Deloitte & Associados, SROC S.A.
Inscrição na OROC nº 43
Registo na CMVM nº 231

CAIXA ECONÓMICA DE CABO VERDE, S.A.

Financial Statements at December 31, 2015, and accompanying Audit Report

Deloitte & Associados, SROC S.A.
Inscrição na OROC nº 43
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AUDIT REPORT

(Amounts in thousands of Cabo Verde Escudos – tCve.)

To the Board of Directors

of CAIXA ECONÓMICA DE CABO VERDE, S.A.

Introduction

1. We have audited the accompanying financial statements of Caixa Económica de Cabo Verde, S.A. ("Caixa"), which comprise the Balance Sheet as of December 31, 2015, totaling tCve 56,923,838 and an equity of tCve 4,025,844, including a net income of tCve 425,365, the statements of income and other comprehensive income, changes in equity and the cash flow for the year then ended, and the corresponding Notes (1 to 33).

Board of Directors' Responsibility for Financial Statements

2. Caixa's Board of Directors is responsible for the preparation and fair presentation of these financial statements, in accordance with International Financial Reporting Standards, and for the internal control that it deems necessary to assure the preparation of financial statements that are free from material misstatement due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an independent opinion on these financial statements, based on our audit, which was conducted in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves implementing procedures to obtain audit evidence about the amounts and disclosures contained in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Bases for Qualified Opinion

6. As described in Note 13, on December 31, 2015 Caixa has recorded subsidies receivable in the amount of tCve. 820,346 (tCve. 733,006 on December 31 2014). Based on an external audit conducted on the implementation of the subsidised loan regime, the General Board of Treasury (DGT) questioned the illegibility of a number of transactions. On March 24, 2015 the DGT informed Caixa that it would cover the debt related to the subsided loan to housing claimed between 2004 and 2008, in the amount of tCve. 169,883, and the total of amounts claimed within the period between 2009 and 2012, in the amount of tCve. 359.590, even though a payment plan had not been defined yet. Moreover, it considered as non/eligible the subsidies claimed between 2004 and 2008, which exceeded tCve. 127,977, having Caixa offset this amount in the 2014 financial statement through compensation from retained earnings. On April 7, 2016 the DGT informed Caixa about the adjustment to tCve. 161,341 of the amount covered from the subsidies from the period between 2004 and 2008 and that the loan subsidies to housing related to the 2013 to 2015 time period, which totalize tCve. 279,812 will be confirmed and validated upon entry of the subsided loan into the computer control and monitoring system. There are still claimed subsidies related to other lines, which have not been confirmed and validated by the DGT, which supersedes tCve. 11,061.

   In addition, on April 6, 2016 the DGT submitted to Caixa a debt payment proposal related to the mortgage subsidy loans between 2004 and 2012, in the amount of tCve. 520,931, into 18 annual installments of tCve. 28,941. Even though the proposal does not include any remuneration, which would imply the recognition of a loss for financial purposes, according to the information from the Board of Directors the negotiations with DGT will proceed in view of establishing a more enabling payment method for Caixa. Taking into account the above, it is not possible to determine the realizable value of the subsidized balance receivable as of December 31 2015.

7. Since 2013, Caixa has been receiving payment in kind for overdue loans some properties, which as described in Note 13 were recorded for amounts extremely higher than the net accounting value of the corresponding loans at the date of the payment in kind. These properties include a hotel with an appraised value of tCve. 251,672, of which the appraised value was determined based on the cost of construction of the property, a number of land plots for construction in the amount of tCve. 602,879 as valuated in 2014 under the assumption of its construction potential, however, with no approved plan or study to that end, and also other buildings with a net impairment book value of tCve. 326,702, one of which to be completed (tCve. 125,606) and others presenting signs of degradation.

   Taking into consideration the above in relation to the nature and condition of properties, the assumptions considered in their assessment and the lack of concrete initiatives regarding their disposal, we are not able to quantify the required increase in losses by impairment of assets received in kind recorded by Caixa.

8. On December 31 2015, Caixa determined the Income Tax for Corporates to be recovered in the amount of tCve. 1,019. As a result of the estimate prepared by Caixa, we determined a tax payable of approximately tCve. 58,025. According to the information provided by the Board of Directors, this difference results from Caixa's understanding on the tax treatment of some incomes following contacts kept with the Fiscal Administration. As a result of this situation, the net income is overestimated and the tax payable is underestimated in, approximately, tCve. 59,000.

9. On December 31 2015, Caixa's loan credit included a number of loans granted, which presents impairment evidences as defined in Note 2.2(d), including past due instalments of principal and interests, for which the recovery estimates reflected on recorded individual impairment are essentially based on the recovery of properties/lands received in mortgage and expecting a favourable evolution of the financial status of some debtors. However, for a significant number of these properties/lands, Caixa did not receive updated assessment reports prepared by independent assessment experts, and for other loans, there currently are no evidences that allows confirming Caixa's expectations of favourable evolution of the debtor's financial status. It is worth mentioning that early 2016 already, as described in Note 33, some additional lands were received as payment in kind, having this transaction been considered in determining loan impairment with reference to December 31 2015.

   On the other hand, even though Caixa has been optimizing its model to determine the collective impairment, notably, regarding the methodology and procedures to determine some risk factors, there are still some inconsistencies related to the classification of transactions and the identification and estimate of losses by restructured loan impairment, including cases of capitalization of interests written off against asset and consolidation of debt. Caixa's Board of Directors intends to continue the implementation of a number of measures to improve the impairment model in view of solving these situations during the 2016 fiscal year.

   Taking into account the above, we are not able to quantify the increase in losses by impairment for loans granted recorded by Caixa as of December 31 2015, which would result in the settlement of the situations described above.

Qualified Opinion

10. In our opinion, except for the potential effects of the matter described in paragraph 6 and except for the potential effects of the matters described from paragraphs 7 to 9 above, the financial statements referred to in paragraph 1 above present fairly, in all relevant material respects, the financial position of Caixa Económica de Cabo Verde, S.A. as of December 31, 2015, as well as the income and comprehensive income from its operations, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis

11. Without affecting the opinion expressed in the previous paragraph, we should draw attention to the following situation: In January 2015, the Code on Income Tax for Corporates (IRPC Code), which incorporates a number of changes on Single Income Tax that was in effect previously, came into effect, including provisions on the cost deductibility with loan impairment. In preparing the estimate for income tax for the year ending on December 31, 2015, Caixa considered its interpretation of changes imposed by the IRPC Code, notably related to the provisions described above and to the impact of the transition to the new Code. It is management's understanding that the criteria and assumptions adopted are in compliance with the applicable laws, and that potential discrepancies in interpretation would only result in reclassifications between current and differed taxes, without impacting on Caixa's earnings and equity as of December 31 2015.

Lisbon, April 15, 2016

Deloitte & Associados, SROC S.A.

CAIXA ECONÓMICA DE CABO VERDE, S.A.

BALANCE SHEETS ON DECEMBER 31, 2015 AND 2014

(Amounts in thousands of Cabo Verde Escudos)

ASSET	Notes	31-12-2015 Gross Asset	31-12-2015 Provisions, impairment and depreciation	31-12-2015 Net Asset	31-12-2014 Net Asset
Cash and cash equivalents at central banks	3	9.966.863	-	9.966.863	11.337.246
Cash equivalents at other credit institutions	4	1.492.077	-	1.492.077	1.071.043
Available-for-sale financial assets	5	4.023	(200)	3.823	3.823
Investments in credit institutions	6	1.957.863	-	1.957.863	3.140.246
Loans to customers	7	41.499.990	(2.500.979)	38.999.011	34.655.369
Investment Property	8	8.664	(3.439)	5.225	5.254
Other tangible assets	9	3.601.613	(1.511.509)	2.090.104	2.188.380
Intangible assets	10	294.172	(282.035)	12.137	30.110
Investments in subsidiaries, associates and joint ventures	11	81.270	(7.067)	74.203	104.376
Current tax assets	12	60.631	-	60.631	56.407
Deferred tax assets	12	-	-	-	20.172
Other assets	13	2.300.851	(38.950)	2.261.901	1.769.866
Total of asset		61.268.017	(4.344.179)	56.923.838	54.382.292

LIABILITIES AND SHAREHOLDERS EQUITY	Notes	31-12-2015	31-12-2014
Funds from other credit institutions	14	454.494	929.065
Customer funds and other loans	15	51.770.084	49.322.386
Provisions	16	79.331	55.081
Current tax liabilities	12	59.612	-
Other liabilities	17	534.473	308.241
Total liabilities		52.897.994	50.614.773
Capital	18	1.392.000	1.392.000
Other reserves and retained earnings	19	2.208.479	2.145.387
Income for the year	19	425.365	230.132
Total equity		4.025.844	3.767.519
Total liabilities and equity		56.923.838	54.382.292

The accompanying notes are an integral part of the balance sheets on December 31, 2015.

CAIXA ECONÓMICA DE CABO VERDE, S.A.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR THE FISCAL YEARS ENDING ON DECEMBER 31 2015 AND 2014

(Amounts in thousands of Cabo Verde Escudos)

	Notes	2015	2014
Interest and similar income	20	3.354.536	3.101.520
Interest and similar expenses	21	(1.589.125)	(1.479.744)
NET INTEREST INCOME		1.765.411	1.621.776
Income form services and fees	22	173.691	167.992
Cost with services and commissions	22	(80.883)	(62.334)
Income from foreign exchange revaluation	23	101.175	82.002
Income from the sale of other assets	24	2.275	11.172
Other operating income	25	34.223	30.314
OPERATING INCOME		1.995.892	1.850.922
Staff costs	26	(650.981)	(622.146)
General administrative expenses	27	(534.850)	(574.772)
Depreciation for the year	8, 9 and 10	(226.528)	(232.654)
Provisions net of cancellations and recoveries	16	(30.212)	(3.769)
Loan impairment net of cancellations and recoveries	16	14.153	(144.061)
Other assets Impairment net of cancellations and recoveries	16	(11.558)	(9.038)
Income from associates	11	(11.977)	(10.845)
INCOME BEFORE TAXES		543.939	253.637
Current taxes	12	(98.402)	-
Deferred taxes	12	(20.172)	(23.505)
		(118.574)	(23.505)
Income and comprehensive income for the year		425.365	230.132
Average number of ordinary shares issued		1.392.000	1.392.000
Earnings per Share		0,31	0,17

The accompanying notes are an integral of the statement of income and other comprehensive income for the fiscal year ending on December 31, 2015.

CAIXA ECONÓMICA DE CABO VERDE, S.A.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE FISCAL YEARS ENDING ON DECEMBER 31, 2015 AND 2014

(Amounts in thousands of Cabo Verdean Escudos)

			Other reserves and retained earnings					
	Note	Capital	Legal reserves	Others reserves	Retained earnings	Total	Income for the year	Total
Balances on December 31, 2013 (pro forma)		1.392.000	421.998	1.822.586	(305.039)	1.939.545	205.842	3.537.387
Incorporation of the net profit of 2013 in retained earnings	19	-	-	-	205.842	205.842	(205.842)	-
Comprehensive income for the year		-	-	-	-	-	230.132	230.132
Balances on December 31, 2014		1.392.000	421.998	1.822.586	(99.197)	2.145.387	230.132	3.767.519
Distribution of income for the 2013	19	-	20.585	185.257	(205.842)	-	-	-
Distribution of income for the 2014								
Incorporation of reserves	19	-	23.013	40.079	-	63.092	(63.092)	-
Dividend distribution	19	-	-	-	-	-	(167.040)	(167.040)
Comprehensive income for the year		-	-	-	-	-	425.365	425.365
Balances on December 31, 2015		1.392.000	465.596	2.047.922	(305.039)	2.208.479	425.365	4.025.844

The accompanying notes are an integral ofthe statement of changes in equity for the financial year ending on December 31, 2015.

CAIXA ECONÓMICA DE CABO VERDE, S.A.

STATEMENTS OF CASH FLOW FOR THE YEARS ENDING

ON DECEMBER 31, 2015 AND 2014

(Amounts expressed in thousands of Cape Verdean Escudos)

	2015	2014
Cash flows from operating activities		
Receipt of Interest and fees	3.528.228	3.269.511
Payment of interest and fees	(1.670.008)	(1.542.077)
Other receipts / (payments) relating to operating activities	135.398	112.317
Payments to employees and suppliers	(1.185.831)	(1.196.918)
Payments of income tax	(38.835)	(10.893)
Operating income before changes in operating assets	768.952	631.940
(Increase) decrease in the operating assets:		
Investment in credit institutions	1.182.383	3.694.241
Loans to customers	(4.679.602)	(1.781.016)
Other assets	(67.753)	(47.546)
	(3.564.972)	1.865.679
Increase (decrease) in the operating liabilities:		
Funds from Central Banks and other credit institutions	(474.571)	(14.341)
Customers funds	2.447.698	3.693.740
Other liabilities	131.440	(70.057)
	2.104.567	3.609.342
Net cash from operating activities	(691.453)	6.106.961
Cash flows from investing activities		
(Increases) decreases in investment assets:		
Investments in subsidiaries, associates and joint ventures	-	(1.500)
Dividends from associates and joint ventures	-	11.919
Intangible assets	(93.131)	(2.128)
Other tangible assets	-	(71.463)
Revenues from sales of tangible assets	2.275	11.172
Net cash from investing activities	(90.856)	(52.000)
Cash flows from financing activities		
Dividend payments to shareholders (Note 19)	(167.040)	-
Net cash from financing activities	(167.040)	-
Increase (decrease) in net cash and its equivalents	(949.349)	6.686.901
Cash and cash equivalents at the beginning of the year	12.408.289	6.353.328
Cash and cash equivalents at end of the year	11.458.940	12.408.289

The accompanying notes are an integral of the statement of cash flows
for the fiscal year ending on December 31, 2015.

1. GENERAL INFORMATION

Caixa Económica de Cabo Verde, S.A. (Caixa) is a banking and credit institution incorporated into a public limited liability company by Decree-Law No. 54/93, as of 31 August. Within the framework of the privatisation process of financial institutions and publicly owned financial companies, in accordance with the Council of Ministers' resolution No. 46/99, as of 27 September, the Group comprised by Caixa Económica Montepio Geral, S.A., IMPAR -Cabo Verdean Insurance Company), S.A.R.L., and a Local Group consisting of 51 national businessmen and professionals held the majority of Caixa's share capital until September 2009. From this date, Geocapital, Shareholding Management Company), S.A. acquired the shares of Caixa Económica Montepio Geral, S.A. and Montepio Geral - Mutual Benefit Association (Note 18).

Caixa's capital is represented by 1,392,000 shares, 90% of which are listed on the Cabo Verde Stock Exchange.

Caixa's purpose is to carry out all legally authorized banking activities and transactions, with the possibility of acquiring shares in companies whose purpose is different from the above, in companies governed by special laws, and in complementary company groupings.

Caixa has its Headquarters at Praia, Republic of Cabo Verde, with a network of 33 branches in view of carrying out its operations.

Caixa's financial statements as of December 31, 2015 were approved by the Board of Directors on April 14, 2016, and are pending approval by the General Assembly. However, Caixa's Board of Directors believes that they will be approved without significant changes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of presentation

Caixa's financial statements were prepared under the assumption of operations continuity, based on the accounting books and records kept in accordance with the principles set out in the International Financial Reporting Standards (IFRS), pursuant to Notice No. 2/2007, as of November 19, issued by the Central Bank of Cabo Verde.

2.2. Accounting policies

a) Accrual basis

Income and expenses are recognized in accordance with the accrual basis principle and are recorded as they are generated, regardless of when they are paid or received.

b) Translation of balances and transactions into foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Cabo Verde Escudos at Caixa's average exchange rate on the last business day of each month. Exchange rate differences determined in currency translation are reflected in the income statement, except those arising from non-monetary financial instruments, such as shares classified as available-for-sale, which are recognized in equity until they are sold.

In the 2015 and 2014 fiscal years, the exchange rate of the Cabo Verde Escudo against the Euro stood fixed at 1 Euro/110.265 Cabo Verde Escudos. On December 31, 2015 and 2014, the exchange rate against the US Dollar (USD) was as follows:

	2015	2014
1 USD	101.067	90.678

c) Financial instruments

i) Financial assets

The financial assets are recognized on the contract date at their fair value plus costs directly attributable to the transaction. Caixa has no trading assets or other assets recorded at fair value through profit or loss, so that upon initial recognition financial assets were classified under the following categories defined under IAS 39 Standard:

a) Loans and accounts receivables

These are financial assets with fixed or determinable payments that are not listed in an active market. This category includes customer loans (including securitized loans granted to companies), receivables from other credit institutions and other accounts receivable recorded in “Other assets.” It also includes debt securities issued by the State of Cabo Verde as they were acquired by Caixa on the primary market essentially for holding until maturity, and there is no active secondary market.

On initial recognition these assets are recorded at fair value, minus any fees included in the effective rate, plus all incremental costs directly attributable to the transaction. Subsequently, these assets are recognized in the balance sheet at amortised cost, less any impairment losses.

Recognition of interest

Interests are recognized based on the effective interest method, which allows calculating the amortised cost and allocating interest over the period of operations. The effective interest rate is that which, being used to discount the estimated future cash flows associated with the financial instrument, allows matching its present value to the financial instrument’s value on the date of initial recognition.

Overdue Loan and cancellations of principal and interest

Interests on overdue loans are cancelled on the operation’s due date or the date of the first instalment in arrears. Interest not recorded on the loans referred to above are only recognized in the fiscal year they will be charged and are recorded under “Interest and similar income.”

According to the policies in effect at Caixa, the total amount of principal owed on operations with instalments in arrears is classified under overdue loans 30 days after its due date, with the exception of operations in which only interest is overdue.

Caixa periodically writes off uncollectible loans by use of impairment, after specific assessment by the departments responsible for credit monitoring and recovery and after approval by the Board of Directors. Any recoveries of loans previously written off are recognized in the income statement under "Loan impairment."

b) Available-for-sale financial assets

Available-for-sale financial assets, which correspond to companies' shares, are measured at fair value, except for equity instruments not listed in an active market and whose fair value cannot be reliably measured, which are recorded at cost. Gains or losses on revaluation are recorded directly in equity under "Revaluation reserves." At the time of sale, or if impairment is determined, the accumulated changes at fair value are transferred to income or expense for the year and are recorded under "Income from available for sale financial assets" or "Impairment of other financial assets, net of reversals and recoveries," respectively.

On December 31, 2015 and 2014, available for sale assets represent non-listed assets whose fair value could not be reliably measured, so Caixa kept these assets at historic cost.

Dividends and income from equity instruments classified in this category are recorded as income under "Income from equity instruments" when Caixa's right to receive them is established.

d) Impairment of financial assets

Financial assets at amortised cost

Caixa periodically conducts impairment tests on its financial assets carried at amortised cost, namely loans and accounts receivables.

The identification of impairment indications is conducted on an individual basis for financial assets in which exposure is individually significant, and on a collective basis for assets available whose outstanding balances are not individually significant.

The following events may be evidence of impairment:

- Breach of contract terms, including late payments of interest or principal;
- Record of default in the financial system;
- Existence of current operations resulting from credit restructuring or ongoing negotiations for credit restructuring;
- Difficulties in terms of the capacity of partners and management, namely as regards the exit of key partners or main staff and disagreements between partners;
- Significant financial difficulties on the part of the debtor or debt issuer;
- High probability that the debtor or debt issuer will file for bankruptcy;

- Decrease in the borrower's competitive position; and
- Historical collection behaviour that allows infering that the nominal value will not be fully recovered.

Caixa carries out an individual assessment of customers with more than tCve. 50,000 in liabilities or companies in default for more than 90 days.

Whenever evidence of impairment is identified on individually analysed assets, any impairment loss is the difference between the present value of future cash flows expected to be received (recoverable amount), discounted at the original effective interest rate of the asset, and the value in the balance sheet at the time of assessment.

Assets that were not subjected to specific assessment are included in a collective impairment assessment, being classified into homogeneous groups with similar risk characteristics (namely based on the characteristics of counterparts and type of loan). Future cash flows were estimated based on historical information regarding defaults and recoveries in assets with similar characteristics.

For this purpose, Caixa defined the following segments for its loan portfolio:

- Loans to businesses
- Mortgage loans
- Individual producers
- Other loans to individuals
- Guarantees
- Public Sector

In addition, individually assessed assets for which there was no objective evidence of impairment were also subject to collective impairment assessment, as described above.

Impairment losses calculated in the collective assessment incorporate the temporal effect of discounted cash flows estimated to be received in each transaction for the balance sheet date.

No impairment is recorded for loans granted to the State of Cabo Verde (including government securities), public corporations or municipalities or guaranteed by these entities.

The amount of calculated impairment is recognized in costs, under “Impairment of other financial assets, net of reversals and recoveries,” and it is reflected in the balance sheet separately as a deduction from the amount of the loan to which it relates.

Available-for-sale financial assets

In relation to these financial assets, notably unlisted equity instruments whose fair value cannot be reliably measured, Caixa performs periodic impairment tests. In this context, the recoverable amount is the best estimate of future cash flows receivable from the asset, discounted at a rate that appropriately reflects the risk associated with holding it.

The amount of impairment loss determined is recognized directly in the income statement.

e) Financial liabilities

Financial liabilities are recorded on the contract date at their fair value, less costs directly attributable to the transaction. Financial liabilities include funds from credit institutions and customers and liabilities incurred for payment of services or purchase of assets, recorded under “Other liabilities.”

Sale operations with repurchase agreements, namely of Treasury Bonds and Treasury Bills, are recorded under “Funds from customers and other loans,” with the corresponding securities being recorded in Caixa’s portfolio.

Financial liabilities are valued at amortised cost and interest, if any, is recognized in accordance with the effective interest method.

f) Assets received through credit recovery

Properties and other auctioned assets acquired through recovery of overdue loans and that are not available for immediate sale are recorded at auction value when the legal proceedings have been completed, under the “Other assets” item.

These assets are not amortised. Valuations of properties received by credit recovery are conducted periodically. If the appraised value, minus estimated costs to be incurred with the sale of the property, is less than the book value, impairment losses are recorded. Up to 2013, for properties acquired in determining impairment, Caixa also considered the age of the properties in the portfolio.

Upon the sale of auctioned assets, these are written-off, with any gains or losses recorded under the “Other operating income and costs” item.

g) Investment properties

These are properties held for the purpose of obtaining income through lease and/or revaluation.

Investment properties are recorded at the acquisition cost, net of accumulated depreciation and impairment losses.

Depreciation is calculated and recorded as an expense under “Depreciation for the year” over an estimated useful life of 60 years.

h) Other tangible assets

They are recorded at acquisition cost less accumulated depreciation and impairment losses. Repair and maintenance costs and other expenses associated with their use are recognized as expense for the year under “General administrative expenses.”

Depreciation is calculated on a systematic basis over the estimated useful life of the asset, which corresponds to the period in which the asset is expected to be available for use, that is:

	Years of useful life	
	Purchased up to 2014	Purchased from 2015 on
Properties for own use	60	33 - 60
Equipment:		
Furniture and office supplies	8	8
Machinery and tools	5 - 6	5
Computer equipment	5	3 - 5
Indoor facilities	4 - 5	5 - 8
Transport equipment	5 - 6	7
Security equipment	5 - 12	5 - 10
Other equipment	6	8

Land plots are not subject to depreciation.

Expenditure on works and improvements in buildings occupied by Caixa as lessee under operating leases are capitalized under this item and generally amortised over a period of 10 years.

Depreciation is recorded under costs for the year.

Tests are periodically done to identify evidence of impairment on tangible assets, in accordance with IAS 36 – “Impairment of Assets.” Where there is evidence, whenever the net book value of tangible assets exceeds their recoverable value (greater between value in use and fair value), an impairment loss is recognized and reflected in the income statement under “Impairment of other assets.” Impairment losses may be reversed, also impacting income for the period, if there’s a subsequent increase in the recoverable amount of the asset.

Depreciation calculation takes into account an estimated residual value of the equipment, particularly in the case of cars.

Caixa periodically assess the adequacy of the estimated useful life of its tangible assets.

i) Intangible assets

This item essentially comprises cost of acquisition, development or preparation for use of software used to carry out Caixa’s operations.

Intangible assets are recorded at acquisition cost, net of accumulated depreciation and impairment losses.

Depreciation is recorded as cost for the year on a systematic basis over the estimated useful lives of the assets, which corresponds to a period of 3 years.

Costs related to software maintenance are recognized as expenses for the year in which they are incurred.

j) Investments in subsidiaries, associates and joint ventures

This item includes shareholdings in companies in which Caixa has significant influence, but over whose management it doesn't exercise effective control ("associates"). Significant influence is said to exist whenever Caixa holds between 20% and 50% of the capital or voting rights or, if less than 20%, Caixa is part of the management and has direct influence on development of relevant policies.

These assets are accounted for under the equity method. According to this method, shareholdings are initially valued at acquisition cost, which is subsequently adjusted based on Caixa's actual percentage in the changes in associates' equity (including income).

These assets are subject to periodical impairment tests. The impairment losses ae recorded under the "Impairment of other net assets for reversals and recovery" item of the income statement.

k) Profit taxes

On December 31, 2015, Caixa was subject to the Income Tax Code for Corporates (IRPC Code) at the rate of 25%, and a fire brigade tax of 2% of the calculated tax, which corresponds to an aggregate tax rate of 25.5%.

As of December 31 2014, Caixa is subject to the Single Income Tax (IUR), at the aggregate tax rate of 25.5%.

Current taxes

Current tax is calculated based on taxable profit for the year, which differs from accounting income due to adjustments made to taxable income resulting from costs or income that are not relevant for tax purposes or that will only be considered in other accounting periods.

Deferred taxes

Total taxes on profits recorded in the income statement include current taxes and deferred taxes.

Deferred taxes correspond to the impact on tax recoverable/payable in future periods resulting from deductible or taxable temporary differences between the book value of assets and liabilities and their tax basis, which is used in determining taxable profit.

Deferred tax liabilities are generally recorded for all taxable temporary differences, while deferred tax assets are only recognized up to the amount where existence of future taxable income is probable, enabling the use of the corresponding deductible tax differences or of tax loss reporting. Additionally, no deferred tax assets are recognized where their recoverability may be questionable due to other situations, including matters related to interpretation of the tax legislation that is in force.

Despite this, one does not record deferred taxes relating to temporary differences arising from initial recognition of assets and liabilities in transactions that do not affect the accounting income or taxable profit.

Deferred taxes are calculated based on the tax rates that are expected to be in force at the

date of reversal of temporary differences, which correspond to the rates approved or substantially approved at the balance sheet date.

Taxes on income (current or deferred) are reflected in the income statement, except in cases where transactions that caused them have been reflected in other equity items (for example, in the case of revaluation of available for sale financial assets). In these situations, the corresponding tax is also reflected as a charge to equity, without affecting the income for the year.

l) Provisions and contingent liabilities

A provision is made when there is a present obligation (legal or constructive) resulting from past events for which the future expenditure of funds is probable and it can be reliably determined. The amount of the provision corresponds to the best estimate of the amount to be paid to settle the liability on the balance sheet date.

If the future expenditure of funds is not likely, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the possibility of their payment is remote.

The provisions allocated to other risks are intended to address fiscal contingencies and others contingencies resulting from Caixa's operations.

m) Employee benefits

Liabilities for employee benefits are recognized in accordance with the principles established by IAS 19 – "Employee Benefits."

Productivity bonuses paid to employees for their performance are reflected under "Staff costs" in the respective period, according to the principle of accruals.

Additionally, Caixa did not assume any liability whatsoever for payment of pensions and other post-employment benefits to its employees, who are covered by the general Social Security system.

n) Fees

Fees relating to credit operations, which are essentially opening and credit management fees, are recognized by applying the effective interest method over the period of the operations, regardless of when they are charged or paid, being recorded in the "Interest and similar income – fees received related to amortization cost."

Fees associated with guarantees, documentary credits and annual fees for cards are subject to linear deferral over the corresponding period.

Fees for services rendered are recognized as income over the period of service or, at once, if they correspond to compensation for single acts.

o) Securities and other items held under custody

Securities and other items held under custody, including customers' securities, are recorded under off-balance sheet items at nominal value.

p) Cash and cash equivalents

For the purposes of preparing the Cash Flow Statement, Caixa considers as “Cash and cash equivalents” the total of “Cash and cash equivalents at central banks” and “Cash assets at other credit institutions.”

q) Critical accounting estimates and most relevant judgmental aspects in applying accounting policies

When applying the accounting policies described above, Caixa’s Board of Directors needs to make estimates. The estimates with the most impact on Caixa’s financial statements include those presented below.

Determining impairment losses on loans

Impairment losses on loans are determined according to the methodology described in Note 2.2. d). Thus, determining impairment of individually analysed assets results from a specific assessment by Caixa based on its knowledge of customers’ reality and on guarantees associated with the operations in question.
Determination of impairment through collective assessment is based on historical parameters for comparable types of operations, taking into account estimates of default and recovery.
Caixa believes that impairment determined based on this methodology makes it possible to adequately reflect the risk associated with its loan portfolio, taking into account the rules established by IAS 39.

Determining profit taxes

Taxes on profit (current and deferred) are determined by Caixa based on rules established by the tax regime in place. However, in some situations the tax law may not be sufficiently clear and objective and may lead to different interpretations. In these cases, the recorded values result from the view of Caixa’s Board on the proper framework for its operations, although it is likely to be questioned by the tax authorities.

As mentioned in Note 12, on December 31 2015 there are non-provisioned contingencies related to corrections made by Fiscal Authorities against the taxable profit from previous years, as Caixa considers that the procedures it adopted are in accordance with the legal and fiscal framework in effect in Cabo Verde.

Impairment of assets received through credit recovery

Impairment losses on assets received through credit recovery are determined according to the methodology described in Note 2.2. f). Thus, determination of impairment on these assets results from an evaluation conducted by Caixa based on knowledge of the housing market and information provided by internal and external appraisers.

r) Adoption of new Standards (IAS/IFRS) or revision of already issued Standards

As mentioned in Note 2.1, when preparing its financial statements, Caixa used the Standards and Interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for periods beginning from January 1, 2015.

Standard / Interpretation	Applicable for the years beginning on or after	
IFRIC 21 - Levies	17-Jun-14	It establishes the conditions regarding the recognition timeliness of a liability related to the payment of levies, by an entity as a result of a given event (eg, participation in a given market) without the payment being made against specified goods or services.
Amendment to IFRS 3 - Business combinations (included in the improvement of international financial reporting standards - 2011-2013 cycle)	01-Jan-15	It clarifies that IFRS 3 excludes from its scope of application the establishment of a joint arrangement in the financial statements of the joint arrangement itself.
Amendment to IFRS 13 - Fair Value Measurement (included in the improvement of international financial reporting standards - 2011-2013 cycle)	01-Jan-15	It clarifies that the standard application exception on financial assets and liabilities with offset positions extending to all contracts under IAS 39, regardless of complying with the definition of financial assets or liabilities under IAS 32.
Amendment to IAS 40 - Investment property (including improvements in the international financial reporting standards - 2011-2013 cycle)	01-Jan-15	It clarifies that it is necessary to apply judgement in order to determine whether the acquisition of an investment property is an acquisition of an asset or a business combination under IFRS 3.

There were no effects on Caixa's financial statements for the year account ending on December 31st, 2015, resulting from adopting the aforementioned standards, interpretations, amendments and revisions.

The following standards, interpretations, amendments and revisions with mandatory application in future financial years, are available for early adoption from the approval date of these financial statements:

- IAS 19 - "Employee Benefits - Employee contributions" - This amendment clarifies under what circumstances the employees' contributions to the post-employment benefit plans are a cost reduction with short-term benefits.

- Improvement of international financial reporting standards (2012-2012 cycle) - These improvements involve the clarification of some aspects related to IFRS 2 - "Share-based payments" - definition of vesting condition, IFRS 3 - "Business combinations: accounting for contingent payments", IFRS 8 - "operating segments" - disclosures relating to the judgment used in relation to the aggregation of segments and clarification on the need for reconciliation of total assets by segment with the value of assets in the financial statements, IAS 16 - "Property, plant and equipment" and IAS 38 - "Intangible assets" - need for accumulated proportional depreciation revaluation in the case of revaluation of fixed assets, IAS 24 - "Related party disclosure" - defines that an entity providing management services to the company or its parent company is considered a related and IFRS 13 part - "Fair value" - clarifications concerning the measurement of short-term accounts receivables and payables.

- Improving the international financial reporting standards (2012-2014 cycle) - These improvements involve the clarification of some aspects related to the IFRS 5 - "Non - current assets held for sale and discontinued operations" - It introduces guidelines on how to proceed in case of changes regarding the expected method of realization (sale or distribution to shareholders), IFRS 7 - "financial Instruments: disclosures" - clarifies the impact of asset tracking contracts within the disclosures associated with continuing involvement in unrecognized assets, and free demonstrations of financial progress of the disclosures required in respect of compensation of financial assets and liabilities, IAS 19 - "employee benefits" - sets the rate for defined benefit discounting purposes shall be determined by reference to high quality corporate bonds that have been issued in the currency in which the benefits will be paid and IAS 34 - "Interim Financial Reporting" - clarification on the procedures to adopt when the information is available in other documents issued together with the interim financial statements.

- IFRS 11 - "Joint Arrangements - Accounting for acquisitions of interests in joint Arrangements" - This amendment is related to the acquisition of interests in joint operations. It establishes the obligation of application of IFRS 3 when the acquired joint operation constitutes a business activity in accordance with IFRS 3. When the joint operation in question does not constitute a business activity, the transaction should be recorded as an acquisition of assets. This change has prospective application to new acquisitions of interests.

- IAS 1 - "Presentation of financial statements - Disclosure Initiative" - This amendment clarifies some aspects related to the initiative of disclosures, including: (i) the entity shall not impede the intelligibility of the financial statements by aggregating material items with immaterial items or by aggregating material items with different natures; (ii) the disclosures required by IFRS specifically need only be given if the information in question is material; (iii) the lines of the financial statements specified in IAS 1 can be aggregated or disaggregated, as this is most relevant for the purposes of financial reporting; (iv) the part from the other income resulting from the application of the comprehensive equity method in associates and joint agreements should be presented separately from the other components of other comprehensive income also segregating the items that are likely to be reclassified to results of which will not be reclassified ; (v) the structure of the notes should be flexible, which should respect the following order:

  - a statement of compliance with IFRS in the first section of the notes;
  - a description of the significant accounting policies in the second section;
  - information supporting the items before the financial statements in the third section; and

- other information in the fourth section.

- IAS 16 - " Property, Plant and Equipment " and IAS 38 - "Intangible assets - Acceptable depreciation methods" - This amendment establishes a presumption (which may be rebutted) that revenue is not an appropriate basis for amortizing an intangible asset and prohibits the use of revenue as depreciation base of property, plant and equipment. The presumption established for amortization of intangible assets can only be refuted when intangible assets is expressed in terms of revenue generated or when the use of economic benefits is highly correlated with the revenue generated.

- IAS 27 - "Application of the equity method in the separate financial statements" - This amendment introduces the possibility of measurement of interests in subsidiaries, joint and associated arrangements in separate financial statements by the equity method, in addition to currently existing measurement methods. This amendment is applied retrospectively.

- IFRS 9 - "Financial Instruments" - This standard is part of the IAS 39 revision project and sets the new requirements for the classification and measurement of financial assets and liabilities, impairment calculation methodology and the application of the rules of hedge accounting. This standard is mandatory for the fiscal years beginning on the January 1, 2018 or after.

- IFRS 14 - "Regulatory deferral accounts" - This standard establishes the reporting requirements by first-time adopters of IFRS standards applicable to regulatory deferral accounts.

- IFRS 15 - "Revenue from contracts with customers" - This standard provides a revenue recognition framework based on principles and a model to be applied to all contracts celebrated with customers, replacing IAS 18 - "Revenue", IAS 11 - "Construction Contracts"; IFRIC 13 - "Customer loyalty programmes"; IFRIC 15 - "Agreements for the Construction of Real Estate"; IFRIC 18 - "Transfer of Asset Coming from Customers" and SIC 31 - "Revenue - Transaction of direct exchange involving advertising services." This standard is mandatory for the fiscal years beginning on the January 1, 2018 or after.

- IFRS 16 - "Leases" - This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - "Leases". The standard defines a single lease contracts accounting model that results in the recognition by the lessee of assets and liabilities for all leases except for the locations with less than 12 months or for locations that relate to value assets reduced. The lessors will continue to classify leases between operating or financial, and IFRS 16 will not entail substantial changes to such entities in relation to defined in IAS 17.

- IFRS 10 - "Consolidated Financial Statements", IFRS 12 - "Disclosure of Interests in Other Entities" and IAS 28 - "Investments in associates and jointly controlled entities" - These amendments include clarification of various aspects related to the application of the exception for consolidation by investment entities.

- IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in associates and joint ventures" - These amendments eliminate a conflict between the standards, related to the sale or contribution of assets between the investor and the associate or between the investor and the joint venture.

The impacts on the application of these standards, notably, concerning IFRS 9, will be subject to future assessment by Caixa.

3. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This item breaks down as follows:

	2015	2014
Cash	3,085,177	2,748,160
Demand deposit at the Bank of Cabo Verde	6,881,686	8,589,086
	9,966,863	11,337,246

Demand deposits at Bank of Cabo Verde aim at meeting the minimum cash reserve requirements. In accordance with Bank of Cabo Verde's provisions, these assets correspond to 15% of the average actual liabilities in domestic and foreign currency to residents and emigrants. As of December 31 2014, the rate of minimum cash equivalents was at 18%. On December 31 2014, it was fixed a minimum daily rate of 20% of the amount of minimum reserves that financial institutions should keep in the demand deposits account.

These deposits are not remunerated.

4. CASH ASSETS AT OTHER CREDIT INSTITUTIONS

This item breaks down as follows:

	2015	2014
Demand accounts:		
In credit institutions in the country		
. BCA	2,664	2,664
. Ecobank	21	22
Credit institutions abroad		
. Banque et Caisse D'Espargne de L'Etat	426,923	210,703
. Commerzbank	308,505	172,438
. Montepio Geral	207,538	312,007
. Novo Banco	194,099	34,707
. Caixa Geral de Depósitos	171,473	51,534
. Natexis Banques Populaires	30,127	32,942
. Banco Português de Investimento	27,483	23,425
. Bank of China	27,394	25,185
. Banco Central Hispano	22,138	26,305
. Post Finance AG	13,104	-
. Den Danske Bank	1,112	18,518
. Credit Suisse	-	83,016
. ABN AMRO Bank	-	25,559
. Intesa Sanpaolo SPA	-	17,503
. Other credit institutions	7,155	10,032
	1,439,736	1,046,560
Amounts collectable:		
In the country	47,203	21,438
Abroad	5,138	3,045
	52,341	24,483
	1,492,077	1,071,043

During FY 2015, Caixa closed the demand deposit account it had with its correspondent Credit Suisse, ABN AMRO Bank and Intesa Sanpaolo SPA.

The amounts pending collection correspond to checks of customers of other banks sent for clearing. These amounts are collected in the early days of the following fiscal year.

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

On December 31, 2015 and 2014, equity and debt instruments classified under the "available–for-sale financial assets" category were broken down as follows:

Security	Acquisition cost	Impairment (Note 16)	Book value (net)
Credit instruments valued at historical cost			
Regional Guarantee Fund for West Africa (G.A.R.I. Fund)	3,823	-	3,823
Debt instruments valued at historical cost			
Portuguese government bonds	200	(200)	-
	4,023	(200)	3,823

Caixa kept the Portuguese government bonds recorded at historical cost, with a recorded impairment of tCve 200, to reduce the book value to its estimated realizable value.

Given its reduced book value, shares in the G.A.R.I. Fund were recorded at historical cost.

6. INVESTMENTS IN CREDIT INSTITUTIONS

This item breaks down as follows:

	2015	2014
Investments in credit institutions in the country:		
In the Bank of Cabo Verde		
Overnight deposits	1,000,000	2,400,000
Monetary intervention bills	600,000	506,000
Monetary regularisation titles	219,000	125,000
Investments in foreign credit institutions:		
Collateral deposits	139,097	109,389
Interest receivable	-	33
Deferred income	(234)	(176)
	1,957,863	3,140,246

On December 31, 2015 and 2014, the item "Investments in credit institutions abroad – Collateral Deposits" corresponds to guarantees in the form of deposits, provided by Caixa to other credit institutions as collateral for bank guarantees given to these entities by Caixa. These deposits are not remunerated, being reimbursed upon settlement of the associated bank guarantee.

On December 31, 2015 and 2014, time deposits and collateral deposits were broken down as follows, by credit institution:

	2015	2014
Banque et Caisse D'Espargne de L'Etat	108.225	108.225
Caixa Geral de Depósitos	30.872	-
Commerzbank	-	1.164
	139.097	109.389

7. LOANS TO CUSTOMERS

This item breaks down as follows:

	2015	2014
Domestic credit in the short term:		
Loans	459,679	697,690
Trade discounts	65,764	288,941
Overdrafts in current accounts	192,712	184,550
Medium- and long-term domestic loans:		
Loans	22,961,776	19,839,877
Other credits	703,720	968,695
	24,383,651	21,979,753
Other loans and receivables (securitised):		
Government debt securities	9,440,459	7,657,501
Other fixed income securities	2,014,739	1,617,653
Loans to staff	1,073,233	1,009,044
	36,912,082	32,263,951
Overdue loans and interest	4,608,842	5,082,912
Interest receivable	241,245	186,595
Deferred costs	1,842	2,081
Deferred revenues	(264,021)	(253,496)
	41,499,990	37,282,043
Impairment of loans to customers (Note 16)	(2,500,979)	(2,626,674)
	38,999,011	34,655,369

On December 31, 2015, the "Other loans and receivables (securitized) - Government debt securities" item included tCve. 9,440,459, related to Cabo Verdean treasury bonds remunerated at a fixed interest rate. On December 31, 2014, this item also included a variable yield Treasury Bond, with a subscription amount of tCve. 795,920, to be repaid within 15 years from January 1, 2000 on. This security bears interest at the 6-month Euribor rate plus a spread of 1.5%. On December 31, 2014 the coupon rate in effect was 1.81%.

On December 31, 2015 and 2014, Treasury bonds sold under repurchase agreements amounted to tCve.4,372,730 (Note 15).

On December 31, 2015 and 2014, the "Other loans and receivables (securitised) - Other fixed income securities" item included the value of domestic companies' bonds, classified as "Loans and accounts receivables." These bonds are detailed as follows:

Security	2015	2014	Maturity
IFH - Imobiliária, Fundiária e Habitat, S.A. - Instalment C	473,195	473,195	1/6/2019
IFH - Imobiliária, Fundiária e Habitat, S.A. - Serie D - Instalment I	406,616	-	9/14/2022
IFH - Imobiliária, Fundiária e Habitat, S.A. - Serie D - Instalment II	278,384	-	10/14/2022
Electra - Empresa de Eletricidade e Águas, S.A.R.L. - Instalment C	630,227	630,227	6/14/2027
Electra - Empresa de Eletricidade e Águas, S.A.R.L. - Instalment B	147,088	147,088	6/14/2017
CVFF - Cabo Verde Fast Ferry, S.A.	50,047	50,157	10/14/2019
Laboratórios Inpharma - Indústria Farmacêutica, S.A.	15,839	19,798	12/24/2019
Sociedade de Gestão de Investimentos, Lda.	13,343	13,343	2/18/2017
IFH - Imobiliária, Fundiária e Habitat, S.A. - Instalment B	-	283,845	n/a
	2,014,739	1,617,653	

Bonds issued by Electra – Empresa de Electricidade e Águas, S.A.R.L. (electricity and water company) and IFH – Imobiliária, Fundiária e Habitat, S.A. are endorsed by the State of Cabo Verde.

The subscribed bonds of Laboratórios Inpharma - Indústria Farmacêutica, S.A. mature in December 2019. In each of FY 2015 and 2014, the repayment of capital exceeded tCve. 3,959, settled on the date of coupon payment.

The bonds of CVFF - Cabo Verde fast Ferry (CVFF) e Sociedade Gestão de Investimentos, Lda. have been unsettled since August 2014. On December 2015, the overdue and unsettled interests from the CVFF CVFF – Cabo Verde Fast Ferry (CVFF) e Sociedade Gestão de Investimentos, Lda. exceeded tCve. 5,938 and tCve. 1,708, respectively (total interests receivable exceeded tCve. 7,760 and tCve. 2,013, respectively). The upcoming interest coupons are due in February 2016.

In FY 2015, the bonds of IFH – Imobiliária, Fundiária e Habitat, S.A. - Instalment B were paid, with new bonds being issued in two instalments in the amount of tCve. 406,616 and tCve. 278,384 and maturing in September and October 2022, respectively.

On December 31, 2015 and 2014, loans to customers, excluding "Other loans and receivables (securitized)" and accrued interest, were as follows, by business sector:

	2015			2014		
	Performing loans	Overdue loans	Total	Performing loans	Overdue loans	Total
Companies:						
Trade	319,117	469,117	788,234	383,015	571,863	954,878
Construction and public works	1,132,189	145,204	1,277,393	666,148	159,606	825,754
Transportation	2,241,169	339,341	2,580,510	1,432,481	305,671	1,738,152
Industry	403,838	406,951	810,789	429,842	413,149	842,991
Hospitality industry	909,273	559,079	1,468,352	769,477	568,460	1,337,937
Energy	663,431	10,464	673,895	856,639	-	856,639
Others	3,398,078	324,692	3,722,770	3,020,606	348,249	3,368,855
	9,067,095	2,254,848	11,321,943	7,558,209	2,366,998	9,925,207
Individuals:						
Housing	10,736,730	1,584,854	12,321,584	10,260,545	1,649,848	11,910,393
Others	5,653,059	769,140	6,422,199	5,170,042	1,066,066	6,236,108
	16,389,789	2,353,994	18,743,783	15,430,587	2,715,914	18,146,501
	25,456,884	4,608,842	30,065,726	22,988,797	5,082,912	28,071,709

Loans to employees on December 31, 2015 and 2014 are remunerated at reduced interest rates.

8. INVESTMENT PROPERTIES

The changes in this item in the years ended December 31, 2015 and 2014 is presented as follows:

	2015				
	Balance at 12-31-2014			Balance at 12-31-2015	
	Gross value	Accumulated amortisations	Amortisations for the year	Gross value	Accumulated amortisations
Land plots	3,684	-	-	3,684	-
Properties	4,980	(3,410)	(29)	4,980	(3,439)
	8,664	(3,410)	(29)	8,664	(3,439)

	2014				
	Balance at 12-31-2013			Balance at 12-31-2014	
	Gross value	Accumulated amortisations	Amortisations for the year	Gross value	Accumulated amortisations
Land Plots	3,684	-	-	3,684	-
Properties	4,980	(3,380)	(30)	4,980	(3,410)
	8,664	(3,380)	(30)	8,664	(3,410)

On December 31, 2015 and 2014, the fair value of investment properties was determined based on valuations prepared by Caixa's Office for Facilities and Property Valuation, and it was:

	2015		2014	
	Net value	Valuation amount	Net value	Valuation amount
Land plots	3,684	18,640	3,684	18,640
Buildings	1,541	14,664	1,570	14,079
	5,225	33,304	5,254	32,719

In FY 2015 and 2014, income from renting these properties amounted to tCve. 120 and tCve. 140, respectively (Note 25).

9. OTHER TANGIBLE ASSETS

The change under the "Other tangible assets" item, during the FY 2015 and 2014, was as follows:

	2015									
	Balances on 12-31-2014			Sales / Write-offs				Balances on 12-31-2015		
	Gross value	Accumulated depreciations	Additions	Gross value	Amortisations	Depreciations for the year	Transfe fers	Gross value	Accumulated depreciations	Net value
Properties	1,626,958	(116,742)	6,578	-	-	(25,645)	-	1,633,536	(142,387)	1,491,149
Works in rented buildings	45,297	(33,907)	-			(2,645)	1,519	46,816	(36,552)	10,264
Artistic heritage	4,159	-	-	-	-	-	78	4,237	-	4,237
Equipment:										
Furniture and equipment	212,846	(140,870)	3,372	(3,475)	3,195	(16,303)	2,122	214,865	(153,978)	60,887
Machinery and tools	261,003	(225,185)	9,195	(1,803)	1,803	(15,145)	4,816	273,211	(238,527)	34,684
Computer equipment	358,115	(306,714)	1,137	(3,543)	3,475	(17,096)	1,506	357,215	(320,335)	36,880
Indoor facilities	563,688	(323,546)	740	-	-	(96,265)	61	564,489	(419,811)	144,678
Transport equipment	148,848	(94,806)	29,880	(9,323)	8,577	(19,047)	-	169,405	(105,276)	64,129
Security equipment	125,113	(73,680)	3,608	-	-	(15,803)	3,921	132,642	(89,483)	43,159
Other equipment	6,615	(4,652)	100	(76)	69	(577)	15	6,654	(5,160)	1,494
	3,352,642	(1,320,102)	54,610	(18,220)	17,119	(208,526)	14,038	3,403,070	(1,511,509)	1,891,561
Fixed asset in progress	155,840	-	56,741	-	-	-	(14,038)	198,543	-	198,543
	3,508,482	(1,320,102)	111,351	(18,220)	17,119	(208,526)	-	3,601,613	(1,511,509)	2,090,104

	2014										
	Balances on 12-31-2013			Sales / Write-offs					Balances on 12-31-2014		
	Gross value	Accumulated depreciations	Additions	Gross value	Amortisations	Depreciations for the year	Transfe fers	Adjustments	Gross value	Accumulated depreciations	Net value
Properties	1,576,653	(91,764)	14,498	-	-	(24,978)	35,807	-	1,626,958	(116,742)	1,510,216
Works in rented buildings	45,297	(31,262)	-	-	-	(2,645)	-	-	45,297	(33,907)	11,390
Artistic heritage	3,950	-	209	-	-	-	-	-	4,159	-	4,159
Equipment:											
Furniture and equipment	208,265	(124,389)	4,502	(514)	443	(16,924)	593	-	212,846	(140,870)	71,976
Machinery and tools	253,440	(208,478)	5,784	-	-	(16,707)	1,779	-	261,003	(225,185)	35,818
Computer equipment	335,041	(289,869)	19,768	-	-	(16,845)	3,306	-	358,115	(306,714)	51,401
Indoor facilities	562,507	(225,857)	1,181	-	-	(97,689)	-	-	563,688	(323,546)	240,142
Transport equipment	155,353	(85,633)	3,491	(13,486)	13,486	(22,659)	3,490	-	148,848	(94,806)	54,042
Security equipment	119,334	(58,144)	2,747	-	-	(15,536)	3,032	-	125,113	(73,680)	51,433
Other equipment	6,387	(4,047)	221	(64)	64	(669)	71	-	6,615	(4,652)	1,963
	3,266,227	(1,119,443)	52,401	(14,064)	13,993	(214,652)	48,078	-	3,352,642	(1,320,102)	2,032,540
Fixed asset in progress	170,792	-	39,338	-	-	-	(48,078)	(6,212)	155,840	-	155,840
	3,437,019	(1,119,443)	91,739	(14,064)	13,993	(214,652)	-	(6,212)	3,508,482	(1,320,102)	2,188,380

On December 31, 2015 and 2014, the "Construction in progress" item included costs of setting up new branches, in the amounts of tCve. 141,376 and tCve. 137,618, respectively.

In the year ended December 31, 2014, property transfer in the amount of tCve. 35,807 accounts for two branches and a plot of land that were transferred from the "Construction in progress" Item.

10. INTANGIBLE ASSETS

The change under the “Intangible assets” item, during the FY 2015 and 2014, was as follows:

	2015								
	Balances on 12-31-2014						Balances on 12-31-2015		
	Gross value	Accumulated depreciations	Additions	Adjustments Gross value	Adjustments Amortizations	Depreciations for the year	Gross value	Accumulated depreciations	Net value
Software	294,171	(264,061)	-	1	(1)	(17,973)	294,172	(282,035)	12,137

	2014						
	Balances on 12-31-2013				Balances on 12-31-2014		
	Gross value	Accumulated depreciations	Additions	Depreciations for the year	Gross value	Accumulated depreciations	Net value
Software	292,043	(246,089)	2,128	(17,972)	294,171	(264,061)	30,110

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On December 31, 2015 and 2014, the balance under this item breaks down as follows:

	2015								
Entity	% of shares	Acquisition cost	Book balance	Impairment (Note 16)	Book balance	Date	Net Asset	Profit / (Loss)	Equity
Novo Banco, S.A.	11.76%	120,000	-	-	-	31-12-2015 (1)	3,213,375	(207,831)	136,314
SISP - Sociedade Interbancária e Sistemas de Pagamentos, SARL	10.00%	10,000	60,843	-	60,843	31-12-2015 (1)	918,665	137,489	608,425
CV Garante - Sociedade de Garantia Mútua, S.A.	15.00%	15,000	12,444	-	12,444	12/31/2015	83,839	(5,999)	82,957
IMOTUR - Imobiliária e Turística de Cabo Verde, S.A.	17.86%	12,500	7,067	(7,067)	-	12/31/2012	411,072	1,249	39,571
Sofhis Gere, S.A.	10.00%	3,500	916	-	916	30-09-2015 (1)	10,690	(7,431)	9,150
		161,000	81,270	(7,067)	74,203				

(1) Interim Financial Statements

	2014						
Entity	% of shares	Acquisition cost	Book balance	Date	Net Asset	Profit / (Loss)	Equity
Novo Banco, S.A.	20.00%	120,000	23,898	31-12-2014 (1)	2,421,509	(122,590)	119,492
SISP - Sociedade Interbancária e Sistemas de Pagamentos, SARL	10.00%	10,000	58,361	31-12-2014 (1)	830,740	160,368	583,607
CV Garante - Sociedade de Garantia Mútua, S.A.	15.00%	15,000	13,292	31-12-2014 (1)	89,337	(7,352)	88,615
IMOTUR - Imobiliária e Turística de Cabo Verde, S.A.	17.86%	12,500	7,067	12/31/2012	411,072	1,249	39,571
Sofhis Gere, S.A.	10.00%	3,500	1,757	31-12-2014 (1)	23,646	(4,933)	17,560
		161,000	104,376				

n.a. - not applicable
(1) Interim Financial Statements

Caixa classified its shareholdings in SISP, SARL (Interbank Company and Payment Systems), CV Garante S.A. (mutual guarantee company), Imotur, S.A. (real estate and tourism), and Sophis Gere, S.A. as Investments in associates, despite its share being less than 20%, since Caixa is part of the management body, which, in the opinion of its Board of Directors, gives it significant influence over the operations of SISP, CV Garante, Imotur, and Sophis Gere, thus fitting in with the provisions under IAS 28 - Investments in Associates.

In October 2010, Caixa subscribed 20% of Novo Banco's share capital. This is a Bank that aims to fund the lower classes, particularly by providing micro-credit or by funding nongovernmental organizations (NGOs). Novo Banco began operations in December 2010. In FY 2012, its capital was increased by tCve. 300,000, with Caixa's contribution being tCve. 60,000.

In May 2015, a new increase of Novo Banco share capital occurred in the amount of tCve. 249,500 subscribed in cash by the State of Cabo Verde (tCve. 100,00) and INPS (tCve. 149,000), having Caixa and the remaining shareholders declined the related legal right of preference and given in to the subscribers of the capital increase part of their shares. As a result from these transactions, Caixa's shareholdings in the Novo Banco's capital were reduced to 11.76%.

Sophis Gere, S.A. was created on October 26, 2012 with the corporate purpose of managing real estate investment funds and managing cash assets and funds of other savers, namely public and private entities. In FY 2014, its capital was increased by tCve. 15,000, with Caixa's contribution being tCve. 1,500.

CV Garante – Sociedade de Garantia Mútua, S.A. was established in July 2013. It is a mutual guarantee company whose corporate purpose is to carry out financial transactions for the benefit of micro, small and medium enterprises, with a view to promoting and facilitating their access to finance, be it in the financial system or in the capital market. Caixa subscribed 15,000 shares, worth tCve. 15,000, corresponding to 15% of CV Garante's capital. Under the Shareholders Agreement, CV Garante's shareholders grant SPMG - Sociedade de Investimento, S.A. (investment company) an option to sell CV Garante's shares at the nominal value to be exercised each year at 31 December.

The changes occurred in the book value of these shareholdings in 2014 and 2013 fiscal year and their impact on Caixa's financial statements can be shown as follows:

	Novo Banco	SISP	CV Garante	Imotur	Sofhis Gere	Total
Balances at December 31 2013 (pro-forma)	49,167	54,244	14,395	7,067	765	125,638
Increase in capital by Sofhis Gere	-	-	-	-	1,500	1,500
Dividends	-	(11,919)	-	-	-	(11,919)
Revenues from associates	(25,269)	16,036	(1,104)	-	(508)	(10,845)
Adjustments	-	-	2	-	-	2
Balances on 12-31-2014	23,898	58,361	13,293	7,067	1,757	104,376
Dividends	-	(11,129)	-	-	-	(11,129)
Revenues from associates	(23,898)	13,611	(849)	-	(841)	(11,977)
Balances at 12-31-2015	-	60,843	12,444	7,067	916	81,270

12. INCOME TAX

On December 31, 2015, Caixa was subject to the Income Tax Code for Corporates (IRPC Code) at the rate of 25%, and a fire brigade tax of 2% of the calculated tax, which corresponds to an aggregate tax rate of 25.5%.

As of December 31 2014, Caixa was subject to the Single Income Tax (IUR), at the aggregate tax rate of 25.5%.

The balances of income tax assets and liabilities on December 31, 2015 and 2014 were as follows:

	2015	2014
Current tax assets		
. IUR recoverable	26,508	26,464
. Withholdings for the year	34,123	29,943
	60,631	56,407
Current tax liabilities		
. Tax estimate for the year	49,909	-
. Autonomous taxation	9,703	-
	59,612	-
Deferred tax assets		
. By tax losses carried forward	-	20,172
	-	20,172

On December 31, 2014, the balance under "Current tax assets - IUR recoverable" corresponded to the provisional tax settlement relating to 2012, carried out by Caixa early 2013.

In the 2015 fiscal year, Caixa paid the provisional tax relating to 2014 and 2015, in the amount of tCve. 13,661 e tCve. 25,174, respectively. In addition, and following the adjustment to the taxable income made by Fiscal Administration related to 2013 and 2014, Caixa paid the related IUR through deduction of the matching IUR value recoverable in the amount of tCve. 38,791. The value recoverable will be deducted in payments of IUR to be made in future fiscal years.

The detail and changes in deferred taxes in 2015 and 2014 fiscal years were as follows:

	2015		
	Balance on 12-31-2014	Change in income	Balance on 12-31-2015
Tax losses carried forward	20.172	(20.172)	-
	20.172	(20.172)	-

	2014		
	Balance on 12-31-2013	Change in income	Balance on 12-31-2014
Tax losses carried forward	43.677	(23.505)	20.172
	43.677	(23.505)	20.172

In FY 2012, Caixa determined a tax loss totalling tCve. 175,368 and recognized the matching deferred tax assets. Pursuant to the General Tax Code approved by Law No. 37/IV / 92, tax losses are deductible from taxable income, if any, of one or more of the following three years. In 2015 and 2014 fiscal years, Caixa used deferred taxes relating to tax losses, in the amount of tCve. 20,172 and tCve. 23.505, respectively. The reportable tax loss amount effectively used in 2015 amounted tCve. 131,465.

The reconciliation between the nominal rate and effective tax rate observed in fiscal years 2015 and 2014 is stated as follows:

	2015		2014	
	Rate	Tax	Rate	Tax
Income before tax		543,939		253,637
Tax calculated based on nominal rate	25.5%	138,704	25.5%	64,677
Tax benefits:				
. Income from Public Debt securities placed on the secondary market	(10.58%)	(57,569)	(21.47%)	(54,453)
. Income from other bonds	(4.44%)	(24,146)	(7.35%)	(18,651)
. Others	(0.25%)	(1,354)	0.07%	170
Impairment and provisions not accepted as tax costs	3.53%	19,196	0.00%	-
Reversal of taxed provisions	(0.26%)	(1,406)	0.00%	-
Application of equity method	0.56%	3,054	2.70%	6,854
Charges not accepted under taxation	1.33%	7,222	2.70%	6,836
Authonomous taxation	1.78%	9,703	0.00%	-
Adjustments in deferred tax amount related to tax losses carried forward	(2.33%)	(12,694)	7.12%	18,071
Adjustments related to previous years	7.13%	38,791	0.00%	-
Others	(0.17%)	(927)	0.00%	-
Tax on profit for the year	21.80%	118,574	9.27%	23,505

Income from bonds issued by entities other than Cabo Verde's Treasury placed on the market and listed on the Cabo Verde Stock Exchange are taxed at a flat rate of 5%.

In October 2009, Caixa was notified by the DGCI about an additional settlement in the amount of tCve. 21,124, related to adjustments made to income tax for 2004 fiscal year. In January 2010, Caixa accepted adjustments to the tax in the amount of tCve. 4,220 (not paid yet) and submitted a complaint regarding the remaining adjustments. As of December 31, 2015 and 2014, Caixa was waiting for the conclusion of the case by the Directorate General of Taxation.

In December 2010, Caixa was notified by the DGCI about an additional settlement in the amount of tCve. 5,749, related to adjustments made to income tax for 2005 fiscal year. Caixa accepted the adjustments totalling tCve. 177 and submitted a complaint regarding the remaining adjustments. Caixa settled tax relating to adjustments accepted in December 2012 and is currently waiting for the conclusion of the case by the Directorate General of Taxation.

In July 2011, Caixa received a notification from DGCI setting the income tax for 2010 fiscal year at tCve. 74,640. This notification had implied a number of adjustments to the tax calculated by Caixa, which were the subject of complaint. In January 2012, Caixa received a new notification correcting the previously set amounts and determining tCve. 40,644 in tax. Caixa paid tCve. 16,145 and submitted a complaint regarding the remaining amount, and is waiting for the conclusion of the case by the Directorate General of Taxation.

In January 2014, the Tax Administration made a number of adjustments to the 2012 tax base, of which resulted in the tax losses reportable for that year from tCve. 175,368 to tCve. 131,465. Caixa disputed part of the adjustments made, accepting adjustments to the tax base by the Fiscal Administration in the amount of tCve. 18,143. If Caixa's arguments are accepted by the Tax Administration, the reportable tax losses for 2012 will amount to tCve 157,225.

As of December 31, 2015, there are also other contingencies on Single Income Tax relating to 2007 and 2008 fiscal years against which Caixa filed complaint for part of the outstanding amount and paying the remaining amount. In relation to the Single Income Tax relating to fiscal years 2013 and 2014, the Directorate General of Taxation established the final tax base in 2015 and Caixa paid the outstanding tax in the amounts of tCve 19,362 and tCve. 19,429, respectively, through compensation with the amounts from the preliminary tax payment for 2014 and 2012.

As of December 31, 2015 and 2014, Caixa has recorded a provision for tax contingencies in the amount of tCve. 24,800 and tCve. 49,568, respectively (Note 16).

Under the General Tax Code approved by Law No. 37/IV/92, the tax authorities have the right to review Caixa's tax position for a five year period, which may result in possible adjustments to taxable income, due to various interpretations of tax legislation. In the the Board of Directors' opinion, it is not expectable that any adjustment will be significant to Caixa's financial statements as of December 31, 2015.

13. OTHER ASSETS

This item breaks down as follows:

	2015	2014
Other assets:		
Auctioned goods	1,250,659	931,014
Coins and medals	86	126
	1,250,745	931,140
Debtors:		
Amounts receivable from the State of Cabo Verde		
. Subsidies	820,346	733,006
. Others	45,990	37,713
Micro-Credit Fund (Note 17)	52,044	52,467
Debtors for foreign exchange remittances	15,545	23,225
Sundry debtors	11,137	6,603
	945,062	853,014
Deferred expenses:		
Insurance	745	746
Others	10,392	7,148
	11,137	7,894
Active operations to be adjusted	93,907	18,885
	2,300,851	1,810,933
Impairment of other assets (Note 16)		
Assets received via credit recovery	(8,503)	(13,264)
Other assets	(30,447)	(27,803)
	(38,950)	(41,067)
	2,261,901	1,769,866

The “Active operations to be adjusted” includes tCve. 59,350 relating to overdue interest, which had been written off and arrears interest receivable from Turinvest Holding, which will be adjusted by compensation against the payment in kind contract signed between Caixa and this entity on March 31 2016 (Note 33).

As of December 31, 2015, Caixa has recorded subsidies receivable in the amount of tCve. 820,346 (tCve. 733,006 s of December 31, 2014). Based on an external audit on the implementation of the subsidized loan system, the Directorate General for Treasury (DGT) questioned the eligibility of a number of operations. On March 24, 2015, the DGT informed Caixa that it would assume the debt related to part of mortgage loan subsidies claimed between 2004 and 2008, in the amount of tCve. 169,883, and the total amount claimed between 2009 and 2012, in the amount of tCve. 359,590, even though a payment plan had not been set up yet. In addition, it considered the subsidies claimed between 2004 and 2008, which amounted to tCve. 127,977 as non-eligible, with Caixa setting aside this amount in the financial statements for FY 2014 against retained earnings.
On April 7, the DGT informed Caixa about the adjustment to tCve. 161,341 of the amount covered from subsidies relating to the period between 2004 and 2008 and that the loan subsidies to mortgages

related to the period from 2013 to 2015, which totalize tCve. 279.812 and which will be confirmed and validated upon entry into the computerized system for controlling and monitoring subsidised loan. Furthermore, there are claimed subsidies relating to other lines and not confirmed and validated by the DGT , which amount to tCve. 11,061.

In addition, on April 6 2016, the DGT submitted to Caixa a payment proposal of the debt concerning the loan subsidies to mortgage between 2004 and 2012 in the amount of tCve. 520,931 in 18 annual instalments of tCve. 28,941. Despite the proposal does not include any remuneration, which would imply the recognition of a loss by financial effect, the negotiation with DGT will proceed aiming at establishing a more enabling payment method for Caixa.

As of December 31, 2015 and 2014, auctioned goods account for properties and other assets received as payment in kind are detailed as folows, according to the date of acquisition by Caixa:

	2015			2014		
Acquisition year	Gross value	Impairment	Net value	Gross value	Impairment	Value Net value
Properties:						
2004	1.973	(1.973)	-	1.973	(1.973)	-
2007	958	(958)	-	958	(958)	-
2008	3.324	(3.324)	-	3.324	(3.324)	-
2013	253.656	-	253.656	244.460	-	244.460
2014	630.591	-	630.591	672.799	(6.609)	-
2015	302.162	(1.353)	300.809	-	-	-
	1.192.664	(7.608)	1.185.056	923.514	(12.864)	244.460
Other assets:						
2009	400	(400)	-	400	(400)	-
2014	7.100	-	7.100	7.100	-	-
2015	50.495	(495)	50.000	-	-	-
	57.995	(895)	57.100	7.500	(400)	-
	1.250.659	(8.503)	1.242.156	931.014	(13.264)	244.460

Late 2015 fiscal year, Caixa received as payment in kind four properties, of which the book value as of December 31 2015 totalize tCve. 300,810, part of which to be completed presenting signs of degradation. Following this transaction, Caixa reverted impairment losses in the amount of tCve. 107,598 and recognized as 2015 fiscal year earnings under the “Interests from client loan – Recovery of cancelled interests” tCve. 43,176 relating to recovery of asset written-off interests.

On November 2015, Caixa signed a contract for payment in kind having received a ship, of which the book value as of December 31 2015 amounts to tCve. 50,000. The net value of impairment losses for the loan granted at the settlement date amounted to tCve. 37.672. Following this transaction, Caixa reverted impairment losses in the amount of tCve. 11.949.

Through a payment in kind agreement signed by Caixa and Tecnicil on December 31, 2014, the latter gave Caixa as payment in kind three plots of land, located in Achada Grande Trás, Santiago Island, as settlement to extinguish the entire bonded debt and loans granted by Caixa. On December 31, 2015, the book value and appraised value determined by independent appraisal experts in 2014 amounted to tCve. 602,879 and tCve. 794,527, respectively. As a result of this transaction, Caixa reversed impairment losses amounting to tCve. 138,500, recognized approximately tCve. 69,600 as income for FY 2014 under "Interest on loans to customers," related to past due and arrears interest, and settled an unauthorized overdraft amounting to approximately tCve. 57,330, which was used to charge interest on credit operations up to the settlement date. The appraised value of this hotel was determined based on construction costs of the property. As of December 31 2015 and 2014, there has been no project approved or developed for these land plots.

In FY 2013, Caixa received as payment in kind the property called “Sabura Hotel,” located in Santa Maria, Sal Island, as settlement, of which the book value as at 31 December 2015 amounted to tCve. 251,672. The net amount of impairment losses on loans on the date of the settlement amounted to tCve. 199,731. Following this transaction, Caixa recognized as earnings from FY 2013 under the “Interest on loans to customers – Recovery of cancelled interest” tCve. 42,268, relating to recovery of interest written off from assets. The appraised value of this hotel was determined based on the construction cost of the property.

On December 31, 2015 and 2014, the balance under the “Debtors - Microcredit Fund” item is related to loans granted within the framework of the Training and Loans to Micro-Enterprises Program. The

program has a self-management structure and includes training sessions for customers, before and after loans are granted, addressing topics such as access conditions, procedures and responsibilities, importance of reimbursement, joint liability, and business management, among others. Loans are granted only to joint-liability groups consisting of 3 to 5 people.

On December 31, 2015 and 2014, the balance under the "Receivables from foreign currency remittances" item is related to remittances of foreign checks, which were settled in the beginning of the following year.

14. FUNDS FROM OTHER CREDIT INSTITUTIONS

This item breaks down as follows:

	2015	2014
Demand deposit:		
By credit institutions in the country	191,633	162,320
Term account:		
By credit institutions in the country	250,000	250,000
Loans obtained:		
FMO Credit Line	-	496,193
Interest:		
On deposits	12,856	12,855
On obtained loans	-	7,697
Other resources	5	-
	12,861	20,552
	454,494	929,065

On December 21, 2011 Caixa contracted a credit line from he Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden n.v. ("FMO") in the total amount of 10,000,000 Euros (1,102,650 tCve). The total amount of the loan would be made available on an initial instalment of 5,000,000 Euros (551,325 tCve.) and two instalments of 2,500,000 Euros (275,663 tCve.) each, with semi-annual repayment during the period between July 2014 and January 2019. This line of credit bears interest at a variable rate. Caixa only used the first instalment, in the amount of 551,325 tCve. In July 2014, it settled the first tranche as set out in the repayment plan, in the amount of tCve. 55,132. On December 19, 2013, Caixa formally expressed to the FMO about its intention not to use the remaining instalment of the loan, in the amount of 5,000,000 Euros, paying the penalty for non-utilization of funds (cancellation fee) provided under the contract.

Caixa paid the first three instalments defined in the amortization plan of the credit line in July 2014, and January and July 2015 in the amount of tCve. 55,132, respectively.

On July 14 2015, Caixa paid in advance the funding, by reimbursing the capital value in debt on this date, which amounted to tCve. 385,928 and paying the penalty for prepayment fee of the loan awarded expected under the contract in the amount of tCve. 7,719, accounting for 2% of the pre-payed value.

15. CUSTOMER FUNDS AND OTHER LOANS

This item breaks down as follows:

	2015	2014
Savings deposits:		
Individual - passbook	5.981.693	5.399.094
Sight deposits:		
By residents	13.204.937	14.054.183
By emigrants	728.259	652.187
	13.933.196	14.706.370
Time deposits:		
By residents	14.016.183	12.386.409
By emigrants	12.607.583	11.574.689
	26.623.766	23.961.098
Other resources:		
Securities sold under repurchase agreements (Note 7)	4.372.730	4.372.730
Loans obtained by residents	241.667	265.833
Checks and money orders payable	(25.310)	21.728
	4.589.087	4.660.291
Interest:		
On deposits	584.492	548.137
On securities sold under repurchase agreements	53.768	53.767
Loaned obtained by residents	4.082	4.448
	642.342	606.352
Deferred expenses:		
From loans obtained by non-residents	-	(10.819)
	51.770.084	49.322.386

On December 31, 2015 and 2014, the “Other Funds - Loans obtained from residents” item relating to a loan obtained from the National Social Security Institute (INPS), which bears interest at a fixed rate, to be repaid in 15 annual instalments. This loan is aimed at granting loans to INPS workers for own-house acquisition.

On December 31, 2015 and 2014, the balance under the “Checks and money orders payable” item includes tCve. 38,279 and tCve. 21,805, respectively, relating to transfers received via Western Union, of which financial compensation only occurred in the first few days of 2016 and 2015.

16. PROVISIONS, IMPAIRMENT AND CONTINGENCIES

Changes occurred in Caixa’s provisions and impairment for the years ended December 31, 2015 and 2014 are as follows:

	2015					
	Balances on 31-12-2014	Net allocations	Uses	Adjustments	Balances on 31-12-2015	Loan recoveries
Impairment						
Impairment of loans to customers (Note 7)	2.626.674	39.384	(133.152)	(31.927)	2.500.979	(53.537)
Impairment of financial assets available for sale (Note 5)	200	-	-	-	200	-
Impairment of investments in subsidiaries, associates and joint ventures (Note 11)	-	7.067	-	-	7.067	-
Impairment of other assets (Note 13)	41.067	4.491	(6.609)	1	38.950	-
	41.067	11.558	(6.609)	1	46.017	-
Provisions for tax contingencies (Note 12)	49.568	(18.806)	(5.962)	-	24.800	-
Other provisions	5.513	49.018	-	-	54.531	-
	55.081	30.212	(5.962)	-	79.331	-
	2.723.022	81.154	(145.723)	(31.926)	2.626.527	(53.537)

	2014					
	Balances on 31-12-2013	Net allocations	Uses	Adjustments	Balances on 31-12-2014	Loan recoveries
Impairment						
Impairment of loans to customers (Note 7)	2.528.169	207.631	(55.684)	(53.442)	2.626.674	(63.470)
Impairment of available-for-sale financial assets (Note 5)	200	-	-	-	200	-
Impairment of other assets (Note 13)	38.271	9.038	(6.242)	-	41.067	-
Provisions for tax contingencies (Note 12)	49.568	-	-	-	49.568	-
Other provisions	5.513	3.769	-	(3.769)	5.513	-
	55.081	3.769	-	(3.769)	55.081	-
	2.621.721	220.438	(61.926)	(57.211)	2.723.022	(63.470)

In June 2014, a declarative judgment action was brought against Caixa and against the State of Cabo Verde, under which the claimants claim property damage and personal injury totalling approximately tCve. 216.000 (tCve. 161,000 in the form of loss of profits, tCve. 40,000 in the form of property damage, and tCve. 15,000 in the form of actual damages). Caixa and the State of Cabo Verde presented their claims, in July 2014, and the case is currently awaiting trial. Caixa did not record any provision for this contingency in its financial statements. The Board of Directors is convinced that the arguments will be accepted by the Court and that this situation will not have significant impacts on the financial statements.

17. OTHER LIABILITIES

This item breaks down as follows:

	2015	2014
Funds		
Consigned fund - Micro-Credit Fund (Note 13)	52.044	52.467
General government sector - Tax Withholding at source	40.928	30.396
Others	5.565	5.276
	98.537	88.139
Staff costs		
Vacation and vacation pay	52.368	55.161
Productivity award	35.693	35.449
Allowance for faults	9.341	11.296
	97.402	101.906
Other administrative costs:		
ATM charges	10.960	11.604
Water, gas and electricity	6.998	7.075
Communications	2.491	3.800
Fees payable - Western Union	-	3.166
FMO (Note 14)	-	1.489
Others	44.032	54.037
	64.481	81.171
Deferred income:		
Off-balance sheet transactions	858	658
Other adjustment accounts	273.195	36.367
	534.473	308.241

On December 31, 2015 and 2014, the “Other administrative expenses – Other” item included tCve. 17,670 and tCve. 15,750, respectively, relating to amounts payable to INPS as social security contributions for December, as well as tCve. 9,773 and tCve. 8,448, respectively, relating to employees’ single income tax for December.

On December 31, 2015 and 2014, the “Other adjustment accounts” item included tCve. 10,352 and tCve. 9.813, respectively, relating to amounts of subsidised loans pending settlement. In addition, the remaining balance of this item is comprised primarily of amounts to settle with banks and customers which correspond essentially to interbank electronic transfers that are cleared in the first days of the following year.

18. CAPITAL

On December 31, 2015 and 2014, Caixa’s capital was represented by 1,392,000 shares, with a nominal value of one thousand Cabo Verde Escudos each, fully subscribed and paid.

On December 31, 2015 and 2014, Caixa’s shareholder structure was as follows:

	2015		2014	
Entity	Number of shares	%	Number of shares	%
National Social Security Institute	453,532	32.6%	448,932	32.2%
Geocapital, Sociedade de Gestão e Participação, S.A.	381,904	27.4%	381,904	27.4%
Cabo Verde's Post	210,749	15.1%	210,749	15.1%
Impar - Companhia Caboverdeana de Seguros	168,032	12.1%	168,032	12.1%
Other subscribers and workers	177,783	12.8%	182,383	13.2%
	1,392,000	100.00%	1,392,000	100.00%

19. RESERVES, RETAINED EARNINGS AND PROFIT FOR THE YEAR

On December 31, 2015 and 2014, the item Reserves and retained earnings was as follows:

	2015	2014
Other reserves and retained earnings		
. Legal reserve	465,596	421,998
. Other reserves	2,047,922	1,822,586
. Retained earnings	(305,039)	(99,197)
	2,208,479	2,145,387
Profit for the year	425,365	230,132
	2,633,844	2,375,519

Under the legislation in force in Cabo Verde (Law No. 3/V/96), a minimum of 10% of annual net income must be appropriated to legal reserve. This reserve is not distributable, except in case of the entity's liquidation, and it may be used to increase capital or to cover losses when other reserves are exhausted.

At the General Meeting held on April 11, 2014, it was decided that dividends in the amount of tCve. 174,000 and incorporation under legal reserve and other reserves in the amounts of tCve. 20,585 and tCve.11,257, respectively, subject to the opinion of Bank of Cabo Verde. In a letter dated May 23, 2014, Cabo Verde's Central Bank asked the Board of Directors to submit a proposal for appropriation of profits that did not include distribution of dividends. In an Extraordinary General Meeting held on July 28, 2014, the Board of Directors informed the Shareholders of Bank of Cabo Verde's position, but they confirmed their April 11, 2014 ruling regarding the dividend payment in that amount. Nevertheless, taking into account the notification received from Bank of Cabo Verde, by December 31, 2014, the Board of Directors had not made such distribution, nor had it made an accounting entry of the appropriation of profits decided upon by the General Meeting.

At the General Meeting held on May 12, 2015, and taking into account the Bank of Cabo Verde's considerations, it was decided to revoke the decision as of July 28, 2014 relating to the application of earnings from 2013 fiscal year and transfer them to the "Legal Reserve" item, in the amount matching the mandatory reserve, and the remaining balance to "Other reserves" item. Concerning net earnings from 2014 fiscal year, it was decided the distribution of dividends in the amount of tCve. 97,440 and incorporation into legal reserve and other reserves in amounts of tCve. 23,013 and tCve. 109,679, respectively.

At the General Meeting held on July 16, 2015, it was approved the additional distribution of dividends related to 2014 fiscal year, in the total amount tCve 69,600. This decision occurred following the submission to BCV of additional information on the confirmation of DGT's debt and the process of selling the property received as payment in kind, called "Hotel Sabura", which allowed BCV to further

review and approve the proposal of dividend distribution related to 2014 fiscal year.

20. INTEREST AND SIMILAR INCOME

This item breaks down as follows:

	2015	2014
Interest on loan to customers		
Domestic loans	2,187,899	2,226,466
Recovery of cancelled interest	411,813	246,839
Interest on other loans and receivables (securitised)		
Treasury Bonds	506,268	380,383
Other fixed income securities	94,691	116,063
Interest on investments at the Bank of Cabo Verde		
Time deposits	8,473	13,468
Monetary intervention Bills	1,953	2,217
Monetary regularisation Bills	951	955
Interest on investment in credit institutions abroad	955	1,515
Other interest and similar income	352	165
Fees received relating to amortised cost	141,181	113,449
	3,354,536	3,101,520

In FY 2015 and 2014, interest on Treasury Bonds placed on the secondary market amounted to tCve. 259,740 and tCve. 259,863, respectively (Note 21).

21. INTEREST AND SIMILAR EXPENSES

This item breaks down as follows:

	2015	2014
Savings deposits		
Passbooks	141,954	82,512
Demand deposits		
By emigrants	13,463	12,444
By residents	95	88
Time deposits		
By residents	596,010	563,347
By emigrants	532,333	492,394
Loans		
By non-residents	7,704	17,816
By residents	6,270	6,919
Sales operations with repurchase agreement		
Treasury Bonds (Note 20)	259,740	259,863
Cancelled interest on loan to customers		
Domestic loans	20,330	41,254
Others	11,226	3,107
	1,589,125	1,479,744

22. INCOME AND COSTS WITH SERVICES AND FEES

This item breaks down as follows:

	2015	2014
Income from services and fees		
Fees on foreign exchange transactions	71,862	72,878
Western Union Fees	45,190	42,850
Account maintenance fees	14,820	15,004
VISA fees	13,313	10,127
Other banking services	9,425	9,017
Guarantees and sureties	7,373	8,268
Documentary credits	2,808	637
Other fees	8,900	9,211
	173,691	167,992
Expenses with services and fees:		
VISA fees	(23,432)	(12,434)
Fees on foreign exchange transactions	(14,534)	(14,346)
Other fees and charges	(42,917)	(35,554)
	(80,883)	(62,334)

23. INCOME FROM FOREIGN CURRENCY REVALUATION

This item breaks down as follows:

	2015			2014		
	Profits	Losses	Net	Profits	Losses	Net
Income in foreign currencies	193,269	(165,191)	28,078	121,167	(99,670)	21,497
Income in banknotes and coins	219,848	(146,751)	73,097	127,129	(66,624)	60,505
	413,117	(311,942)	101,175	248,296	(166,294)	82,002

24. INCOME FROM SALE OF OTHER ASSETS

For the year ended December 31, 2015, the balance under this item corresponded to gains on sale of property, plant and equipment.

For the year ended December 31, 2015, the balance under this item corresponded to gains on sale of properties received as payment in kind.

25. OTHER OPERATING INCOME

This item breaks down as follows:

	2015	2014
Other operating income:		
Service provision:		
Service charges	31,093	25,675
Credit cards	8,911	7,886
Sale of checks and passbooks	9,094	7,526
Property lease (Note 8)	120	140
Other operating income	2,179	6,600
	51,397	47,827
Other operating costs:		
Other taxes	(8,545)	(14,694)
Grants	(2,330)	(1,021)
Contributions	(1,663)	(1,798)
Others	(4,636)	-
	(17,174)	(17,513)
	34,223	30,314

26. STAFF COSTS

This item breaks down as follows:

	2015	2014
Compensation of employees	489,523	473,944
Compensation of management and supervisory bodies	28,908	23,990
Social charges		
Social Security	74,800	71,970
Medical expenses	5,538	5,258
Others	7,716	6,051
Productivity bonuses	35,694	35,449
Others	8,802	5,484
	650,981	622,146

On December 31, 2015 and 2014, Caixa's workforce was as follows:

	2015	2014
Executive Directors	3	3
General Management and Coordination	35	17
Management and leadership	32	40
Officers	117	125
Administrative Staff	109	87
General Service Staff	49	49
	345	321

On December 31, 2015 and 2014, the figures above included 34 and 29 employees, respectively, with a fixed-term employment contract.

27. GENERAL ADMINISTRATIVE EXPENSES

This item breaks down as follows:

	2015	2014
Specialized services	161,372	168,872
ATM charges	106,259	114,149
Water, gas and electricity	59,513	64,289
Advertising	47,082	51,233
Communications	33,623	39,901
Travel, accommodation and representation	27,795	31,258
Consumables	21,403	20,827
Insurance	20,361	20,087
Maintenance and repairs	19,692	25,174
Rents and leases	17,729	16,816
Fuels	8,319	9,583
Transportation	2,679	4,035
Staff training costs	1,297	2,473
Computer equipment	584	687
Others	7,142	5,388
	534,850	574,772

28. CONTINGENT LIABILITIES AND COMMITMENTS

On December 31, 2015 and 2014, the contingent liabilities associated with banking activities were recorded in off-balance sheet items and were as follows:

	2015	2014
Contingent liabilities		
Guarantees and sureties	367,721	289,322
Documentary credits opened	61,360	15,202
	429,081	304,524
Deposit and custody securities	35,070,811	29,932,946
	35,499,892	30,237,470

On December 31, 2015 and 2014, the “Deposit and custody of securities” item included tCve. 21,785,253 e tCve. 18,328,394, respectively, relating to securities deposited at Caixa by INPS.

29. SEGMENT REPORTING

For management purposes, Caixa is organized into two segments, called “Trading and Sales” and “Commercial Banking.”

The Trading and Sales segment is related to cash management, securities portfolio management and other market transactions. The Commercial Banking segment includes loans and deposits and provision of services to customers and others.

On December 31, 2015 and 2014, the information related to Caixa’s operating segments can be summarized as follows:

	2015		
	Trading and Sales	Commercial Banking	Total
Interest and similar income	600,484	2,754,052	3,354,536
Interest and similar expenses	-	(1,589,125)	(1,589,125)
NET INTEREST INCOME	600,484	1,164,927	1,765,411
Income from services and fees	-	173,691	173,691
Cost with services and fees	-	(80,883)	(80,883)
Income from foreign exchange revaluation	-	101,175	101,175
Income from the sale of other assets	2,275	-	2,275
Other operating income	34,223	-	34,223
OPERATING INCOME	636,982	1,358,910	1,995,892
Provisions and net impairment of reversals and recoveries	-	-	(27,617)
	636,982	1,358,910	1,968,275
Other expenses and income			(1,542,910)
Net profit for the year			**425,365**
Cash and cash equivalents at central banks	-	9,966,863	9,966,863
Cash equivalents at other credit institutions	-	1,492,077	1,492,077
Available-for-sale financial assets	3,823	-	3,823
Deposits at credit institutions	1,818,766	139,097	1,957,863
Loans to customers (gross balance)	11,455,198	30,044,792	41,499,990
Funds from other credit institutions	-	(454,494)	(454,494)
Customer funds and other loans	(241,667)	(51,528,417)	(51,770,084)

	2014		
	Negotiation and Sales	Banking Commercial	Total
Interest and similar income	490,016	2,611,504	3,101,520
Interest and similar expenses		(1,479,744)	(1,479,744)
NET INTEREST INCOME	490,016	1,131,760	1,621,776
Income from services and fees	-	167,992	167,992
Cost with services and fees	-	(62,334)	(62,334)
Income from foreign exchange revaluation	-	82,002	82,002
Income from the sale of other assets	11,172	-	11,172
Other operating income	30,314	-	30,314
OPERATING INCOME	531,502	1,319,420	1,850,922
Provisions and net impairment of reversals and recoveries	-	-	(156,868)
	531,502	1,319,420	1,694,054
Other expenses and income			(1,440,417)
Net profit for the year			**230,132**
Cash and cash equivalents at central banks	-	11,337,246	11,337,246
Cash equivalents at other credit institutions	-	1,071,043	1,071,043
Available-for-sale financial assets	3,823	-	3,823
Deposits at credit institutions	3,030,857	109,389	3,140,246
Loans to customers (gross balance)	9,275,154	28,006,889	37,282,043
Funds from other credit institutions	-	(929,065)	(929,065)
Customer funds and other loans	(265,833)	(49,056,553)	(49,322,386)

The entirety of Caixa's operations is carried out in the Republic of Cabo Verde.

30. RELATED ENTITIES

It is considered as related entities of Caixa, its shareholders, associates and management bodies.

On December 31, 2015 and 2014, Caixa's financial statements included the following balances and transactions with related entities, excluding the management bodies:

	2015			
	State of	Shareholders		
	Cabo Verde	INPS	IMPAR	Associates
Assets:				
Investments in credit institutions	1,819,000	-	-	-
Loans to customers	9,440,459	-	-	174,753
Investments in subsidiaries, associates and joint ventures	-	-	-	100,199
Impairment	-	-	-	(65,532)
Other assets	866,336	-	-	-
Liabilities:				
Funds from other credit institutions	-	-	298,311	84,723
Customer funds and other loans	-	12,150,153	-	66,017
Income:				
Interest and similar income	514,266	-	-	-
Costs				
Interest and similar expenses	-	6,270	12,856	15,000

	2014			
	State of	Shareholders		
	Cabo Verde	INPS	IMPAR	Associates
Assets:				
Investments in credit institutions	3,031,000	-	-	-
Loans to customers	7,657,501	-	-	174,753
Investments in subsidiaries, associates and joint ventures	-	-	-	104,376
Impairment	-	-	-	(43,742)
Other assets	898,697	-	-	-
Liabilities:				
Funds from other credit institutions	-	-	307,382	50,913
Customer funds and other loans	-	13,363,361	-	-
Income:				
Interest and similar income	390,593	-	-	-
Costs				
Interest and similar expenses	-	6,919	15,000	-

Management bodies

In 2015, the costs incurred relating to remuneration and other benefits granted to members of Caixa's Board of Directors amounted to tCve. 28,908 (tCve. 23,990 in FY 2014) (Note 26).

On December 31, 2015 and 2014, loans granted to the Board of Director members amounted to tCve. 644 and tCve. 14,750, respectively.

31. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Policies for managing financial risks inherent to Caixa Económica de Cabo Verde's operations

Caixa Económica de Cabo Verde is subject to many risks in carrying out its operations. Risk management is based on the ongoing identification and assessment of exposure to various risks, such as market risk, liquidity risk, credit risk, operational risk, and adoption of a control strategy, within pre-established parameters.

The management is complemented by a posteriori assessment of performance indicators.

Foreign exchange risk

Foreign exchange risk is calculated on the institution's overall foreign-exchange position, which is determined as defined in Bank of Cabo Verde's Notice No. 3/2000 and its related technical instructions. Considering the legally binding agreement that establishes the parity between the Cabo Verde escudo and the euro, the euro position is not computed for the purpose of calculating total long and short opened positions.

Liquidity risk

Liquidity risk is the possibility of inability to comply with financial obligations and commitments made as well as to obtain funds and make investments at appropriate rates and maturities.

At Caixa, risk assessment takes into account the indicators established by the supervisory authority and Board of Directors and consists in permanently respecting the liability coverage ratio.

Monitoring in different periods is based on projected fund inflows and outflows, helping to efficiently manage the needs.

On December 31, 2015 and 2014 the contractual residual maturities of financial instruments were as follows:

	2015						
	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Indeterminate	Total
Assets:							
Cash and cash equivalents at central banks	9,966,863	-	-	-	-	-	9,966,863
Cash equivalents at other credit institutions	1,492,077	-	-	-	-	-	1,492,077
Investments in credit institutions	1,849,872	-	-	108,225	-	(234)	1,957,863
Loans to customers (gross balance)	363,909	711,381	3,195,426	10,804,883	21,836,060	4,588,331	41,499,990
	13,672,721	711,381	3,195,426	10,913,108	21,836,060	4,588,097	54,916,793
Liabilities:							
Funds from other credit institutions	(391,633)	-	(50,000)	-	-	(12,861)	(454,494)
Customer funds and other loans	(22,508,378)	(3,520,263)	(16,540,704)	(7,445,666)	(1,112,730)	(642,343)	(51,770,084)
	(22,900,011)	(3,520,263)	(16,590,704)	(7,445,666)	(1,112,730)	(655,204)	(52,224,578)
Differential	(9,227,290)	(2,808,882)	(13,395,278)	3,467,442	20,723,330	3,932,893	2,692,215

	2014						
	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Indeterminate	Total
Assets:							
Cash and cash equivalents at central banks	11,337,246	-	-	-	-	-	11,337,246
Cash equivalents at other credit institutions	1,071,043	-	-	-	-	-	1,071,043
Investments in credit institutions	2,918,000	114,164	-	108,225	-	(143)	3,140,246
Loans to customers (gross balance)	2,066,429	393,172	1,816,059	11,107,913	16,880,378	5,018,092	37,282,043
	17,392,718	507,336	1,816,059	11,216,138	16,880,378	5,017,949	52,830,578
Liabilities:							
Funds from other credit institutions	(362,320)	-	(50,000)	(496,193)	-	(20,553)	(929,066)
Customer funds and other loans	(22,232,262)	(4,140,324)	(14,155,933)	(6,765,605)	(1,432,730)	(595,532)	(49,322,386)
	(22,594,582)	(4,140,324)	(14,205,933)	(7,261,798)	(1,432,730)	(616,085)	(50,251,452)
Differential	(5,201,864)	(3,632,988)	(12,389,874)	3,954,340	15,447,648	4,401,864	2,579,126

The maturities presented are contractual, but in reality the Demand deposits included in the "Customer funds and other loans" item are stable and have longer maturities, enabling Caixa to meet the liquidity ratios required by Bank of Cabo Verde.

The "indeterminate" column includes interest receivable and payable and amounts already received or paid that are being deferred, and overdue loans.

Interest rate risk

Interest rate risk management aims to protect the asset value, as well as optimize Caixa's net interest income.

Caixa bears the interest rate risk whenever contracted operations bear future cash flows that are sensitive to changes in interest rates.

The methodology adopted to measure this risk consists in grouping sensitive assets and liabilities into time intervals, according to interest rate revision dates. The cash flows, as well as the corresponding interest rate risk gap, are calculated at each interval.

Market risk

Market risk is defined as the risk of loss in off balance sheet accounts due to a change in market prices, such instruments relating to Foreign exchange risks in all balance sheet and off-balance sheet items, and instruments relating to interest rate risks that make up the trading portfolio.

The Foreign exchange risk is calculated on the overall position in foreign currency, in accordance with Law No. 3/V/96, as of 1 July, and Decree-Law No. 12/2005, as of 7 February.

The minimum amount of equity allocated to cover market risk relating to exchange rates is 10% of the overall foreign-exchange position.

Credit risk

Credit risk reflects the possibility of losses if the counterparty or its guarantor fails to comply with its financial obligations, including loan repayment.

Caixa applies a risk management strategy that relies on rules and procedures and a provisioning policy based on collective and individual credit analyses. To this end, the concepts, principles and rules to be observed during the life of the loan, including the recovery phase, are established. The risk assessment related to lending and off-balance sheet operations is supported in the proposed operation's quality assessment, including its purpose, duration, guarantees, among others. The specific risk assessment also considers exposure concentration and large exposure limits from a prudential perspective.

Maximum exposure to credit risk

On December 31, 2015 and 2014, Caixa's maximum exposure to credit risk was as follows:

	2015	2014
Investments in credit institutions	1,957,863	3,140,246
Loans to customers	38,999,011	34,655,369
	40,956,874	37,795,615
Guarantees and sureties	367,721	289,322
Documentary credits open	61,360	15,202
	429,081	304,524
Maximum exposure	41,385,955	38,100,139

Quality of loans to customers

On December 31, 2015 and 20134 the gross book value of loans to customers, excluding "Other loans and securitized receivables," accrued interest or guarantees and documentary credit to companies, was as follows:

	2015			
	Performing loans	Non-performing loans	Loans in *"Default"*	Total
Companies				
Loans to companies				
Falling due	6,813,507	1,678,888	1,661,440	10,153,835
Overdue	4,227	29,714	1,272,925	1,306,866
	6,817,734	1,708,602	2,934,365	11,460,701
Guarantees and documentary credits to companies				
Maturing	424,225	-	2,356	426,581
Retail				
Mortgage loans				
Falling due	10,247,709	215,448	1,493,437	11,956,594
Overdue	83	2,595	228,461	231,139
	10,247,792	218,043	1,721,898	12,187,733
Consumer loans				
Falling due	4,264,689	100,799	280,170	4,645,658
Overdue	15	8,652	191,454	200,121
	4,264,704	109,451	471,624	4,845,779
Other loans				
Falling due	366,058	84,490	104,040	554,588
Overdue	10,009	2,461	53,766	66,236
	376,067	86,951	157,806	620,824
Guarantees given				
Falling due	2,500	-	-	2,500
Financial Institutions				
Falling due	238	-	-	238
Public sector				
Falling due	950,449	-	-	950,449
Overdue	1	-	-	1
	950,450	-	-	950,450
Total loans falling due	23,069,375	2,079,625	3,541,443	28,690,443
Total overdue loans	14,335	43,422	1,746,606	1,804,363
Total loans	23,083,710	2,123,047	5,288,049	30,494,806

	2014			
	Performing loans	Non-performing loans	Loans in *"Default"*	Total
Companies				
Loans to companies				
Falling due	6,581,558	55,321	2,084,854	8,721,733
Overdue	1,699	6,451	1,163,192	1,171,342
	6,583,257	61,772	3,248,046	9,893,075
Guarantees and documentary credits to companies				
Maturing	302,024	-	-	302,024
Retail				
Mortgage loans				
Falling due	9,868,810	308,839	1,427,967	11,605,616
Overdue	-	2,483	199,542	202,025
	9,868,810	311,322	1,627,509	11,807,641
Consumer loans				
Falling due	3,984,555	78,256	239,857	4,302,668
Overdue	25	6,255	230,389	236,669
	3,984,580	84,511	470,246	4,539,337
Other loans				
Falling due	360,882	32,082	269,123	662,087
Overdue	8,996	2,611	63,518	75,125
	369,878	34,693	332,641	737,212
Guarantees given				
Falling due	2,500	-	-	2,500
Financial Institutions				
Falling due	170	-	-	170
Public sector				
Falling due	1,094,259	-	-	1,094,259
Overdue	-	-	15	15
	1,094,259	-	15	1,094,274
Total loans falling due	22,194,758	474,498	4,021,801	26,691,057
Total overdue loans	10,720	17,800	1,656,656	1,685,176
Total loans	22,205,478	492,298	5,678,457	28,376,233

In preparing the tables shown above, the following classifications were considered:

- "Performing loans"
  - Companies: loans with no overdue payments or with balances up to 30 days past due;
  - Individuals: loans with no overdue payments or with balances up to 7 days past due;
- "Non-performing loans"
  - Companies: loans with balances between 30 and 90 days past due;
  - Individuals: loans with balances between 7 and 90 days past due;
- "Loans in default" - loans with balances more than 90 days past due. With regard to loans granted to companies, if the customer has at least one operation with payments more than 90 days past due, the entire exposure to Caixa was reclassified under this category.

In addition, overdue loans include only the amounts of operations or instalments overdue and unpaid on the reference date. In Note 7, “Overdue loans” includes the full amount of receivables related to operations with past due amounts.

On December 31, 2015 and 2014, loans that were assigned specific impairment through individual assessment totalled tCve 5,589,621. e tCve. 5,604,719, respectively, with impairment amounting to tCve. 1,210,567 e tCve. 1,148,468, respectively. As described in Note 2.2. d), loans subject to individual assessment for which no specific impairment was assigned were included in a collective assessment.

The indicators on loan quality as of December 2015 and 2014 calculated in accordance with the criteria defined on Circular No. 150, Series A, of December 28, 2009, issued by Cabo Verde’s Central Bank, are presented as follows:

	2015	2014
Loans in default / total loans	7.43%	7.63%
Net loans in default / net total loans	1.41%	0.60%

Fair value

The table below shows a comparison between the fair value and book value of the main financial assets and liabilities held at amortised cost on December 31, 2015 and 2014.

	2015				
	Analysed balances			Non-analysed balances	
	Book value	Fair value	Difference	Book value	Total book value
Assets:					
Cash and cash equivalents at central banks	9,966,863	9,966,863	-	-	9,966,863
Cash equivalents at other credit institutions	1,492,077	1,492,077	-	-	1,492,077
Available-for-sale financial assets	3,823	3,823	-	-	3,823
Deposits at credit institutions	1,957,863	1,957,863	-	-	1,957,863
Loans to customers	36,912,081	33,820,927	(3,091,154)	4,587,909	41,499,990
	50,332,707	47,241,553	(3,091,154)	4,587,909	54,920,616
Liabilities:					
Funds from other credit institutions	454,494	262,393	(192,101)	-	454,494
Customer funds and other loans	51,770,084	52,396,315	626,231	-	51,770,084
	52,224,578	52,658,708	434,130	-	52,224,578

	2014				
	Analysed balances			Non-analysed balances	
	Book value	Fair value	Difference	Book value	Total book value
Assets:					
Cash and cash equivalents at central banks	11,337,246	11,337,246	-	-	11,337,246
Cash equivalents at other credit institutions	1,071,043	1,071,043	-	-	1,071,043
Available-for-sale financial assets	3,823	3,823	-	-	3,823
Deposits at credit institutions	3,140,246	3,140,246	-	-	3,140,246
Loans to customers	32,247,291	29,865,298	(2,381,993)	5,034,752	37,282,043
	47,799,649	45,417,656	(2,381,993)	5,034,752	52,834,401
Liabilities:					
Funds from other credit institutions	929,065	572,351	(356,714)	-	929,065
Customer funds and other loans	49,322,386	49,658,223	335,837	-	49,322,386
	50,251,451	50,230,574	(20,877)	-	50,251,451

The following assumptions were used to determine the fair value:

- For balances in cash and short-term investments in credit institutions, the book value corresponds to the fair value;

- For available for sale financial assets:

  - Portuguese government bonds were recorded at historical cost, with a recorded impairment of tCve. 200, to reduce the book value to its estimated realisable value.
  - Due to its low book value, shares in the GARI Fund were recorded at historical cost.

- The fair value of other instruments was determined by Caixa based on discounted cash flow models, taking into consideration the contractual terms of operations and using interest rates that are suitable to the type of instrument and the rates for similar instruments issued or contracted near the end of the year.

- The column “Non-analysed balances” includes mainly overdue loans.

Sensitivity analysis - Interest rate

On December 31, 2015 and 2014, the impact on fair value of financial instruments sensitive to interest rate risk, excluding financial instruments derived from parallel shifts of 50, 100 and 200 basis points (bps) in the interest rate curve, can be demonstrated by the following tables:

	2015					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Loans to customers (gross balance)	499,015	247,692	129,481	(93,448)	(198,667)	(397,736)
Total sensitive asset	499,015	247,692	129,481	(93,448)	(198,667)	(397,736)
Funds from other credit institutions	8,176	11,032	12,459	15,315	16,743	19,598
Total sensitive liabilities	8,176	11,032	12,459	15,315	16,743	19,598
Total Gain / (Loss)	490,839	236,660	117,022	(108,763)	(215,410)	(417,334)

	2014					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Loans to customers (gross balance)	690,456	338,068	47,506	(135,600)	(280,480)	(552,852)
Total sensitive asset	690,456	338,068	47,506	(135,600)	(280,480)	(552,852)
Funds from other credit institutions	22,049	19,033	17,612	14,939	13,684	11,329
Total sensitive liabilities	22,049	19,033	17,612	14,939	13,684	11,329
Total Gain / (Loss)	668,407	319,035	29,894	(150,539)	(294,164)	(564,181)

The following table presents the effect, on the projected net interest income for FY 2015 and 2014, respectively, of a parallel shift of 50, 100 and 1200 bps in the interest rate curves that index financial instruments that are sensitive to changes in interest rate:

	Projected Net Interest Income					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
FY 2015	(12,605)	(6,302)	(3,151)	3,151	6,302	12,605
FY 2014	(34,200)	(17,100)	(8,550)	8,550	17,100	34,200

In determining the impacts presented in the table above, it was considered that the assets and liabilities that were sensitive to interest rate on the date of the calculation would remain stable over 2016 and 2015 fiscal years, respectively, being renewed whenever applicable, taking into consideration the market conditions in effect on those renewal dates and the average spread of outstanding operations on December 31, 2015 and 2014. Such impacts correspond exclusively to corporate bonds held by Caixa.

Worth noting that the information presented in the tables above refers to a static scenario and does not take into account the changes in strategy and policies related to interest rate risk management that Caixa may adopt as a result of changes in benchmark interest rates.

On December 31, 2015 and 2014, loans to customers, granted mainly at a fixed rate, amounted to tCve. 28,447,364. e tCve. 27,690,373, respectively.

Foreign exchange risk

Breakdown of financial instruments by currency

On December 31, 2015 and 2014, financial instruments were broken down as follows, by currency:

	2015				
	Currency				
	Cabo Verde Escudos	Euros	US Dollar	Others	Total
Asset:					
Cash and cash equivalents at central banks	7,615,234	1,969,140	227,984	154,505	9,966,863
Cash equivalents at other credit institutions	49,888	893,535	509,336	39,318	1,492,077
Available-for-sale financial assets	-	3,823	-	-	3,823
Deposits at credit institutions	1,818,766	139,097	-	-	1,957,863
Loans to customers	41,499,986	3	1	-	41,499,990
Investments in subsidiaries, associates and joint ventures	100,199	-	-	-	100,199
Other assets (net balance)	2,151,532	45,372	3,140	3,602	2,203,646
	53,235,605	3,050,970	740,461	197,425	57,224,461
Passive:					
Resources from other credit institutions	(410,003)	(14,769)	(29,150)	(572)	(454,494)
Customer resources and other loans	(50,582,313)	(481,385)	(703,613)	(2,773)	(51,770,084)
Other liabilities	2,217,204	(2,550,994)	(7,697)	(194,080)	(535,567)
	(48,775,112)	(3,047,148)	(740,460)	(197,425)	(52,760,145)
Net exposure	4,460,493	3,822	1	-	4,464,316

	2014				
	Currency				
	Cabo Verde Escudos	Euros	US Dollar	Others	Total
Asset:					
Cash and cash equivalents at central banks	9,339,691	1,687,463	205,873	104,219	11,337,246
Cash equivalents at other credit institutions	24,125	463,751	409,724	173,443	1,071,043
Available-for-sale financial assets	-	3,823	-	-	3,823
Deposits at credit institutions	3,030,857	109,389	-	-	3,140,246
Loans to customers	37,282,040	2	1	-	37,282,043
Investments in subsidiaries, associates and joint ventures	104,376	-	-	-	104,376
Other assets (net balance)	1,215,902	374,780	179,136	48	1,769,866
	50,996,991	2,639,208	794,734	277,710	54,708,643
Passive:					
Resources from other credit institutions	(415,137)	(501,458)	(12,470)	-	(929,065)
Customer resources and other loans	(48,826,195)	(496,191)	-	-	(49,322,386)
Other liabilities	1,885,835	(1,703,897)	(213,184)	(276,993)	(308,239)
	(47,355,497)	(2,701,546)	(225,654)	(276,993)	(50,559,690)
Net exposure	3,641,494	(62,338)	569,080	717	4,148,953

32. CAPITAL MANAGEMENT

In accordance with the prudential rules, Caixa Económica is subject to compliance with the solvency ratio, liquidity ratios, risk sharing and equilibrium of balance of payments.

Caixa's Equity is managed so as to comply with prudential Equity levels, pursuant to BCV Notice No. 3/2007, of 19 November: "Equity of Credit Institutions, Non-banking Institutions and International Financial Institutions," in order to provide coverage for weighted credit risk, operational risk and market risk.

The BCV Notice No. 3/2007 establishes the Equity requirements applicable to Credit Institutions and the methods for calculating the solvency ratio.

Equity is divided into two categories:

- Core capital, determined from equity net of unrealized gains and losses; and

- Tier 2 capital, which are limited to 100% of the equity amount and are made up primarily of subordinated loans.

Deductions related to holdings in other credit institutions decrease the total equity amount.

Pursuant to the regulations, Caixa must comply with a solvency ratio of 10% at all times.

On December 31, 2015 and 2014, Caixa Económica de Cabo Verde complied with the regulatory requirements, as follows:

	Equity	Solvency ratio	Fixed asset limit
2015	4,001,265	16.44%	183.95%
2014	3,700,219	15.19%	161.12%

33. EVENTS AFTER THE REPORTING PERIOD

On March 29 2016, a payment-in-kind settlement contract was signed with Turinvest Holding under which this entity handed over to Caixa two land plots on Sal and a third land plot on Santo Antão, all of them to be built, evaluated in approximately, tCve. 410,000, extinguishing the total amount of debt resulting from the loan granted by Caixa. Following this transaction, Caixa reverted in the financial statements on December 31 2015 the impairment losses it had established against the loan in the amount of tCve. 116,569 and recorded earnings from recovery of asset written-off interests and arrears interest in the amount of tCve 59,350, which were recorded in the “Operations to be adjusted” (Notes 13, 16 and 20).