CAIXA ECONÓMICA MONTEPIO GERAL

PUBLICLY LISTED COMPANY

HEAD OFFICE: RUA ÁUREA, 219-241, LISBON

INSTITUTIONAL CAPITAL: €1,500,000,000

REGISTERED WITH THE LISBON COMMERCIAL REGISTRY OFFICE

UNDER THE SOLE COMMERCIAL REGISTRATION AND TAX PAYER NUMBER 500 792 615

CONSOLIDATED ACTIVITY AND RESULTS

AS AT 30 SEPTEMBER 2014

(Unaudited financial information)

Lisbon, 30 October 2014

CONTENTS

HIGHLIGHTS

- Considerable improvement of the Consolidated Net Income which reached EUR 22.7 million, compared to the net income of EUR -205.2 million recorded in the third quarter of 2013.

- Very positive evolution of Net Interest Income, which reached EUR 255.1 million, corresponding to a year-on-year increase of EUR 109.2 million (+74.9%). This improvement, which reinforces the trend observed since the last quarter of 2013, influenced Net Operating Income, which recorded a year-on-year increase of EUR 435.1 million, to stand at EUR 699.2 million. Net Operating Income also benefited from the positive performance of the fees of services rendered to customers which came to EUR 77.7 million, and net trading income (mainly obtained from fixed rate assets) which reached EUR 369.7 million.

- At the end of the third quarter of 2014, the Common Equity Tier 1 ratio stood at 10.7%, pursuant to the phasing-in criteria of the Basel III CRD IV / CRD (Directive 2013/36/EU, Regulation EU 575/2013 and Notice 6/2013 of Banco de Portugal). According to the fully implemented criteria, the Common Equity Tier 1 ratio is 9.4%. In both cases, above the regulatory minimum requirements.

- Reinforcement of the Liquidity position, through a year-on-year growth of 1.4% in on-balance sheet resources derived from retail customers to EUR 16,073.3 million. Customers' deposits recorded an even higher increase (+4.4%), reaching EUR 13,969.3 million. Total customers' resources, including off-balance sheet resources, reached EUR 17,072.2 million, representing a year-on-year increase of 1.1%.

- Gross Credit to Customers reached EUR 16,719.0 million, representing a year-on-year growth of 2.3%. As a result of the balance sheet diversification strategy, credit to companies (excluding Construction) registered a year-on-year increase of 15.4%, while mortgage loans continued their downward trend: Housing Loans -3.9% and Loans to Construction -18.8%.

- The positive evolution in funding sources at retail level, associated to the capacity to finance the new credit operations through the deleveraging of non-strategic credit, enabled a new reduction of the commercial gap (Customer Deposits - Customer Credit) and of the loan-to-deposit ratio (Credit/Deposits), which decreased from 113.2% at the end of the third quarter of 2013 to 110.2% as at 30 September 2014.

- Reduction of the exposure to the ECB by EUR 1,220 million, compared to 31 December 2013. The pool of assets available for funding operations with the ECB reached EUR 1,876.6 million, representing 46.3% of total eligible assets as at 30 September 2014.

- The maintenance of a prudent provisioning reinforcement policy enabled the coverage ratio of credit overdue by more than 90 days by provisions to increase to 128.9%, compared to 121.4% recorded in September 2013. Consequently, the Credit-at-Risk coverage ratio by impairments increased significantly, to 59.7% compared to 55.5% in the same period of the previous year. The coverage ratio, considering total credit impairments and the associated real estate collateral, stands at 135.4%.

- This economic performance enabled a significant improvement of the efficiency and profitability indicators, benefiting from the increased Net Operating Income and a prudent policy of containment of operating costs, notwithstanding the requirements for more resources associated to the growth of the operation in Angola. The Cost-to-Income ratio stood at 35.8%. Profitability reversed its trend of the same period of the previous year, having reached a Return on Equity (ROE) of 1.8% and Return on Assets (ROA) of 0.1%.

1. KEY INDICATORS

(thousand euros)

INDICATORS	Sep-14	Dec-13	Sep-13	Variation
ACTIVITY AND RESULTS				
Net Assets	22 214 846	23 039 203	21 201 268	4,8%
Gross Credit to Customers	16 719 004	16 556 907	16 336 135	2,3%
On-Balance Sheet Customers' Resources	16 073 292	16 310 031	15 853 981	1,4%
Total Deposits	13 969 323	14 039 197	13 383 150	4,4%
Securities Placed with Customers	2 103 969	2 270 834	2 470 831	-14,8%
Net Income	22 650	-298 626	-205 207	> 100%
LEVERAGE AND LIQUIDITY				
Total Net Credit to Customers / Customer Deposits (a)	110,21%	110,18%	113,24%	
Total Net Credit to Customers / On-Balance Sheet Customers' Resources (b)	95,58%	94,70%	95,44%	
Eligible Assets for Refinancing with the ECB	4 051 574	5 783 695	4 783 006	
CREDIT RISK AND COVERAGE BY IMPAIRMENTS				
Ratio of Credit and Interest Overdue by more than 90 days	6,44%	5,30%	5,73%	
Non-Performing Loans Ratio (a)	8,67%	7,12%	7,66%	
Net Non-Performing Loans Ratio (a)	0,45%	0,84%	0,65%	
Coverage of Credit and Interest Overdue by more than 90 days	128,87%	119,85%	121,41%	
Credit-at-Risk Ratio (a)	13,84%	12,25%	12,71%	
Net Credit-at-Risk Ratio (a)	6,08%	6,32%	6,08%	
Credit-at-Risk Coverage Ratio	59,66%	51,70%	55,53%	
Restructured Credit as a % of Total Credit (c)	10,41%	9,68%	5,15%	
Restructured Credit not included in Credit-at-Risk as a % of Total Credit (c)	6,83%	7,30%	3,29%	
EFFICIENCY AND PROFITABILITY				
Net Operating Income / Average Net Assets (a)	4,15%	1,76%	1,67%	
Earnings before Tax and Minority Interests / Average Net Assets (a)	0,34%	-1,73%	-1,61%	
Earnings before Tax and Minority Interests / Average Equity (a)	4,45%	-18,99%	-21,75%	
Net Income / Average Net Assets (ROA)	0,13%	-1,39%	-1,30%	
Net Income / Average Equity (ROE)	1,76%	-15,23%	-17,60%	
Operating Expenses / Net Operating Income (cost-to-income) (a)	35,76%	90,05%	92,73%	
Personnel Expenses / Net Operating Income (a)	20,62%	52,12%	54,34%	
SOLVENCY				
Core Tier 1 Ratio (a)	10,77%	11,01%	10,17%	
Tier 1 Ratio (a)	10,74%	10,99%	10,11%	
Solvency Ratio (a)	10,77%	13,03%	12,24%	
Common Equity Tier 1 Ratio (CRD IV phasing-in)	10,69%	-	-	
Total Capital Ratio (CRD IV phasing-in)	10,71%	-	-	
DISTRIBUTION NETWORK AND EMPLOYEES (Units)				
Total Number of Employees (CEMG Group)	4 229	4 213	4 235	-6
CEMG				
Employees	3 903	3 903	3 929	-26
Branches	436	456	457	-21
Employees / Branches	9,0	8,6	8,6	4,1%
International Branch Network - Angola (d)	18	14	14	4
Representation 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

The IMF, in its Autumn World Economic Outlook (WEO), published on 7 October, revised downwards its growth forecast for the worls economy to only 3.3% this year and 3.8% in 2015, instead of the 3.4% and 4.0% it had anticipated in July. Among the major economies, the USA are the main exception to the rule, expected to grow more than had been anticipated 3 months ago: 2.2% in 2014 rather than the previous 1.7%, and 3.1% in 2015. The United Kingdom should be the economy of the G7 with the highest growth this year (3.2%), with the IMF forecasting growth of 2.7% in 2015. After two years of recession, the Euro Zone is finally expected to grow in 2014, but less than the IMF had anticipated in July: 0.8% instead of 1.1%. The economy is expected to further accelerate next year to 1.3% (two-tenths less than what the Fund had forecast in July).

After 3 years of recession, the IMF sees Portugal converging with Europe in 2014 and 2015, growing more than the average for the Euro Zone over these two years. Even so, the growth forecast for 2014 fell from 1.2% (in this case, in April) to 1.0%, in line with the figures of the Portuguese Government. In spite of the slowdown of the global economy and, in particular, of the Euro Zone, the IMF maintains its expectations of an acceleration of the Portuguese economy in 2015 unchanged, restoring the forecast of growth of 1.5%, equal to that of the Portuguese Government and slightly above the 1.4% anticipated by the OECD and Banco de Portugal. With regards to unemployment, the IMF revised its figures downwards significantly, currently expecting an annual rate of 14.2% for this year and a further decrease to 13.5% in 2015, well below the 15.0% it had calculated 6 months ago.

The prospects for the emerging economies became less positive, and are expected to slowdown from 4.7% in 2013 to 4.4% in 2014 (-0.2 p.p. than previously anticipated), reaching 5% only in 2015 (+5.2% in July). Growth in the developed countries should increase from merely 1.4% in 2013 to 1.8% in 2014 and 2.3% in 2015. This acceleration marks a significant change compared to the period between the Great Recession of 2008/09 and 2013, when developing countries pulled the global economy forward, although they should, even so, be accountable for two thirds of the world growth in 2014/15.

With regards to Angola, the IMF estimated growth of only 6.8% in 2013, which should decelerate to 3.9% in 2014 and grow at an average rate of around 6.4% during 2014-2019, underpinned by the increase in oil production, but also by the stronger investment in infrastructures and diversification of the economy away from natural resources. In Mozambique, GDP recorded a growth of 7.4% in 2013, and is expected, according to the IMF, to accelerate to 8.3% and grow at an average rate of 8.0% during 2015-2019.

In terms of monetary policy, the Fed decided, in its mid-September meeting, to moderate, for the seventh consecutive meeting, the expansionary stance of its measures. In the opposite sense, in September the ECB also decided to launch a series of new stimuli, reducing the refi rate from 0.15% to 0.05%, as well as the deposit rate, setting it at an even lower negative value (from -0.10% to -0.20%), and announcing, at the same time, a number of non-conventional measures, namely the launch, in October, of its securitised debt securities purchase programme (involving Asset-Backed Securities - ABS), as well as a new covered bonds purchase programme (CBPP3).

Regarding the financial markets, and in spite of the high geopolitical risk associated to the drawn-out crisis between the Ukraine and Russia and the tensions in the Middle East, market sentiment improved during the third quarter, within a context of new stimuli launched by the ECB, in spite of the publication of mixed economic data in the main geographies – positive in the USA and in the United Kingdom, but more negative for the Euro Zone, Japan and the BRIC countries (with the exception of India). During the quarter, the main world stock market indices recorded mixed movements, with positive performances in the USA, Latin America and Asia (with the exception of Hong Kong), and a negative performance in Europe.

The spreads of the public debt of the peripheral countries relative to the bund decreased across the board (with the exception of Greece), benefiting mainly from the ECB's accommodative stance, the improving trend in the macroeconomic environment for these economies and, in general, from the continued increase in investor confidence in the resolve to fix the euro crisis. In Portugal, in spite of the developments surrounding the Espirito Santo Group and Novo Banco, the spread on 10-year public debt fell, ending the third quarter of 2014 at 222 b.p., close to the minimum levels observed in May 2010, in line with the decreases of the spreads on 10-year public debt recorded in Spain (to 119 b.p.), Italy (to 139 b.p.) and Ireland (to 96 b.p.). In the money market, Euribor rates registered minimums across all maturities, reflecting the decreases in interest rate expectations, but also the reduction in the risk premium. In the foreign exchange market, the effective Euro nominal exchange rate fell 4.0% relative to the second quarter of 2014. The depreciation of the currency essentially reflected the launch of new monetary stimuli by the ECB and the consequent fall in IMM rates.

3. RESULTS

In spite of the slow recovery of economic activity, both at a domestic level and in the Euro Zone, the credit portfolio risk diversification strategy, namely for the SME segment associated to tradable goods, as well as for sectors dependent on foreign demand, such as activities related to tourism, in addition to a prudent management of the interest rate risk of the balance sheet, through timely reinforcement of the fixed interest rate assets component, enabled CEMG to record positive profitability levels in the first 9 months of 2014 when compared to the same period of 2013.

INCOME STATEMENT

(thousand euros)

	Sep-14		Sep-13		Variation	
	Value	%	Value	%	Value	%
Net Interest Income	255,094	36.5	145,874	55.2	109,220	74.9
Net Fees of Services to Customers	77,749	11.1	82,660	31.3	-4,911	-5.9
Commercial Net Operating Income	332,843	47.7	228,534	86.5	104,309	45.6
Income from Equity Instruments	548	0.1	463	0.2	85	18.5
Net Trading Income	369,669	52.9	27,714	10.5	341,955	>100
Other Net Income	-3,905	-0.6	7,352	2.8	-11,257	<-100
Net Operating Income	699,155	100.0	264,062	100.0	435,093	>100
Personnel Expenses	144,142	20.6	143,490	54.3	652	0.5
General Administrative Overheads	82,674	11.8	77,630	29.4	5,044	6.5
Amortisation	23,188	3.3	23,741	9.0	-553	-2.3
Total Operating Expenses	250,004	35.8	244,861	92.7	5,143	2.1
Gross Profit	449,151	64.2	19,201	7.3	429,950	>100
Net Provisions and Impairments	393,135	56.2	268,228	101.6	124,907	46.6
Credit	350,548		219,954		130,594	59.4
Securities	33,911		21,636		12,275	56.7
Other	8,676		26,638		-17,962	-67.4
Earnings from Associates and Joint Ventures	1,279		-4,616		5,895	>100
Earnings before Tax and Minority Interests	57,295	8.2	-253,643	-96.1	310,938	>100
Taxes	-32,704	-4.7	50,176	19.0	-82,880	<-100
Minority Interests	-1,941		-1,740		-201	-11.5
Net Income for the Period	22,650	3.2	-205,207	-77.7	227,857	>100

At the end of the third quarter of 2014, the consolidated Net Income of CEMG reached EUR 22.7 million, compared to the negative figure of EUR 205.2 million for the same period of 2013. Net Interest Income, which increased by EUR 109.2 million year-on-year and Net Trading Income which stood at EUR 369.7 million, contributed to the inversion of this trend. This performance more than offset the increase in Provisions and Impairments that stood at EUR 124.9 million.

3.1 NET INTEREST INCOME

Net Interest Income reached EUR 255.1 million, corresponding to an increase of 74.9% compared to the EUR 145.9 million recorded in the third quarter of 2013. The performance of net interest income was primarily influenced by the combined effect of the increased income from Other Investments of EUR 54.6 million and the reduction of costs relative to Financial Liabilities (EUR -57.8 million), mainly due to the reduction of the average interest rate of Deposits and Other Liabilities, of 30 and 115 basis points, respectively. Consequently, the Net Interest Margin increased to stand at 1.62% in the third quarter of 2014 (compared to 0.99% in September 2013).

NET INTEREST INCOME AND AVERAGE RATES

(million euros)

	Sep-14			Sep-13		
	Average Capital	Average Rate	Income / Costs	Average Capital	Average Rate	Income / Costs
Financial Assets	21,027.3	4.39%	690.7	19,639.3	4.35%	639.3
Credit to Customers	16,680.4	3.62%	451.5	16,338.2	3.71%	453.3
Other Investments	4,347.0	4.93%	160.1	3,301.1	4.27%	105.5
Swaps			79.1			80.6
Financial Liabilities	20,341.0	2.86%	435.6	19,017.6	3.47%	493.4
Deposits	13,977.7	2.31%	241.4	12,947.4	2.61%	252.5
Other Liabilities	6,363.4	2.37%	112.9	6,070.2	3.52%	159.7
Swaps			81.4			81.2
Net Interest Income			255.1			145.9
Net Interest Margin		1.62%			0.99%	
Euribor 3M - average for the period		0.25%			0.21%	

3.2 OTHER OPERATING INCOME

Net commissions reached EUR 77.7 million euros, a decrease of EUR 4.9 million (-5.9%) compared to the same period of 2013.

Net trading income reached EUR 369.7 million, having benefited, mainly in the first quarter, from market gains in the fixed income securities portfolio, as a result of the balance sheet interest rate risk management strategy defined by the ALCO.

NET TRADING INCOME

(thousand euros)

	Sep-14	Sep-13	Variation	
	Amount	Amount	Amount	%
Gains arising from Assets and Liabilities at Fair Value through Profit or Loss	440	-87	527	>100
Gains arising from Financial Assets Available for Sale	373,927	41,986	331,941	>100
Gains arising from Currency Revaluation	17,054	14,217	2,837	20.0
Other Net Income	-21,752	-28,402	6,650	23.4
TOTAL	369,669	27,714	341,955	>100

The combined increase of Net Interest Income and Other Operating Income impacted Net Operating Income, which grew EUR 435.1 million.

3.3 OPERATING COSTS

The economic performance of the first nine months of 2014 enabled the improving trend in the bank's operational efficiency to be maintained, compared to the same period of the previous year, benefiting from the increased Net Operating Income and a prudent policy of containment of operating costs, notwithstanding the requirement for additional resources stemming from the growth of the operation in Angola.

Total Operating Expenses amounted to EUR 250.0 million, corresponding to a year-on-year growth of 2.1%, mainly due to the 6.5% increase in General Administrative Overheads, arising from the dynamics in support of the activity.

EVOLUTION OF OPERATING COSTS

(thousand euros)

	Sep-14		Sep-13		Variation	
	Amount	%	Amount	%	Amount	%
Personnel Expenses	144,142	57.7	143,490	58.6	652	0.5
General Administrative Overheads	82,674	33.1	77,630	31.7	5,044	6.5
Operating Expenses	226,816	90.7	221,120	90.3	5,696	2.6
Amortisation	23,188	9.3	23,741	9.7	-553	-2.3
Total Operating Expenses	250,004	100.0	244,861	100.0	5,143	2.1
Net Operating Income	699,155		264,062		435,093	>100
RATIOS						
Cost-to-Income (Total Operating Expenses / Net Operating Income) (a)	35.76%		92.73%			
Cost-to-Income without Depreciation (Total Operating Costs / Operating Income)	32.44%		83.74%			

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

3.4 PROVISIONS AND IMPAIRMENTS

As a result of a prudent and conservative policy in the interpretation of risk factors associated to the performance of banking activity, in a still weak macroeconomic environment, provisions and impairments reached EUR 393.1 million, representing an increase of EUR 124.9 million compared to the third quarter of 2013. It is important to note that this figure includes the impairment resulting from the exposure of CEMG to GES companies, which had already been reflected in the accounts of the first semester.

CEMG believes that this rigour in the assessment of the risk levels of its asset portfolio will enable it to face the prevailing difficult economic context with even stronger coverage levels and economic robustness, reinforcing the confidence entrusted by all its stakeholders.

EVOLUTION OF PROVISIONS AND IMPAIRMENTS

(thousand euros)

	Sep-14		Sep-13		Variation	
	Amount	%	Amount	%	Amount	%
Net Credit Provisions and Impairment Charges	350,548	89.2	219,954	82.0	130,594	59.4
Net Securities Impairment Charges	33,911	8.6	21,636	8.1	12,275	56.7
Net Other Assets Provisions and Impairment Charges	8,676	2.2	26,638	9.9	-17,962	-67.4
Total Net Provisions and Impairment Charges	393,135	100.0	268,228	100.0	124,907	46.6

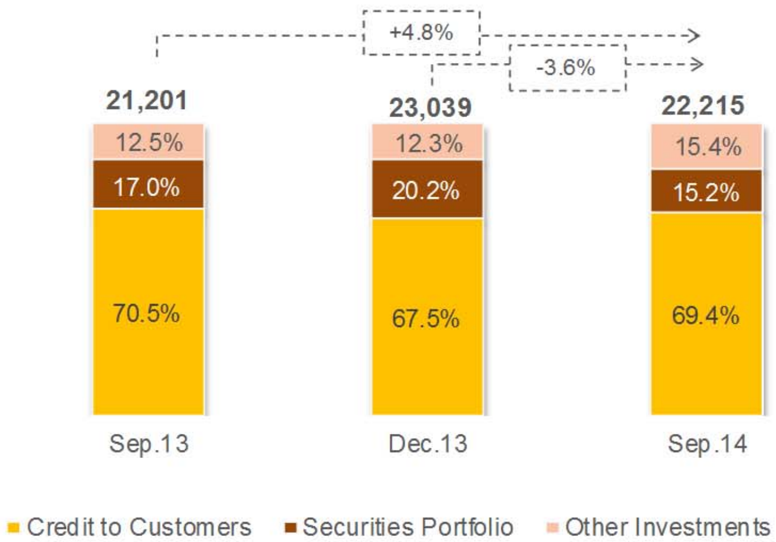
4. ACTIVITY

In the first nine months of 2014, CEMG continued to provide its contribution to the development of the country's economic activity, remaining, in this regard, faithful to its retail banking mission, by focusing on banking activity operations with customers, credit concession, 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 22,214.8 million euros, an increase of 4.8% in relation to the same period of the previous year and a decrease of 3.6% relative to the end of 2013. This decrease was mainly influenced by the 27.1% reduction of the securities portfolio, which now represents 15.2% of total assets (20.2% in December 2013).

EVOLUTION OF THE ASSET STRUCTURE (EUR Million)



4.2 CREDIT TO CUSTOMERS

The gradual recovery of the Portuguese economy, although still conditioned by the effects of the implementation of austerity measures, resulted in a slight year-on-year increase in credit to customers at the end of the third quarter of 2014.

Total credit to customers reached EUR 16,719.0 million, representing a growth of 2.3% relative to September 2013. This evolution resulted mainly from an increase in credit granted to companies (excluding Construction) of EUR 823.7 million (+15.4%), which now represents 37.0% of the total credit portfolio, and a 5.6% reduction of Mortgage Loans (Housing and Construction), as a result of the credit portfolio diversification strategy and of the support to the sustainable growth of the economy, which has been pursued.

EVOLUTION OF CREDIT TO CUSTOMERS

(thousand euros)

	Sep-14	Dec-13	Sep-13	YoY Variation	
	Amount	Amount	Amount	Amount	%
Households and Small Business	**9 607 608**	**9 872 879**	**9 931 265**	**-323 657**	**-3.3**
Households, of which:	**9 076 393**	**9 349 584**	**9 411 759**	**-335 366**	**-3.6**
Housing	7 463 096	7 688 667	7 762 967	-299 871	**-3.9**
Other Purposes	630 381	639 818	601 600	28 781	4.8
Small Businesses	**531 215**	**523 295**	**519 506**	**11 709**	**2.3**
Companies	**6 990 172**	**6 643 013**	**6 354 624**	**635 548**	**10.0**
Construction	811 614	956 942	999 804	-188 190	-18.8
Other Purposes	6 178 558	5 686 071	5 354 820	823 738	15.4
Other Segments	**121 224**	**41 015**	**50 247**	**70 977**	**141.3**
Total Credit (gross)	**16 719 004**	**16 556 907**	**16 336 135**	**382 868**	**2.3**

The current economic climate continued to have a negative impact on financial activity risks, reflected in the deterioration of non-performing and credit-at-risk ratios, with the balance of credit and interest overdue having increased by 14.1%, with the ratio of loans overdue by more than 90 days standing at 6.4% and the ratio of non-performing loans at 8.7%.

In a still weak macroeconomic environment, CEMG maintained a policy of prudence and conservatism regarding the reinforcement of impairments for credit risk, which reached a total of EUR 1,387.2 million at the end of the third quarter of 2014. This reinforcement of credit risk-related impairments improved the ratios of coverage of credit and interest overdue by impairments to 115.4% and of credit and interest overdue by more than 90 days to 128.9%. The Simple Coverage of Credit-at-Risk by impairment stood at 59.7%, whereas the coverage ratio considering total credit impairments and the associated real estate collateral reached 135.4%.

MAIN INDICATORS OF NON-PERFORMING LOANS

(thousand euros)

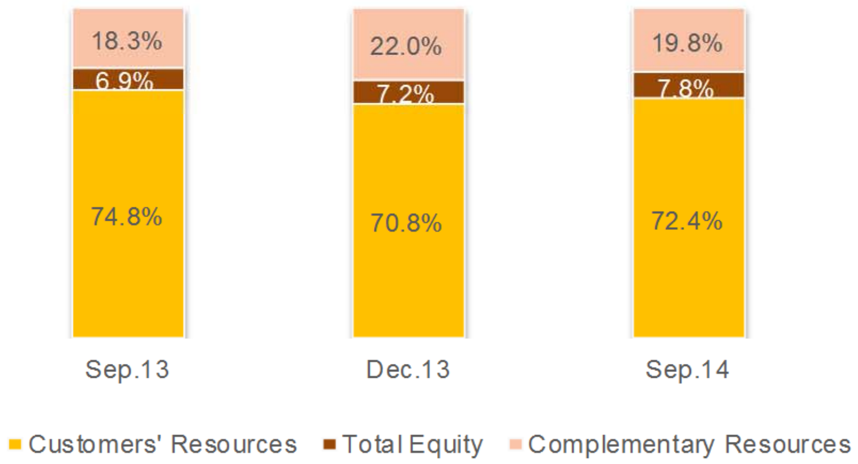
Indicators	Sep-14	Sep-13	Variation	
			Amount	%
Gross Credit to Customers	**16,719,004**	**16,336,135**	**382,869**	**2.3**
Credit and Interest Overdue	**1,202,378**	**1,053,855**	**148,523**	**14.1**
Credit and Interest Overdue by more than 90 days	1,076,398	935,279	141,119	15.1
Impairment for Credit Risks	**1,387,163**	**1,135,506**	**251,657**	**22.2**
Ratios (%)				
Credit and Interest Overdue by more than 90 days	6.44	5.73	0.71p.p.	
Non-performing loans (a)	8.67	7.66	1.01p.p.	
Net non-performing loans (a)	0.45	0.65	-0.20p.p.	
Credit-at-Risk (a)	13.84	12.71	1.13p.p.	
Net Credit-at-Risk (a)	6.08	6.08	0.00p.p.	
Restructured Credit (b)	10.41	5.15	5.26p.p.	
Restructured Credit not included in Credit-at-Risk (b)	6.83	3.29	3.54p.p.	
Coverage by Impairments (%)				
Credit and Interest Overdue by more than 90 days	128.87	121.41	7.46p.p.	
Credit and Interest Overdue	115.37	107.75	7.62p.p.	
Credit-at-Risk	59.66	55.53	4.13p.p.	

(a) In accordance w ith Banco de Portugal Instruction No. 16/2004.
(b) In accordance w ith Banco de Portugal Instruction No. 32/2013.

4.3 LIABILITIES AND EQUITY

At the end of the third quarter of 2014, liabilities reached EUR 20,473.0 million, which, when compared to the EUR 19,739.0 million of the third quarter of 2013, represented an increase of EUR 733.9 million (+3.7%), primarily influenced by the growth of customers' resources, namely Deposits, enabling the maintenance of the stable profile of the funding sources of the business.

EVOLUTION OF THE LIABILITIES AND EQUITY STRUCTURE



4.4 CUSTOMERS' RESOURCES

During the first 9 months of 2014, CEMG continued to show a strong capacity to attract and retain the savings of its customers and mutual members, with on-balance sheet customers' funds (deposits and securities placed with customers) reaching a total of EUR 16,073.3 million, corresponding to a year-on-year growth of 1.4%, representing 72.4% of total Liabilities and Equity. This evolution was significantly influenced by the 4.4% increase in total deposits.

EVOLUTION OF CUSTOMERS' RESOURCES (thousand euros)

	Sep-14	Dec-13	Sep-13	YoY Variation	
	Amount	Amount	Amount	Amount	%
Deposits from Households and Small Business	**10,226,255**	**10,149,647**	**10,178,943**	**47,311**	**0.5**
Households	9,259,125	9,151,330	9,129,527	129,598	1.4
Small Business Owners and Professionals	53,334	50,029	51,489	1,845	3.6
Non-profit making Institutions	913,795	948,288	997,927	-84,132	-8.4
Deposits from Corporate	**2,844,374**	**2,756,639**	2,471,793	**372,581**	**15.1**
Deposits from Other Segments	**898,695**	**1,132,911**	732,415	**166,280**	**22.7**
Total Deposits	**13,969,323**	**14,039,197**	**13,383,150**	**586,172**	**4.4**
Securities Placed with Customers	2,103,969	2,270,834	2,470,831	-366,862	-14.8
Total Resources On-Balance Sheet	**16,073,292**	**16,310,031**	**15,853,981**	**219,310**	**1.4**
Off-balance Sheet Resources	**998,907**	**1,008,139**	**1,027,596**	**-28,689**	**-2.8**
Total Resources	**17,072,199**	**17,318,170**	**16,881,577**	**190,621**	**1.1**

5. LIQUIDITY

The positive evolution of customers' deposits enabled, in a context of increased credit granted with a view to diversification and to support the recovery of the Portuguese economy, the continued reduction of the commercial gap (Deposits - Credit), which improved from EUR -1,782.9 million in the third quarter of 2013, to EUR -1,428.2 million by the end of the third quarter of 2014. Consequently, the loan-to-deposit ratio (Credit/Deposits) decreased from 113.2% to 110.2%. Considering total on-balance sheet customers' resources, the leverage ratio stood at 95.58%.

LOAN-TO-DEPOSIT RATIO

	Sep-14	Dec.13	Sep-13
	%	%	%
Net Credit to Customers / Customers' Deposits [(a)]	**110.21**	**110.18**	**113.24**
Net Credit to Customers / On-Balance Sheet Customers' Resources	**95.58**	**94.70**	**95.44**

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

(b) On-Balance Sheet Customers' Resources = Customers' Deposits and Securities Placed with Customers

By the end of the third quarter of 2014, EUR 635 million of debt securities issued was repaid, with medium and long term debt refinancing needs up to 2017 (inclusively), net of scheduled redemptions, thus standing at only EUR 28 million.

At the end of September 2014, the funds obtained by CEMG from the European Central Bank (ECB) reached EUR 2,175.0 million, having decreased by EUR 1,220.0 million in relation to December 2013. The reduced reliance on the ECB was also reflected in the pool of eligible assets for Monetary Policy operations of the Eurosystem, which decreased by EUR 1,732.1 million in the first nine months of 2014, from EUR 5,783.7 million as at 31 December 2013 to EUR 4,051.6 million as at 30 September 2014.

POOL OF ELIGIBLE ASSETS FOR REFINANCING OPERATIONS WITH THE ECB

(thousand euros)

	Sep-14		Dec-13		Sep-13		YoY Variation	
	Amount	%	Amount	%	Amount	%	Amount	%
Pool of Eligible Assets	4,051,574	100.0	5,783,695	100.0	4,783,006	100.0	-731,432	-15.3
Use of the Pool	2,175,000	53.7	3,395,000	58.7	2,205,000	46.1	-30,000	-1.4
Pool of Available Assets	**1,876,574**	**46.3**	**2,388,695**	**41.3**	**2,578,006**	**53.9**	**-701,432**	**-27.2**

6. CAPITAL AND SOLVENCY

The Capital of Caixa Económica (Institutional Capital and Participation Fund) reached a total of EUR 1,700 million as at 30 September 2014, showing the new configuration, from 17 December 2013, which includes EUR 200 million Participation Units of the Participation Fund, in addition to the Institutional Capital of EUR 1,500 million.

In September 2014, the Core Tier 1 ratio reached 10.77%, registering a year-on-year variation of 0.6 percentage points, relative to 30 September 2013, due to the increase of the Institutional Capital of EUR 105 million and the issue of CEMG's Participation Fund of EUR 200 million, which occurred in the last quarter of 2013.

Basel III – New rules and capital requirements

Since the start 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 of the Council, as well as Notice 6/2013 of Banco de Portugal. In compliance with this legal framework, the Own Funds of CEMG 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. The full assumption of the new regulations, without considering transitional plans, is referred to as Full Implementation. The Phasing-in process is currently in force, and it is on this basis that Banco de Portugal requires the regulatory minimum ratios to be met.

As at 30 September 2014, CEMG's capital ratios register values above their minimum required levels, with the Common Equity Tier 1 ratio reaching 10.69%, thus exceeding the 7% minimum hurdle stipulated by Banco de Portugal for 2014.

OWN FUNDS AND SOLVENCY RATIOS

(thousand euros)

	Sep-14	Dec-13	Sep-13	Variation	
	Amount	Amount	Amount	Amount	%
1. Total Own Funds	**1,605,835**	**1,849,276**	**1,649,752**	**-43,917**	**-2.7**
(+) Capital	1,700,000	1,700,000	1,395,000	+305,000	+21.9
(+) Reserves and Net Income	-27,467	-60,431	75,214	-102,681	-136.5
(-) Regulatory Deductions	67,499	77,334	98,941	-31,442	-31.8
1.1 (=) Core Tier I Capital	**1,605,034**	**1,562,235**	**1,371,274**	**+233,760**	**+17.0**
(+) Other Equity Instruments	8,273	8,273	8,273	+0	+0.0
(-) Basic Own Funds Deductions	13,000	11,087	16,785	-3,785	-22.6
1.2 (=) Basic Own Funds	**1,600,307**	**1,559,421**	**1,362,762**	**+237,545**	**+17.4**
(+) Additional Own Funds	22,954	305,469	302,023	-279,069	-92.4
(-) Other Deductions	17,427	15,615	15,033	+2,394	+15.9
2. Minimum Own Funds Requirements	**1,192,355**	**1,135,092**	**1,078,339**	**+114,016**	**+10.6**
3. Risk-Weighted Assets and Equivalents (2 x 12.5)	**14,904,441**	**14,188,646**	**13,479,242**	**+1,425,199**	**+10.6**
4. Ratios					
Solvency (1 / 3) (a)	10.77%	13.03%	12.24%	-1.47 p.p.	
Tier 1 (1.2 / 3) (a)	10.74%	10.99%	10.11%	+0.63 p.p.	
Core Tier 1 (1.1 / 3) (a)	10.77%	11.01%	10.17%	+0.60 p.p.	
CET1 Ratio (CRD IV phasing-in)	10.69%	-	-	-	
CET1 Ratio (CRD IV full)	9.45%	-	-	-	
Total Capital Ratio (CRD IV phasing-in)	10.71%	-	-	-	
Total Capital Ratio (CRD IV full)	9.57%	-	-	-	

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

If the net income for the quarter in the amount of EUR 22.7 million were to be incorporated, the Core Tier 1 ratio would stand at 10.81% and the Common Equity Tier 1 ratio would stand at 10.74% and 9.50% under the "Phasing-in" and "Full implementation" regimes, respectively, whereas the Total Capital CRD IV ratio would stand at 10.76% and 9.62% under the "Phasing-in" and "Full implementation" regimes, respectively.

7. INTERNATIONAL ACTIVITY

The activity developed by the two entities abroad, Banco Montepio Geral Cabo Verde – IFIC and Finibanco Angola, S.A., continued to demonstrate notable growth in the third quarter of 2014.

With regards to Montepio Geral Cabo Verde (MGCV), Customers' Deposits reached EUR 579.7 million, at the end of the third quarter of 2014 (EUR 561.0 million in the third quarter of 2013), with a year-on-year growth of 3.3%. The Net Income of MGCV came to EUR 384.2 thousand (EUR 593.6 thousand in the third quarter of 2013), mainly due to the increase in Operating Expenses of EUR 409.8 thousand, arising from the strengthening of human and technical resources supporting the bank's activity.

Concerning Finibanco Angola, S.A. (FNB-A), reference should be made to the strong growth of Customers' Deposits of 115.7%, reaching EUR 466.4 million, as well as to the increase in Credit to Customers of 153.9%, whose balance stood at EUR 299.4 million, as at 30 September 2013.

This increased activity of FNB-A had a direct impact on Net Interest Income, which reached EUR 14.5 million (+52.3%) and commissioning, which stood at EUR 7.3 million (+13.7%), resulting in the growth of Net Operating Income of 23.3%, which came to EUR 34.2 million. Net Income from foreign exchange transactions continued to contribute strongly to the Net Operating Income of FNB-A in the first nine months of 2014, reaching a total of EUR 13.4 million (+18.9% year-on-year).

In view of the phase of the institution's life cycle, marked by strong growth and additional investment needs, the Operating Expenses of FNB-A recorded an increase of 44.6%, corresponding to a total of EUR 12.5 million, with the Cost-to-Income ratio reaching 36.4%.

Until end-September 2014, 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 2.6 million, reaching EUR 12.7 million.

Net Income for the period came to EUR 10.3 million, having increased 8.6% relative to the EUR 9.4 million recorded in the first nine months of 2013, representing 45.3% of consolidated Net Income.

8. RATINGS

As at 30 September 2014, the ratings assigned 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 THIRD QUARTER OF 2014

- Montepio Runner: In the third quarter of the year, Montepio launched a financial solution, dedicated to all those that run, at an amateur or professional level, and walkers. The Montepio Runner Universe is thus born which, in addition to the financial solution, guarantees access to a series of services under favourable conditions, discounts in the runner universe and advantages in the insurance and leisure area. With a bold line of communication, Montepio Runner presents itself as a partner that is always available, through its website - montepiorunner.pt - to access useful contents, exclusive discounts, and advice and tips for those that wish to stay in shape.

- Montepio associates itself once again to *Movimento Eco*: The Montepio brand has associated itself once again to *Movimento Eco*, a civil society project that gave rise to a partnership between various companies, the Ministry for Internal Affairs and the Ministry of Agriculture, Sea, Environment and Spatial Planning, and which was born with the purpose of uniting political, business and social wills in preventing and fighting forest fires.

- "Minuto Solidário" Project: With the objective of increasing proximity to Third Sector entities, but also to support social solidarity causes and projects, Montepio promoted the fourth edition of the "Minuto Solidário" (Charity Minute) Project which has, since its launch in 2011, already supported 94 domestic institutions. The objectives of this initiative include: Creating contents to divulge IPSS and their projects; produce television films focusing on an IPSS or a charity project.

- Youth Volunteering Prize awards 25 thousand euros: Promoting the use of the bicycle as a means of urban transport in favour of sustainable urban mobility, fomenting the creation and development of community ties of mutual support, through technical, voluntary and free support in connection with the repair and maintenance of bicycles, was the proposal presented by Cicloficina dos Anjos, the project that was distinguished with the Montepio Youth Volunteering Prize, in the amount of 25 thousand euros, awarded by the Montepio Foundation and Lusitania - Companhia de Seguros.

In the area of Brand, Communication and Service, Montepio continues to stand out in 2014:

- ✓ **Brand of Excellence:** For the sixth consecutive year, the Montepio brand was recognised as a brand of excellence by Superbrands, an independent international organisation dedicated to the identification and promotion of brands of excellence in 88 countries. The distinction was awarded in connection with the brand's influence among consumers, which in line with the values of solidarity, sustainability, ethics and transparency, and by materialising the values of associativism, place the economy at the service of society.

- ✓ **Recognition of the quality and performance of the Supplementary Channels**: The Contact Centre was distinguished with the International Award for the Best Contact Centre Supervisor - Top Ranking Performers, in the EMEA region (Europe, Middle East and Africa), attributed by the Global Association for Contact Centre Best Practices & Networking, and the homebanking channel Net24 was recognised, according to data of the CSI-Internet Banking Index of Marktest Banca - Internet Banking (first wave of 2014), as having the best overall positioning in the Portuguese banking sector in terms of security, swiftness, execution and loading of pages and user-friendliness.

- ✓ The quality and relevance of the communication projects developed by Montepio were once again recognised, conquering four Excellence in Communication prizes, awarded by the Portuguese Corporate Communication Association (APCE) at the Gala of the APCE 2014 Grand Prix – Excellence in Communication. Among the range of communication projects developed in 2013, the Jury of the contest distinguished, and awarded, the quality of the works presented in the following categories:
  - ✓ **External Communication:** Montepio Magazine
  - ✓ **Video and Webcast:** Video of the 1st Montepio Race
  - ✓ **Image and Illustration:** “Mãos-à-Horta”, Montepio Jovem newspaper
  - ✓ **Website:** Ei – Educação, Informação

- ✓ Internationally, the Montepio magazine conquered the gold award - Gold Best Cover at the 2014 edition of the Content Marketing Awards (CMA), an initiative aimed at recognising projects in the communication area that have strategic impact. The Montepio magazine winter cover edition (no. 12) was distinguished, among the more than 1,100 candidates to the prizes, .

10. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(thousand euros)	Sep-14	Dec-13	Sep-13	var. Sep-14 / Sep-13
Cash and deposits at central banks	454,300	314,259	218,069	> 100%
Deposits at other credit institutions	207,850	233,785	269,891	-23.0%
Financial assets held for trading	71,670	64,106	90,227	-20.6%
Other financial assets at fair value through profit or loss	-	3,450	5,963	-
Financial assets available for sale	3,218,306	4,545,816	3,484,040	-7.6%
Investments in credit institutions	357,649	330,063	193,970	84.4%
Credit to customers	15,415,292	15,555,141	14,947,638	3.1%
Investments held to maturity	97,078	34,631	27,308	> 100%
Hedging derivatives	165	503	550	-70.0%
Non-current assets held for sale	799,470	681,388	769,133	3.9%
Investment properties	710,722	543,534	392,313	81.2%
Other tangible assets	127,112	120,492	98,693	28.8%
Intangible assets	61,492	59,279	60,500	1.6%
Inv. in associates and subsidiaries excluded from consolidation	30,802	42,399	53,943	-42.9%
Current tax assets	1,287	1,832	1,889	-31.9%
Deferred tax assets	346,185	336,264	327,259	5.8%
Other assets	315,466	172,261	259,883	21.4%
TOTAL NET ASSETS	22,214,846	23,039,203	21,201,268	4.8%
Resources from central banks	2,195,613	3,427,354	2,234,381	-1.7%
Financial liabilities held for trading	65,238	62,224	70,197	-7.1%
Resources from other credit institutions	1,132,717	474,497	489,899	> 100%
Resources from customers and other resources	13,999,964	14,142,828	13,483,460	3.8%
Debt securities issued	2,130,973	2,319,428	2,524,266	-15.6%
Financial liabilities associated to transferred assets	165,725	195,049	210,033	-21.1%
Hedging derivatives	2,361	1,849	2,752	-14.2%
Provisions	6,511	8,014	5,488	18.7%
Current tax liabilities	4,197	1,353	-	-
Deferred tax liabilities	-	-	523	-
Other subordinated liabilities	371,700	370,078	367,072	1.3%
Other liabilities	397,976	389,186	350,959	13.4%
TOTAL LIABILITIES	20,472,975	21,391,860	19,739,030	3.7%
Institutional Capital	1,500,000	1,500,000	1,395,000	7.5%
Participation Fund	200,000	200,000	-	
Other equity instruments	8,273	8,273	8,273	0.0%
Own securities	-3,502	-	-	-
Revaluation reserves	36,409	-11,533	-27,218	> 100%
Other reserves and retained earnings	-35,351	238,194	280,421	< -100%
Net income for the period	22,650	-298,626	-205,207	> 100%
Minority interests	13,392	11,035	10,969	22.1%
TOTAL EQUITY	1,741,871	1,647,343	1,462,238	19.1%
TOTAL LIABILITIES AND EQUITY	22,214,846	23,039,203	21,201,268	4.8%

INCOME STATEMENT

(thousand euros)	Sep-14	Sep-13	var.
Interest and Similar Income	693 302	641 937	8,0%
Interest and Similar Expense	438 208	496 063	-11,7%
NET INTEREST INCOME	255 094	145 874	74,9%
Income from Equity Instruments	548	463	18,5%
Income from Services, Fees and Commissions	103 225	101 844	1,4%
Expenses from Services, Fees and Commissions	25 477	19 184	32,8%
Gains arising from Assets and Liabilities at Fair Value through profit or loss	440	-87	> 100%
Gains arising from Financial Assets Available for Sale	373 927	41 986	> 100%
Gains arising from Currency Revaluation	17 054	14 217	20,0%
Gains arising from Sale of Other Assets	-21 338	-6 760	< -100%
Other Operating Income	-4 318	-14 291	69,8%
NET OPERATING INCOME	699 155	264 062	> 100%
Personnel Expenses	144 142	143 490	0,5%
General Administrative Overheads	82 674	77 630	6,5%
Amortisation and Depreciation	23 188	23 741	-2,3%
OPERATING PROFIT	250 004	244 861	2,1%
Provisions net of adjustments	-669	770	< -100%
Credit impairments (net of reversals and recoveries)	350 548	219 954	59,4%
Other Financial Assets impairments (net of reversals and recoveries)	33 912	21 638	56,7%
Other Non-Financial Assets impairments (net of reversals and recoveries)	9 344	25 866	-63,9%
Earnings from associates and joint ventures (equity method)	1 279	-4 616	> 100%
EARNINGS BEFORE TAX AND MINORITY INTERESTS	57 295	-253 643	> 100%
Taxes			
Current	-55 033	-6 296	< -100%
Deferred	22 329	56 472	-60,5%
Minority Interests	-1 941	-1 740	11,5%
NET INCOME FOR THE PERIOD	22 650	-205 207	> 100%