

REPORT AND ACCOUNTS | 2008

Lisbon, 2009



Deposit Guarantee Fund



REPORT AND ACCOUNTS 2008

Lisbon, March 2009

Deposit Guarantee Fund

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REPORT AND ACCOUNTS 2008

1. Within the scope of its powers, as provided for in subparagraph m) of article 22 of the Regulation of the Deposit Guarantee Fund, approved by Ordinance No. 285-B/95 (2nd Series), of 19 September, the Executive Committee presented, within the legal deadline (until 31 March 2009), to the Minister of Finance, for approval, the Fund's Annual Report and Accounts for the year 2008, accompanied by the opinion of the Audit Board of the Bank of Portugal (inspection body).

2. The aforementioned Report and Accounts of the Fund were approved by Order No. 574/09/SETF, of 25/06/09, of the Secretary of State for the Treasury and Finance, in accordance with the provisions of article 172.º of Decree-Law no. 298/92, of 31 December (General Regime for Credit Institutions and Financial Companies).

DIRECTIVE COMMITTEE

Established in accordance with the provisions of article 158 of Decree-Law no. 298/92, of 31 December (General Regime for Credit Institutions and Financial Companies).

President

Pedro Miguel de Seabra Duarte Neves (1)

Vowels

João Maurício Fernandes Salgueiro (2)

Carlos Manuel Durães da Conceição (3)

General secretary

António José Vieira Águas (4)

(1) Appointed, on 20 June 2006, by the Board of Directors of the Bank of Portugal.

(2) Appointed on 18 July 2003 by the Portuguese Banking Association.

(3) Appointed, on 28 April 2008, by Order No. 13084/2008 (2nd series), by Mr. Secretary of State for the Treasury and Finance.

(4) Appointed by the Fund's Steering Committee, and in office since 1 January 2001.



AUDIT BOARD OF BANCO DE PORTUGAL

Pursuant to article 171 of Decree-Law no. 298/92, of 31.12, concerning the supervision of the Fund, the Audit Board of Banco de Portugal monitors the respective activity, ensures compliance with the laws and issues opinion on the annual accounts.

President

Emílio Rui da Veiga Peixoto Vilar (1)

Vowels

Rui José da Conceição Nunes (2)

Sérgio António Gonçalves Nunes (3)

Amável Alberto Freixo Calhau (4)

(1) Appointed to perform the duties of Chairman of the Audit Board of Banco de Portugal by Order No. 22 729/2007, of 12 September, of the Minister of State and Finance.

(2) Appointed to perform the duties of Member of the Audit Board of Banco de Portugal by Order No. 22 640/2007, of 12 September, of the Minister of State and Finance.

(3) Appointed by the employees as a member of the Audit Board, pursuant to Declaration No. 82/2006 (2nd series), of 2 May, from the Office of the Minister of State and Finance.

(4) Appointed member of the Audit Board, as statutory auditor, by Order No. 12 230/2006 (2nd series), of 11 May, of the Minister of State and Finance.

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2008 ANNUAL REPORT

Summary of the Activities of the Deposit Guarantee Fund (FGD)

1. At the end of 2008, the Fund's own resources amounted to €1,357 million, of which €434 million represented irrevocable payment commitments contractually assumed by participating credit institutions and secured by public debt securities. The evolution that has been observed in own resources, compared to the volume of deposits covered by the guarantee, has allowed a growing improvement in the Fund's financial capacity indicators.

The current activities of the operation of a deposit guarantee system with the characteristics of the FGD (ex-ante contributory system) were carried out, among which the following stand out:

- The calculation of the amount of the annual contribution of each institution participating in the Fund, for 2008, based on the declarations of the balances of the deposits covered by the guarantee at the end of the months of 2007;
- The collection, at the end of April, of annual contributions and the conclusion with the participating institutions of contracts relating to the assumption of payment commitments, irrevocable and guaranteed by pledge of securities, on the part of contributions not paid in cash;
- Management of the Fund's resources, in compliance with the criteria set by the Steering Committee for financial investments, within the scope of the guidelines and management rules established in the plan agreed between the Fund and Banco de Portugal, in accordance with the provisions in art. 163 of Decree-Law no. 298/92, of 31 December (General Regime for Credit Institutions and Financial Companies);
- The preparation of Bank of Portugal rules and instructions that established the level of the base contribution rate to be applied in the calculation of periodic contributions for 2008 and the limit of irrevocable payment commitments to be observed in that same year; and
- cooperation with other deposit guarantee schemes, particularly in European Union countries and within the framework of the European Forum of Deposit Insurers (EFDI), an organization of which the Fund is a founding member.

In addition to these activities, various initiatives were developed and technical studies were prepared relating to the functioning of the Fund and its role as an instrument for protecting depositors and an element that can contribute to the stability of the banking system.

Contributions from participants to the Fund

2. In determining the periodic contributions for 2008, the base rate of 0.03% (three basis points), weighted by the solvency indicator of each participating institution, was applied to the amount of deposits covered by the guarantee. In the same period, the reduced rate of 0.01% was maintained on deposits made at the external financial branches of the free zones of Madeira and the island of Santa Maria. By decision of the Steering Committee, the amount of minimum contribution amount.

3. As can be seen from Table I, in 2008, the total contributions of the participating credit institutions reached the amount of 36,719 thousand euros, of which 90% was paid in cash and the remaining part met through the assumption of commitments irrevocable payment.

Table I. Contributions in 2008

Methods of payment and payment substitution used

thousands of euros

Contributions delivered to the Fund in 2008	Cash	commitments irrevocable payment	Total
annual contributions	33 167	3 552	36 719

Source: FGD

In addition to the annual contributions paid to the Fund by the participating credit institutions, 150 thousand euros were also collected from the payment of initial contributions from three new credit institutions that joined the Fund (two banks and a branch of a bank based outside the EU).

4. The distribution of total contributions for 2008 by type of credit institutions participating in the Fund is shown in Table II, with banks, savings banks and mutual agricultural credit, 93.5%, 5.9% and 0.6%, respectively.

Table II. Contributions in 2008 by Type of Credit Institutions

thousands of euros

contributions in 2008	Banks	boxes Economic	Credit Boxes Mutual Agricultural(*)	Total
annual contributions	34 371	2 149	199	36 719

Source: FGD

(*) Not belonging to the Integrated Agricultural Mutual Credit System (SICAM). The guarantee of deposits taken by mutual agricultural credit banks belonging to SICAM is governed by Decree-Law no. 345/98 of 9 November and is guaranteed by the Mutual Agricultural Credit Guarantee Fund.

5. In the year under analysis, irrevocable payment commitments amounted to 3.5 million euros, an amount corresponding to approximately 10% of total contributions, a percentage that coincides with the maximum legally allowed for 2008.

6. In 2008, the establishment of the commercial pledge that guarantees the assumption of irrevocable payment commitments was fully satisfied with Portuguese public debt bonds.

In cumulative terms, the irrevocable payment commitments assumed by the participating credit institutions are exclusively guaranteed by Treasury Bonds and Treasury Bills, issued by the Portuguese State and by other Eurozone States.

7. Regarding periodic contributions for the year, 12 credit institutions, out of a total of 51, benefited from the effect of weighting the solvency ratio (80% and 90%), with adjusted base rates⁽¹⁾ of 0.024% and 0.027 %, levels below the base rate of 0.03%, while for 13 credit institutions the effect of weighting solvency (110% and 120%) resulted in adjusted base rates of 0.033% and 0.036%, higher levels at the base rate of 0.03%. Twenty-two institutions paid the minimum annual contribution of €17,500 fixed by the Steering Committee.

Table III. Distribution of weights used in the calculation of annual contributions

Weighters of the base contribution rate and minimum contribution	Number of participating institutions			
	Banks	Savings Banks	CCAM'S	Total
Weight of 1.2	1	-	-	1
Weighting of 1.1	11	1	-	12
weight of 1	4	-	-	4
Weight of 0.9	1	1	-	2
Weight of 0.8	4	3	3	10
minimum contribution	20	-	2	22
	41	5	5	51(*)

(*) For a credit institution that paid the initial contribution in December 2007, no annual contributions were processed.
Source: FGD

Contributions calculated at the reduced rate of 0.01%, applicable to deposits made in external financial branches of the free zones of Madeira and Santa Maria Island, continue to have residual expression in the total of annual contributions, as can be seen in the Panel IV.

Table IV. Annual contributions by type of contribution rate

thousands of euros

Contributory rates	annual contributions		
	2006	2007	2008
base rate	32 209	33 128	35 838
reduced rate	947	914	881
TOTALS	33 156	34 042	36 719
Of which:			
- Paid in cash	28 335	29 033	33 167
- Appointments	4 821	5 009	3 552

Source: FGD

(1) The "adjusted base rate" is obtained by applying to the base contribution rate of 0.03% a multiplicative factor corresponding to the positioning of the average solvency ratio on an individual basis for each participant in the five classes of the weighting grid contained in no. 5 of Notice no. 11/94.

8. In assessing the financial contribution, in cash, actually requested in each financial year from the participating institutions, the effect of weighting the solvency of each institution and the maximum permitted level of use of irrevocable payment commitments must be taken into account.

Table V. Contribution Rates, Effective in Cash and Weighted, in 2008

Maximum level of commitments	paid part in cash	Rate from base	contribution rate effective in cash	Classes do RMS(*) (solvency)	Weighting multiplicative factor	weighted rate
(1)	(2)	(3)	(4)=(2)x(3)		(5)	(6) = (4)x(5)
				< 8	1,2	0,0324 %
				[8 ; 10 [1,1	0,0297 %
10 %	90 %	0,03 %	0,027 %	[10 ; 12[1,0	0,027 %
				[12 ; 14[0,9	0,0243 %
				≥ 14	0,8	0,0216 %

Source: FGD

(*) RMS (Average solvency ratio): average of the solvency ratios, calculated on an individual basis, with reference to 30 June and December 31 of the previous year.

In 2008, the effective cash contribution rate varied between 0.0216% and 0.0324%, slightly above the rate observed in 2007, which varied between 0.0204% and 0.0306%.

9. Table VI reflects the evolution of the structure of deposits covered by the guarantee(2). As at 31 December 2007, the ratio defined by the quotient between the amount of deposits covered by the guarantee and the amount of total deposits (deposits covered by the guarantee and deposits excluded from the guarantee) shows a slight decrease resulting from a greater growth in non-guaranteed deposits. covered by the guarantee in relation to the deposits covered by the guarantee of the Fund.

Table VI. Evolution of the covered deposits/total deposits ratio

Millions of euros

Deposits	On 12.31.05	On 12.31.06	On 12.31.07
Covered by the Fund's guarantee (A)	119 630	123 478	130 120
Not covered by the Fund's guarantee	122 742	140 068	145 409
Total two deposits (B)(*)	242 372	263 546	275 529
Ratio (A) / (B)	49%	47%	47%

Source: FGD

(*) This total, calculated from the perspective of the Fund and covering deposits taken only by the credit institutions that participate in it, does not correspond to the aggregate of deposits contained in the monetary and financial statistics published by Banco de Portugal. The balances of interbank deposits were not offset against each other, and, along with the deposit accounts, other accounts representing transitory customer funds were included (captive accounts, surety, subscription, etc.), pursuant to article 2 of the Regulation. of the Fund, approved by Ordinance 285-B/95, of 19 September. Aggregates (B) also contain deposits made at branches of Portuguese banks in other EU and non-EU countries. In aggregates (A) and (B) deposits made at branches of banks headquartered in another Member State, operating in Portugal, are not considered.

(2) The deposits covered by the guarantee correspond to the deposits that form the basis of the annual contribution to the Fund, not taking into account the guarantee limit of €25,000 per depositor established by law, in the event of unavailability of deposits. It is estimated that guaranteed deposits, within the scope of that limit, correspond to an amount between 55% and 60% of the deposits covered by the guarantee.

In the aggregate of deposits excluded from the FGD guarantee, based on article 165 of the General Regime for Credit Institutions and Financial Companies, deposits held by credit institutions, financial companies, insurance companies continue to have a relevant position. and the public administration sector.

Participating Credit Institutions

10. The participation in the FGD of credit institutions authorized to capture deposits is mandatory, in accordance with the provisions of article 156 of the General Regime for Credit Institutions and Financial Companies, with the exception of only agricultural funds belonging to the Integrated by the Caixas de Crédito Agrícola Mútuo, which have their own deposit guarantee scheme.

During 2008, three new credit institutions (Banco BIC Português, SA, Banco LJ Carregosa, SA, and the branch of Hyposwiss Private Bank Genève, SA) joined the Fund, while a branch established in Portugal headquartered in Latvia (AS PrivatBank), no longer benefits from the *topping up* guarantee that was in force while the Latvian guarantee level was €20,000 and the guarantee in Portugal was €25,000.

In the same year, the Fund was not informed by any participant of its intention to adhere to the complementary guarantee, if any, of deposits made in branches established in other Member States, whose guarantee systems provide for a broader scope of guarantee and/or limit of guarantee per depositor higher than those provided by the Deposit Guarantee Fund.

Attached to this Annual Report, there is a list of the 54 institutions participating in the Fund on December 31, 2008.

Table VII. Credit institutions participating in the Fund

Participating Institutions	On 12.31.2007	Movement in 2008		On 12.31.2008
		Tickets	outputs	
Banks	42	3	1	44
savings banks	5	-	-	5
Mutual agricultural credit boxes	5 -- 5			
Total	52			54

Source: FGD

11. In July and August 2008, it was published in the daily press (two large-print newspapers and a newspaper specializing in economic and financial information), in compliance with the provisions of article 19, paragraph c) of the FGD Regulation, approved by Ordinance no. 285-B/95, of 19 September, the list of credit institutions participating in the Fund, as well such as the Accounts for the year 2007, with a view to disseminating the Fund's activity and financial situation to the general public(3).

(3) The Fund's Annual Report and Accounts are sent to Banco de Portugal, to participating credit institutions, to other entities interested parties and whoever requests it. The list of participating credit institutions and the Fund's financial statements are published on the Fund's website (<http://www.fgd.bportugal.pt>) .

Fund's Financial Resources

12. As at 31 December 2008, the Fund's own resources totaled 1,357 million euros, 74 million euros more than at the end of 2007, as shown in Table VIII. As in previous years, the increase in own resources in the year under analysis was caused by the periodic contributions of the participating institutions, including the irrevocable payment commitments assumed by the same institutions and the results of the investments of the Bottom.

Table VIII. Evolution of Own Resources and Fund Results

thousands of euros

Nature of Resources	balance in 31.12.2007	balance in 31.12.2008	Change in balances
Own Resources (contributions delivered to the Fund)			
– Single initial contribution delivered by Banco de Portugal	97 824	97 824	-
– Initial contributions delivered by participating institutions	98 300	98 450	150
– Periodic contributions (annual) (*)	889 721	926 440	36 719
Sum of contributions	1 085 845	1 122 714	36 869
Reservations (**)	168 991	196 804	27 813
Results			
– Net income for the year	27 813	37 089	9 276
Total Own Resources and Results	1 282 649	1 356 607	73 958

Source: FGD

(*) Includes the part made in cash and the part corresponding to the irrevocable payment commitments assumed by the institutions participating credit

(**) The reserves are constituted by the accumulation of the annual results obtained by the Fund.

13. The relationship between the Fund's resources and the deposits covered by the guarantee has evolved favorably over the last few years, both in terms of the Fund's total resources, which include irrevocable payment commitments, and in terms of financial resources directly managed by the Fund.

Table IX. Degree of coverage of deposits covered by the guarantee

Millions of euros

		On 12.31.2005	On 12.31.2006	On 12.31.2007
Fund Resources				
Including appointments	(A)	1 171	1 221	1 283
Deleting appointments (B)		751	796	853
Deposits covered by the guarantee (*) (C)		119 630	123 478	130 120
Ratios	(A) / (C)	0,98%	0,99%	0,99%
	(B) / (C)	0,63%	0,64%	0,66%

(*) In addition to the balances of deposit accounts covered by the Fund's guarantee, there is also cash from customers resulting from transitory situations arising from normal banking operations recorded in other accounts (article 155 of the RGIC), and deposits taken by branches of Portuguese banks established in other member states (Article 164 of the GBER). For deposits included in this item, the guarantee limit of 25,000 Euros per depositor is not taken into account.

Fund Financial Management

Macroeconomic Framework and Evolution of Financial Markets

14. The year 2008 was marked by the global crisis in the financial markets, with origins in the worsening of the real estate market crisis in the United States, which had already been felt since mid-2007. The disturbances initially affected the financial systems and, subsequently, other sectors of economies around the world.

World economic growth has slowed down sharply. Although rates were still observed positive annual growth rates (estimate of 0.7% in the Euro Area), contractions began to be registered in several countries, particularly in the last quarter of the year. The harmonized consumer price index grew by 3.3% in 2008, although with a marked deceleration towards the end of the year.

Table X. Economic growth and inflation rates

	2005	2006	2007	2008
euro area				
Gross Domestic Product (GDP)	1,7	2,9	2,6	0.7 (e)
Consumer Prices (%)	2,2	2,2	2,1	3,3
Portugal				
Gross Domestic Product (GDP)	0,9	1,4	2,0	0.0 (e)
Consumer Prices (%)	2,1	3,0	2,4	2,7

Source: Eurostat and INE

(e): Estimate

The Portuguese economy suffered the effects of the environment and, according to the most recent data, it is estimated that it registered zero growth in 2008, given the contraction in economic activity observed in the second half of the year, with particular emphasis on the last quarter.

The crisis of confidence gave rise to an enormous reluctance on the part of financial institutions to mutually grant interbank credits, leading to an unprecedented widening of *spreads* .

between the rates on the interbank market and the rates of return on Treasury bills. At

In the Euro Area, the *spread* between the 3-month Euribor and German Treasury bills for the same maturity reached a peak of 330 basis points during the month of October.

The resulting liquidity crisis revealed weaknesses in many institutions around the world, namely in terms of the quality of the assets held, the degree of leverage on the balance sheets and the ability to raise funds. Some institutions entered the process of financial liquidation, while others underwent acquisitions.

Interventions by Central Banks and Governments grew in variety and amount.

Of particular note were the drastic cuts in reference interest rates, injections of liquidity into financial systems, interventions in the capital of financial institutions, which in some cases culminated in nationalization, and explicit guarantees for bond issues by Financial Institution.

The ECB maintained the reference rate for refinancing operations at 4% until June 2008, having increased it to 4.25% in July. This policy was abruptly reversed with the worsening of the financial crisis, with successive cuts from October onwards, up to a level of 2.5% at the end of 2008.

Interest rates on public debt securities dropped significantly, particularly during the second half of the year, under the combined effect of the slowdown in economic activity, the disappearance of inflationary tensions and the climate of strong aversion to credit risk and preference by sovereign debt.

Table XI. Evolution of the main interest rates in the euro area

	Variation (percentage points)	December 2008
ECB intervention rate		
operator rate refinancing principal	-1,5	2,50%
Money Market Yield Rates (*)		
at 3 months	-2,22	1,74%
at 6 months	-2,21	1,79%
and 1 year	-2,19	1,82%
Treasury bond yields (**)		
to 2 years	-2,26	1,76%
to 5 years	-1,82	2,31%
to 10 years	-1,41	2,94%

Source: REUTERS.

(*) Euro Area *Benchmark* : French Treasury Bills.

(**) Euro Area *Benchmark* : German public debt securities.

In the private debt market, the trend towards widening *spreads* was significantly accentuated started in the previous year. The 5-year Itraxx Eur index, which reflects the cost of purchasing protection against the risk of default on commitments made by issuers of 5-year bonds in euros, increased from around 50 basis points at the end of 2007 to approximately 175 basis points at the end of 2008.

In terms of exchange rates, the euro appreciated against the dollar up to a maximum of 1.60, reached in April and July, followed by a devaluation to 1.25 in November. At the end of 2008, the euro partially recovered against the dollar to levels not far removed from those recorded at the beginning of the year.

In the context described, all world equity markets suffered strong devaluations.

The European DJ Eurostoxx 50 index depreciated by around 44.3%; the American S&P 500 index registered a devaluation of 38.5%; the Japanese Nikkei 225 index fell 42.1%; and the Portuguese PSI-20 index registered a loss of 51.3%.

Market behavior in 2008 was also characterized by marked volatility in oil prices. It appreciated considerably until mid-July, reaching USD 145 per barrel, and fell significantly in the second half of the year. At the end of 2008, the barrel of *Brent* was quoted at close to 35 dollars, registering a fall of 62% compared to the price at the beginning of the year.

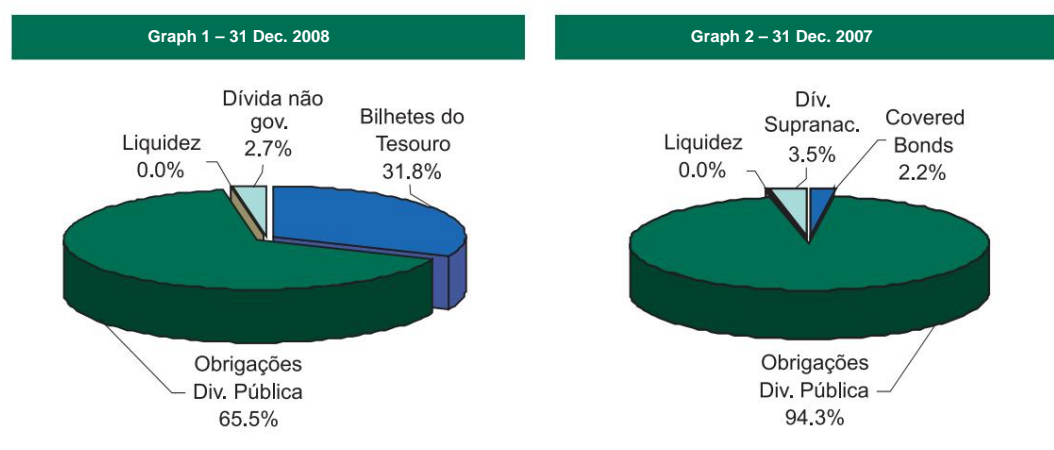
to yes.

Portfolio structure and risk control

15. During 2008, the conservative nature of the investment policy was maintained, framed by the "Plan for the Application of Financial Resources from the Deposit Guarantee Fund" and guided by a reference portfolio (*benchmark*) selected quarterly by the Investment Committee. The investment strategy was guided by the objective of limiting the portfolio's exposure to market and credit risks. In a context of financial market instability, there was an increase in the concentration of investments in public debt securities in the Area

do Euro.

Composition by instrument type



The Deposit Guarantee Fund's asset portfolio, whose net tax value reached 923.0 million euros, as at 31 December 2008, was composed almost entirely of public debt divided between bonds (65.5%) and of the Treasury (31.8%).

The portfolio structure maintained a significant degree of geographic diversification, however limited euro area sovereign risk.

Table XII. Geographical breakdown

thousands of euros

countries	31.12.2008		31.12.2007		Variation	
	amount	%	amount	%	amount	p.p.(*)
Germany	4 292	0,5	18 637	2,2	-14 345	-1,7
Belgium	30 527	3,3	0	0,0	30 527	3,3
Spain	19 931	2,1	0	0,0	19 931	2,1
France	71 814	7,7	111 837	13,1	-40 023	-5,3
Greece	138 258	14,9	108 381	12,7	29 877	2,2
Netherlands	134 201	14,5	381 243	44,5	-247 042	-30,1
Ireland	197 869	21,3	0	0,0	197 869	21,3
Italy	228 085	24,6	206 204	24,1	21 880	0,5
Portugal	81 798	8,8	0	0,0	81 798	8,8
supranational	20 985	2,3	29 696	3,5	-8 711	-1,2

(*) Variation, in percentage points, of the weight in the portfolio structure.

The analysis is carried out from a transaction perspective, excluding taxes and other outstanding cash flows.

The non-sovereign risk component of the portfolio, at the end of 2008, represented only 2.7% of the value of the Deposit Guarantee Fund and was made up entirely of securities issued by supranational institutions.

The interest rate risk was managed according to the prospects for the evolution of the yield curve, with the modified duration of the portfolio fluctuating, throughout the year, in the interval [0.3; 0.7]. At the end of December, the modified duration of the portfolio was 0.34.

Table XIII. Modified duration

segments of Maturity	31.12.2008		31.12.2007	
	Weight (%)	Duration Modify each	Weight (%)	Duration Modify each
up to 1 month	17,7%	0,05	44,8%	0,04
1 to 3 months	29,2%	0,10	27,9%	0,13
3 to 6 months	42,6%	0,37	15,2%	0,46
6 months to 1 year			0,7%	0,57
1 to 3 years	10,5%	1,40	11,4%	2,30
more than 3 years				
Total	100,0%	0,34	100,0%	0,39

During the year, there was a change in the distribution of investments among the different segments of residual maturity, characterized by a greater concentration in the “3 to 6 months” segment to the detriment of the “up to 1 month” segment.

As at 31 December 2008, the market risk of the financial assets portfolio, measured by the *Value-at-Risk (VaR)* for a time horizon of 1 month and with a confidence level of 95%, was 1, 9 million euros, which corresponded to 0.21% of the portfolio's value.

Results

16. In 2008, the profitability of the Deposit Guarantee Fund portfolio was conditioned by the downward shift of the yield curve in the Euro Area, which led to higher rates of return over longer maturities. Overall, the Fund's management provided a gross return of 4.84%, which corresponds to 4.24% in net terms.

Table XIV. Rates of return by maturity segment(4)

	2008	Duration Modify each average	Average weight
	Rate (Twrr)	2008	2008
Gross return on the securities portfolio			
up to 1 month	4,05%	0,05	16,4%
1 to 3 months	3,10%	0,20	24,0%
3 to 6 months	4,88%	0,38	29,6%
6 months to 1 year	4,45%	0,58	19,6%
1 to 3 years	6,57%	1,80	10,4%
more than 3 years	-	-	-
Total	4,84%	0,48	100,0%
Impact of management costs	-0,02%	-	-
Impact of fiscality	-0,55%	-	-
Net total of the FGD portfolio	4,24%	-	-

Within the scope of the analysis by asset class, non-governmental debt yielded higher than that achieved by public debt, which is explained by the differences in the time structure of the two portfolios, in a context of falling interest rates. This factor was decisive and outweighed the effect of the significant widening of credit *spreads*.

(4) *Time weighted rate of return (Twrr)*; all rates of return shown are net of taxes, except for the cases where the contrary is expressly stated.

Table XV. Net return rates by asset class

asset classes	Rate (Twrr)	Duration Modify each media	Average weight
Treasure obligations	4,28%	0,46	91,8%
Treasury Tickets	0,41%	0,17	4,5%
Public debt	4,20%	0,45	96,4%
credits	2,45%	0,56	0,6%
Supranationals and Paragov.	6,08%	1,45	3,0%
non-governmental debt	6,12%	1,29	3,6%
Total securities portfolio	4,26%	0,48	100,0%
Impact of Management Costs	-0,02%	-	-
Total	4,24%	-	-

Taking as a reference the rate of return on a "minimum risk" asset, defined as a 1-month public debt security, it can be seen that the rate of return on the FGD net of taxes and management costs was significantly higher, which was due to the drop in sovereign risk interest rates over longer timeframes.

Table XVI. Net return on the portfolio compared to the Minimum Risk Asset(5)

	FGD	Minimum risk asset	Profitability differential
year 2008	4,24%	2,98%	1,26%

Legal and regulatory rules published in 2008, related to the guarantee of deposits

17. In 2008, taking into account the international market situation and as a result of the commitment assumed at European level, it was increased, on a transitional basis, from €25,000 to €100,000, the Deposit Guarantee Fund's coverage limit and significantly reduced the period for effecting repayments. Thus, under the terms of article 12 of Decree-Law no. 211-A/2008, of 3 November, published in the Supplement to the DR, Series I, of 3/11/2008, the guarantee limit has passed from €25,000 to €100,000, up to 31 December 2011, while, in accordance with the new wording of article 167 of the General Regime for Credit Institutions and Financial Companies, repayment is now due take place within a maximum period of seven days for an installment of up to €10,000 and the remainder within a maximum period of one month, with the possibility that, in exceptional circumstances and for individual cases, there may be a maximum of three extensions for an equal period. Until 31 December 2011, the Fund's resources may also be supplemented with transfers or loans from the Treasury, as provided for in paragraph 2 of article 12 of that legal instrument.

(5) The net return on the minimum risk asset is considered to be that resulting from investment in 1-month public debt securities, as this is the shortest term for which acceptable levels of liquidity still exist. For purposes of calculating taxation, it is assumed that the coupon rate of 1-month government bonds is equal to their *yield to maturity*.

The following instructions regarding annual contributions for 2009 were also approved and published by Banco de Portugal:

Instruction no. 14/2008, published in the Official Bulletin of the Bank of Portugal no. 10, of 15 October 2008, which set the base contribution rate for the calculation of annual contributions for 2009 at 0.03% and the reduced contribution rate of 0.01% for deposits constituted in the external financial branches of the free zones of Madeira and the Island of Santa Maria.

Instruction no. 15/2008, published in the Official Bulletin of the Bank of Portugal no. 10, of 15 October 2008, which set the irrevocable payment commitment limit to be applied to annual contributions for 2009 at 10%.

For 2009, by decision of the Directive Commission, of 19 November 2008, the amount of the minimum contribution was maintained at 17,500 euros.

Inspection of the Deposit Guarantee Fund

18. The Audit Board of Banco de Portugal is the supervisor of the Fund's activity, in accordance with the provisions of article 171 of Decree-Law no. 298/92 (General Regime for Credit and Financial Companies), of 31 December, and article 25 of the Fund's Regulations, approved by Ordinance no. 285-C/95, of 19 September.

The opinion of the Audit Board of Banco de Portugal on the Report and Accounts of the Fund for 2008 is included in the annex.

As in the 2007 financial year, the Fund's financial statements for the 2008 financial year were subject to an external audit carried out by the firm of statutory auditors *Ernst & Young*.

The Court of Auditors, which ensures the successive inspection of the Fund's activity, in accordance with the legal provisions in force, was sent all the required documentation for the 2007 financial year, namely the report and accounts, after approval by Order no. 323/08 - SETF, of 21 April 2008, of the Secretary of State for the Treasury and Finance.

Support from Banco de Portugal and collaboration of participating institutions

19. The Management Committee expresses its recognition to all the structures of Banco de Portugal which, within the framework of the collaboration provided for in the Protocol signed in January 1995, provided their technical and administrative support in 2008 for the proper functioning of the Fund, ensuring, namely, the accounting processing of operations and the preparation of annual financial statements, the management of financial resources, and participation in the procedures for collecting annual contributions to the Fund from participating credit institutions.

These structures include, in particular, the Deposit Guarantee Fund Support Unit, the Accounting and Control Department, the Payment Systems Department, the Markets and Reserves Management Department, the International Relations Department, the Legal Services Department, the Support Services Department and the Banking Supervision Department.

The Steering Committee also expresses its appreciation for the good collaboration always shown by the credit institutions participating in the Fund and by the Portuguese Banking Association in its relationship with the Fund.

Steering Committee

President

Pedro Miguel de Seabra Duarte Neves

Vowel

Joao Mauricio Fernandes Salgueiro

Vowel

Carlos Manuel Durães da Conceição



ANNUAL ACCOUNTS

2008 fiscal year

Balance sheet as of December 31, 2008

(em euros)

CÓDIGO DAS CONTAS	ATIVO	Notas	EXERCÍCIOS				CÓDIGO DAS CONTAS	PASSIVO, RECURSOS PRÓPRIOS E RESULTADOS	Notas	EXERCÍCIOS	
			2008		2007					2008	2007
			ATIVO BRUTO	AMORT.E AJUST.	ATIVO LÍQUIDO	ATIVO LÍQUIDO					
24 252 2681 <											

CONTAS DE ORDEM
Garantias Recebidas

11 465 992 070

The Director of the Accounting and Control Department
Victor Pimenta e Silva

The Steering Committee

Mrs. Mónica de Sousa Dias, President
João Maurício Fernandes Salgueiro, Member
Carlos Manuel Durães, Coordinator

Income Statement

(em euros)

CÓDIGO DAS CONTAS		Notas	EXERCÍCIOS			
			2008		2007	
	CUSTOS E PERDAS					
62	Fornecimentos e Serviços Externos	9	168 667		155 089	
64	Custos com o Pessoal					
641	Remuneração da Comissão Directiva		29 413		41 899	
65	Outros Custos e Perdas Operacionais		850		850	
66	Amortizações do Imobilizado Corpóreo e Incorpóreo		456		530	
63	Impostos					
6317	Taxas		-		32 687	
6321	IRC - Imposto sobre Capitais Retido na Fonte		88 886		5 420	
6322	IRC - Imposto sobre Capitais Não Retido na Fonte		5 074 067	5 362 339	3 906 988	4 143 463
		(A)		5 362 339		4 143 463
68	Custos e Perdas Financeiros	10				
6819	Outros Juros		-		865	
6871	Perdas Realizadas em Títulos Negociáveis		155 921		44 256	
6872	Perdas Potenciais em Títulos Negociáveis		12 506		-	
688	Outros		489	168 916	488	45 609
		(C)		5 531 255		4 189 071
69	Custos e Perdas Extraordinários					
697	Correcções Relativas a Exercícios Anteriores		99			
6988	Arredondamentos		1		3	
6989	Outros Custos e Perdas		-	100		3
		(E)		5 531 355		4 189 075
	TOTAL DOS CUSTOS E PERDAS			5 531 355		4 189 075
88	Resultado Líquido do Exercício			37 089 100		27 812 671
	TOTAL DOS CUSTOS E PERDAS + RLE			42 620 454		32 001 746
	PROVEITOS E GANHOS					
78	Proveitos e Ganhos Financeiros	10				
781	Juros Obtidos		24 660 189		19 562 043	
7871	Ganhos Realizados em Títulos Negociáveis		8 013 172		6 807 756	
7872	Ganhos Potenciais em Títulos Negociáveis		9 947 092		5 631 078	
788	Outros Proveitos e Ganhos Financeiros		-	42 620 453	865	32 001 742
		(D)		42 620 453		32 001 742
79	Proveitos e Ganhos Extraordinários					
791	Receitas de Contra-Ordenações		-			
797	Correcções Relativas a Exercícios Anteriores		-		4	
7988	Arredondamentos		1	1		4
		(F)		42 620 454		32 001 746
	TOTAL DOS PROVEITOS E GANHOS			42 620 454		32 001 746

RESUMO

Resultados Operacionais: - (A)	=	- 5 362 339
Resultados Financeiros: (D) - (C - A)	=	42 451 537
Resultados Correntes: (D) - (C)	=	37 089 198
Resultado Líquido do Exercício: (F) - (E)	=	37 089 100

The Director of the Accounting and Control Department

Victor Pimenta e Silva

The Steering Committee

Pedro Miguel de Seabra Duarte Neves - President

João Maurício Fernandes Salgueiro - Member

Carlos Manuel Durães da Conceição - Member

Statement of Cash Flows

(em euros)

	Exercícios			
	2008		2007	
Actividades Operacionais:				
Recebimentos de instituições participantes	33 317 196		29 182 322	
Pagamentos a fornecedores	161 388		154 874	
Pagamentos ao pessoal	29 413		41 899	
Fluxo gerado pelas operações	33 126 394		28 985 549	
Pagamento de impostos	3 931 581		2 507 663	
Outros recebimentos relativos à activ.operacional	37 393 374		23 912 833	
Outros pagamentos relativos à activ.operacional	66 654 525		50 348 778	
Fluxos gerados antes das rubricas extraordinárias	- 66 338		41 941	
Recebimentos relacionados com rubricas extraordinárias	1		4	
Pagamentos relacionados com rubricas extraordinárias	100		3	
Fluxo das actividades operacionais [1]	- 66 437		41 942	
Actividades de Investimento:				
<i>Recebimentos provenientes de:</i>				
Imobilizações corpóreas	-		-	
<i>Pagamentos respeitantes a:</i>				
Imobilizações corpóreas	1 634		827	
Fluxo das actividades de investimento [2]	- 1 634		- 827	
Actividades de Financiamento:				
<i>Recebimentos provenientes de:</i>				
Empréstimos obtidos	-		-	
<i>Pagamentos respeitantes a:</i>				
Empréstimos obtidos	-		-	
Juros e custos similares	-		-	
Fluxo das actividades de financiamento [3]	-		-	
Variação de caixa e seus equivalentes (4)=(1)+(2)+(3)	- 68 070		41 114	
Efeito das diferenças de câmbio	-		-	
Caixa e seus equivalentes no início do período	383 472		342 358	
Caixa e seus equivalentes no fim do período	315 402		383 472	
Discriminação dos componentes de caixa e s/ equivalentes:				
Numerário		374		374
Depósitos Bancários		315 028		383 098

The Director of the Accounting and Control Department

Victor Pimenta e Silva

The Steering Committee

Pedro Miguel de Seabra Duarte Neves - President

João Maurício Fernandes Salgueiro - Member

Carlos Manuel Durães da Conceição - Member

Notes to the Financial Statements

Note 1. Basis of presentation and main accounting policies

1.1 Basis of presentation

The financial statements of the Deposit Guarantee Fund (Fund) were prepared in accordance with the Fund's Chart of Accounts, which is based on the Official Accounting Plan, adapted to the specific nature of the Fund's activity.

In accordance with Decree-Law no. 35/2005, of 17 February, changes were introduced in 2005 in the Chart of Accounts relating to the classification of provisions and the renaming of appropriations for amortization for the year.

1.2 Summary of the main accounting policies and valuation criteria

The main accounting policies and valuation criteria used in the preparation of the financial statements for the year 2008 are as follows:

a) Periodic contributions

Participating institutions make a contribution to the Fund, on an annual basis, the amount of which is determined in accordance with contribution brackets fixed by the Bank of Portugal, based on the average balance of deposits from the previous year.

Participating institutions may make this contribution in cash or be exempted from making the respective payment, up to a limit of 75% (for the 2008 financial year, the limit of 10% was fixed by Bank of Portugal Instruction no.), provided that they undertake, irrevocably and guaranteed by a pledge of securities, to pay the Fund, at any time when it so requests, of all or part of the amount of the contribution that has not been paid in cash.

According to the Fund's Regulation⁽¹⁾ periodic contributions are, in their entirety, part of its Own Resources, with the portion corresponding to irrevocable commitments being recognized against the active item "Periodic Contributions – Commitments assumed", recorded in the aggregate of "Third-Party Debts".

b) Negotiable Securities

The marketable securities portfolio is valued at market prices, for quoted securities. Upon acquisition, the securities in the portfolio are carried at their total acquisition value, including direct transaction costs. These securities are revalued daily based on the market price, with revaluation differences recorded in the results.

Securities for which there is no market quotation are valued at "fair value", based on the amount calculated by discounting future financial flows, using interest rates that suit the time structure of the flows and the issuers risk.

(1) Approved by Ordinance No. 285 – B/95 (2nd Series), of 19 September, with the changes introduced by Ordinance No. 530/2003, of 14 April.

c) Tangible Fixed Assets

Tangible Fixed Assets are recorded at acquisition value. Depreciation is calculated on an annual basis, according to the straight-line method, applying to the historical cost the maximum annual rates allowed for tax purposes, which reflect the life periods of the assets.

from the bottom.

d) Specialization of exercises

The Fund follows the accounting principle of accruals accounting, namely with regard to interest on asset and liability operations that are recorded as they are generated, irrespective of the time of payment or collection.

e) Tax on profits

The Fund is a legal person governed by public law that benefits from IRC exemption, enshrined in article 9 of the IRC Code, this exemption does not include income from capital as defined for IRS purposes.

Regarding income from capital earned abroad, which is not subject to withholding in Portugal, the Fund is subject to taxation by means of a declaration to the Portuguese Tax Administration. In the event that there is no taxation of these capital income in the country of origin, a 20% release tax applies. In the event of withholding in the country of origin, the amount subject to taxation corresponds to the difference between the tax rate applied in Portugal and the withholding rate applied abroad.

Note 2. Third-Party Debts

The heading “**State and Other Public Entities**” records the withholding tax made by the State Spanish on Spanish government bond yields and whose application for refund is in progress.

The amount recorded under “**Periodic Contributions – Commitments Assumed**” refers to the irrevocable payment commitments assumed by the participating Credit Institutions before the Fund. The increase of 3,551,731 euros verified in the current year is justified by the commitments assumed during the annual contributions, made in April 2008.

Note 3. Negotiable Securities

The aggregate “**Tradable Securities**” records debt securities acquired by the Fund as part of its investment policy.

	(euros)	
	31-12-2008	31-12-2007
Company Obligations	25 171 240	48 089 677
Public Debt Securities		
Treasure obligations	597 052 913	796 606 960
treasure tickets	295 266 627	
Total Tradable Securities	917 490 780	844 696 638

All issuers of government bonds that are part of the Fund's portfolio are eurozone countries. With regard to private debt, the securities in the portfolio are, in their entirety, mortgage debt securities issued by highly rated *European Credit Institutions*.

Note 4. Bank Deposits

The item **"Bank deposits"** includes demand deposits with Banco de Portugal and various financial institutions, in the total amount of 315,028 euros (2007: 383,098 euros).

Note 5. Additions and Deferrals

The item **"Accrued Income"** reflects the interest receivable from negotiable securities with coupon that are in the portfolio as at 31 December 2008.

The heading **"Deferred Costs"** basically records the payment, in December 2008, of the rent for the premises referring to the month of January 2009.

The amount shown under the heading **"Accrued Costs"** corresponds to the fees payable for the audit of the Fund's financial accounts for the year 2008 (14,100 euros).

Note 6. Fixed assets

The aggregate **"Fixed assets"** is broken down as follows:

	(euros)		
	Office equipment	Others Fixed assets corporeal	Total
gross assets			
Opening balance	7 802	180	7 982
increases	1 634	-	1 634
slaughter	4 038	-	4 038
Saldo fi nal	5 397	180	5 577
Accumulated amortizations			
Opening balance	7 284	180	7 464
Amortizations for the year	456	-	456
slaughter	4 038	-	4 038
Saldo fi nal	3 702	180	3 882
liquid assets	1 695	-	1 695

Note 7. Own Resources

The amount recorded in the liability item **"State and Other Public Entities"** essentially refers to the tax payable, not withheld at source, on income from Public Debt Securities (see Note 1.2.e).

Note 8. Own Resources

The item **“Initial Contributions”** includes the amount of contributions for the start of activity, made by the participating Credit Institutions. The increase of 150,000 euros verified in this item refers to the entry, in the year under analysis, of the following participating institutions: Hyposwiss Private Bank Genève, SA (branch in Portugal), Banco BIC Português, SA and Banco LJ Carregosa, SA.

The item **“Periodic Contributions – Made”** shows the amount of contributions made by the participating Credit Institutions.

The item **“Periodic Contributions – Commitments”** refers to the part of the contributions whose payment, under the terms of the law, was replaced by the assumption, by the Credit Institutions participating in the Fund, of irrevocable payment commitments, guaranteed by a commercial pledge of securities eligible for this purpose (see Notes 2 and 11).

The increases verified, in 2008, in these last two headings, are due to the annual contributions made by the participating Credit Institutions, for the respective amounts of 33,167,196 euros and 3,551,731 euros.

Note 9. Supplies and External Services

The aggregate **“External Supplies and Services”** comprises the following items:

	(euros)	
	31-12-2008	31-12-2007
Books and Technical Documentation	25	27
office supplies	62	8
Incomes and rents	11 358	11 041
Communication	1 152	1 270
Travel and Stays	1 010	2 018
commissions	104 148	95 855
Fees	24 823	24 924
Litigation and Notary	-	12
Conservation and Repair	566	539
publicity	4 562	5 929
Specialized jobs	20 952	13 465
Other Supplies and Services	7	1
Total	168 667	155 089

The amounts presented under the heading **“Commissions”** reflect the expenses paid to the securities settlement system, within the scope of the Fund's operational activity.

Note 10. Financial Results

The “**Financial Results**” of the Fund are broken down as follows:

	(euros)	
	31-12-2008	31-12-2007
interest margin	24 660 189	19 561 179
Realized Results in Negotiable Securities	7 857 251	6 763 500
Potential Results in Marketable Securities	9 934 586	5 631 078
Other Financial Results	-489	377
Total	42 451 537	31 956 133

Financial results benefited from the *flight to quality* movement that characterized the financial markets in 2008. The worsening of the financial crisis induced investors to retreat into short-term public debt instruments, which therefore recorded high returns. This trend rewarded the Fund's intrinsically conservative financial management.

Note 11. Guarantees Received

The off-balance sheet item “**Guarantees Received**” records the commercial pledge received as guarantee of the irrevocable payment commitment by the Credit Institutions to the Deposit Guarantee Fund, in the global amount of 465,992,070 euros (see Notes 2 and 8).

PROPOSAL FOR APPLICATION OF RESULTS

It is proposed that the result for 2008, in the amount of 37,089,099.67 euros, be allocated to Free Reserves.

Lisbon, March 4, 2009

The Steering Committee

President

Pedro Miguel de Seabra Duarte Neves

Vowel

Joao Mauricio Fernandes Salgueiro

Vowel

Carlos Manuel Durães da Conceição



**OPINION OF THE AUDIT BOARD
FROM BANCO DE PORTUGAL**

OPINION OF THE AUDIT BOARD OF BANCO DE PORTUGAL

In accordance with article 171 of the General Regime for Credit Institutions and Financial Companies (RGICSF) and with the provisions of paragraph d) of article 25 of the Regulation of the Deposit Guarantee Fund (FGD), the Audit Board of Banco de Portugal issues its opinion on the FGD's Report and Accounts for the year 2008.

The FGD's financial statements were prepared taking into account the provisions of article 170 of the RGICSF on the organization of the FGD's chart of accounts. This is based on the Official Accounting Plan with the implicit adjustments to the specific nature of the Fund's activity.

The purpose of the FGD is to guarantee, within the fixed limits (this limit, which was 25,000 euros, was fixed, by DL no. 12/2011), the reimbursement of deposits made in the Credit Institutions (IC) that participate in it, under the conditions and in accordance with the provisions of the RGICSF and the respective regulatory documents. The FGD may also collaborate, on a provisional basis, in actions aimed at restoring the solvency and liquidity conditions of participating credit institutions, within the scope of intervention programs, provided for in article 142 of the RGICSF.

During this year, the Fund was not called upon to collaborate in any action aimed at restoring the solvency and liquidity conditions of any CI.

As at 31 December 2008, the universe of institutions participating in the FGD (54 in total) consisted of 44 Banks, 5 Savings Banks and 5 Mutual Agricultural Credit Banks not belonging to the Integrated System of Mutual Agricultural Credit.

The Audit Board, within the scope of the powers assigned to it, systematically monitored the FGD's activity through the analysis of documentation periodically sent by the Management Committee, complemented with additional information and clarifications requested.

In determining the periodic contributions for 2008, the base rate of 0.03% (same as in 2007), weighted by the solvency indicator of each participating institution, was applied to the amount of deposits covered by the guarantee. In the same period, the reduced rate of 0.01% was maintained on deposits made at the external financial branches of the free zones of Madeira and Santa Maria Island. The minimum contribution was also maintained at €17,500.

The deposits covered by the FGD guarantee represented, at the end of 2007, 47% of the total deposits taken by the CIs participating in the FGD. In the aggregate of deposits excluded from the FGD guarantee, based on article 165 of the RGICSF, deposits held by the general government, credit institutions, financial companies and insurance companies continue to have a relevant position.

Total contributions from participating CIs reached around 36.7 million euros, compared to 34 million euros in 2007. The degree of coverage of deposits guaranteed by FGD resources, defined as the ratio between FGD resources (contributions delivered, including irrevocable payment commitments, plus retained earnings) and deposits covered by the FGD guarantee, amounts to 0.99% in 2007, as in 2006.

In the year under review, irrevocable payment commitments amounted to around 3.6 millions of euros.

The cumulative total of irrevocable payment commitments relating to the set of participating CIs amounted to approximately 433.8 million euros on 12/21/2008, representing 38.6% of the FGD's own resources.

As mentioned in previous opinions, in the accounting disclosure of irrevocable payment commitments, entered into between the FGD and the participating CIs, there are different criteria for the recording of said commitments. While in the FGD these commitments are recorded as debts of third parties, in the CI they are treated as contingent liabilities with disclosure in the notes annexed to the annual accounts.

The Fund's own resources, as at 31 December 2008, totaled 1,356.6 million euros.

The variation compared to the previous year (+ 74.0 million euros) was caused by the initial and periodic contributions of the participating institutions, including irrevocable commitments (36.9 million) and by the Fund's results (37.1 million).

The management of the FGD's financial resources (art. of the Financial Resources of the

FGD).

The FGD portfolio maintained a conservative risk profile, both in terms of maturities and in terms of the credit risk profile (concentration of investments in treasury bonds issued by Eurozone States, around 96.4%).

Pursuing the portfolio's profitability was guided by the objectives of safeguarding solvency and preserving the value of assets, as well as a high degree of liquidity of same.

The return on the Fund's portfolio (4.24%) was higher than the return on minimum risk assets (2.98%) and therefore proved to be adequate.

The net income for the year amounted to 37,089,099.67 euros, an amount that the Executive Committee proposes to be allocated to Free Reserves.

Based on the analysis carried out, bearing in mind the above considerations, the Certification of Accounts issued by the External Auditor, and the report of the Audit Department of Banco de Portugal, the Audit Board has nothing to object to the approval of the Report and Accounts of the FGD referring to the 2008 financial year, as well as the proposal for the application of results, presented by the Executive Committee.

Lisbon, March 24, 2009

The Audit Board

Emilio Rui da Veiga Peixoto Vilar

Rui Jose da Conceicao Nunes

Sergio Antonio Goncalves Nunes

Amiable Alberto Freixo Calhau



OPINION OF THE EXTERNAL AUDITOR



Certificação das Contas

Introdução

1. Examinámos as demonstrações financeiras anexas do Fundo de Garantia de Depósitos (Fundo), as quais compreendem o Balanço em 31 de Dezembro de 2008 (que evidencia um total de 1.361.775.807 Euros e um total de recursos próprios de 1.356.606.627 Euros, incluindo um resultado líquido de 37.089.100 Euros), a Demonstração dos Resultados por Natureza e a Demonstração de Fluxos de Caixa do exercício findo naquela data, e as correspondentes Notas.

Responsabilidades

2. É da responsabilidade da Comissão Directiva a preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira do Fundo, o resultado das suas operações e os fluxos de caixa, bem como a adopção de políticas e critérios contabilísticos adequados e a manutenção de um sistema de controlo interno apropriado.
3. A nossa responsabilidade consiste em expressar uma opinião profissional e independente, baseada no nosso exame daquelas demonstrações financeiras.

Âmbito

4. O exame a que procedemos foi efectuado de acordo com as Normas Técnicas e Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que o mesmo seja planeado e executado com o objectivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras estão isentas de distorções materialmente relevantes. Para tanto o referido exame incluiu:
 - a verificação, numa base de amostragem, do suporte das quantias e divulgações constantes das demonstrações financeiras e a avaliação das estimativas, baseadas em juízos e critérios definidos pela Comissão Directiva, utilizadas na sua preparação;
 - a apreciação sobre se são adequadas as políticas contabilísticas adoptadas e a sua divulgação, tendo em conta as circunstâncias;
 - a verificação da aplicabilidade do princípio da continuidade; e

Sociedade Anónima - Capital Social 1.105.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 9011 na CMVM
 Contribuinte 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - A member firm of Ernst & Young Global Limited



- a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras.
- 5. O nosso exame abrangeu também a verificação da concordância da informação financeira constante do relatório de gestão com as demonstrações financeiras.
- 6. Entendemos que o exame efectuado proporciona uma base aceitável para a expressão da nossa opinião.

Opinião

- 7. Em nossa opinião, as demonstrações financeiras referidas apresentam de forma verdadeira e apropriada, em todos os aspectos materialmente relevantes, a posição financeira do Fundo de Garantia de Depósitos em 31 de Dezembro de 2008, o resultado das suas operações e os fluxos de caixa no exercício findo naquela data, em conformidade com os princípios contabilísticos geralmente aceites em Portugal, com as adaptações referidas na Nota 1 às Demonstrações Financeiras.

Lisboa, 27 de Fevereiro de 2009

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Representada por:

A handwritten signature in black ink, which appears to read 'Ana Salcedas'.

Ana Rosa Ribeiro Salcedas Montes Pinto (ROC n.º 1230)



ANNEXES

List of Credit Institutions Participating in the Fund
Deposit Guarantee as of December 31, 2008

Legal and Regulatory Provisions on the System of
Deposit Guarantee

LIST OF CI PARTICIPANTS IN THE FGD(1)**Banks**

Caixa Geral de Depósitos, SA

Banco ActivoBank (Portugal), SA

Banco Bilbao Vizcaya Argentaria (Portugal), S.A.

Banco BAI Europa, SA

Banco BIC Português, SA

Banco BPI, SA

Banco do Brasil, SA (branch)

Banco Cetelem, SA

Banco Banif e Comercial dos Açores, SA

Banco Comercial Português, SA

Banco Credibom, SA

Banco Efi sa, SA

Banco Espírito Santo, SA

Banco Espírito Santo dos Azores, SA

Banco Espírito Santo de Investimento, SA

Private Bank Espírito Santo, SA (branch)

Banco Finantia, SA

Banco Invest, SA

Banco Itaú Europa, SA

Banco de Investimento Imobiliário, SA

Banco de Investimento Global, SA

Bank LJ Carregosa, SA

Banco Madesant – Sociedade Unipessoal, SA

(1) Situation as at 31 December 2008 in accordance with the special registration with the Bank of Portugal, referred to in article 65 of the General Regime of Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92, of 31 December.

Banco Mais, SA

Banco Millennium BCP Investimento, SA

Banco Popular Portugal, SA

Banco Português de Gestão, SA

Banco Português de Investimento, SA

Banco Privado Português, SA

Bench Prime, SA

Rural Bank Europe, S.A.

Banco Santander Consumer Portugal, SA

Banco Santander Totta, SA

Banif – Banco de Investimento, SA

Banif - Banco Internacional do Funchal, SA

Best – Banco Eletrónico de Serviço Total, SA

BPN - Banco Português de Negócios, SA

BSN - Banco Santander de Negócios Portugal, SA

Caixa – Banco de Investimento, SA

Credifin - Banco de Crédito ao Consumo, SA

Deutsche Bank (Portugal), SA

Finibanco, SA

Hyposwiss Privat Bank (Geneva), SA (sucursal)

Sanpaolo IMI Bank (International), SA

Savings Banks

Caixa Económica Montepio Geral

Savings Bank of the Association of Mutual Aid for Employees in Commerce of Lisbon

Angra do Heroísmo Mercy Savings Bank

Porto Savings Bank

Social Savings Bank

Mutual Agricultural Credit Boxes(2)

Caixa de Crédito Agrícola Mútuo do Bombarral, CRL

Chamusca Mutual Agricultural Credit Bank, CRL

Leiria Mutual Agricultural Credit Bank, CRL

Mafra Mutual Agricultural Credit Bank, CRL

Caixa de Crédito Agrícola de Torres Vedras, CRL

Legal and regulatory provisions on the deposit guarantee system in Portugal**Diplomas**

Decree-Law No. 298/92, of 31 December

Decree-Law No. 246/95, of 14 September

Decree-Law No. 222/99, of 22 June

Decree-Law No. 201/2002, of 26 September

Decree-Law No. 211-A / 2009, of November 3

Portaria n.º 285-B / 95, of 19 September

Ordinance No. 530/2003 (2nd Series), of 14 April

Notice No. 11/94, of December 29

Notice No. 9/95 of September 19

Notice No. 3/96, of July 15

Notice No. 4/96, of September 20

Notice No. 7/2001, of 6 June

Notice No. 11/2003, of 19 September (Declaration of Rectification No. 12/2003, of 29 September)

Notice No. 5/2004, of September 22, 2004

Notice No. 6/2004, of December 20, 2004

Notice No. 7/2005, of June 6, 2005

(2) Not belonging to the Integrated Agricultural Mutual Credit System.

Instructions from Banco de Portugal(3)

Instructions No. 105, 106 and 107/96

Instructions No. 117, 119 and 127/96

Instruction No. 122/96

Instruction No. 123/96

Instruction No. 124/96

Instruction No. 28/97

Instruction No. 40/97

Instruction No. 41/97

Instruction No. 48/97

Instruction No. 51/97

Instruction No. 18/98

Instruction No. 19/98

Instruction No. 11/99

Instruction No. 17/99

Instruction No. 18/99

Instruction No. 25/2000

Instruction No. 26/2000

Instruction No. 23/2001

Instruction No. 24/2001

Instruction No. 26/2002

Instruction No. 27/2002

Instruction No. 23/2003

Instruction No. 21/2004

Instruction No. 27/2005

Instruction No. 28/2005

Instruction No. 11/2006

Instruction No. 12/2006

Instruction No. 24/2007

Instruction No. 25/2007

Instruction No. 14/2008

Instruction No. 15/2008

(3) Instructions concerning, fundamentally, the establishment, in each year, of the contribution rates to be applied in the calculation of the participants' annual contributions to the FGD. These Instructions are published in the Official Bulletin of Banco de Portugal (BO), on a monthly basis, distributed to Credit Institutions.

Some provisions governing the activity of the Deposit Guarantee Fund (1)

nature and object

1. The Deposit Guarantee Fund is a legal person governed by public law, endowed with administrative and financial autonomy, has its head office in Lisbon and works with the Bank of Portugal, which is responsible for providing the technical and administrative services essential to its proper functioning.
2. The purpose of the Fund is to guarantee the reimbursement of deposits made in the credit institutions that participate in it, and may also collaborate, on a transitional basis, in actions aimed at restoring the solvency and liquidity conditions of the same institutions, within the scope of extraordinary measures of reorganization, under the terms established by the Bank of Portugal.

Guaranteed deposits and guarantee limit

1. Until 31 December 2011, the Fund guarantees the reimbursement of deposits covered by the guarantee with a limit of 100,000 euros, per depositor and per credit institution:
 - x From deposits taken in Portugal or in other member states of the European Union by credit institutions based in Portugal;
 - x Deposits taken in Portugal by branches of credit institutions headquartered in countries that are not members of the European Union;
 - x Deposits taken in Portugal by branches of credit institutions based in other European Union member states that voluntarily participate in the Fund, in the part that exceeds the guarantee provided for in the system of the country of origin.
2. For the purposes of determining the limit value of the guarantee, the following criteria must be observed:
 - x The set of deposit accounts held by the interested party in the institution in question, irrespective of its modality;
 - x The respective interest will be included in the balances of deposits, counted up to the date on that deposits are not available;
 - x Will be converted into euros, at the exchange rate of the same date, the balances of deposits expressed in foreign currency;
 - x In the absence of a provision to the contrary, it will be assumed that the balances of collective, joint or joint accounts belong in equal parts to the holders;
 - x If the account holder is not the holder of the right to the amounts deposited and he has been identified or is identifiable before the unavailability of deposits was verified, the guarantee covers the holder of the right;

(1) Legal provisions provided for in the General Regime for Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92, of 31 December and in Decree-Law no. November.

x If the right has several holders, the part attributable to each of them will be taken into account.
consideration in calculating the guarantee limit;

x Deposits in an account to which several persons have access as members of an association or a special committee without legal personality are aggregated as if they had been made by a single depositor and do not count for the purposes of calculating the applicable guarantee limit to each of these people.

repayment term

1. In the event of unavailability, the reimbursement of guaranteed deposits must take place,
within the following deadlines:

x An installment of up to 10,000 euros, within a maximum period of seven days;

x The remainder up to 100,000 euros, within a maximum period of one month.

2. The period referred to in the previous number is counted from the date on which the deposits become unavailable, and the Fund may, in exceptional circumstances and in relation to individual cases, request from Banco de Portugal three extensions, at most, of that period, none of which may of them lasting more than one month.