CAIXA ECONÓMICA MONTEPIO GERAL

PUBLICLY LISTED COMPANY

HEAD OFFICE: RUA ÁUREA, 219-241, LISBON

INSTITUTIONAL CAPITAL: EUR 1,500,000,000

REGISTERED AT LISBON COMMERCIAL REGISTRY OFFICE UNDER THE

SOLE COMMERCIAL REGISTRATION AND TAX PAYER NUMBER 500792615

CONSOLIDATED ACTIVITY AND RESULTS

1ST QUARTER 2015

(Unaudited financial information)

Lisbon, May 12, 2015

CONTENTS

HIGHLIGHTS

Results	❒ Positive Net Income for the period of EUR 9.8 million; ❒ Net Operating Income reached EUR 183.0 million, compared to EUR 307.6 million as at 31 March 2014, variation explained by the lesser contribution of net trading income and by the decrease in net interest income; ❒ Provisions and Impairments decreased by 51.9%, standing at EUR 81.4 million, in line with the recurrent provisions and impairments recorded in December 31, 2014; ❒ Maintenance of Operating Expenses, down 3.4% in the activity in Portugal and an increase in other geographies, given the focus on international operations, particularly in Angola and Mozambique.
Capital	❒ Improvement of the Common Equity Tier 1 ratio (phasing-in) compared to December 31, 2014, from 8.51% to 8.57%, reflecting an endogenous capacity to generate capital as it does not consider the effects of income for the period, the already approved capital increase and the impact of an estimate of the special regime for deferred tax assets, under Law No. 61/2014, applied to CEMG.
Liquidity	❒ Growth of Customer Deposits by 2.7%, where particular note should be made to the 3.4% growth in the segments of individual customers and small businesses; ❒ The loan-to-deposit ratio reached 105.8% (111.0%, as at 31 March 2014), confirming the continued reduction of the Commercial Gap; ❒ Decrease of the financing from the ECB by 20,9% (EUR -614 million), in relation to the same period of the previous year, which stood at EUR 2,326 million at the end of the 1st quarter of 2015.
Asset Quality	❒ Reduction of the Credit at Risk ratio by 0.3 p.p. to 12.8%; ❒ Coverage of Credit at Risk reached 66.9% (55.1% as at 31 March 2014). Factoring in the associated real estate collateral, this ratio increases to 133.0% (131.3% as at 31 March 2014); ❒ Reinforcement of the coverage of loans overdue by more than 90 days to 132.5% (127.0% as at 31 March 2014).

1. KEY INDICATORS

(thousand euros)

INDICATORS	Mar-15	Dec-14	Mar-14	YoY Variation
ACTIVITY AND RESULTS				
Net Assets	22,214,586	22,473,474	22,459,226	-1.1%
Gross Credit to Customers	16,514,611	16,540,943	16,627,483	-0.7%
On-Balance Sheet Customers' Resources	16,271,632	16,363,549	16,082,979	1.2%
Total Deposits	14,287,810	14,242,679	13,917,720	2.7%
Securities Placed with Customers	1,983,822	2,120,870	2,165,258	-8.4%
Net Income	9,760	-186,953	35,481	-72.5%
LEVERAGE AND LIQUIDITY				
Total Net Credit to Customers / Customer Deposits (a)	105.79%	106.46%	111.02%	-5.23p.p.
Total Net Credit to Customers / On-Balance Sheet Customers' Resources (b)	91.71%	92.49%	96.13%	-4.42p.p.
Eligible Assets for Refinancing with the ECB	4,012,288	4,202,365	4,711,521	-14.8%
Refinancing at the ECB	2,325,990	2,475,990	2,940,000	-20.9%
CREDIT RISK AND COVERAGE BY IMPAIRMENTS				
Ratio of Credit and Interest Overdue by more than 90 days	6.48%	6.13%	5.69%	0.79p.p.
Non-Performing Loans Ratio (a)	7.93%	7.42%	7.79%	0.14p.p.
Net Non-Performing Loans Ratio (a)	-0.68%	-1.00%	0.65%	-1.33p.p.
Coverage of Credit and Interest Overdue by more than 90 days	132.54%	136.65%	126.95%	5.59p.p.
Credit-at-Risk Ratio (a)	12.77%	12.03%	13.06%	-0.29p.p.
Net Credit-at-Risk Ratio (a)	4.62%	4.02%	6.32%	-1.70p.p.
Credit-at-Risk Coverage Ratio	66.95%	69.35%	55.07%	11.88p.p.
Restructured Credit as a % of Total Credit (c)	11.05%	10.49%	9.55%	1.50p.p.
Restructured Credit not included in Credit-at-Risk as a % of Total Credit (c)	6.99%	6.89%	6.81%	0.18p.p.
EFFICIENCY AND PROFITABILITY				
Net Operating Income / Average Net Assets (a)	3.32%	3.48%	5.48%	-2.16p.p.
Earnings before Taxes and Non-controlling Interests / Average Net Assets (a)	0.36%	-0.92%	0.88%	-0.52p.p.
Earnings before Taxes and Non-Controlling Interests / Average Equity (a)	5.55%	-12.55%	11.74%	-6.19p.p.
Net Income / Average Net Assets (ROA)	0.18%	-0.83%	0.63%	-0.45p.p.
Net Income / Average Equity (ROE)	2.74%	-11.27%	8.44%	-5.70p.p.
Operating Expenses / Net Operating Income (cost-to-income) (a)	44.91%	43.56%	26.56%	18.35p.p.
Personnel Expenses / Net Operating Income (a)	27.73%	24.75%	14.95%	12.78p.p.
SOLVENCY				
Common Equity Tier 1 Ratio (CRD IV phasing-in)	8.57%	8.51%	10.79%	-2.22p.p.
Total Capital Ratio (CRD IV phasing-in)	8.70%	8.67%	12.57%	-3.87p.p.
DISTRIBUTION NETWORK AND EMPLOYEES (Units)				
Total Number of Employees (CEMG Group)	4,430	4,425	4,223	207
CEMG				
Employees	3,906	3,907	3,907	-1
Branches	436	436	437	-1
Employees / Branches	9.0	9.0	8.9	0.2%
International Branch Network				
Finibanco Angola (d)	20	18	16	4
Banco Terra (Mozambique)	9	9	-	9
Rep. Offices	6	6	6	0

(a) In accordance with Banco de Portugal Instruction No. 16/2004.
(b) On-Balance Sheet Customers' Resources = Customer Deposits and Securities Placed with Customers
(c) In accordance with Banco de Portugal Instruction No. 32/2013.
(d) Includes Business Centres.

2. OVERVIEW

After three years of recession, the **Portuguese economy** resumed its growth in 2014 (+0.9%), albeit at a slow pace, in a year marked by the conclusion, in May, of the Economic and Financial Assistance Programme (EFAP) agreed in 2011 with the troika. During the 1st quarter of this year, the economy continued along the process of gradual recovery, with an estimated sequential growth of Gross Domestic Product (GDP) that was relatively similar to that of the 4th quarter of 2014 (+0.5%), above all due to the growth of internal demand. Forecasts point to an acceleration of growth to 1.7% for the entire year of 2015. The construction sector continued to be under considerable pressure, with Gross Value Added (GVA) contracting by 3.5% in 2014, in spite of the return to quarterly growth in the 2nd quarter of 2014, and is expected to continue growing in the 1st quarter of 2015. The budget adjustment process persisted throughout 2014, with the deficit having reached 4.5%, below the official target of 4.8% and the 4.8% recorded in 2013. The preliminary data on budget execution for 2015 (up to March) currently suggest that compliance with the target for the entire year (2.7%) might not be beyond achievement. The unemployment rate increased during the 1st quarter of the year, from 13.5% to 13.7%, having worsened for the 2nd quarter consecutively, but where a downward trend continues to be visible. A decline in the unemployment rate is expected in the current quarter and a new reduction in 2015, to 13.1%, below the 13.9% observed in 2014, but still representing a historically high figure. Inflation stood at -0.1% in the 1st quarter of the year, in line with the value observed in the last quarter of 2014.

In April 2015, the International Monetary Fund (IMF) predicted a 3.5% growth of the **world economy** in 2015 (identical to that forecasted in January), a modest acceleration from the 3.4% estimated for 2014. In the **Euro Zone**, after the rather feeble 2nd and 3rd quarters, the IMF recognizes that economic growth is showing signs of recovery, sustained by the lower price of oil, lower interest rates and weaker euro, pointing to annual growth of 1.5% in 2015. In the **emerging economies**, the IMF expects a scenario of slower growth since many are crude oil exporters which are likely to face a reduction of revenue.

Regarding **monetary policy**, the Fed ended its asset purchase programme in 2014, after three rounds of Quantitative Easing, with its rates having been kept at historically minimum figures and having issued, at its last meeting of the 1st quarter of 2015, a downward review of forecasts for interest rates at the end of this year. In turn, the ECB has highlighted that there is clear evidence that the monetary policy measures applied, in early March, are being effective. This attitude of the ECB has had a downward effect on market interest rates, which will tend to negatively affect the net interest income of banking institutions and the profitability of their assets.

In the **financial markets**, confidence levels tended to be positive throughout the 1st quarter of the year, in a context of launch of new stimuli by some of the main monetary authorities, especially the ECB and the People's Bank of China. Positive movements were observed in the main **stock market indices** of the world, being more intense in Europe, China and Japan, especially in the Euro Zone, with the Eurostoxx 50 having appreciated by 17.5% in the period. Market confidence continued to be undermined by the geopolitical risk, namely the crisis between Ukraine and Russia, and fears in relation to the liquidity needs and solvency capacity of Greece. The **spreads of public debt** of the peripheral countries relative to the bund fell (precisely with the exception of Greece), above all benefiting from the ECB's expansionary stance and the improvement of the economic circumstances and budget execution of these countries. In the **monetary market**, Euribor rates recorded minimums across all maturities during the 1st quarter, with these reductions largely being driven by the aforesaid expansionary position of the ECB. In the **foreign exchange market**, the nominal effective exchange rate of the euro fell by 8.2% in the period.

3. RESULTS

After the negative Net Income for the Year recorded at the end of 2014, CEMG returned to Profit in the 1st quarter of 2015, with Net Income for the period standing at EUR 9.8 million, compared to the EUR 35.5 million at the end of the 1st quarter of 2014. This positive result was the outcome of rigorous treasury management, which was reflected in the Net Trading Income, which stood at EUR +100.6 million, the maintenance of efficient management of Operating Expenses (+0.6%) and a substantial reduction of Credit Impairments (-54.8%).

INCOME STATEMENT

(thousand euros)

	Mar-15		Mar-14		Variation	
	Amount	%	Amount	%	Amount	%
Net Interest Income	**62,610**	**34.2**	**81,878**	**26.6**	**-19,268**	**-23.5**
Net Fees of Services to Customers	24,601	13.4	24,822	8.1	-221	-0.9
Commercial Net Operating Income	**87,211**	**47.8**	**106,700**	**34.7**	**-19,489**	**-18.3**
Income from Equity Instruments	1	0.0	34	0.0	-33	-98.0
Net Trading Income	100,572	55.0	198,970	64.7	-98,398	-49.5
Other Net Income	-4,796	-2.6	1,899	0.6	-6,695	<-100
Net Operating Income	**182,988**	**100.0**	**307,603**	**100.0**	**-124,615**	**-40.5**
Personnel Expenses	50,744	27.7	46,000	15.0	4,744	10.3
General Administrative Overheads	24,474	13.4	26,510	8.6	-2,036	-7.7
Amortisation	6,959	3.8	9,191	3.0	-2,232	-24.3
Total Operating Expenses	**82,177**	**44.9**	**81,700**	**26.6**	**477**	**0.6**
Gross Profit	**100,811**	**55.1**	**225,903**	**73.4**	**-125,092**	**-55.4**
Net Provisions and Impairments	**81,359**	**44.5**	**169,017**	**54.9**	**-87,658**	**-51.9**
Credit	67,597		149,468		-81,871	-54.8
Securities	3,389		18,189		-14,800	-81.4
Other	10,373		1,361		9,012	>100
Earnings from Associates and Joint Ventures	**297**		**-7,537**		**7,834**	>100
Earnings before Taxes and Non-controlling interests	**19,749**	**10.8**	**49,349**	**16.0**	**-29,600**	**-60.0**
Taxes	**-10,057**	**-5.5**	**-13,193**	**-4.3**	**3,136**	**23.8**
Current	-9,041		-22,489		13,448	59.8
Deferred	-1,016		9,296		-10,312	<-100
Non-controlling interests	**69**		**-675**		**744**	>100
Net Income for the period	**9,760**	**5.3**	**35,481**	**11.5**	**-25,721**	**-72.5**

3.1. NET INTEREST INCOME

Net Interest Income stood at EUR 62.6 million, compared to the EUR 81.9 million reached at the end of the 1st quarter of 2014. Contributing to this performance was the reduction of the average balances of financial assets (EUR 579 million) which, in a context of falling benchmark average interest rates, was reflected in the downward evolution of income. The consequent decline of the average rates of financial assets was, year-on-year, greater than the decrease of the average rates of financial liabilities by 27 b.p., with deposits falling by 43 b.p., reflecting the reduction of market interest rates, with the average 3-month Euribor rate falling from 0.30% to 0.05%.

NET INTEREST INCOME AND AVERAGE RATES

(million euros)

	Mar-15 Average Capital	Mar-15 Average Rate	Mar-15 Income / Costs	Mar-14 Average Capital	Mar-14 Average Rate	Mar-14 Income / Costs
Financial Assets	**20,705**	**3.72%**	**190**	**21,284**	**4.22%**	**222**
Credit to Customers	16,529	3.11%	127	16,608	3.48%	143
Securities and other	4,176	3.86%	40	4,676	4.50%	52
Swaps			23			27
Financial Liabilities	**20,454**	**2.52%**	**127**	**20,602**	**2.75%**	**140**
Deposits	14,204	1.95%	68	13,906	2.38%	82
Other Liabilities	6,250	2.28%	35	6,696	1.86%	31
Swaps			24			27
Net Interest Income			**63**			**82**
Net Interest Margin		**1.23%**			**1.56%**	
Euribor 3M - average for the period		**0.05%**			**0.30%**	

3.2. OTHER OPERATING INCOME

Net commissions reached EUR 24.6 million, recording a minor reduction of EUR 0.2 million (-0.9%), year-on-year.

The net trading income amounted to EUR 100.6 million, due to the rigorous treasury management policy, notwithstanding the reduction of the capital gains of financial operations in comparison to those achieved in the 1st quarter of 2014 (-49.5 %), which included significant net income arising from the sale of fixed-yield securities.

NET TRADING INCOME

(thousand euros)

	Mar-15	Mar-14	Variation	
	Amount	Amount	Amount	%
P&L arising from Assets and Liabilities at Fair Value through Profit or Loss	13,232	1,010	12,222	>100
P&L arising from Financial Assets Available for Sale	71,978	208,705	-136,727	-65.5
P&L arising from Currency Revaluation	-85	4,918	-5,003	<-100
Other Net Income	15,448	-15,663	31,111	>100
TOTAL	**100,572**	**198,970**	**-98,398**	**-49.5**

3.3. OPERATING EXPENSES

Consolidated operating expenses amounted to EUR 82.2 million (+0.6% year-on-year), as the increase of Personnel Expenses (+10.3%) was mitigated by the reduction of General Administrative Overheads (-7.7%), related to supporting the development of business activity.

Operating expenses derived from domestic activity fell by EUR 2.7 million, in relation to the same period of the previous year, as a result of the cost-cutting policy that has been progressively adopted.

In turn, in international activity, operating expenses increased by EUR 3.0 million, in relation to the 1st quarter of 2014, as a consequence of the higher demands of human and material resources implied by the growth of the operation in Angola (Finibanco Angola S.A.) and entrance into the Mozambican market (Banco Terra S.A.).

EVOLUTION OF OPERATING EXPENSES

(thousand euros)

	Mar-15		Mar-14		Variation	
	Amount	%	Amount	%	Amount	%
Personnel Expenses	50,744	61.7	46,000	56.3	4,744	10.3
General Administrative Overheads	24,474	29.8	26,510	32.4	-2,036	-7.7
Operating Expenses	**75,218**	**91.5**	**72,509**	**88.8**	**2,709**	**3.7**
Amortisation	6,959	8.5	9,191	11.2	-2,232	-24.3
Total Operating Expenses	**82,177**	**100.0**	**81,700**	**100.0**	**477**	**0.6**
Domestic Activity (a)	75,500	91.9	78,156	95.7	-2,656	-3.4
International Activity (a)	6,715	8.2	3,685	5	3,030	82.3
RATIOS						
Cost-to-Income (Total Operating Expenses / Net Operating Income) (b)	44.91%		26.56%			
Cost-to-Income without Depreciation (Total Operating Costs / Operating Income)	41.11%		23.57%			

(a) Excludes consolidation adjustments. (b) In accordance with Banco de Portugal Instruction No. 16/2004.

3.4. PROVISIONS AND IMPAIRMENTS

The continued stance of accuracy in the assessment of the risk levels of the asset portfolio was reflected in a significant reduction of provisions and impairments (-51.9%), in relation to the 1st quarter of 2014.

EVOLUTION OF PROVISIONS AND IMPAIRMENTS

(thousand euros)

	Mar-15		Mar-14		Variation	
	Amount	%	Amount	%	Amount	%
Net Credit Provisions and Impairment Charges	67,597	83.1	149,468	88.4	-81,871	-54.8
Net Securities Impairment Charges	3,389	4.2	18,189	10.8	-14,800	-81.4
Net Other Assets Provisions and Impairment Charges	10,373	12.7	1,361	0.8	9,012	>100
Total Net Provisions and Impairment Charges	**81,359**	**100.0**	**169,017**	**100.0**	**-87,658**	**-51.9**

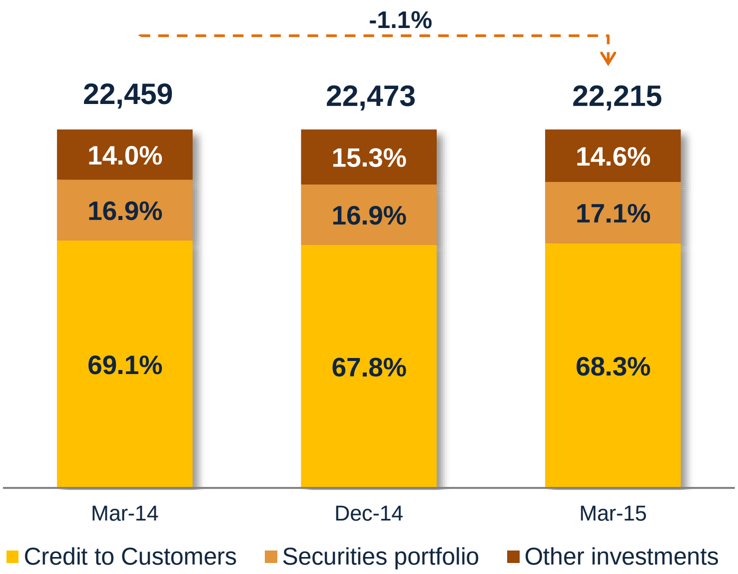
4. ACTIVITY

Faithful to its commitment to support the development of the country's economic activity, during the first 3 months of 2015 CEMG continued to focus on its retail banking mission, giving priority to banking activity operations with customers, granting credit, attracting savings and providing financial services to individuals, small and medium-sized enterprises and social economy entities, with which it has maintained and established new commercial relations of growing proximity, while at the same time taking advantage of business opportunities in financial markets.

4.1. ASSETS

Net Assets reached a total of EUR 22,215 million as at 31 March 2015, having decreased slightly by 1.1% in relation to the 1st quarter of 2014. Also in relation to the same period of the previous year, there was a greater diversification of Assets, with the reduction of the weight of credit having been offset by the increase of the Securities portfolio and Other investments.

EVOLUTION OF THE NET ASSETS STRUCTURE (million euros)



4.2. CREDIT TO CUSTOMERS

The process of gradual recovery of the Portuguese economy, albeit still tenuous, implied that the total amount of credit to customers remained stable during the 1st quarter of 2015.

Total credit to customers amounted to EUR 16,541.6 million, corresponding to a marginal decrease of 0.7% relative to the 1st quarter of 2014. This evolution was primarily due to the 8.3% reduction in Mortgage Loans (Housing and Construction) coupled with the growth of credit granted to Companies (excluding Construction) of EUR 588.5 million (+10.0%), which accounts for 39.3% of the total credit portfolio as at 31 March 2015, reflecting the results of the credit portfolio diversification strategy and the support to the sustainable growth of the economy which has been pursued.

EVOLUTION OF CREDIT TO CUSTOMERS

(thousand euros)

	Mar-15	Dec-14	Mar-14	YoY Variation	
	Amount	Amount	Amount	Amount	%
Individuals and Small Business	**9,237,892**	**9,359,107**	**9,784,326**	**-546,434**	**-5.6**
Individuals, of which:	**8,671,795**	**8,773,149**	**9,258,607**	**-586,812**	**-6.3**
Housing	7,134,076	7,207,359	7,612,048	-477,972	**-6.3**
Other Purposes	621,126	634,555	634,308	-13,182	-2.1
Small Businesses	**566,097**	**585,958**	**525,719**	**40,378**	**7.7**
Companies	**7,168,880**	**7,073,092**	**6,808,021**	**360,859**	**5.3**
Construction	686,791	703,024	914,470	-227,679	-24.9
Other Purposes	6,482,089	6,370,068	5,893,551	588,538	10.0
Other Segments	**107,840**	**108,744**	**35,136**	**72,704**	**206.9**
Total Credit (gross)	**16,514,611**	**16,540,943**	**16,627,483**	**-112,871**	**-0.7**

Although the current economic climate has continued to affect the risks of the financial activity, with the amount of overdue credit and interest having increased by 13.69%, the credit-at-risk ratio decreased by 0.29 p.p. to stand at 12.77%, relative to 13.06% at the end of the 1st quarter of 2014, to which contributed the divestment of a portfolio of non-strategic assets amounting to EUR 398.1 million, which took place at the end of 2014.

In this context, CEMG reinforced the amount of impairments for credit during the 1st quarter of 2015, which increased the coverage ratios of overdue credit and interest by impairments to 117.28% and of credit and interest overdue by more than 90 days to 132.54%. The Simple Coverage of Credit-at-Risk by impairment stood at 66.95%, while the coverage ratio considering total credit impairments and the associated real estate collateral reached 133.0%.

MAIN INDICATORS OF NON-PERFORMING LOANS

(thousand euros)

	Mar-15	Mar-14	Variation	
			Amount	%
Gross Credit to Customers	**16,514,611**	**16,627,483**	**-112,872**	**-0.7**
Credit and Interest Overdue	**1,209,148**	**1,063,584**	**145,564**	**13.7**
Credit and Interest Overdue by more than 90 days	1,069,897	946,805	123,092	13.0
Impairment for Credit Risks	**1,418,071**	**1,202,009**	**216,062**	**18.0**
Ratios (%)				
Credit and Interest Overdue by more than 90 days	6.48	5.69	0.79p.p.	
Non-performing loans (a)	7.93	7.79	0.14p.p.	
Net non-performing loans (a)	-0.68	0.65	-1.33p.p.	
Credit-at-Risk (a)	12.77	13.06	-0.29p.p.	
Net Credit-at-Risk (a)	4.62	6.32	-1.70p.p.	
Restructured Credit (b)	11.05	9.55	1.50p.p.	
Restructured Credit not included in Credit-at-Risk (b)	6.99	6.81	0.18p.p.	
Coverage by Impairments (%)				
Credit and Interest Overdue by more than 90 days	132.54	126.95	5.59p.p.	
Credit and Interest Overdue	117.28	113.01	4.27p.p.	
Credit-at-Risk	66.95	55.07	11.88p.p.	

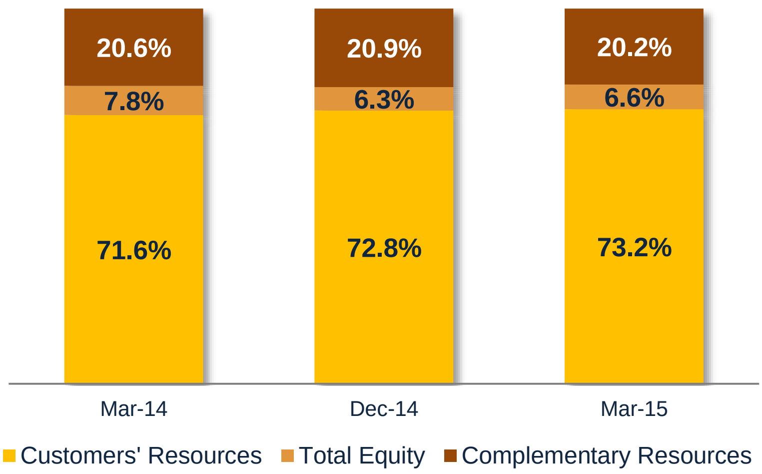
(a) In accordance with Banco de Portugal Instruction No. 16/2004.

(b) In accordance with Banco de Portugal Instruction No. 32/2013.

4.3. LIABILITIES AND EQUITY

During the 1st quarter of 2015, CEMG reinforced the stability and diversification of its funding sources, by increasing the weight of customers' resources, in particular deposits from retail customers.

EVOLUTION OF THE LIABILITIES AND EQUITY STRUCTURE



4.4. CUSTOMERS' RESOURCES

During the first 3 months of 2015, CEMG continued to show strong capacity to attract and retain the savings of its customers, in the form of Deposits which amounted to EUR 14,287.8 million, corresponding to an year-on-year growth of 2.7%, thus contributing to the weight of Customers' Resources in Total Liabilities and Equity having reached 73.2%, relative to 71.6% in the same period of the previous year. This performance was significantly influenced by the 3.4% increase in total deposits of individuals and small businesses.

EVOLUTION OF CUSTOMERS' RESOURCES

(thousand euros)

	Mar-15	Dec-14	Mar-14	YoY Variation	
	Amount	Amount	Amount	Amount	%
Deposits from Individuals and Small Business	**10,510,743**	**10,435,870**	**10,166,733**	**344,011**	**3.4**
Individuals	9,296,660	9,244,146	9,172,568	124,092	1.4
Small Business Owners and Professionals	48,318	55,827	47,437	881	1.9
Non-profit making Institutions	1,165,765	1,135,897	946,727	219,038	23.1
Deposits from Corporate	**2,837,439**	**2,812,728**	**2,827,398**	**10,041**	**0.4**
Deposits from Other Segments	**939,628**	**994,081**	**923,589**	**16,039**	**1.7**
Total Deposits	**14,287,810**	**14,242,679**	**13,917,720**	**370,091**	**2.7**
Securities Placed with Customers	1,983,822	2,120,870	2,165,258	-181,436	-8.4
Total Resources On-Balance Sheet	**16,271,632**	**16,363,549**	**16,082,979**	**188,655**	**1.2**
Off-balance Sheet Resources	**1,008,292**	**1,009,789**	**1,040,699**	**-32,407**	**-3.1**
Total Resources	**17,279,924**	**17,373,338**	**17,123,677**	**156,248**	**0.9**

5. LIQUIDITY

The positive evolution of customers' deposits combined with the slight reduction in credit granted enabled the continued reduction of the commercial gap (Deposits - Credit), which fell from EUR -1,540.2 million in the 1st quarter of 2014 to EUR -830.6 million at the end of the 1st quarter of 2015. Consequently, the loan-to-deposit ratio (Credit/Deposits) decreased from 111.0% to 105.8%. Considering total on-balance sheet customers' resources, this ratio stood at 91.7%.

LOAN-TO-DEPOSIT RATIO

	Mar-15 %	Mar-14 %
Net Credit to Customers / Customers' Deposits (a)	**105.8**	**111.0**
Net Credit to Customers / On-Balance Sheet Customers' Resources (b)	**91.7**	**96.1**

(a) In accordance with Banco de Portugal Instruction No. 16/2004.
(b) On-Balance Sheet Customers' Resources = Customers' Deposits + Securities Placed with Customers

During the 1st quarter of 2015, EUR 264 million of debt was repaid, related to EUR 20 million in debt certificates, EUR 80 million in debt securities placed with institutions and EUR 164 million in cash bonds. Considering the scheduled maturity of the portfolio of bonds issued in the capital markets, the net refinancing needs in 2016 shall be only EUR 125 million.

As at 31 March 2015, the funds obtained by CEMG from the European Central Bank (ECB) reached EUR 2,326 million, having decreased EUR 614.0 million in relation to 31 March 2014. The lower reliance on the ECB was also reflected in the pool of eligible assets for monetary policy operations of the Eurosystem, which decreased by EUR 699.2 million, having fallen from EUR 4,711.5 million to EUR 4,202.4 million, essentially due to the sale of fixed-yield securities.

POOL OF ELIGIBLE ASSETS FOR REFINANCING AT THE ECB

(thousand euros)

	Mar-15		Dec-14		Mar-14		YoY Variation	
	Amount	%	Amount	%	Amount	%	Amount	%
Pool of Eligible Assets	4,012,288	100.0	4,202,365	100.0	4,711,521	100.0	-699,233	-14.8
Use of the Pool	2,325,990	58.0	2,475,990	58.9	2,940,000	62.4	-614,010	-20.9
Pool of Available Assets	**1,686,298**	**42.0**	**1,726,375**	**41.1**	**1,771,521**	**37.6**	**-85,223**	**-4.8**

6. CAPITAL AND SOLVENCY

The Capital of Caixa Económica (Institutional Capital + Participation Fund) amounted to EUR 1,700 million as at 31 March 2015.

Since the beginning of 2014, prudential indicators are based on the new legislation of Basel III, namely Directive 2013/36/EU and Regulation (EU) No. 575/2013, both from the European Parliament and Council, as well as Banco de Portugal Notice 6/2013. In conformity with this legal framework, CEMG's Own Funds are divided into Common Equity Tier 1 (CET1), Tier 1 (T1) and Tier 2 (T2).

The full application of the new Basel III regulations will be introduced gradually until 2018, with this process usually being referred to as Phasing-in. It is based on these rules that the minimum regulatory rules are required by Banco de Portugal.

As at 31 March 2015, the Common Equity Tier 1 ratio (phasing-in) improved in comparison to 31 December 2014, standing at 8.57% from 8.51%, above the minimum requirement of 7% established by Banco de Portugal, denoting an endogenous capacity to generate capital as it does not consider the effects of net income for the period, the already approved capital increase and the impact of an estimate of the special regime for deferred tax assets, under Law No. 61/2014, applied to CEMG.

OWN FUNDS AND SOLVENCY RATIOS

(thousand euros)

	Mar-15	Dec-14	Mar-14	YoY Variation	
	Amount	Amount	Amount	Amount	%
Total Capital	**1,340,192**	**1,309,116**	**1,834,449**	**-494,257**	**-26.9**
Elegible instruments to CET I	1,695,984	1,682,235	1,696,650	-666	-0.0
Net Income and Reserves	-265,826	-316,909	9,421	-275,247	-2,921.6
Regulatory deductions	110,098	80,096	131,663	-21,566	-16.4
Common Equity Tier I Capital	**1,320,060**	**1,285,230**	**1,574,408**	**-254,347**	**-16.2**
Other equity instruments	4,964	6,618	6,618	-1,655	-25.0
Tier I deductions	4,964	6,618	6,618	-1,655	-25.0
Tier I Capital	**1,320,060**	**1,285,230**	**1,574,408**	**-254,347**	**-16.2**
Tier II capital	27,121	32,826	273,638	-246,517	-90.1
Other deductions	6,989	8,941	13,597	-6,608	-48.6
Minimum Own Funds Requirements	**1,232,841**	**1,209,623**	**1,167,299**	**+65,542**	**+5.6**
Risk-Weighted assets and equivalents	**15,410,513**	**15,094,123**	**14,591,242**	**+819,270**	**+5.6**
CRD IV Prudential Ratios - Phasing-in					
Common Equity Tier I	8.57%	8.51%	10.79%	-2.22 p.p.	
Tier I	8.57%	8.51%	10.79%	-2.22 p.p.	
Total Capital	8.70%	8.67%	12.57%	-3.88 p.p.	
CRD IV Prudential Ratios - Full Implementation					
Common Equity Tier I	7.27%	6.99%	10.02%	-2.75 p.p.	
Tier I	7.28%	7.00%	10.02%	-2.74 p.p.	
Total Capital	7.46%	7.22%	11.89%	-4.44 p.p.	

With the incorporation of net income for the period, in the amount of EUR 9.8 million, the Common Equity Tier 1 ratio would stand at 8.63% and 7.34%, according to Phasing-in and Full implementation methods respectively, whereas the Total Capital ratio would stand at 8.76% (Phasing-in) and 7.53% (full implementation).

To be noted that the Total Capital ratio would reach 9.81% (phasing-in) as at 31 March 2015, if one considers the net income for the period and the eligibility of subordinated debt “Rendimento TOP”, assuming the approval of the amendments to be submitted to the Bondholders General Meetings to take place on the 13 May 2015.

7. INTERNATIONAL ACTIVITY

The international activity of the CEMG Group is carried out by the entities Banco Montepio Geral Cabo Verde S.A., Finibanco Angola S.A. and, since December 2014, also by Banco Terra, S.A. in Mozambique.

Regarding Banco Montepio Geral Cabo Verde (MGCV), customer deposits amounted to EUR 526.3 million, at the end of the 1st quarter of 2015 (EUR 586.5 million in the 1st quarter of 2014), having decreased year-on-year by EUR 60.2 million. The Net Income of MGCV stood at EUR -15.9 thousand (EUR 250.9 thousand in the 1st quarter of 2014), above all influenced by the loss recorded under Gains arising from Currency Revaluation (EUR -49.4 thousand) and Other Operating Income (EUR -88.1 thousand).

Concerning Finibanco Angola, S.A. (FNB-A), special reference should be made to the significant growth of Customer Deposits of 31.7%, reaching EUR 524.7 million, as well as to the increase in Credit to Customers of 40.7%, amounting to EUR 335.7 million, relative to the 1st quarter of 2014.

This increased activity of FNB-A had a direct impact on net interest income, which reached EUR 7.2 million (+63.1%), contributing to net operating income having reached EUR 10.1 million (-6.7%, year-on-year), which was negatively affected by the Gains arising from Currency Revaluation that stood at EUR 0.9 million (EUR 4.1 million in the same period of the previous year).

In view of the phase of the institution's life cycle, marked by strong growth and additional investment needs, FNB-A's operating expenses increased by 24.7%, amounting to EUR 4.5 million, with the cost-to-income ratio having reached 44.0%.

At the end of the 1st quarter of 2015, there was a net reinforcement of the impairments of FNB-A's credit portfolio, relative to the same period of the previous year, of EUR 1.0 million, reaching EUR 3.1 million.

Net income for the period reached EUR 1.9 million, compared to the EUR 3.6 million for the 1st quarter of 2014.

At the end of the 1st quarter of 2014, Banco Terra showed a total equity of EUR 22.8 million and net assets of EUR 57.7 million, which was influenced by an amount of credit granted of EUR 36.7 million (+13.4%, relative to December 2014). Regarding customers' deposits, Banco Terra closed the quarter with a balance of EUR 27.9 million, corresponding to 1.2% growth relative to the EUR 27.5 million at the end of 2014.

Net income of the first 3 months of 2015, attributable to the CEMG Group, came to EUR –0.7 million, influenced above all by the weight of its operating structure and by the early growth stage at which the institution finds itself.

8. RATINGS

As at 31 March 2015, the ratings attributed to Caixa Económica Montepio Geral by the international agencies Fitch Ratings, Moody's Investors Service and DBRS were as follows:

Rating Agencies	Long term	Short term	Outlook
Fitch Ratings	BB	B	Negative
Moody's	B2	NP	Negative
DBRS	BBB (*low*)	R-2 (*low*)	Negative

9. SIGNIFICANT EVENTS IN THE 1ST QUARTER OF 2015

The defence of mutualist values and transparent, rigorous and competent action have contributed to the growing number of customers and mutual members who, in turn, benefit from the products and services offered by the Group, participate in the construction of this positioning and advocate in favour of the brand.

During the 1st quarter of 2015, the Montepio brand was awarded for its image and customer satisfaction, having received the following distinctions:

- **First place in terms of Satisfaction**

The institution conquered the leadership of the banking sector in terms of customer satisfaction, according to data from the European Consumer Satisfaction Index 2014, having recorded a satisfaction index of 7.82 (scale of 1 to 10).

According to the appraisal, disclosed in February 2015, Montepio is leader in the "Image" and "Loyalty" areas, thus confirming the recognition of the institution's commitment to service quality and the rigor and competence of its teams. The study also distinguished Montepio in the indicators "Bank that is trusted for what it says and does", "Innovation", "Clarity in the information provided", "Meeting the agreed deadlines" and "Adaptation of proposals to the customer's situation".

- **"Cinco Estrelas" (Five Star) Award for the Internet Banking service**

The Individuals Net24 service conquered the "Cinco Estrelas" Award 2015 in the Internet Banking category, with an overall classification of 8.57 (maximum of 10), being considered by consumers as Very Good – really Five-Star.

The overall classification was the result of the very positive assessments that Portuguese consumers made of the service's features, in terms of "Satisfaction", "Price-quality", "Intention of recommendation", "Confidence in the brand" and "Innovation".

This distinction confirms the Institution's commitment to provide an excellent service to its customers, through the offer of a comprehensive series of online functionalities.

10. FINANCIAL STATEMENTS

BALANCE SHEET

(thousand euros)	Mar-15	Dec-14	Mar-14	YoY variation
Cash and deposits at central banks	385,088	284,813	427,064	-9.8%
Deposits at other credit institutions	228,315	217,043	229,515	-0.5%
Financial assets held for trading	104,662	86,581	63,527	64.8%
Other financial assets at fair value through profit or loss	0	0	902	-100.0%
Financial assets available for sale	3,550,477	3,589,711	3,649,791	-2.7%
Investments in credit institutions	207,600	546,162	383,499	-45.9%
Credit to customers	15,167,299	15,226,223	15,511,124	-2.2%
Investments held to maturity	140,391	120,101	83,007	69.1%
Hedging derivatives	204	60	596	-65.7%
Non-current assets held for sale	828,554	799,739	677,573	22.3%
Investment properties	710,970	715,737	711,306	0.0%
Other tangible assets	100,104	98,931	120,030	-16.6%
Intangible assets	67,053	66,054	58,215	15.2%
Inv. in associates and subsidiaries excluded from consolidation	41,099	24,650	39,209	4.8%
Current tax assets	7,624	2,664	5,008	52.2%
Deferred tax assets	360,870	355,881	319,513	12.9%
Other assets	314,276	339,124	179,346	75.2%
TOTAL NET ASSETS	**22,214,586**	**22,473,474**	**22,459,226**	**-1.1%**
Resources from central banks	2,326,382	2,496,886	2,968,037	-21.6%
Financial liabilities held for trading	74,239	85,292	65,745	12.9%
Resources from other credit institutions	1,170,081	1,070,156	629,522	85.9%
Resources from customers and other resources	14,362,513	14,314,659	13,984,679	2.7%
Debt securities issued	2,039,016	2,146,525	2,213,152	-7.9%
Financial liabilities associated to transferred assets	156,476	163,650	193,910	-19.3%
Hedging derivatives	1,256	1,494	1,975	-36.4%
Provisions	27,836	20,329	6,984	> 100%
Current tax liabilities	16,441	3,104	7,192	> 100%
Other subordinated liabilities	372,570	373,279	371,924	0.2%
Other liabilities	197,780	383,576	254,559	-22.3%
TOTAL LIABILITIES	**20,744,591**	**21,058,950**	**20,697,680**	**0.2%**
Institutional Capital	1,500,000	1,500,000	1,500,000	0.0%
Participation Fund	200,000	200,000	200,000	0.0%
Other equity instruments	8,273	8,273	8,273	0.0%
Own securities	-9,991	-3,280	-3,350	< -100%
Revaluation reserves	74,190	18,516	37,069	> 100%
Other reserves and retained earnings	-340,016	-148,472	-27,648	< -100%
Net income for the period	9,760	-186,953	35,481	-72.5%
Non-controlling interests	27,779	26,440	11,720	> 100%
TOTAL EQUITY	**1,469,996**	**1,414,524**	**1,761,546**	**-16.6%**
TOTAL LIABILITIES AND EQUITY	**22,214,586**	**22,473,474**	**22,459,226**	**-1.1%**

INCOME STATEMENT

(thousand euros)	Mar-15	Mar-14	var.
Interest and Similar Income	190,715	222,353	-14.2%
Interest and Similar Expense	128,104	140,475	-8.8%
NET INTEREST INCOME	**62,610**	**81,878**	**-23.5%**
Income from Equity Instruments	1	34	-98.0%
Income from Services, Fees and Commissions	31,910	33,076	-3.5%
Expenses from Services, Fees and Commissions	7,309	8,255	-11.4%
Gains arising from Assets and Liabilities at Fair Value through profit or loss	13,232	1,010	> 100%
Gains arising from Financial Assets Available for Sale	71,978	208,705	-65.5%
Gains arising from Currency Revaluation	-85	4,918	< -100%
Gains arising from Sale of Other Assets	6,074	-4,952	> 100%
Other Operating Income	4,578	-8,812	> 100%
NET OPERATING INCOME	**182,988**	**307,603**	**-40.5%**
Personnel Expenses	50,744	46,000	10.3%
General Administrative Overheads	24,474	26,510	-7.7%
Amortisation and Depreciation	6,959	9,191	-24.3%
OPERATING PROFIT	**100,811**	**225,903**	**-55.4%**
Provisions net of adjustments	7,329	-301	> 100%
Credit impairments (net of reversals and recoveries)	67,597	149,468	-54.8%
Other Financial Assets impairments (net of reversals and recoveries)	3,389	18,189	-81.4%
Other Non-Financial Assets impairments (net of reversals and recoveries)	3,044	1,662	83.1%
Earnings from associates and joint ventures (equity method)	297	-7,537	> 100%
EARNINGS BEFORE TAXES AND NON-CONTROLLING INTERESTS	**19,749**	**49,349**	**-60.0%**
Taxes			
Current	-9,041	-22,489	59.8%
Deferred	-1,016	9,296	< -100%
Non-controlling interests	69	-675	> 100%
NET INCOME FOR THE PERIOD	**9,760**	**35,481**	**-72.5%**