CORPORATE GOVERNANCE REPORT

Caixa Económica Montepio Geral

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10. CORPORATE GOVERNANCE REPORT

INTRODUCTION

Caixa Económica Montepio Geral (hereinafter referred to as «CEMG»), in addition to its organisational capacity resulting from over a century of experience, is required to adopt a set of rules and principles covering both management, with special relevance to prudence, competition, transparency and advertising, and professional ethics.

The Executive Board of Directors thus submits to the appreciation of the General Meeting and of the market the “Corporate Governance Report of CEMG” relative to 2014, drawn up not only in compliance with its duty of information and transparency, but also in conformity with the legal and regulatory rules in force and in accordance with its legal nature, in line with the "comply or explain" philosophy and statutory compliance.

This Governance Report is prepared in accordance with the structure laid down in CMVM Regulation No. 4/2013 which came into force on 1 January 2014, which made amendments to the version in force since 2010 ("Corporate Governance Code of 2013").

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

1. Capital structure

The capital of CEMG is divided between Institutional Capital, in the amount of 1,500,000,000 euros, fully paid in and allotted to Montepio Geral Associação Mutualista, and the Participation Fund, in the amount of 200,000,000 euros, represented by 200,000,000 Participation Units, with a nominal value of 1 euro each, which are admitted to trading on Lisbon Euronext (ISIN Code: PTCMHUIM0015).

In accordance with article 6 of the Articles of Association of CEMG, the institutional capital and the Participation Fund are capital and funds items of CEMG.

In accordance with the statutory requirements, "the institutional capital is permanent, not enforceable and does not give rise to the payment of interest or dividends" (article 7, No. 1).

Likewise, "the institutional capital is set up both through the deposit of values by Montepio Geral for that purpose and which form part of the assets of Caixa Económica, and through the incorporation of reserves of Caixa Económica" (article 7, No. 2).

2. Restrictions on the transfer of Participation Units

The Public Subscription Offer for the Participation Fund resulted in the opening of the capital of CEMG to public investment, such that the Participation Units have, since 17 December 2014, been admitted to trading on a regulated market (NYSE Euronext Lisbon). This complex financial instrument is an (atypical) equity security, for the purposes of article 1, sub-paragraph g), of the Código de Valores Mobiliários (CVM).

The transfer of Participation Units, between accounts integrated in the Central de Valores Mobiliários (CMV), are undertaken in conformity with the procedures for this purpose in force at Interbolsa. The initial and subsequent registrations in accounts of individual registration are made based on the written request from the transferor or in documents sufficient to prove the registration.

When the petitioner does not deliver any written document and this is not required to validate or to prove the transmission, the Financial Intermediary affiliated to Interbolsa, responsible for the registration, should provide a written note to justify the registration.

3. Participation Units held indirectly by CEMG

On 31 December 2014, CEMG held through its subsidiary Montepio Investimento S.A., a total of 3,280,322 Units of the Participation Fund of CEMG, corresponding to 1.64% of such Participation Fund. This value includes 3,080,011 Units, corresponding to the ownership of 1.54% of the Fund, under the liquidity contract concluded, such that only 200,311 Units, corresponding to the ownership of 0.10% of be Fund, are considered own Participation Units according to CMVM Regulation No. 5/2008. It is also hereby disclosed that, in accordance with article 8 of the Articles of Association of CEMG, these securities do not grant their unitholders any voting rights.

B. SHAREHOLDINGS AND BONDS HELD

4. Qualified Holdings

The institutional capital of CEMG is characterised as a capital endowment fund regarding which only Montepio Geral – Associação Mutualista has economic interests.

However, following the public offer and admission to trading on a regulated market of the Participation Units representing the Participation Fund of CEMG, it became subject to a specific legal regime and is now identified as a "publicly listed company".

In this context, the list of qualified unitholders, relative to the Participation Units (PU´s) representing the Participation Fund of CEMG, with reference to 31 December 2014, is the following:

Name	PU´s	% of total amount of issued PU´s
Paulo Jorge Veríssimo Guilherme	13,887,968	6.94
Eurico Helder Reis Sousa Brito	10,834,076	5.42

Note: Stakes bearing Units representing more than 2% of the Participation Fund of CEMG registered at the CVM.

5. Shares and Bonds held by members of the management and supervisory bodies

The members of the management body, made up of executive members, do not hold, similarly to members of the supervisory body, any qualified holdings in the institutional capital, given the nature of the Institution, or in the Participation Fund.

6. Special powers of the management body, especially as regards resolutions on capital increases

In accordance with the Articles of Association of CEMG, the competence for deliberating on the increase of the institutional capital of an amount in excess of 1,500 million euros lies with the General Meeting, on a proposal from the Executive Board of Directors and following an opinion from the General Supervisory Board.

In accordance with the Articles of Association, deliberation on the issue of securities representing the Participation Fund up to the amount equivalent to the institutional capital comes under the competence of the Executive Board of Directors, upon advice from the General Meeting.

7. Information on any significant business relationships between the qualified unitholders and the company

The conclusion of business between CEMG and the qualified unitholders in the Participation Fund or with entities in a controlling or group relationship with the latter, under the terms of article 20 of the Securities Code, is always previously submitted to the Executive Board of Directors for an opinion irrespective of the amount.

C. CORPORATE BODIES AND COMMITTEES

I. GENERAL MEETING

8. Details and position of the members of the Board of the General Meeting and respective term of office

Following the statutory reform of CEMG, which occurred in January 2013, the CEMG bodies elected for the three-year period 2013-2015 were: the General Meeting; the Supervisory Board; the Executive Board of Directors; the Remuneration Committee and the Statutory Auditor.

The following people were elected as members of the Board of the General Meeting:

Board of the General Meeting	
Chairman	Vitor José Melícias Lopes
1st Secretary	António Dias Sequeira
2nd Secretary	Maria Leonor Loureiro Gonçalves de Oliveira
Alternate	António Miguel Lino Gaio

In order to perform his duties, the Chairman of the Board of the General Meeting is provided with the necessary human and logistic resources, as well as the support of the General Secretariat and respective services.

9. Any restrictions on the right to vote

In accordance with article 6 of the Articles of Association of CEMG, the institutional capital and the Participation Fund are capital and funds items of CEMG.

According to the Prospectus of the Public Offering for Subscription and Admission to Trading made available, at the time of the initial offer, to the potential subscribers of the Participation Units of the Participation Fund of CEMG, "The Participation Units do not entitle their holders to intervene in the CEMG bodies". As a result, Montepio Geral Associação Mutualista, as the sole holder of the institutional capital of CEMG, holds the exclusive right to intervene in the previously mentioned institutional bodies of CEMG, through an ex officio system embodied in the Articles of Association.

In the General Meeting of CEMG, voting rights are exercised in person, with each member having one vote, on the resolutions that deal exclusively with the issues included in the call notice and are adopted by simple majority, except in cases of resolutions on the reform or amendment to the Articles of Association, merger, demerger, transformation, dissolution and other special cases provided in article 15 of the Articles of Association.

10. Maximum percentage of voting rights that may be exercised by a single shareholder

Not applicable.

11. Details of shareholders' resolutions that, imposed by the Articles of Association, may only be taken with a qualified majority

In accordance with article 51, No. 2 of the Articles of Association of CEMG, the resolutions adopted at an extraordinary meeting, implying increases in costs or decreases in revenues or with reference to the reform or amendment of the Articles of Association, merger, demerger, dissolution and incorporation of or in Caixa Económica, or that authorise it to make demands on the members of the corporate bodies, are only valid if approved by two thirds of the votes of those present and their efficacy depends on ratification by the General Meeting of Montepio Geral. The same applies with reference to transformation projects, according to articles 15, 32 and 33.

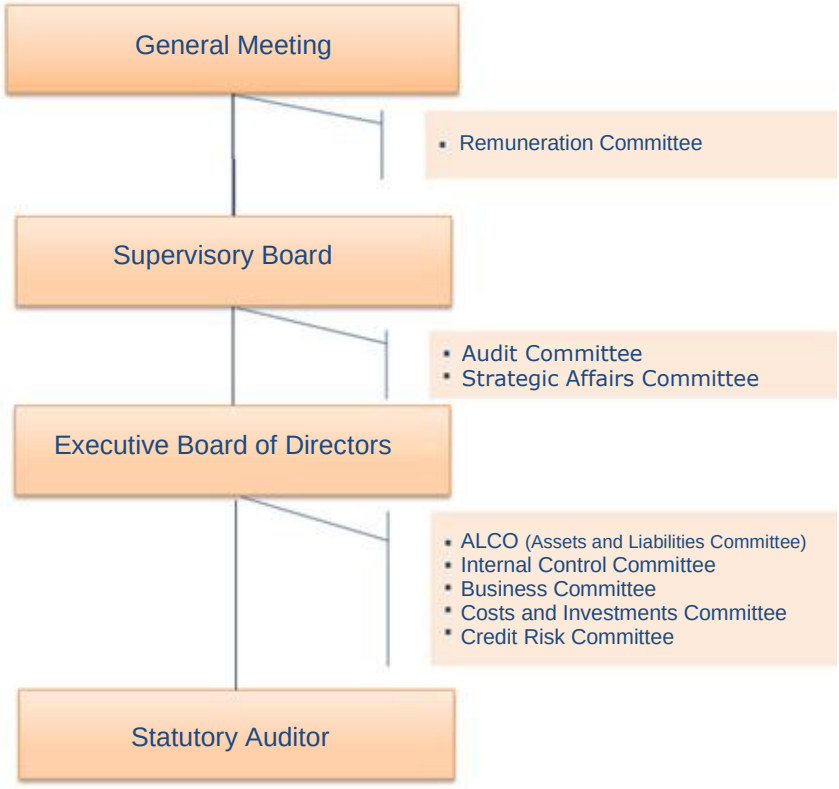
II. MANAGEMENT AND SUPERVISION

12. Details of corporate governance model adopted

The two-tier governance model of CEMG, in force since 2013, following the amendment to the Articles of Association, comprises the following bodies:

- The General Meeting;
- The General and Supervisory Board;
- The Executive Board of Directors;
- The Remuneration Committee;
- The Statutory Auditor.

The governance model of CEMG may be presented in schematic terms as follows:



13. Articles of Association rules on the procedural requirements and issues governing the appointment and replacement of members of the Executive Board of Directors and of the General and Supervisory Board.

At the extraordinary General Meeting held on 19 February 2013, the Executive Board of Directors was elected for the three-year period 2013-2015. The following members of the General and Supervisory Board, which also make up this body, as part of their corresponding functions, are: The Chairman of the Board of the General Meeting, the members of the Board of Directors (with the exception of the Chairman for having been elected to the Executive Board of Directors) and of the Supervisory Board, all the members of Montepio Geral Associação Mutualista and the first representatives of each of the lists elected for the General Council of Montepio Geral Associação Mutualista.

According to the Articles of Association, the Executive Board of Directors (EBD) functions as a body, being able to deliberate provided the majority of its members is present. The EBD resolutions are adopted by a majority of the members present, and the Chairman has a casting vote. It may also establish proxies to represent CEMG in any acts and contracts, defining the extent of their powers.

Prior to taking up office, the members of the Executive Board of Directors must become associates of Montepio Geral Associação Mutualista and the number of members of the EBD can be altered by a qualified majority of two thirds of the General Meeting. It is also important to note that the candidates to membership of this body who, in addition to having to comply with some prior requirements defined in the Articles of Association and in the General Regime of Credit Institutions and Financial Companies, are subject to prior assessment by Banco de Portugal, must declare, in the application for membership, that they will terminate any functions considered incompatible with the performance of their duties.

In relation to the General and Supervisory Board, its Chairman is elected from among its members, during its first session and, in his absence or when otherwise engaged, he may be temporarily substituted by a member he shall have designated, upon advice from the other members.

Finally, the members of the institutional bodies perform their duties for three-year periods, and may be elected for successive three-year terms, without prejudice to the legal limitations.

14. Composition of the General and Supervisory Board (GSB) and the Executive Board of Directors (EBD)

The General and Supervisory Board (GSB), as already mentioned, is composed of the Chairman of the Board of the General Meeting of Montepio Geral Associação Mutualista, and members of the Board of Directors and of the Supervisory Board of Montepio Geral Associação Mutualista, whose election to Montepio Geral Associação Mutualista determines, as part of their corresponding functions, the taking up of duties in the General and Supervisory Board of Caixa Económica Montepio Geral.The GSB also includes, as part of their corresponding functions, the first representative of each of the lists elected for the General Council of Associação Mutualista, if any.

The members of this body are as follows:

GENERAL AND SUPERVISORY BOARD	
Chairman	José de Almeida Serra
Members	Vitor José Melícias Lopes
	Eduardo José da Silva Farinha
	Carlos Vicente Morais Beato
	Álvaro João Duarte Pinto Correia
	Gabriel José dos Santos Fernandes
	Luísa Maria Xavier Machado
	Maria Manuela Silva
	António Gonçalves Ribeiro
	Eugénio Óscar Garcia Rosa

The Executive Board of Directors is composed of a Chairman and a maximum of four Voting Members.

The General Meeting of CEMG, at an extraordinary meeting, held on 10 December 2014, elected Dr. João Carlos Martins da Cunha Neves, as member of the Executive Board of Directors and as an addition to the 2013-2015 mandate. The members of the Executive Board of Directors, elected for the 2013-2015 mandate are, as at 31 December 2014, the following:

EXECUTIVE BOARD OF DIRECTORS	
Chairman	António Tomás Correia
Members	Jorge Humberto Barros Luís
	Pedro Miguel de Almeida Alves Ribeiro
	Fernando Paulo Pereira Magalhães
	João Carlos Martins da Cunha Neves

15. Distinction between executive and non-executive members and details of members that may be considered independent

All the members of the EBD are executive members.

16. Professional qualifications and other relevant curricular information of each member of the General and Supervisory Board and Executive Board of Directors

The *curricula* of each of the members referred to is presented in Annex I of this Report.

17. Customary and meaningful family, professional or business relationships of members of the General and Supervisory Board and Executive Board of Directors with shareholders that are assigned qualified holdings that are greater than 2% of the voting rights.

Not applicable.

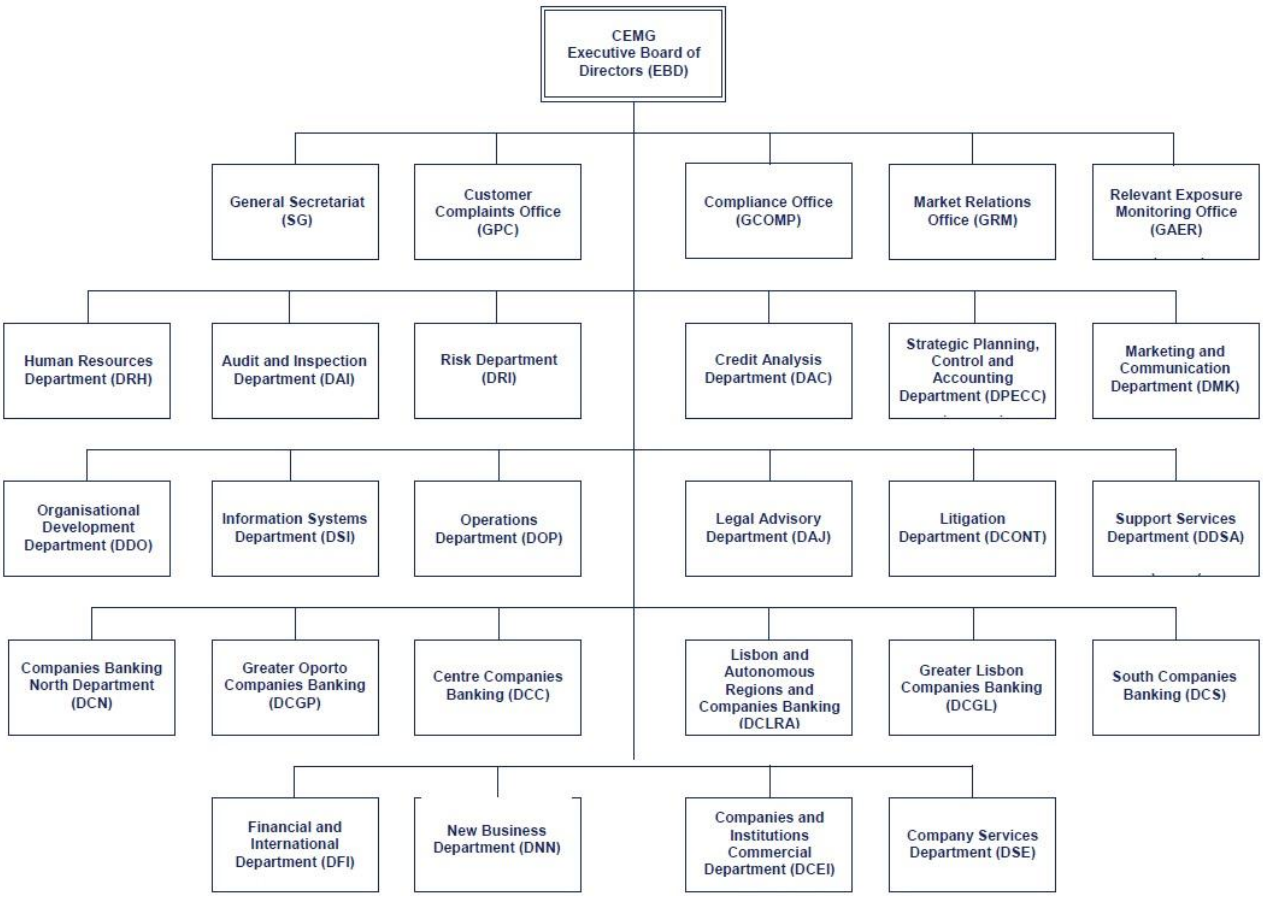
18. Organisational charts or flowcharts concerning the allocation of powers between the various corporate bodies, committees and/or departments within the company

The Executive Board of Directors is the body responsible for the management of CEMG, and namely:

- Annually preparing the report and accounts for the financial year and the proposed distribution of net income;
- Preparing the proposed three-year Strategic Guidelines and their reviews to be submitted to the General Meeting, as well as the Action Programme and the annual budget;
- Deliberating on the increase in institutional share capital and on the issue of securities representing units of the participation fund, within the limits set by the Articles of Association;
- Deliberating on the opening and closing of branches and of any other form of representation;
- Deliberating on the acquisition, disposals and encumbrance of immovable property;
- Setting, in general terms, the interest rates, commissions and prices for banking operations and provision of services.

The organisational model and the allocation of functions and duties between the different organic units is the responsibility of the Executive Board of Directors, which defines the organisational structure model and the allocation of functions between the various organisational units. In turn, the organisational units form first-line bodies, Departments, Offices and Divisions that report directly to the Executive Board of Directors (EBD).

Whenever necessary, adjustments are made to the organic structure, with the adaptations and improvements deemed essential.



In accordance with the organic structure, the responsibilities of the management body are distributed as follows:

António Tomás Correia

Audit and Inspection Department; Marketing and Communication Division; Compliance Office; Customer Complaints Office; General Secretariat.

Jorge Humberto Barros Luís

Credit Analysis Department, Risk Department, Relevant Exposure Monitoring Office.

Pedro Miguel de Almeida Alves Ribeiro

Legal Advisory Department; Litigation Department, Organisational Development Department, Development and Support Systems Department; Operations Department; Information Systems Department; Company Services Department; Human Resources Department.

Fernando Paulo Pereira Magalhães

Centre Commercial Department; Greater Lisbon Commercial Department; Greater Porto Commercial Department; Companies and Institutions Commercial Department: Lisbon and Autonomous Regions Commercial Department; North Commercial Department; South Commercial Department; New Business Department.

João Carlos Martins da Cunha Neves

Financial and International Department; Strategic Planning, Control and Accounting Department; Market Relations Office.

In turn, each area of responsibility has alternate members. Whenever an organic reorganisation occurs, responsibilities are redistributed.

The General and Supervisory Board is responsible for, namely:

a) Playing an advisory role and ensuring the ongoing assessment of the Institution;

b) Analysing the financial reporting documents and the minutes of the meetings of the Executive Board of Directors;

c) Supervising the risk and financial reporting policies;

d) Monitoring the financial performance and the budget implementation;

e) Analysing and discussing the reports of the external auditors;

f) Controlling and ensuring the effectiveness of the internal audit function;

g) Issuing an opinion on the Report and Accounts for the financial year to be submitted for deliberation at the General Meeting;

h) Presenting the proposal of the Statutory Auditor for deliberation at the General Meeting;

i) Providing an opinion on the action plan and budget;

j) Controlling the non-conformities with the legal rules, Articles of Association and established policies.

The Chairman of the General and Supervisory Board represents this body, namely in the relations with other institutional bodies, such as with the statutory auditor and the external auditor, in addition to convening and presiding over the meetings and ensuring the correct execution of its decisions.

19. Availability and place where the rules on the functioning of the General and Supervisory Board and the Executive Board of Directors may be consulted.

In addition to the provisions applicable under the law, the Articles of Association and regulations, all the activities undertaken by the Institution also comply with the resolutions of the corporate bodies, internal rules, rules of conduct and ethical standards.

On the internal portal, Intranet, the Internal Standards, disclosed to all employees, contain an entire set of documents classified in accordance with objectives and corresponding contents, as well as a set of rules regarding professional and ethical uses. With reference to compliance with the prudential standards in force and the respective reporting periods for external entities, there are Internal Regulations with a view to ensuring compliance with the duty of information.

On the Institution's website www.montepio.org general information on the Institution can be consulted, including the regulations on the functioning of the General and Supervisory Board and of the Strategic Affairs Committees and the Financial Affairs Committee.

20. Number of meetings held and the attendance report for each member of the General and Supervisory Board and the Executive Board of Directors.

The Articles of Association of CEMG establish that the General and Supervisory Board must hold meetings at least once a month and, in addition, in accordance with its internal regulations, any time a meeting is convened by the Chairman or a request for a meeting is made to the Chairman by any member for justified reasons.

During 2014, the General and Supervisory Board held meetings fourteen times and the respective attendance was almost 100%.

The Executive Board of Directors, on the other hand, held meetings once a week over the course of 2014, with an attendance rate for each director of close to 100%. The minutes of the meetings are made available to the General and Supervisory Board whenever requested.

21. Details of the bodies which are competent to carry out the performance assessment of the executive directors

Without prejudice to the powers of the General and Supervisory Board, the body that is competent to carry out the performance assessment of the executive directors is the General Meeting. An amendment to the Articles of Association is planned which contemplates, among other things, the establishment of an Appointments Committee.

22. Pre-defined criteria for the assessment of the performance of the executive directors

The assessment of the performance of the management body, as well as the other members of the institutional bodies, has been founded on a careful judgement criteria based on the experience of the actual institution, on the observation of what occurs in analogous entities, and in line with the global strategy of the Institution approved by the General Meeting.

The pre-determined criteria which cover the remuneration policy of members of the institutional bodies are subject to approval, in their broad outlines, by the General Meeting and then implemented by the Remuneration Committee elected by that same body.

23. The availability of each member of the General and Supervisory Board and Executive Board of Directors, and details of the positions held at the same time in other companies within and outside the Group, and other relevant activities undertaken by members of these boards throughout the financial year.

The positions held by the Executive Board of Directors in subsidiary companies are described in detail in Annex I of this Report.

24. Details of the committees created within the General and Supervisory Board and the Executive Board of Directors

The General and Supervisory Board, within the scope of its competencies, appointed from among its members the Financial Affairs Committee and the Strategic Affairs Committee.

Within the Executive Board of Directors, with a view to support this body in the strategic management process of the Institution, five Committees were created:

COMMITTEE	Area of intervention/ Targets and measures
Alco (Assets and Liabilities Committee)	Management of Capital, Balance Sheet and Income Statement
Internal Control	Internal Control System
Credit Risk	Risk Management, Impairments and Settlement of Credit Overdue
Business	Commercial Activity, respective Rates and Margins
Costs and Investments	Operating Costs and Investments

25. Description of the powers of each of the committees and a summary of activities undertaken in exercising said powers

The Financial Affairs Committee is responsible for, namely, and in accordance with its operating regulations, monitoring and assessing the internal procedures with reference to audit, internal control, risk control and accounting; monitoring the activity of the statutory auditor and the external auditor.

The Strategic Affairs Committee is responsible for, namely, and in accordance with its operating regulations, assessing the situation of CEMG within the sectorial context; assessing the annual and pluriannual plans; monitoring the application of regulatory measures and the analysis of the prudential ratios.

In relation to the Committees, with regards to matters within the scope of their intervention, each Committee must: draw up an operational action plan to achieve objectives and pursue guidelines; determine action priorities; align operational measures with strategic measures; resolve any conflicts between measures; guide and monitor the execution of measures.

Each Committee prepares and submits proposals and periodic activity reports to the EBD for a decision.

III. SUPERVISION

26. Details of the supervisory body representing the adopted model

According to the Institution's governance model, the General and Supervisory Board is the body responsible for the supervision, monitoring and counselling of the Institution's activity.

27. Composition of the General and Supervisory Board and the Committees

In relation to the composition of the General and Supervisory Board, see Part II - Management and Supervision, point 14.

With regards to the Financial Affairs Committee, composed of a minimum of three and a maximum of five Members, its members are designated by the General and Supervisory Board, and the respective terms of office have the same duration as the term of office of the General and Supervisory Board that appoints them.

With regards to the Strategic Affairs Committee, composed of a minimum of three and a maximum of five elements, its members are also appointed by the General and Supervisory Board, and the respective terms of office coincide, in terms of duration, with the terms of office of the Board that appointed them.

The composition of each of the Committees is as follows:

COMPOSITION OF THE FINANCIAL AFFAIRS COMMITTEE	
Coordinator	Álvaro João Duarte Pinto Correia
	Gabriel José dos Santos Fernandes
	Luísa Maria Xavier Machado
	Eugénio Óscar Garcia Rosa

COMPOSITION OF THE STRATEGIC AFFAIRS COMMITTEE	
Coordinator	António Gonçalves Ribeiro
	Maria Manuela Silva
	Vitor José Melícias Lopes
	Carlos Vicente Morais Beato

28. Details of the independent members of the General and Supervisory Board and the Committees

All the members are independent, and comply with the rules on incompatibility.

29. Professional qualifications of the members of the General and Supervisory Board and the Committees

The qualifications and curricula of the members of the General and Supervisory Board and the Committees are presented in Annex I of this Report.

30. Availability and place where the rules on the functioning of the General and Supervisory Board and the Committees may be consulted.

The Rules on the functioning of the General and Supervisory Board and the Committees is available for consultation on the website of the Institution (www.montepio.org).

31. Number of meetings held and the attendance report for each member of the General and Supervisory Board and the Committees

During 2014, the General and Supervisory Board held fourteen meetings and the respective attendance was almost 100%.

The Financial Affairs Committee held fifteen meetings and the respective attendance was almost 100%.

The Strategic Affairs Committee held ten meetings over the course of 2014.

32. The availability of each member of the General and Supervisory Board and the Committees, and details of the positions held at the same time in other companies within and outside the Group, and other relevant activities undertaken by members of these bodies throughout the financial year

This information is available in Annex I of this Report.

33. Description of the procedures and criteria applicable to the intervention of supervisory body for the purposes of hiring additional services from the external auditor

The various audit services are hired under authorisation granted by the Executive Board of Directors, upon advice from the General and Supervisory Board.

34. Other duties of the supervisory bodies and, if applicable, of the Financial Affairs Committee

The General and Supervisory Board can also issue a prior opinion, when requested by the Executive Board of Directors, on any matter that is deemed convenient and urgent. The Committees already mentioned in this Report are available to the General and Supervisory Board, which may, on the initiative of its Chairman, organise working groups for the analysis and supervision of specific matters.

The General and Supervisory Board is the supervisory body that controls and ensures the effectiveness of the internal audit function, of the action plans and respective budgets and controls the non-conformities with the legal rules, Articles of Association and established policies, pursuant to article 20, No. 4, subparagraphs f) and i) of the Articles of Association of Caixa Económica Montepio Geral.

The Financial Affairs Committee is responsible for, namely, monitoring and assessing the internal audit, internal control, risk control and accounting procedures; monitoring the activity of the statutory auditor and of the external auditor and assessing the internal control, Compliance, audit, certification of accounts reports and their presentation to the General and Supervisory Board accompanied by the corresponding draft opinion.

In turn, the Strategic Affairs Committee assesses the situation of the Institution in the sectorial context and the hiring or expansion policies, among others.

IV. STATUTORY AUDITOR

35. Details of the statutory auditor and the partner that represents the same

The Statutory Auditor of CEMG is KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA, represented by Jean-Éric Gaign, ROC No. 1013.

36. Indication of the number of years that the statutory auditor consecutively carries out duties with the Institution

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA was appointed as Effective Statutory Auditor of CEMG, for the three-year period 2013-2015, represented by Jean-Éric Gaign (ROC No. 1013).

37. Description of other services that the statutory auditor provides to the Institution

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA, as Statutory Auditor of CEMG performs the duties of external auditor at this Institution. The services provided in addition to the statutory auditor services are presented in the points below.

V. EXTERNAL AUDITOR

38. Identification of the external auditor

The External Auditor of CEMG is KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA, registered at the CMVM under No. 9083, represented by the partner Jean-Éric Gaign, ROC No. 1013.

39. Indication of the number of years that the statutory auditor consecutively carries out duties at the institution

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA, consecutively carries out duties at CEMG since 2002 (inclusive).

40. Rotation policy and schedule of the external auditor

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA, provides external audit services to CEMG under contracts for the provision of services, since 2002. The provision of services by KPMG, governed by general terms and conditions, under a specific contract letter “Engagement Letter"”, has been extended.

In spite of the fact that KPMG & Associados – Sociedade de Revisores Oficiais de Contas has provided audit services since that date, its representation has been changed, i.e. the Statutory Auditor is regularly substituted. The last substitution took place in 2013.

In line with the practice followed in previous years, the contract for the provision of services is celebrated annually.

41. Assessment of the external auditor

At CEMG, the General and Supervisory Board is the institutional body that analyses and discusses the reports of the external auditors, controls and ensures the relations with the external auditor. Within GSB it is the Financial Affairs Committee that, within the scope of its duties, monitors the activity of the external auditor.

42. Details of services, other than auditing, carried out by the external auditor for the Institution

The services provided by KPMG are entirely functionally and hierarchically independent in relation to CEMG, in accordance with the applicable regulatory and professional standards.

The tax consultancy services and other services other than legal accounts review services, which were previously approved by the Executive Board of Directors, refer to services within the scope of tax advisory services provided to the Group for the review of the tax obligations of the various entities, and within the scope of services that are permitted in accordance with the rules of independence.

43. Details of the annual remuneration paid to the auditor and the percentage breakdown relating to each type of services

During 2014, the fees charged by KPMG & Associados – SROC, SA, in relation to the services provided to CEMG, mainly audit services, came to 3,249,750.00 euros.

The table below contains the services provided by the external auditor to the CEMG Group in 2014:

SERVICES	AMOUNT (€)	%
Legal accounts review services	1,284,950	40
Other guarantee and reliability services	1,090,550	33
Tax consultancy services	552,750	17
Services other than accounts legal review services	321,500	10
GENERAL TOTAL	**3,249,750**	**100**

D. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

44. Rules applicable to the amendment of the Articles of Association of the Institution

Depending on the type of amendment to the Articles of Association, the favourable deliberation of the General Meeting or the simple deliberation of the Executive Board of Directors may be sufficient.

The Articles of Association of CEMG may only be amended in accordance with the provisions of chapter VII, article 36 of said Articles of Association, whose requirements stem from CEMG's foundational and not corporate nature.

As such:

- If the General Meeting of Montepio Geral Associação Mutualista approves by a majority of at least two thirds of the members present, the proposal presented, duly substantiated, a Committee composed of 5 members shall be elected to prepare the respective project or issue an opinion on the specific terms of the proposal.
- The project or opinion of the Committee shall then be submitted to the chairman of the Board of the General Meeting of Caixa Económica within a maximum of three months, who will convene the extraordinary General Meeting, within a period of no longer than one month.
- Once the process has been concluded, the General Meeting of Caixa Económica will deliberate on the proposed amendment.

Following the conclusion of the process, the General Meeting of Montepio Geral Associação Mutualista will ratify the approved amendments.

II. REPORTS OF IRREGULARITIES

45. Reporting means and policy on the reporting of irregularities in the Institution

The Audit and Inspection Department is responsible for supporting the management body in exercising disciplinary power, as a consequence of practices that involve employees that contravene rules in force, and identifying the areas of most relevance and risk, aimed at achieving efficient governance.

The mission of the Compliance Office is to assist the management bodies, the organisational structure and all the employees in fully complying with the legislation, rules, codes and external and internal standards in force.

Since there is no formal circuit for the reporting of irregularities by staff members, the above services are normally available to receive reports of irregularities.

III. INTERNAL CONTROL AND RISK MANAGEMENT

46. Individuals, bodies or committees responsible for the internal audit and/or the implementation of the internal control systems

The Executive Board of Directors, in performing its duties, approves and annually reviews the objectives and strategic guidelines for the following three-year period and permanently controls the global evolution of the Institution, the risks inherent to the activity and the performance and execution of various activities and projects.

There are specific units of the organic structure responsible for internal control functions in the risk management and information systems areas.

The bodies, committees and organic units responsible for internal control and risk management are:

- Executive Board of Directors
- General and Supervisory Board
- Financial Affairs Committee
- External Auditor
- Audit and Inspection Department
- Risk Department
- Compliance Office

One of the guiding management principles for 2015 will be based on the implementation of a coherent internal control system between the various companies that make up the CEMG Group, promoting the

alignment of their strategies, systems, processes, policies and procedures with those defined for CEMG.

47. Details of hierarchical and/or functional dependency in relation to other bodies or committees

The management body is responsible for preparing the report on the Internal Control System, and for the implementation and maintenance of an adequate and effective system, which respects the defined principles, as a fundamental component of the business and organisational culture.

On the other hand, the General and Supervisory Board ensures that the management body establishes and maintains an adequate and effective internal control, and that it ensures and controls the effectiveness of the internal audit function. For this purpose, it has a Financial Affairs Committee which, within the scope of its duties, monitors and assesses the internal audit, internal control, risk control and accounting procedures, and the respective reports and submits them to the General and Supervisory Board accompanied by the corresponding draft opinion.

Also for the purposes of assessment, based on the mechanisms of assessment of the suitability and efficacy of the established internal control system, it is supported by the following functional areas: Audit and Inspection Department, Risk Department and Compliance Office, as well as by the complementary work undertaken by KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA, as External Auditor.

As such, the internal audit function is an integral part of the continuous monitoring system of the Institution's internal control, verifying the suitability and compliance of the defined policies and acting as an assistant to senior management.

The Audit and Inspection Department, in addition to assessing the suitability and efficacy of the internal control system, is responsible for the analysis and assessment of procedures, in accordance with the legislation in force and the defined standards and criteria, and for verifying the correct compliance with the standards in force.

With the collaboration and in articulation with the External Auditors, the Audit and Inspection Department coordinated the preparation of the Annual reports of Internal Control on an individual and consolidated basis submitted to Banco de Portugal, and prepared the Annual report of Supervision and Control of the Financial Intermediation Activity sent to the CMVM.

48. Other functional areas responsible for risk control

The Risk Department supports the Executive Board of Directors in decision-making associated to the management of the different types of risk inherent to the activity, within the CEMG Group.

Similarly, it ensures risk analysis and management, from a Group perspective, whenever decided by top management, including the identification, assessment, monitoring and control of market, liquidity, interest rate, credit and operational risks.

The organic statute of the Risk Department includes in its structure: the Global Risks Department, the Business Risks Department and the Risks Modelling Department, in accordance with the management of liquidity, market and interest rate risks and of solvency levels; the management of credit and operational risk, and the development of risk classification systems to support the credit analysis and decision and of its validation independently from the development function.

With respect to compliance risk, the Compliance Office is responsible for its control and for guaranteeing the execution of the policies approved by the Board of Directors in the area of this type of risk and of prevention of money laundering.

The compliance function is exercised in a permanent and effective manner, autonomously and independently, aimed at ensuring that the management bodies, organisational structure and all the employees fully comply with the existing internal and external requirements.

Within this scope, in 2014, it continued to guarantee the disclosure of relevant information and the participation in specific transposition of external legislation processes, as well as in the review of mandatory reporting processes with external authorities.

49. Description of the procedure for identification, assessment, monitoring, control and management of risks

There is a detailed description of the principles, methodologies and instruments adopted in the management of the various risks in a separate chapter, in the Management Report.

50. Core details on the internal control and risk management systems implemented in the Institution regarding the procedure for reporting financial information

One of the commitments of the Executive Board of Directors is to guarantee an efficient and profitable performance of the activity, thus ensuring the existence of financial and management information that is complete, relevant and reliable and the observance of the applicable legal and regulatory requirements.

The internal control system relative to the preparation and disclosure of financial information is monitored by the management and supervisory bodies, as well as by the organic units responsible for their preparation.

Prior to any disclosure, the documents are approved by the bodies referred to above, with any press releases containing financial information being approved only by the management body, regardless of being submitted to the supervisory body.

In this regard, it is also important to mention the role of the supervisory body, the General and Supervisory Board that monitors the risk and financial reporting policies, in addition to monitoring the financial performance.

IV. INVESTOR RELATIONS

51. Department responsible for investor relations

The mission of the Investor Relations Office (GRM) of CEMG, the body that reports directly to the Executive Board of Directors, is to ensure compliance with the duties of communication and provision of information to investors, to rating agencies and to the market in general, within the scope of the legal and regulatory obligations applicable to publicly traded companies.

The main functions of GRM are to comply with the duty to provide information to the Regulators and to the market, arising from the legal and regulatory obligations applicable to CEMG, respond to the requests of investors, financial analysts and other agents with respect to financial information and other public information on the activity of CEMG and support the Executive Board of Directors within the scope of events related to its condition as an entity listed on the Stock Exchange.

52. Investor Relation Officer

In 2014, the Representative of CEMG for Market Relations was João Carlos Martins Cunha Neves, responsible for the Investor Relations Office.

53. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from previous years

Within the scope of its duties, GRM ensures a speedy response to the requests for information made by unitholders of the Participation Fund of CEMG, rating agencies and investors in general. GRM received and responded, since its entry into operation in mid-2014, a very low number of requests for information, whose maximum response time was 4 days.

Within the scope of the Complaints Management Policy, only 1.7% and 0.5% of complaints filed in 2014 are in reference to financial instruments and the Participation Fund of CEMG, respectively. The average complaint response time was 11 days, taking into account the nature and complexity of the request and the number of contributions to be obtained from organisational units of the CEMG Group.

All the public information on the CEMG Group may be requested from GRM, by:

- telephone (+351 213 249 841),

- fax (+351 213 248 195),
- email (investors@montepio.pt) or
- post (Rua do Carmo, 42, 9.º A, 1200-094 Lisboa).

V. INTERNET SITE

54. Address(es)

Information on the institution is available in both Portuguese and English on CEMG's Internet site, whose address is www.montepio.org.

55. Place where information on the firm, public company status, registered office and other details referred to in article 171 of the Commercial Companies Code is available

The Units of the Participation Fund of CEMG (ISIN PTCMHUIM0015) have been, since 17 December 2013, admitted to trading on a regulated market (NYSE Euronext Lisbon), which resulted in the opening of the capital of CEMG to public investment.

CEMG makes available information through the addresses www.bancomontepio.pt/institucional/investor-relations (version in Portuguese) and www.bancomontepio.pt/en/institutional/investor-relations (version in English), which is essential to ensure an adequate knowledge of its activity.

56. Place where the Articles of Association and regulations on the functioning of the bodies and/or committees are available

This information may be consulted at the following address: https://www.bancomontepio.pt/institucional/o-banco-montepio

57. Place where information is available on the identity of the members of the institutional bodies

This information may be consulted at the following address: www.bancomontepio.pt/institucional/orgaos-sociais

58. Place where the documents relating to financial accounts reporting are available, and which should be accessible for at least five years, as well as the calendar on company events

CEMG makes available information through the addresses www.bancomontepio.pt/institucional/investor-relations (version in Portuguese) and www.bancomontepio.pt/en/institutional/investor-relations (version in English), which is essential to ensure an adequate knowledge of its activity.

59. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

This information may be consulted at the following address:
www.bancomontepio.pt/institucional/assembleias-gerais

The convening notice and information included in the agenda are also disclosed in the area designated as "news".

60. Place where the historical archive on the resolutions passed at the company's General Meetings is available

This information may be consulted at the following address:
www.bancomontepio.pt/institucional/assembleias-gerais

E. REMUNERATION

I. POWER TO ESTABLISH

61. Details of the powers for establishing the remuneration of the corporate bodies, members of the executive committee or chief executive officer and directors of the institution

The duties of the Remuneration Committee include defining the remuneration policy of the members of the institutional bodies, as well as setting remunerations in accordance with the duties performed.

Every year, the Committee submits to the General Meeting for approval, a declaration on the remuneration policy of the members of the management and supervisory bodies and there shall always be at least one member of the Remuneration Committee present at the General Meeting.

II. REMUNERATION COMMITTEE

62. Composition of the Remuneration Committee and independence of each of its members

The Remuneration Committee, elected at the General Meeting for the three-year period 2013-2015, is composed of the following members:

Chairman: Luís Eduardo Silva Barbosa

Member: José Eduardo Bettencourt

Member: Carlos Lilaia

None of the members of the Committee is a member of the management body, his/her spouse, relative or related in line of descent until the third degree.

And, in accordance with the Articles of Association, the members of the Remuneration Committee are independent relative to members of the management body.

In addition, CEMG did not contract any natural or legal person to support the Remuneration Committee and neither did the Committee choose to do so.

63. Knowledge and experience of members of the Remuneration Committee regarding remuneration policy issues.

The members of the Remuneration Committee have knowledge and experience in remuneration issues and hold or held management positions.

They have no employment, service provision, supply or credit contract with Montepio, with the exception of any credits for the purchase of private housing or for the payment of health expenses.

III. REMUNERATION STRUCTURE

64. Description of the remuneration policy of the management and supervisory bodies

As a result of the amendment to the Articles of Association and the entry into force of the new corporate governance model of CEMG, the remuneration policy was drawn up for the three-year period 2013-2015, with its maintenance being reconfirmed, or not, each year.

The remuneration policy of the management and supervisory bodies is approved by the Remuneration Committee which presents, every year, for approval by the General Meeting, the "declaration on the remuneration policy".

This Declaration thus constitutes a «mandate» conferred upon the Remuneration Committee to set the remunerations of the members of the management and supervisory bodies, as well as of the other institutional bodies.

The "declaration relative to the remuneration policy of the members of the management and supervisory bodies relative to 2015", to be submitted to the General Meeting of April 2015, is presented in annex to this report (Annex II).

In addition, the Committee is also responsible for analysing the situation in order to assess compliance with the approved remuneration policies and procedures.

65. Information on how remuneration is structured so as to permit the alignment of the interests of the members of the management body with the long-term interests of the institution, and how it is based on the assessment of performance and discourages excessive risk taking

The remuneration policy is structured taking into consideration the objectives, structure and dimension of the Institution, nature of duties and market practices.

Remuneration consists of the following components:

i. Fixed component paid on a monthly basis;

ii. A variable component which may or may not be attributed.

These two remuneration components are based on objective and transparent criteria, consistent with the remuneration practice of the Institution and in keeping with the remuneration structure and chain of responsibilities, as well as compatible with national remuneration standards.

In addition to these two remuneration components, remuneration may be attributed in the form of attendance fees and subsistence expenses to be paid to the Executive Board of Directors in the same terms in which they are due to employees.

Although the payment of a variable remuneration to executive directors is provided for in the Articles of Association, the Institution has adopted a more restrictive policy, setting a maximum ceiling of variable remuneration dependent on the result of the individual performance appraisal and on the Institution's performance, thus preventing excessive risk taking behaviour.

66. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component

The remuneration structure of the executive directors has, in addition to a fixed component, a possible variable component based on specific measurable criteria and predetermined assumptions.

The Remuneration Committee, with reference to the financial year of 2014, maintained its decision to not attribute any variable remuneration.

67. Deferral of the payment of the variable component of remuneration, mentioning the period of deferral

Although no variable remuneration has been attributed, remuneration policy stipulates that 70% of that remuneration is to be deferred for a period of 3 years.

68. Criteria on which the allocation of a variable remuneration in units is based

The variable remuneration is composed of 30% in cash and 70% in Units of the Participation Fund, with reference to its nominal value, but the securities representing this payment shall only be delivered to the respective beneficiary at the end of the third year following the date of the decision regarding its delivery.

69. The main parameters and grounds for any annual bonus scheme and any additional non-financial benefits

In 2014, there were no prizes, annual bonuses or non-financial benefit schemes.

70. Main characteristics of the supplementary pension or early retirement schemes for directors and date when said schemes were approved at the general meeting, on an individual basis.

The members of the executive board of directors are entitled to a retirement pension, in addition to whatever else is due by application, by analogy, of the regime in force for employment contracts.

IV. REMUNERATION DISCLOSURE

71. Indication of the amount relating to the annual remuneration paid as a whole and individually to members of the Institution's management bodies, including fixed and variable remuneration and as regards the latter, reference to the different components that comprise the same

The remuneration earned by the members of the Executive Board of Directors, in 2014, was the following:

(euros)

	Fixed Remuneration	Variable Remuneration	Total Remuneration
António Tomás Correia - Chairman (*)		-	
Jorge Humberto Barros Luís	254,222.82	-	254,222.82
Pedro Miguel de Almeida Alves Ribeiro	254,257.50	-	254,257.50
Fernando Paulo Pereira Magalhães	254,257.50	-	254,257.50
João Carlos Martins Cunha Neves (**)		-	
Total (**)	**762,737.82**		**762,737.82**

(*) According to the decision of the Remuneration Committee and the powers that he was assigned by the General Meeting, the remuneration of the Chairman of the Executive Board of Directors, in the amount of 447,897.58 euros, is paid exclusively by Montepio Geral – Associação Mutualista.
(**) Took up the post of executive director in December 2014, but the inclusion in the monthly payroll processing, as a member of the management body, was not feasible.

The Remuneration Committee also decided not to attribute any variable remuneration (whether as "gratification" and "bonus" or as an "extraordinary bonus").

72. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or that are subject to a common control

No remuneration is due for the exercise of duties in subsidiary companies, whether paid by said subsidiaries or by CEMG.

73. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded

No variable remuneration was attributed.

74. Compensation paid or owed to former executive directors relative to their termination of office during the financial year

In the case of termination of a term of office, through expiration of the contract period or with just cause, the members of the Executive Board of Directors are entitled to receive the amounts corresponding to the holiday and Christmas bonuses due and not paid, in addition to the part proportional to the length of service of those bonuses, with respect to the year in which they ceased their functions.

75. Indication of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory boards for the purposes of Law No. 28/2009, of 19 June.

During 2014, the fixed monthly remuneration of the General and Supervisory Board of CEMG came to 5,000.00 euros for each member, paid in double in the months of January (holiday bonus) and November (Christmas bonus), except those that have been elected as directors of Montepio Geral-Associação Mutualista.

The remuneration earned by the Statutory Auditor has already been referred to in point 43.

76. Indication of the remuneration in said year of the Chairman of the Board of the General Meeting

The Chairman of the Board of the General Meeting earned remuneration in the form of attendance fees for participation in specific acts, which came to 813.75 euros per participation in 2014, the same value as in the previous year.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

77. Reference to the contractual restraints for compensation payable for unfair dismissal of a director and the relevance thereof to the variable component of the remuneration

Under the terms of the remuneration policy of the members of the Executive Board of Directors, in case of termination of office without just cause, the director is entitled to compensation, whose maximum value corresponds to the fixed monthly remunerations that he is currently earning from the date of dismissal until the end of the planned term of office.

78. Reference to the existence and description, with details of the sums involved, of agreements between the Institution and members of the board of directors and managers, which envisage compensation in the event of resignation, unfair dismissal or termination of employment following a takeover bid

There are no agreements with members of the board of directors or managers that envisage compensation in the event of resignation, unfair dismissal or termination of employment following a takeover bid.

F. RELATED PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

79. Mechanisms implemented for the purpose of controlling transactions with related parties (for said purpose, reference is made to the concept resulting from IAS 24)

The conclusion of business deals between the institution and holders of qualified holdings, or with entities with which they have some kind or control or group relationship, under the terms of article 20 of the Securities Code, is always previously submitted to the Executive Board of Directors for an opinion.

The Institution, in its central system, maintains the following:

- An updated list of the entities covered by the concept of related party, as defined by IAS 24;
- Information on exposure by customer;
- The integrated position of customers.

The Planning, Research and Accounting Department (DPECC) prepares information in the notes to the consolidated financial statements with details on the exposures held by CEMG in related parties included in the Annual Report and Accounts of 2014 (see the note to the financial statements).

80. Details of transactions that were subject to control in 2014

During 2014, there were no business deals or operations between CEMG and the members of its Executive Board of Directors, General and Supervisory Board, holders of qualified holdings or Group companies, which were carried out other than under market conditions (applicable to similar operations) or beyond the scope of the Institution's normal day-to-day business operations.

81. Description of the procedures and criteria applicable to the intervention of the supervisory board for the effects of the prior evaluation of the business to be carried out between the institution and owners of the qualified holdings or entities which are in any relationship with them, under the terms of article 20 of the Securities Market Code

The conclusion of business deals between the institution and holders of qualified holdings, or with entities with which they have some kind of relationship, under the terms of article 20 of the Securities Code, is always previously submitted to the Executive Board of Directors for an opinion.

The opinion of the Executive Board of Directors is issued in accordance with the information presented for assessment of the operations by the Credit Committee.

II. DATA ON BUSINESS DEALS

82. Details of the place where the financial accounts reporting documents including information on business deals with related parties are available, in accordance with IAS 24, or alternatively a copy of said data

According to IAS 24, related entities are considered those where CEMG exercises, directly or indirectly, a significant influence on their management and financial policy - associated and jointly-controlled

companies and Pension Fund - and the entities which exercise a significant influence on CEMG's management.

The debits and credits and the income and costs of CEMG relative to related party operations are presented in the note to the respective financial statements.

PART II - CORPORATE GOVERNANCE ASSESSMENT

A. DETAILS OF CORPORATE GOVERNANCE CODE ADOPTED

This Report on the Institution's Corporate Governance mirrors the corporate governance structure followed by the Institution, directly associated to its organisational performance and in conformity with the corporate governance principles and practices adopted by the Institution, complying, in general, with the recommendations of the CMVM, and in accordance with its specific legal nature.

In addition to the provisions applicable under the law, the Articles of Association and regulations, all the activities undertaken also comply with the resolutions of the corporate bodies, internal rules, rules of conduct and ethical standards.

Lastly, it is important to point out that this document must be read as an integral part of the Annual Report relative to the financial year of 2014.

B. ANALYSIS OF COMPLIANCE WITH THE ADOPTED CORPORATE GOVERNANCE CODE

Under the terms of article 245-A, No. 1, sub-paragraph o) the level of compliance with the recommendations of the Corporate Governance Code is presented:

Recommendations	Adopted	Not Adopted or Not Applicable	Observations/Reference in the Institutional Corporate Governance Report
I. VOTING AND CORPORATE CONTROL			
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.		Not applicable	Point 9.
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.		Not applicable	Points 9. to 11.
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.		Not applicable	Points 9. to 11.
I.4. The company's Articles of Association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.		Not applicable	Points 9. to 11.
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the management body and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of management body members, shall not be adopted.		Not applicable	
II. SUPERVISION, MANAGEMENT AND OVERSIGHT			
II.1. SUPERVISION AND MANAGEMENT			
II.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	**x**		Point 18.
II.1.2. The Board of Directors must ensure that the company acts in accordance with its objectives, and must not delegate its competence, namely, with respect to: i) the definition of the strategy and general policies of the company; ii) the definition of the Group's business structure; iii) decisions which should be considered strategic due to their amount, risk or special characteristics.	**x**		Point 18.
II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the Group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	**x**		II. MANAGEMENT AND SUPERVISION
II.1.4. Unless as a result of the small size of the company, the Board of Directors and General and Supervisory Board, according to the adopted model, should create the committees which prove necessary for: a) Ensuring a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflecting on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	**x**		Points 24. and 25.
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	**x**		D.INTERNAL ORGANISATION III.INTERNAL CONTROL AND RISK MANAGEMENT
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the management body.		Not applicable	There are no non-executive members

II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualified holdings; e. Being a qualified shareholder or representative of a qualified shareholder.			Not applicable in relation to non-executive directors, since all directors are executive directors There is no Executive Committee
II.1.8. When requested by other members of the corporate bodies, the directors performing executive duties should provide, in due time and in a form appropriate to the request, any information requested by them.	**x**		Points 13. to 15.
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chair of the Financial Affairs Committee, the convening notices and minutes of the relevant meetings.			Point 20.
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.		Not applicable	There are no non-executive members
II.2. SUPERVISION			
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Affairs Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	**x**		Points 26. to 29.
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	**x**		Point 33.
II.2.3. The supervisory body shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	**x**		Point 41.
II.2.4. The supervisory body shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	**x**		Points 46. to 48.
II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	**x**		Point 34.
II.3. REMUNERATION SETTING			
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	**x**		Points 62. and 63.

II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure that is directly responsible to the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	**x**		Point 62.
II.3.3A statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the corporate bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	**x**		Points 64. and 65. and Annex II to the Institutional Corporate Governance Report
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.		Not applicable	
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said scheme.		Not applicable	Point 70.
III.REMUNERATION			
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk-taking	**x**		Point 65. and remuneration policy
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.		Not applicable	There are no non-executive members
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	**x**		Point 65. and remuneration policy
III.4. A significant part of the variable remuneration should be deferred for a period of not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.		Not applicable	
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.		Not applicable	Point 72.
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their term of office.		Not applicable	
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.		Not applicable	
III.8. When the removal of a board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	**x**		Point 77.
IV.AUDITING			
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	**x**		Point 42.

IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. Where there are motives for the contracting of such services - which should be approved by the supervisory body and explained in its Annual Corporate Governance Report - they cannot represent a figure above 30% of the total value of the services provided to the company.	**x**		Points 33. and 42.
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of the auditor's independence and the benefits and costs of its replacement.	**x**		Point 40.
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS			
V.1. The company's business with holders of qualified holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.			E. TRANSACTIONS WITH RELATED PARTIES
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualified holdings - or entities with which they are in any of the relationships described in No. 1 of article 20 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.			E. TRANSACTIONS WITH RELATED PARTIES
VI. INFORMATION			
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	**x**		V. INTERNET SITE
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion, and a record of the submitted requests and their processing shall be kept.			Points 51. to 53.

C. OTHER INFORMATION

With regards to other quantitative information and following the approval, by the Executive Board of Directors, of the remuneration policy of the "employees" which covers the senior managers that perform duties that can have an impact on the risk profile of the Institution, officers in control functions and other employees which, in remuneration terms, are assimilated to senior managers, the remunerations earned in 2014 by these employees is presented below:

Manager	27
Assistant Manager	4
Total Fixed Rem.	4,218,659.45 €
Total Variable Rem.	0.00 €
Total Remuneration	**4,218,659.45 €**
Weight Variable Rem.	0.00 €

This remuneration policy is the one that is applied to the Employees of CEMG in general and is based on the existence of remuneration composed of two components: a fixed component and a variable component.

The variable remuneration attributed to senior managers, and those that in remuneration terms are assimilated to them, complies with specific rules and limits.

ANNEX I

ACADEMIC QUALIFICATIONS AND POSITIONS HELD BY MEMBERS OF THE GENERAL AND SUPERVISORY BOARD AND OF THE EXECUTIVE BOARD OF DIRECTORS

General and Supervisory Board

José de Almeida Serra

Academic qualifications:

Licentiate Degree in Economics from ISCEF and post-graduation from the Massachusetts Institute of Technology

Professional activities performed over the last few years:

Member of the Board of Directors of Montepio Geral - since 2004;

Chairman of the General and Supervisory Board of Caixa Económica Montepio Geral - since 6 May 2013.

Positions held in subsidiary companies, as at 31 December 2014

Chairman of the Board of Directors of Montepio Gestão de Ativos – SGFI, SA

Chairman of the Board of Directors of Futuro – Soc. Gestora de Fundos de Pensões, SA

Chairman of the Board of Directors of Lestinvest, SGPS, SA

Chairman of the Board of Directors of Montepio Imóveis – Soc. Imobiliária de Serv. Auxiliares, SA

Chairman of the Board of Directors of Montepio Gestão de Ativos Imobiliários, A.C.E.

Member of the Remuneration Committee of SAGIES – Segurança, Higiene e Saúde no Trabalho, SA

Member of the Remuneration Committee of Clínica CUF Belém, SA

Vitor José Melícias Lopes

Academic qualifications:

Licentiate Degree in Canon Law and Civil Law

Professional activities performed over the last few years:

Chairman of the Board of the General Meeting of Montepio Geral – since 2008;

Chairman of the Board of the General Meeting of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Eduardo José da Silva Farinha

Academic qualifications:

Licentiate Degree in Finance from ISCEF

Professional activities performed over the last few years:

Member of the Board of Directors of Montepio Geral - since 2004;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Positions held in subsidiary companies, as at 31 December 2014

Chairman of the Board of the General Meeting of Montepio Gestão de Ativos – SGFI, SA

Chairman of the Board of Directors of MG Investimentos Imobiliários, SA

Chairman of the Board of Directors of Bolsimo – Gestão de Ativos, SA

Chairman of the Board of Directors of Lusitania – Companhia de Seguros, SA

Chairman of the Board of Directors of Lusitania Vida – Companhia de Seguros, SA

Chairman of the Board of Directors of Montepio Seguros, SGPS, SA

Member of the Board of Directors of Clínica CUF Belém, SA

Member of the Board of Directors of Lestinvest, SGPS, SA

Member of the Board of Directors of SAGIES – Segurança, Higiene e Saúde no Trabalho, SA

Chairman of the Remuneration Committee of Bolsimo – Gestão de Ativos, SA

Member of the Remuneration Committee of Futuro – Soc. Gestora de Fundos de Pensões, SA

Member of the Remuneration Committee of Montepio Valor – Soc. Gestora de Fundos de Investimento, SA

Member of the Remuneration Committee of Montepio Gestão de Ativos, SGFI, SA

Carlos Vicente Morais Beato

Academic qualifications:

Licentiate Degree in Management from Instituto Superior de Gestão

Professional activities performed over the last few years:

Member of the Board of Directors of Montepio Geral - since 2013;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Positions held in subsidiary companies, as at 31 December 2014

Chairman of the Board of Directors of Residências Montepio, Serviços de Saúde, SA

Álvaro João Duarte Pinto Correia

Academic qualifications:

Civil Engineer

Professional activities performed over the last few years::

Chairman of the Supervisory Committee of Instituto de Seguros de Portugal;

Chairman of the City of Lisbon Foundation;

Chairman of the Supervisory Board of Montepio Geral - since 2013;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Gabriel José dos Santos Fernandes

Academic qualifications:

Licentiate Degree in Economics

Is a Statutory Auditor

Professional activities performed over the last few years:

Chairman of the Supervisory Board of Finangeste;

Member of the Supervisory Board of Montepio Geral - since 2007;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Luísa Maria Xavier Machado

Academic qualifications:

Licentiate Degree in Management

Professional activities performed over the last few years::

Head of the Budget and Control Department of Caixa Económica Montepio Geral – from 2010 to May 2014;

Responsible for the Compliance Office since June 2014;

Member of the Supervisory Board of Montepio Geral - since 2013;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Maria Manuela Silva

Academic qualifications:

Licentiate Degree in Economics

Professional activities performed over the last few years:

Member of the General Board of Montepio Geral - since 2007;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

António Gonçalves Ribeiro

Academic qualifications:

Lieutenant General

Professional activities performed over the last few years:

Member of the General Board of Montepio Geral - since 2013;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Eugénio Óscar Garcia Rosa

Academic qualifications:

Licentiate Degree in Economics and Doctorate from ISEG

Professional activities performed over the last few years:

Member of the Research Office of CGTP-IN and of the Technical Office of the National Federation of Public Sector Trade Unions, representative of CGTP in the Monitoring Committees of the Human Potential and Competitiveness Factors Operational Programmes;

Member of the General Board of Montepio Geral - since 2013;

Member of the General and Supervisory Board of Caixa Económica Montepio Geral, as part of his functions - since 6 May 2013.

Executive Board of Directors

António Tomás Correia

Academic qualifications:

Licentiate Degree in Law from Universidade Clássica de Lisboa

Professional activities performed over the last few years:

Chairman of the Board of Directors of Montepio Geral - since 2008;

Chairman of the Executive Board of Directors of Caixa Económica Montepio Geral - since 18 March 2013.

Positions held in subsidiary companies, as at 31 December 2014

Chairman of the Board of Directors of Finibanco Angola, SA

Chairman of the Board of Directors of Montepio Holding, SGPS, SA

Chairman of the Board of Directors of Montepio Investimento, SA

Member of the Remuneration Committee of Montepio Valor – Soc. Gestora de Fundos de Investimento, SA

Member of the Remuneration Committee of Futuro – Soc. Gestora de Fundos de Pensões, SA

Member of the Remuneration Committee of Montepio Gestão de Ativos, SGFI, SA

Jorge Humberto Barros Luís

Academic qualifications:

Licentiate Degree in Economics from ISEG

Master's in Economics (specialisation in Monetary and Financial Economics) from ISEG

Advanced Management Program (AMP), Harvard Business School

PhD in Economics from University of York

Professional activities performed over the last few years::

Manager of the Risk Department of Caixa Económica Montepio Geral from 2004 to 2013;

Member of the Executive Board of Directors of Caixa Económica Montepio Geral - since 18 March 2013.

Positions held in subsidiary companies, as at 31 December 2014

Chairman of the Board of Directors of Montepio Valor – Soc. Gest. de Fundos de Investimento, SA

Chairman of Montepio Crédito – Instituição Financeira de Crédito, SA

Member of the Board of Directors of Montepio Holding, SGPS, SA

Member of the Board of Directors of Montepio Gestão de Ativos Imobiliários, A.C.E.

Pedro Miguel de Almeida Alves Ribeiro

Academic qualifications:

Licenciate Degree in Economics from the School of Economics of Universidade de Coimbra

PAGESF – Post-graduation from Universidade Católica de Lisboa

Professional activities performed over the last few years:

Director of Accenture – 2001 to 2013;

Member of the Executive Board of Directors of Caixa Económica Montepio Geral - since 18 March 2013.

Positions held in subsidiary companies, as at 31 December 2014

Member of the Board of Directors of Montepio Holding, SGPS, SA

Member of the Board of Directors of Montepio Investimento, SA

Member of the Board of Directors of SIBS – Soc. Interbancária de Serviços, SA

Member of the Board of Directors of UNICRE – Instituição Financeira de Crédito, SA

Member of the Board of Directors of Montepio Crédito – Instituição Financeira de Crédito, SA

Fernando Paulo Pereira Magalhães

Academic qualifications:

University Degree in Marketing Management from Instituto Superior de Gestão e Marketing

Professional activities performed over the last few years::

Sales Manager of Caixa Económica Montepio Geral from 2009 to 2013;

Member of the Executive Board of Directors of Caixa Económica Montepio Geral - since 18 March 2013.

Positions held in subsidiary companies, as at 31 December 2014

Chairman of the Board of Directors of Banco Montepio Geral – Cabo Verde, Soc. Unipessoal, SA

Member of the Board of Directors of Montepio Holding, SGPS, SA

Member of the Board of Directors of Montepio Crédito – Instituição Financeira de Crédito, SA

João Carlos Martins da Cunha Neves

Academic qualifications:

Licentiate degree in Economics from Universidade Católica Portuguesa

PhD in Economics from University of York

Master's in Applied Economics from Universidade Nova de Lisboa

Professional activities performed over the last few years::

Manager of Corporate Credit Analysis of Caixa Económica Montepio Geral from 2006 to 2010;

PMO – Banca Invest at Caixa Económica Montepio Geral between 2009 and 2010;

Manager of Strategic Planning, Control and Accounting of Caixa Económica Montepio Geral from 2010 to 2014;

Member of the Executive Board of Directors of Caixa Económica Montepio Geral - since 10 December 2014.

ANNEX II

STATEMENT ON THE REMUNERATION POLICY OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF CEMG FOR 2015

1. The general and fundamental rules of remuneration policy are set by the General Meeting and applied to specific situations by a Remuneration Committee, elected under the terms of article 16 c) of the Articles of Association of CEMG, in force since 14 January 2013, with no use being made of external consultants in these matters.

2. The Articles of Association of CEMG, in article 11 No. 1, provide that the following are institutional bodies of Caixa Económica: the General Meeting; the Supervisory Board; the Executive Board of Directors; the Remuneration Committee and the Statutory Auditor.

3. The performance of the management and supervisory body is assessed by the General and Supervisory Board and ultimately by the General Meeting.

4. The remuneration statute of the members of the Executive Board of Directors is composed of:

   a) Monthly fixed remuneration, paid in double in the months of January (holiday bonus) and November (Christmas bonus);

   b) Subsistence expenses, in the event of travel, paid under conditions identical to those for staff members;

   c) The fixed component can be increased up until 10%, based on the fixed monthly remuneration, depending on the relevant professional experience of each of the members, after a proposal in this regard is made by the Remunerations Committee;

   d) The members of the Executive Board of Directors are entitled to receive a remuneration up until 10% of monthly fixed remuneration for the exercise in subsidiary companies, that integrate perimeter of CEMG Group or qualified holdings;

   e) This variable remuneration may never exceed 20% of the annual fixed remuneration and will be paid in accordance with the provisions of No. 6.4 of the document "Remuneration Policy of the management and supervisory bodies of CEMG and of the members of other institutional bodies";

   f) The remuneration referred to in a) and b) may be reviewed annually under the same conditions applicable to the review of the remuneration of staff members;

   g) The members of the General and Supervisory Board and of the Executive Board of Directors are entitled to the following benefits:

1. A retirement pension, assigned in accordance with the Retirement Plans of the Executive Board members, as approved by the General Meeting;

2.Compensation for any damage resulting from work accidents and professional diseases, as per clause 38 of the ACT;

3.A health insurance policy with a coverage similar to the one provided for in clause 144 of the ACT, if they do not have direct access to this protection.

h) The rights to use credit cards, mobile phones and service cars are also conferred, according to the terms and conditions approved by the General Meeting following a proposal by the Remunerations Committee, and based on the experience of other credit institutions of similar size.

5. The members of the General and Supervisory Board, except those that have been elected as directors of Montepio Geral - Associação Mutualista, earn a monthly fixed remuneration, paid in double in the months of January (holiday bonus) and November (Christmas bonus).

6. The members of the Board of the General Meeting, pursuant to No. 1 of article 17 of the Articles of Association, earn a fixed remuneration paid as a single lump sum, in June of each year.

7. The Statutory Auditor earns a fixed remuneration set annually.