CAIXA ECONÓMICA MONTEPIO GERAL
CONSOLIDATED RESULTS

1ST HALF 2016
Lisbon, 24 August 2016

(year-on-year changes, unless when stated otherwise)

HIGHLIGHTS

- **Net income of €-67.6M, against €-28.9M. However, excluding specific impacts, the Net Income would stand at €22.5M**
- **Strengthening of CET1[1] ratio to 10.3% (8.8%, as at Dec-15)**
- **Solid liquidity position: LCR of 113.5% (111.4% as at Dec-15)**
- **Reduction of cost of risk by 65 bp, from 1.8% to 1.2%**
- **Coverage of credit at risk stands at 120.5%, taking impairments and mortgage guarantees into account (126.9% as at Dec-15)**
- **Improved net interest income (+1.0%) and net fees and commissions (+0.3%)**
- **Stemming from the operational reorganisation programme, the operational costs increased by 13%. Without this effect, there was a reduction of 5.5%**
- **Customers' deposits increase 1.9% in the second quarter**
- **Improved rating of Covered Bonds**

CAPITAL

Strengthening of Solvency

- **Reinforcement of capital ratios** with the **CET1[1] ratio increasing by 145 bp to 10.3%** and the Total Capital ratio[1] by 120 bp to 10.9% against 31 December 2015.
- The reinforcement of the capital ratios reflects the **increased own funds** by 8.2% and the **reduction of risk-weighted assets**, which fell by €505M (-3.6%) since the end of 2015.
- **Improvement of the Leverage ratio[1]** which stood at 6.4%, compared to 5.7% as at 31 December 2015.

LIQUIDITY

Solid liquidity position

- **Increased LCR** ratio from 111.4% at the end of 2015, **to 113.5%**.
- **Total Customers' Deposits amounted to €12.7Bn with 1.9% growth in the 2nd quarter**, now representing 59.3% of the total funding sources.
- **CTD ratio of 99.9%**, considering loans and customers' resources on the balance sheet.

[1] Calculations as per CRDIV/CRR Phasing-in

ASSET QUALITY **Reduction of cost of risk**	▪ **Improvement of asset quality** which was reflected in the **reduction of the cost of credit risk by 65 bp** compared to 1.8% recorded at the end of the 1st half of 2015. ▪ **Reduction of entries into non-performing loans**[2] by 29.1%. ▪ **Coverage of credit at risk** stands at 120.5%, taking impairments and associated mortgage guarantees into account.

EARNINGS
 	
Improvement of the earnings of commercial activity
	▪ **Improvement of the commercial activity results supported by the increase of 6.9% of the commercial net operating income**[3] from the 1st to the 2nd quarter of 2016, influenced by:
	
	  ▪ **9.9% growth of net interest income** from the 1st to the 2nd quarter of 2016, and 1.0% against 30 June 2015.
	
	  ▪ **18.6% increase of net fees and commissions in the 2nd quarter of 2016, and 0.3% YoY.**
	
	  ▪ **5.5% YoY reduction of operating costs**, excluding costs with the operational reorganisation programme.
	
	▪ Excluding the following specific impacts and the respective fiscal effect, **the net income for the 1st half of 2016 would have been €22.5M**.
	
	▪ **Net income** undermined by specific impacts[4] related to the costs with the operational reorganisation programme amounting to €32.0M, by the contributions levied on the banking sector, to the Single Resolution Fund and to the National Resolution Fund which amounted, globally, to €26.4M, and by the impact of financial investments[5] of €52.2M.
	
	▪ Specific impacts of €90.1M, after the fiscal effect, justify the net income of -€67.6M.

RATING **Improved rating of Mortgage Bonds**	▪ **Rating upgrades** by Fitch Ratings of Covered Bonds issued by CEMG from 'BB+' to 'BBB-'. ▪ **Confirmation of the ratings** assigned by Fitch Ratings and DBRS to the class A notes of the credit securitisation operation originated by CEMG "*Pelican SME no. 2*", of 'A+(sf)' and 'A(low)(sf)', respectively. ▪ In the 2nd half of 2016 there was an **improvement of the rating of the Covered Bonds** issued by CEMG, by the agencies Moody's (from 'Baa1' to 'A3'), Fitch Ratings (from 'BBB-' to 'A-') and DBRS (from 'A' to 'A(high)'), following the implementation of the Conditional Pass-Through mechanism.

[2] Loans overdue by more than 90 days and falling due
[3] Commercial net interest income (Interest received on loans – Interest paid on customers' resources) + Net fees and Commissions
[4] Before fiscal effect
[5] Considers the devaluation of financial assets of the telecommunications sector and business restructuring funds, as well as the accounting statement of the earn-out of a financial asset.

CAPITAL

The Capital (Institutional Capital + Participation Fund) of Caixa Económica Montepio Geral (CEMG) amounted to a total of 2 170 million euros, at the end of the 1st half of 2016. This amount incorporates the increased institutional capital of 270 million euros, paid up by Montepio Geral – Associação Mutualista (MGAM), in March 2016.

Therefore, since the end of 2015, the reinforcement of own funds by 8.2% combined with the 505 million euros reduction of Risk-Weighted Assets (-3.6%), derived from the management of the allocation of risk in the credit portfolio and in the debt securities portfolio was reflected in an improvement of the capital ratios. In the 1st half of 2016, the Common Equity Tier 1 (CET1) and Total Capital ratios[6] evolved from 8.8% to 10.3% and from 9.7% to 10.9%, respectively. The capital ratios do not include the positive effects associated to the Deferred Tax Assets regime (+38 million euros), the endorsement of which was approved at CEMG's Extraordinary General Meeting held on 6 July 2016.

It is also important to note that at the end of the 1st half of 2016 the Leverage ratio[6] stood at 6.4%, compared to 5.7% as at 31 December 2015 (+64 bp).

(thousand euros)

	Jun 2015	Dec 2015	Jun 2016	YoY Change	YtD Change
BASEL III - CRD IV / CRR					
Total Capital	**1 600**	**1 360**	**1 472**	**(8.0%)**	**8.2%**
Common Equity Tier 1 Capital	1 436	1 231	1 381	(3.8%)	12.2%
Tier 1 Capital	1 436	1 231	1 381	(3.8%)	12.2%
Tier 2 Capital	171	137	100	(41.8%)	(27.6%)
Risk weighted assets	15 065	13 962	13 457	(10.7%)	(3.6%)
Total Capital ratio (phasing-in)	**10.6%**	**9.7%**	**10.9%**	32 pb	120 pb
Tier 1 ratio (phasing-in)	**9.5%**	**8.8%**	**10.3%**	74 pb	145 pb
CET1 ratio (phasing-in)	**9.5%**	**8.8%**	**10.3%**	74 pb	145 pb
CET1 ratio (fully loaded)	**7.3%**	**6.7%**	**8.3%**	101 pb	158 pb

Calculations as per our interpretation to date.

LIQUIDITY

Net assets amounted to 21 384 million euros, having increased by 1.1% in relation to the value recorded as at 31 December 2015 (-3.4% year-on-year), derived from a diversification of the balance sheet into different financial asset classes but undermined by the still lukewarm demand for credit (-2.2% in relation to 31 December 2015).

Customers' deposits, with an impressive growth of 236.4 million euros in the 2nd quarter of 2016 (+1.9% and -2.2% in relation to the end of 2015) continued to be the main source of funding, and now account for 59.3% of the total funding sources. The consolidation of the solid base of individual customer deposits was confirmed, with the corporate and institutional segment recording a significant growth of 8.5% against the 1st quarter of 2016.

Also during the 1st half of 2016, CEMG assured the repayment of 388 million euros of liabilities represented by securities, with refinancing at the European Central Bank (ECB) standing at 2 871 million euros, of which 1 950 million euros were derived from TLTROs (Targeted Longer-Term Refinancing Operations).

The Liquidity Coverage Ratio (LCR) increased from 111.4% at the end of 2015 to 113.5%, in view of the minimum requirement in force of 70%. Special note should also be made of the maintenance of a balanced commercial balance sheet with the CTD ratio, considering loans and customers' resources on-balance sheet, which stands at 99.9% (97.7% as at 31 December 2015).

[6] Calculations as per CRDIV/CRR Phasing-in

ASSET QUALITY

At the end of the 1st half of 2016, loans to customers (gross) reached a total of 15 599 million euros, reflecting a 4.7% decrease in relation to the same period of the previous year and 2.2% reduction relative to 31 December 2015. This was due to the performance of the domestic activity (-4.3% year-on-year) as a result of a more stringent risk management policy in granting credit and of risk adjusted repricing.

The performance of the credit portfolio, in relation to the same period of the previous year, continued to reflect the higher level of mortgage loan repayment in relation to new operations raised, giving rise to a year-on-year reduction of 4.8% (2.4% in relation to the end of 2015) and the reduction in the companies segment (-5.3%), most especially the decrease in the construction segment (-24.3%). Domestic activity represents 98.3% of the total gross credit portfolio, portraying the lower exposure to the Angolan and Mozambican markets.

The entries into non-performing loans[7] decreased by 29.1% year-on-year, following the decline of 10.4% of the number of contracts. The credit quality is being penalised by the Top 20 Credit at Risk (CaR) in spite of the extensive coverage of 93.4% of impairments and associated asset-backed collateral. Excluding the negative contribution of this Top 20 CaR, CEMG would have recorded a positive evolution of credit at risk, year-on-year, of -52.4 million euros (-2.8%).

Consequently, the evolution of the Top 20 CaR combined with the persistently difficult economic situation of households and companies undermined the evolution of the credit at risk ratio which stood at 15.4%. The coverage of credit at risk by impairments and associated mortgage guarantees reached 120.5% and 50.2% taking into account just impairments.

EARNINGS

The net income for the 1st half of 2016, excluding the non-recurring impacts identified below, was 22.5 million euros. The net specific impacts, which amounted to a total of 90.1 million euros in the 1st half of 2016, are as follows:

- Restructuring costs of 32.0 million euros incurred with the costs with the operational reorganisation programme, under the strategic plan in force, aimed at rescaling the resources allocated to the banking activity.

- Contributions levied on the banking sector, to the Single Resolution Fund and to the National Resolution Fund which amounted, globally which amounted to 26.4 million euros at the end of the 1st half of 2016, compared to 12.9 million euros in the same period of the previous year.

- Impact on specific financial investments[8] of the value of 52.2 million euros.

- Tax effect of 20.5 million euros relative to the aforementioned specific impacts.

Including these specific impacts the net income for the 1st half of 2016 was -67.6 million euros, which compares with -28.9 million euros in the same period of the previous year.

Net interest income grew by 1.0% year-on-year, having reached 127.3 million euros, influenced by the application of a strict repricing policy and the reduction of issued debt which was replaced by less onerous sources of financing. These positive signs were confirmed in the 2nd quarter of the year, with net interest income standing at 66.7 million euros, corresponding to a 9.9% increase in relation to the previous quarter. It should be emphasised that this growth occurred in a context of historically low interest rates, which continues to constrain the performance of financial intermediation.

Net fees and commissions reached a total of 49.3 million euros, 0.3% above that recorded in the same period of the previous year, where we highlight the significant growth of 18.6% from the 1st to the 2nd quarter of 2016. The results from financial operations amounted to 21.1 million euros, compared to 101.9 million euros in the same period of the previous year, which incorporated 69.5 million euros derived from the divestment of Portuguese public debt securities, in contrast to 3.0 million euros recorded in the 1st half

[7] Loans overdue by more than 90 days and falling due

[8] Considers the devaluation of financial assets of the telecommunications sector and business restructuring funds, as well as the accounting statement of the earn-out of an important financial asset. Plus the respective tax impacts.

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Institutional Capital: 1 770 000 000 Euros, Registered at the Lisbon Commercial Registry Office under the same Registration and Tax identification number 500792615

of 2016. Hence, the evolution of net operating income in the first six months of 2016 stood at 194.3 million euros, compared to 285.4 million euros in the same period of the previous year, in view of the minor contribution of the aforesaid earnings from divestment of securities.

The commercial net operating income[9] increased 6.9% from the 1st to the 2nd quarter of 2016, underpinned by the positive performance of commercial net interest income[10] and net fees and commissions, which increased 2.9% and 18.6%, respectively.

The operating costs of the 1st half of 2016, excluding costs with the operational reorganisation programme, showed a year-on-year reduction of 5.5%, having reached 163.9 million euros, which was influenced by the 4.5% decrease in terms of domestic activity.

Credit impairment charges decreased 38.4%, year-on-year, with the cost of credit risk reducing to 1.2%, against 1.8% in the 1st half of 2015.

Regarding the international activity of the CEMG Group, Banco MG Cabo Verde, Sociedade Unipessoal, S.A. recorded a negative net income of 41 thousand euros, which compares with the positive result of 513 million euros as at 30 June 2015. This outcome was derived from the reduction of 370 thousand euros in net operating income due to the lower net interest income (-414 thousand euros) partially offset by the earnings arising from currency revaluation (+24 thousand euros), as well as the aggravation of 184 thousand euros in operating costs.

The activity developed by Finibanco Angola, S.A. reached a positive net income of 6.2 million euros, which compares with 4.1 million euros in the 1st half of 2015. The evolution was influenced by the growth in net operating income of 0.7 million euros, driven by the increase of 2.5 million euros in earnings arising from foreign exchange differences which attenuated reduction of net interest income and commissioning level by 0.4 million euros and 0.2 million euros, respectively. The 1.5 million euros reduction of operating costs neutralised the year-on-year increase of impairments and provisions of 1.2 million euros.

BTM, S.A., which operates in Mozambique, presented a negative net income of 61 thousand euros in the 1st half of 2016, compared to the negative net income of 2.2 million euros in the 1st half of 2015, this positive trend has been influenced by the 39.8% increase of net operating income and 20.4% reduction in operating costs.

RATING

At the end of the first half of 2016, the ratings assigned to CEMG are presented in the table below:

Rating Agency	Long Term	Short Term	Outlook
Fitch Ratings	B	B	Stable
Moody's Investors Service	B3	NP	Negative
DBRS	BB (high)	R-3	Negative

During the 2nd half of 2016, the Meetings of Covered Bond Holders, held on 1 July, approved the implementation of the Conditional Pass-Through mechanism for the series issued under the Covered Bond Programme. Following this decision, the agencies Moody's Investors Service, Fitch Ratings and DBRS upgraded the rating of Covered Bonds issued by CEMG:

- Moody's Investors Service: upgrade by 1 notch, from 'Baa1' to 'A3';
- Fitch Ratings: upgrade by 3 notches, from 'BBB-' to 'A-';
- DBRS: upgrade by 1 notch, from 'A' to 'A(high)'.

[9] Commercial Net Interest Income + Net Commissions

[10] Interest received on loans – Interest paid on customers' resources

SIGNIFICANT EVENTS IN THE 1ST HALF OF 2016

Reorganisation of the CEMG Group

Under the implementation of CEMG's Strategic Plan for the three-year period 2016-2018, approved by the Extraordinary General Meeting held on 30 December 2015, at the end of the month of June, the decision was taken to close Montepio Recuperação de Crédito, A.C.E. and dissolve Montepio Capital de Risco, S.C.R., S.A.

It should also be noted that the closure of the Cayman Islands branch, with all the necessary legal and operational procedures having been completed on 11 July 2016, also contributed to the intended reorganisation of the CEMG Group and permitted mitigation of the Group's compliance risks.

These decisions enabled confirming the good rate of implementation of the aforesaid Plan, where the reorganisation of the operational platform embodies one of its fundamental pillars, in a context of increased efficiency and strengthening of the quality of service provided to its Customers.

Election of members to CEMG's Governing Bodies for the term of office 2015-2018

The consolidation of CEMG's corporate governance model recommended in CEMG's Strategic Plan progressed with the call to an Extraordinary General Meeting of CEMG on 21 June 2016. The agenda included the nomination of two members to the General and Supervisory Board, one member to the Remuneration Committee and one member to the Risk Committee, as the previous members had resigned, in taking up office at the Board of Directors of Montepio Geral - Associação Mutualista, in compliance with the requirements of independence in the management of the two Institutions. This General Meeting took place on 7 July 2016, with all the proposed members having been nominated for the positions referred to above.

Among the largest banks of the world

CEMG continued to assure its presence in the 2016 ranking of the 1 000 largest banks of the world, according to the magazine *The Banker*, a reference publication in the banking sector which is part of the British editorial group *Financial Times*. This ranking, considered the standard measure of the strength and performance of banks for the industry since 1970, is based on an assessment of the financial robustness of each institution, where the Core Tier 1 ratio plays a preponderant role.

For the 2nd consecutive year, the Net24 Individuals platform is "Five Stars"

CEMG has once again been deemed worthy, in 2016, of its customers' recognition, with the Internet Banking platform – Net24 Individuals – in conquering, for the second consecutive year, Five Star certification. This award is attributed not only by the users of the service but also by Portuguese consumers, where features such as the following are assessed: Satisfaction, Price-Quality, Intention of Recommendation, Trust in the Brand and Innovation.

SISAB 2016

For the 5th consecutive year, CEMG marked its presence at the International Show of the Food and Drinks Sector (SISAB). As the largest annual convention of leading export companies and entrepreneurs, this event showcased the offer of 600 Portuguese export companies, representing about thirty food, beverage and complementing sectors. The event was visited by buyers from 80 countries, which came into contact with a total offer of 6,000 brands and products.

Montepio International Business, new communication line with Customers

A new communication line for the International Business segment was presented at CEMG branches in the 1st quarter of 2016, which made its mark at CEMG branches, in the national press and online media, as well as at SISAB. Aimed at export-driven companies, in a country which knows no borders, the campaign - Montepio International Business – opened doors for companies and entrepreneurs with export ambition and boosted the image of CEMG as a trustworthy partner, prepared to assist in overcoming obstacles and conquering the world.

KEY INDICATORS

	Jun 2015	Dec 2015	Jun 2016	YoY Change
ACTIVITY AND RESULTS (thousand euros)				
Net Assets	22 146 845	21 145 216	21 383 928	(3.4%)
Gross loans to Customers	16 365 765	15 944 015	15 599 149	(4.7%)
Customers' Deposits	13 170 661	12 969 431	12 688 923	(3.7%)
Net Income	(28 909)	(243 407)	(67 627)	(<100%)
SOLVENCY				
Common Equity Tier 1 ratio (CRD IV / CRR, phasing-in)	9.5%	8.8%	10.3%	0.7 p.p.
Tier 1 ratio (CRD IV / CRR, phasing-in)	9.5%	8.8%	10.3%	0.7 p.p.
Total Capital ratio (CRD IV / CRR, phasing-in)	10.6%	9.7%	10.9%	0.3 p.p.
Risk Weighted Assets	15 065 497	13 962 350	13 457 194	(10.7%)
LEVERAGE RATIOS				
Net loans to Customers (a)	113.4%	113.1%	116.4%	3.0 p.p.
Net loans to Customers / On-Balance sheet Customers' resources (b)	99.8%	97.7%	99.9%	0.1 p.p.
CREDIT RISK AND COVERAGE BY IMPAIRMENTS				
Cost of credit risk	1.8%	1.6%	1.2%	(0.7 p.p.)
Ratio of loans and interest overdue by more than 90 days	7.4%	7.7%	9.2%	1.8 p.p.
Non-performing loans ratio (a)	8.8%	9.5%	10.9%	2.1 p.p.
Net non-performing loans ratio (a)	(0.04%)	1.6%	3.4%	3.5 p.p.
Coverage of loans and interest overdue by more than 90 days	118.7%	104.0%	83.7%	(35.0 p.p.)
Credit at risk ratio (a)	13.4%	14.3%	15.4%	2.0 p.p.
Net credit at risk (a)	5.0%	6.8%	8.3%	3.3 p.p.
Credit at risk coverage ratio	66.0%	56.1%	50.2%	(15.9 p.p.)
Credit at risk coverage ratio, factoring-in related real estate collateral	130.7%	126.9%	120.5%	(10.2 p.p.)
Restructured loans as a % of total loans (c)	10.4%	9.6%	9.4%	(1.1 p.p.)
Restructured loans not included in credit at risk as a % of total loans (c)	5.5%	4.0%	3.1%	(2.4 p.p.)
EFFICIENCY AND PROFITABILITY				
Net operating income / Average net assets (a)	2.6%	2.1%	1.8%	(0.8 p.p.)
Earnings before Tax / Average net assets (a)	(0.5%)	(1.2%)	(1.3%)	(0.8 p.p.)
Earnings before Tax / Average equity (a)	(7.9%)	(18.8%)	(18.1%)	(10.2 p.p.)
Cost-to-Income (Operating costs / Net banking income) (a)	60.8%	78.9%	100.9%	40.1 p.p.
Cost-to-Income, excluding res. from financial operations and costs with the operational reorganisation programme	94.5%	106.3%	94.6%	0.2 p.p.
Personnel costs / Net banking income (a)	35.7%	44.8%	67.0%	31.3 p.p.
EMPLOYEES AND DISTRIBUTION NETWORK (Number)				
Employees				
Group total	4 434	4 404	4 182	(252)
CEMG	3 906	3 871	3 647	(259)
Branches				
Domestic - CEMG	436	421	332	(104)
International	30	30	30	0
Finibanco Angola (d)	21	21	21	0
Banco Terra Moçambique	9	9	9	0
Rep. Offices	6	6	6	0

(a) Pursuant to Banco de Portugal Instruction No. 16/2004, in its current version
(b) Total On-Balance sheet Customers' resources = Customers' Deposits and Debt securities issued
(c) Pursuant to Banco de Portugal Instruction No. 32/2013
(d) Includes Business Centers

CONSOLIDATED BALANCE SHEET

(thousand euros)	Jun 2015	Dec 2015	Jun 2016
Cash and deposits at central banks	360 059	424 450	374 210
Loans and advances to credit institutions repayable on demand	222 262	238 007	239 798
Financial assets held for trading	79 389	51 093	34 263
Financial assets available for sale	3 495 785	3 068 501	2 333 057
Other loans and advances to credit institutions	348 364	172 044	165 967
Loans and advances to customers	14 920 155	14 662 277	14 392 276
Held to maturity instruments	151 562	161 540	1 267 975
Hedging derivatives	32	9	-
Non-current assets held for sale	853 576	754 898	726 562
Investment properties	740 145	692 485	639 968
Property and equipment	92 611	89 115	277 468
Intangible assets	67 798	65 862	59 292
Investments in associated companies and others	20 749	3 908	3 847
Current tax assets	5 278	27 861	23 481
Deferred tax assets	417 195	403 506	463 151
Other assets	371 885	329 660	382 613
TOTAL NET ASSETS	**22 146 845**	**21 145 216**	**21 383 928**
Deposits from central banks	2 777 391	2 277 258	2 870 709
Financial liabilities held for trading	45 798	70 289	82 626
Deposits from other financial institutions	2 143 121	1 573 131	1 530 570
Deposits from customers	13 170 661	12 969 431	12 688 923
Debt securities issued	1 782 009	2 031 165	1 722 450
Financial liabilities relating to transferred assets	124 170	323 037	375 630
Hedging derivatives	1 119	439	-
Provisions	14 246	16 587	27 577
Current tax liabilities	1 564	3 069	6 317
Other subordinated debt	331 491	333 039	250 481
Other liabilities	264 897	203 625	263 373
TOTAL LIABILITIES	**20 656 544**	**19 801 070**	**19 818 656**
Institutional Capital	1 500 000	1 500 000	1 770 000
Participation Fund	400 000	400 000	400 000
Other equity instruments	8 273	8 273	6 323
Treasury stock	(21 716)	(31 581)	(81)
Fair value reserves	(18 169)	646	23 206
Other reserves and retained earnings	(372 772)	(318 454)	(589 626)
Net income for the period	(28 909)	(243 407)	(67 627)
Non-controlling interests	23 594	28 669	23 077
TOTAL EQUITY	**1 490 301**	**1 344 146**	**1 565 272**
TOTAL LIABILITIES AND EQUITY	**22 146 845**	**21 145 216**	**21 383 928**

CONSOLIDATED INCOME STATEMENT

(thousand euros)	Jun 2015	Jun 2016
Interest and similar income	349 029	284 564
Interest and similar expense	223 007	157 269
NET INTEREST INCOME	**126 022**	**127 295**
Dividends from equity instruments	1 400	2 711
Fee and commission income	65 660	66 166
Fee and commission expense	16 464	16 830
Net gains / (losses) arising from financial assets and liabilities at fair value through profit or loss	11 199	(29 078)
Net gains / (losses) arising available for sale financial assets	83 418	40 204
Net gains / (losses) from foreign exchange differences	7 239	9 969
Net gains / (losses) arising from the sale of other financial assets	(7 821)	12 233
Other operating income	14 767	(18 377)
NET BANKING INCOME	**285 420**	**194 293**
Staff costs	101 839	130 224
General administrative expenses	57 757	52 328
Depreciation and amortisation	13 846	13 394
Other provisions	(5 226)	(10 969)
Loans impairment	151 286	93 137
Other financial assets impairment	10 667	38 060
Other assets impairment	8 417	12 726
Share of profit of associates under equity method	(4 116)	19
EARNINGS BEFORE TAX AND NON-CONTROLLING INTERESTS	**(57 282)**	**(134 588)**
Tax		
Current	218	(3 702)
Deferred	27 670	71 774
Non-controlling interests	485	(1 111)
NET INCOME FOR THE PERIOD	**(28 909)**	**(67 627)**

Disclaimer

The financial information relative to the 1st half of 2016 was prepared in accordance with the International Financial Reporting Standards (IFRS), under the terms prescribed in Regulation (EC) 166/2002 of the European Council and Parliament, of 19 July.

In view of the revision of articles 28-A and 28-C of the Corporate Income Tax Code (CIRC), through Law 82 -C/2014, of 31 December, with respect to the calculation of impairment losses for credit risk, the maintenance of Regulatory Decree 18/2015, of 30 December is assumed.

Glossary

CRD IV / CRR – Basel III legal framework, namely, Directive 2013/36/EU and Regulation 575/2013, of the European Parliament and Council

Cost of risk – Annualized credit impairment as a percentage of average gross credit

(sf) – Structured finance

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