfect harmony between



insurance operations and the dedication of staff in the network of local banks that make up the Caixas.

We must, however, record our concern with the negative results of the Caixas, stemming not only from the slowdown in the economy and the lack of business, but also from the growing rate of default among customers, leading to an increase in the needs for provisions. It is also a matter of concern that the transformation ratios at the Caixas are falling, and this, allied to the low return from the capital market, is jeopardising the profitability of our institutions.

A special mention is due to the effort that has been made by the Caixa Central to endow the Group with the means and the tools to face the increasing demands of control, segregation and reporting imposed by the regulators, along with its support, monitoring, control and business assessment.

The implementation and coordination of these measures have created a new culture for the Group, and the aim now is to bolster this spirit. The target is to reach the point where the sum of the parts is more than a mere simple addition.

This is what we would like to transmit to the AGM relating to the Report and Consolidated Accounts of the Crédito Agrícola Group. We would also like to recommend that, after analysis and discussion, the Report and Accounts be approved by the Caixas.

Lisbon, 21 April, 2015

The Advisory Board

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Crédito Agrícola

O Banco nacional  
com pronúncia local

Desde 1911