CAIXA GERAL DE
DEPÓSITOS

ANNUAL REPORT 2008

ANNUAL REPORT 2008 — SUMMARY

BOARD OF DIRECTORS' REPORT

NOTES, REPORTS AND OPINIONS

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS' REPORT 2008

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PRINCIPAL INDICATORS

(EUR million)

	2005	2006	2007	2008
Balance Sheet				
Loans and advances to customers (gross)	52 153	58 824	69 636	77 432
Customer resources	50 162	53 768	54 039	60 128
Debt securities	11 652	13 360	16 231	19 929
Shareholders' equity	4 325	5 014	5 541	5 484
Net assets	86 461	96 246	103 554	111 060
Operating				
Net interest income, including income from equity instruments	1 454	1 778	2 032	2 201
Non-interest income	658	620	568	845
Technical income from insurance operations	513	586	549	515
Net operating income	2 625	2 984	3 149	3 561
Gross operating income	998	1289	1 414	1 722
Income before tax	674	990	1 075	662
Net income	538	734	856	459
Ratios				
Solvency ratio (Bank of Portugal)	12.4%	10.5%	10.1%	10.7%
TIER I (Bank of Portugal)	7.4%	7.4%	6.2%	7.0%
Non-performing credit / Total credit (a)	2.69%	2.29%	2.07%	2.33%
Overdue credit / Total credit	2.44%	2.15%	2.05%	2.38%
Accumulated impairment / Overdue credit	111.7%	123.2%	121.4%	115.1%
Accumulated impairment / Credit overdue for more than 90 days	125.2%	138.5%	137.9%	137.3%
Cost-to income	61.2%	56.2%	55.1%	51.2%
Cost-to-income (banking)	57.7%	53.6%	52.5%	46.1%
ROE (after tax)	15.1%	16.5%	17.1%	9.6%
ROA (after tax)	0.67%	0.86%	0.91%	0.47%
Other indicators				
Branches	1 099	1 137	1 1 87	1 224
Portugal	771	789	811	832
Abroad	328	348	376	392
Representative offices	10	11	11	11
Employees (b)	20 778	20 106	20 464	20 869
CGD Portugal	10 161	9 759	9 695	9 727
Other banking institutions	3 485	3 698	3 953	4 170
Insurance companies	3 822	3 441	3 503	3 433
Financial companies	308	332	338	314
Other activities	3002	2 876	2975	3 225
Ratings (long/short term)				
Standard & Poor's	A+ /A-1	A+ /A-1	A+ /A-1	A+ /A-1
Moody's	Aa3 /P-1	Aa3 /P-1	Aa1 /P-1	Aa1 /P-1
FitchRatings	AA- /F1+	AA- /F1+	AA- /F1+	AA- /F1+

(a) Indicator calculated in accordance with Bank of Portugal instruction.

(b) This table does not include 298 CGD employees in the Caixa Geral de Aposentações Support Department or 78 employees engaged on public service secondment or in other situations.

CHAIRMAN'S STATEMENT

1. This annual report refers to my first year of office as chairman of CGD's board of directors.

When considering 2008 as a whole, reference must, inevitably, be made to the worldwide financial crisis, starting in the USA in second half 2007, with the sub-prime crisis and its effects on the confidence levels of most agents and consequent reduction of world economic indicators. The intensity and amplitude of the impact of the financial crisis will certainly single out 2008 as the year which witnessed the beginning of one of the most serious world economic and financial crises.

This macroeconomic environment, whose end is not in sight, has been accompanied by a generalised loss of profitability of the vast majority of companies, particularly financial institutions, in which the crisis took hold from its beginning.

2. CGD Group's strategic vision, presented by its board of directors to CGD's state shareholder at the start of a fresh term of office, in February 2008 and approved by it, specifically included the following aspects:

● CGD will continue to operate as a **financial system benchmark operator,** contributing to its stability and strength, with a high level of relevance and responsibility in terms of the **economy's borrowing requirements** and contributing to economic development and competitiveness.

● CGD Group's principal aim is to achieve a balanced evolution between **financial solidity**, **profitability**, **growth**, **operating efficiency** and **social responsibility**, permanently **focusing on customers** and optimising the **quality of service** which they have come to expect. Emphasis is naturally placed on strength, which, in an environment of the financial and economic crisis of the type the world is going, though forces us to reinforce **rigorous** management, **competence** in terms of performance and **effectiveness** in operational terms, intransigently protecting the interests of the **public**, our **shareholder**, **depositors**, **bond holders** and **workers**.

Special reference should be made to several of the 19 **management priorities** set out in the strategic guidelines:

- growth in lending to SMEs, with an increase in CGD's market share of the SME segment
- continued **leadership** of the largest Portuguese banks, as measured by total net assets, total net income, resource taking, mortgage lending and insurance operations
- increase in the **international area's** contribution to group income and expansion into the markets of Angola and Brazil
- growth of **venture capital** business
- improvements in terms of the **operating efficiency** and of our quality of service

- the development and professional realisation of the group's **human resources** and introduction of active talent management processes.

3. We succeeded in achieving our strategic objectives, in 2008, notwithstanding the effects of the crisis in financial markets (tight liquidity and funding costs, in a deteriorating credit market and a strongly declining capital market, high banking losses and, starting third quadrimestre, falls in key interest rates with their corresponding effects on net interest income and profitability, together with lower investor and consumer confidence levels) and spill over into economic activity.

Notwithstanding the excellent results achieved by its retail banking operations, possibly the best in its history, CGD was not immune to the major loss of value on equity markets, particularly the Portuguese market, in which the PSI-20 was down in value by 51.3%.

Caixa Geral de Depósitos Group's **consolidated net income** was therefore 46.4% down over 2007 to **EUR 459 million**, the year in which CGD had, in turn, achieved its best ever results.

This reduction over the preceding year's EUR 856.3 million translates the highly negative effects of the financial market crisis, reflected in the depreciation of financial investments and share portfolios and the need to recognise the respective losses in net income. This was particularly the case of the EUR 220 million and EUR 262.2 million equity investments in BCP and ZON-Multimédia, respectively, as well as of the impairment on securities related to the insurance business (EUR 122.1 million).

The board of directors, in its presentation of the 2007, accounts had already noted the strong possibility of such an evolution, based on the pressures starting to build up at the time in equity markets, affecting not only banking but also insurance operations.

The negative impacts in CGD's consolidated net income, owing to the recognition of impairment, also including equity-backed shares, were partly offset by the sale of CGD's equity investments in REN and ADP, upon which capital gains of EUR 83 million and EUR 72 million, were respectively made.

Without the referred to extraordinary effects, CGD's level of consolidated net income would have been slightly up over the preceding year.

4. After the isolation of the more direct effects of the financial crisis in CGD's net income we are pleased to note that the other economic and financial indicators on CGD Group operations represented a highly satisfactory level of performance in terms of what was controllable, i.e. in terms of operating income – with a 21.8% improvement in **gross operating income** over 2007.

Reference should be made to the excellent results achieved by retail banking operations, both in Portugal and abroad, translating into significant growths of **net operating income from commercial banking operations** (up 7.1%), **net interest income, including income from equity instruments** (up 8.3%) and

net commissions (up 6%). **Net operating income from banking and insurance operations** was up 13.1% and costs evolution was contained. **Efficiency** ratios improved to 51.2% for the group and 46.1% in terms of banking operations.

Such evolution was largely based on the increase in business, with positive changes in **loans and advances to customers (gross)** (up 11.2%) and **total resources taken** (up 7.8%).

5. CGD's net income comprises ROE of 12.6% allowing it to pay its state shareholder a dividend of EUR 300 million.

Information on the evolution of CGD's ROE over the last decade is set out in the following table:

2000	2001	2002	2003	2004	2005	2006	2007	2008
17%	20.7%	20%	19.8%	17%	18.1%	21.3%	20.5%	12.6%

which translates into an arithmetical average of 18.6%, i.e. a highly positive level of return on the **capital injected into CGD by the state**.

Over the period 1998 - 2008, CGD paid EUR 2.7 billion in dividends to the state, an amount higher than the share capital increases over the same period.

The decrease to a ROE of 12.6% this year (in any event highly positive) is fully justified in light of what has already been stated. It must be remembered that banking profitability has fallen significantly over the developed world as a whole and that total losses already recognised by the banks are in the region of USD 740 billion.

6. Our balance sheet is also indicative of the **group's strength**. The solvency ratio was 10.7%, TIER I of 7% and Core TIER I of 6.8%. The next capital increase of EUR 1 billion, expected this year, will be used for new investments, particularly in Angola and for maintaining an adequate rate of lending and further reinforcing CGD's strength as the **36th safest bank in the world according to Global Finance.**

A contributory factor in achieving such indicators, which place CGD Group in a comfortable solvency position in light of the current economic circumstances, was the **capital increase of EUR 400 million**, subscribed for by the state, which once again demonstrated its confidence in CGD's development.

7. Translating the strategic guidelines of reinforcing the group's contribution to economic development and, particularly, a more active involvement with SMEs, reference should be made to the **16.1% increase in lending to companies**, with an increase of around **20%** in **lending to SMEs** in Portugal. CGD's share of the SME market was close to 15%.

The **economy's borrowing requirements** already represent more than 50% of our total portfolio, which can be broken down as follows: individual customers (including mortgage lending): 49.7%; major companies (including financial companies): 22.2%; SMEs: 21.5% and institutions: 6.5%.

8. Reference should also be made to the contribution made to the level of total net income by **CGD subsidiaries abroad** which increased from 12% to 19%, particularly including contributions by subsidiaries in Spain, Macau and South Africa. International operations also included the Brazilian authorities' permission to form **Banco Caixa Geral Brasil** allowing the group to resume its Brazilian operations in February 2009. Negotiations for an equity investment in Banco Totta Angola were, in the meantime, successfully concluded.

9. Constrained, on the one hand, by the high levels of impairment on securities to be recognised and, on the other by the opening of new hospitals, there was a significant decrease in the contribution of **insurance and healthcare operations** to the group's income, in 2008, (EUR 12 million against EUR 162 million, in 2007), notwithstanding a continued high level of operational performance by the activity in question.

10. **The group's investment bank** continued to grow, notwithstanding the current difficult circumstances. In the **venture capital** domain, reference should be made to different operating aspects, this year, such as seed capital which is geared to entrepreneurial activities, venture capital to increase the equity capital of successful, competitive companies with growth potential, development capital, for stimulating corporate growth, diversification and internationalisation, or promoting mergers or associations between SMEs. New venture capital funds are being set up and strengthened and a nationwide campaign stressing the importance of this corporate tool, for which little demand has been recorded in Portugal, is being launched.

11. In **customer relationships** terms, we have endeavoured not only to improve the quality of our services and diversity of our financial products but to also develop and implement an attitude (communicational culture) designed to provide a responsible, user-friendly service which is particularly relevant at times of crisis. A user-friendly approach must increasingly be felt by customers. CGD has shown a natural gift for social responsibility, which is also evident in these domains and particularly reflected in a series of measures (such as our creation of a customer support office) and products designed to meet our customers' requirements in terms of the problems they face, such as the special Fundo de Investimento Imobiliário para Arrendamento Urbano (Real-estate Investment Fund for Urban Rentals) allowing customers with difficulties in paying their mortgages to sell their homes and pay a fair rent while retaining the option to repurchase their homes when economic circumstances permit, or the possibility of extending their mortgage loan repayment period or requesting a review thereof to another plan, under which their capital and interest payments can be adjusted to their circumstance with the bank's approval.

CGD not only aims to be the **largest** and **most solid** Portuguese bank but also the **best** and **most preferred** by depositors and customers.

12. Reference should also be made to the formation of the **PARCAIXA** holding company. The company was formed by a public deed of 23 December 2008 with Caixa Geral de Depósitos and Parpública, as their sole shareholders respectively, with 51% and 49% of its share capital, for the amount of EUR 1 billion.

Parcaixa's corporate object is to contribute towards the more rational management of its shareholders' equity investments portfolio.

The company's initial portfolio comprises equity investments of 19% in AdP, 100% in Caixa Leasing e Factoring and 19.5% in Sagesecur.

During the course of 2009 and in accordance with specific stock market conditions, Parcaixa aims to invest its liquidity in increasing the size of its investments portfolio.

13. In addition to fulfilling its mission of meeting the economy's borrowing requirements, CGD in light of the liquidity crisis, participated in the support (funding) of other credit institutions, therefore complying with its function of **contributing towards the stabilisation and strength of the Portuguese financial system.**

I particularly wish to stress the fact that we have been charged, by the state, with the management of BPN, following its nationalisation. Our mandate provides for a strict survey to be realised on the said financial institution's situation, with a study and proposal of solutions for the bank's future having been completed within the set timeframe.

We also maintained collaborative and cooperative relations with our principal competitors, subject to the paramount aim of safeguarding the prestige of and jointly strengthening the domestic financial system.

14. In terms of our social responsibility, we maintained an intense level of cultural activity and support for various social solidarity initiatives. Reference should be made to the inception of the activity of the **Fundação Caixa Geral de Depósitos-Culturgest** (Culturgest Foundation), which furthers the same objective as **Culturgest, SA**, but with a broader remit.

Particular emphasis has been placed on the issue of **sustainable development.** Various programmes, such as Caixa Carbono Zero and our solar power installation have been launched in this domain.

CGD Group, in addition to adopting high levels of transparency, quality and ethical behaviour, aims to be the benchmark operator in terms of governance and behavioural models.

15. The board of directors wishes to express its recognition for the commitment and professionalism of all CGD Group **workers** in the performance of their functions. Their endeavours have permitted the group to continue to merit the confidence of its customers in these difficult economic circumstances and without such a commitment which we could not have succeeded in achieving such good results.

The board of directors also wishes to express its gratitude to its **state shareholder**, **Bank of Portugal** and **CMVM**, **audit board**, **statutory auditor** and **external auditor**, for their most valuable cooperation in monitoring its operations.

16. While it is true that we have every reason to be satisfied with the results achieved, it is also equally important to remember that the effects of the crisis will continue to make themselves felt and possibly with an even greater intensity in the course of 2009, representing greater challenges for CGD Group.

There are certain contextual aspects we are facing in 2009 which cannot be denied and which cannot but help affect our activity:

- Tight liquidity at levels representing a change in the sector paradigm - we shall endeavour to secure resources and identify the best funding alternatives;

- Solvency issues affecting most banks – we intend to implement highly efficient capital management measures;

- Monitoring of defaults in all segments – we must be more effective in monitoring and recovering credit to ensure an adequate response capacity;

- Selectivity in terms of lending - we will implement highly demanding risk adjusted price criteria based on the funding situation;

- General lack of confidence – we must set an example and be relentless in facing the current situation, as "inventiveness and art" mobilisers.

In our awareness of the current situation, we particularly believe that this is **a time for CGD to act and display determination**.

Action or proactivity, in the search for effective solutions, making plans and taking measures.

Determination because we realise that an extra effort has to be made, non-conformist, to surmount the challenge and provide our customers with the best services.

EXECUTIVE SUMMARY

Caixa Geral de Depósitos Group's consolidated net income for 2008 was 46.4% down to EUR 459 million, notwithstanding the highly positive contribution represented by its 13.1% increase in net operating income from banking and insurance operations. The reduction translates the highly negative effects of the financial market crisis, reflected in the depreciation of the securities portfolio and need to recognise the respective losses. This was particularly the case of the EUR 220 million and EUR 262.1 million equity investments in BCP and ZON-Multimédia, respectively, in addition to impairment on other securities related with insurance operations (EUR 122.1 million).

CGD's own operations contributed 67.7% to the group's net income with special reference also being made to the highly satisfactory performance of CGD's foreign branches, with EUR 87.9 million, i.e. 19.1% of the total against the preceding year's 11.9%.

Net interest income, including income from equity instruments was up 8.3% to EUR 2 201.4 million, split up into net interest income, with a 7.3% increase to EUR 2 081.2 million and income from capital instruments (dividends), with a 29.4% increase to EUR 120.3 million.

Income from financial operations, totalling EUR 246.6 million, was influenced by the negative impact of the revaluation of securities trading portfolios at market prices and consequent recognition of capital losses, as effective losses, even if, to a large extent, offset by the EUR 156 million in capital gains made on CGD's disposal of its equity investments in REN-Redes Energéticas Nacionais and ADP-Águas de Portugal.

The technical margin on insurance operations contributed EUR 515 million to the group's net operating income, comprising a 6.2% decrease of EUR 34.3 million over the preceding year. The fall in this margin is explained by the 26.9% reduction of EUR 83.7 million in income and gains on investments allocated to insurance contracts, which were affected by EUR 58.8 million in losses on the disposal and valuation of investments, which, in the preceding year, contributed an amount of EUR 40.6 million. The results are in line with negative financial market performance.

As a result of the above, net operating income from banking and insurance operations was up 13.1% to EUR 3 561.2 million.

Operating costs were up 5.9% by EUR 103 million to EUR 1 838.7 million, owing to increases of 6.5% in employee costs, 3.9% in other administrative expenses and 11.4% in depreciation and amortisation. The most significant cost increases occurred in international operations and the insurance sector, the latter of which associated with the opening of HPP's two new hospitals, in 2008, and early retirements and indemnities paid on the termination of employment, under the terms of the new organisational structure currently being implemented.

There was a significant improvement in the group's cost-to-income ratio, which was brought down from 55.1% to 51.2% for the group and from 52.5% to 46.1% for its banking operations.

Taking net operating income and operating costs into account, gross operating income was up 21.9% over the preceding year to EUR 1 722.5 million.

Provisions appropriations and impairment on other assets were up EUR 551.3 million over the preceding year to EUR 643.5 million. The latter account heading included an amount of around EUR 482 million on the BCP and ZON-Multimédia equity investments in addition to impairment of EUR 122.1 million on other Caixa-Seguros portfolio shares. Credit impairment, net of reversals, was 79.4% up to EUR 447.6 million.

Net return on equity (ROE) was 9.6% (12.6% before tax). Net return on assets (ROA) was 0.47% (0.61% before tax).

There was a 7.2% increase of EUR 7.5 billion in CGD Group's net assets to EUR 111.1 billion at the end of 2008, in comparison to the same date last year, largely owing to the evolution of loans and advances to customers.

Asset quality measured by the non-performing loan ratio was 2.33%, as opposed to a credit more than 90 days overdue ratio of 2%, in comparison to 1.83% in December 2007. The level of cover on credit overdue more than 90 days was 137.3% in comparison to the preceding year's 137.9%.

Securities investments, including the investment operations of group insurance companies were 2.7% down over the preceding year to EUR 21.3 billion.

In funding terms, total resources taken by the group (excluding the Interbank money market) were up 7.8% over the preceding year to EUR 98.3 billion, split up into balance sheet resources with a 12.2% increase to EUR 88.1 billion and "off-balance-sheet" resources, down 19.9% to EUR 10.2 billion.

Retail resources in the balance sheet were up 8.7% to EUR 66.8 billion, benefiting from the 9.7% increase in customer deposits, and resources taken from institutional investors in the form of own issues with a 25% increase of EUR 4.3 billion.

There was a 1% decrease of EUR 57 million in the group's shareholders' equity over December 2007, to EUR 5.5 billion, influenced by the EUR 1 254 million reduction of fair value reserves owing to the international financial crisis, responsible for potential capital losses on diverse financial assets affecting shareholders' equity.

The December 2008 consolidated **solvency ratio,** determined under Basel II regulations, was 10.7%. Reference should also be made to the positive evolution of the Core Tier I and Tier I ratios, at 6.8% and 7%, respectively.

GROUP PRESENTATION

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EQUITY STRUCTURE

Caixa Geral de Depósitos' capital is owned by its sole shareholder, the Portuguese state. The state approved a share capital increase of EUR 400 million on 1 August 2008 increasing CGD's share capital to EUR 3 500 million.

MILESTONES

1876 Foundation of Caixa Geral de Depósitos, under the aegis of the *Junta de Crédito Público*, for the essential purpose of accepting mandatory deposits required by the law or the courts.

1880 Formation of Caixa Económica Portuguesa, to receive and administer the deposits of the less well-off classes, merged with CGD in 1885.

1896 CGD was spun off from the *Junta de Crédito Público*. The *Caixa de Aposentações* for salaried workers and the *Monte da Piedade Nacional*, for pawnbroking operations are created under CGD administration.

1918 CGD starts to perform general credit operations.

1969 CGD up to the said date, a public service, governed by state administrative rules, becomes a state-owned public limited liability company.

1975 Formation of Paris branch.

1982 Formation of the Locapor and Imoleasing leasing companies in 1982. The following years see the formation of property fund managers Fundimo (in 1986) and unit trust fund company Caixagest (in 1990). Equity investments were also made in the brokerage companies Sofin (in 1998) – and consumer credit company Caixa de Crédito (in 2000).

1988 Creation of Caixa Group as the majority shareholder in Banco Nacional Ultramarino and Companhia de Seguros Fidelidade.

1991 Acquisition of Banco da Extremadura and Chase Manhattan Bank España in Spain, taking the name of Banco Luso-Español.

1992 Acquisition of a stake in the venture capital company Promindústria, giving rise to the Caixa Investimentos investment company, in 1997.

1993 CGD becomes an exclusively state-owned public company confirming its status as a universal bank operating in a fully competitive regime, without prejudice to being particularly geared to the formation and taking in of savings and providing support to Portuguese development.

1995 Acquisition of Banco Simeón in Spain.

1997 Formation of new Banco Comercial de Investimentos de Moçambique.

1998 CGD enters the healthcare area via its formation of HPP- Hospitais Privados de Portugal.

2000 Acquisition of Mundial Confiança insurance company and the Banco Totta & Comercial Sotto Mayor de Investimentos, SA, later to become Caixa Banco de Investimento.

2001 CGD opens its East Timor branch.

2001 The Paris branch merges with Banque Franco Portugaise to form the France branch.

2002 Rationalisation and consolidation of the commercial banks in Spain, in the form of a merger between Banco Luso Espanhol, Banco da Extremadura and Banco Simeón.

2004 With its acquisition of the Império Bonança insurance company, in 2004, CGD Group becomes the domestic insurance sector leader.

2004 Via a capital increase, CGD takes a controlling interest in Mercantile Lisbon Bank Holding of South Africa.

2006 Banco Simeón changes its name to Banco Caixa Geral.

2008 Formation of Parcaixa (capital: EUR 1 billion - 51% CGD, 49% Parpública).

2008 Permission to form Banco Caixa Geral Brasil, with operations beginning in early 2009.

2008 Formation of Fundação Caixa Geral de Depósitos – Culturgest (Culturgest Foundation).

2008 Caixa Seguros becomes Caixa Seguros e Saúde, SGPS, SA after a reorganisation of the said business areas, with the transfer of Fidelidade-Mundial's balance sheet from the HPP to the Caixa Seguros balance sheet.

DIMENSION AND INTERNATIONAL RANKING OF GROUP

The information set out in the following table shows that CGD has retained its leading position in its principal operating areas, in 2008, particularly in the retail banking in Portugal, insurance and asset management:

MARKET SHARES IN PORTUGAL

	Dec 2007		Dec 2008	
	Share	Ranking	Share	Ranking
Banking				
Net assets (a)	30.2%	1st	30.2%	1st
Loans and advances to customers (b)	20.2%	2nd	19.9%	2nd
Loans and advances to companies	14.9%	n.a.	14.8%	n.a.
Loans and advances to individual customers	23.4%	1st	23.2%	1st
Mortgage lending	27%	1st	26.8%	1st
Customer deposits (b)	27.3%	1st	27.6%	1st
Individual customers' deposits	32.9%	1st	32.1%	1st
Insurance (c)	26%	1st	26.1%	1st
Life insurance	23.6%	1st	24.7%	1st
Non-life insurance	31.2%	1st	29.8%	1st
Specialised credit (d)				
Property leasing	16.9%	3rd	22.9%	3rd
Equipment leasing	12.8%	5th	15.7%	2nd
Factoring	13.9%	3rd	14%	4th
Asset management				
Unit trust investment funds (e)	24.1%	1st	25.2%	1st
Property investment funds (e)	12.2%	2nd	12.6%	1st
Pension funds (f)	6.5%	6th	7.8%	5th
Wealth management (g)	24.7%	2nd	27.2%	1st

(a) Considering the consolidated operations of the five largest Portuguese banking system groups.

(b) Source: Bank of Portugal (Monetary and Financial Statistics). Credit includes securitised operations.

(c) Source: Portuguese Insurance Institute for Dec/07 and Portuguese Insurers Association for Dec/08. Operations in Portugal.

(d) Source: ALF (Portuguese Leasing and Factoring Association).

(e) Source: APFIPP (Portuguese Investment Funds, Pensions and Wealth Association).

(f) Source: Portuguese Insurance Institute. CGD Pensões, SA and Fidelidade-Mundial, SA shares quoted jointly (provisory data for September 2008).

(g) Source: CMVM. Starting 2nd quarter 2008 Caixagest took over the management of the CGD Pension Fund, included, for the purposes of market share and ranking, in wealth management (provisional data for June 2008).

CGD increased its market share of customer deposits in the retail banking area in Portugal, from 27.3% to 27.6% at year end. Contributory factors particularly included the 8.6% to 12.1% increase in corporate lending. Its shares of the individual customers and emigrants segments increased to 32.1% and 40.1%, respectively.

CGD's share of the loans and advances to customers market in Portugal totalled 19.9%, with Caixa retaining its lead of the mortgage lending segments, with a share of 26.8% and in the case of central and local government, with 44.2%. Its market share of corporate lending totalled 14.8%.

CGD Group retained its lead of the insurance sector in Portugal, achieving an overall market share of 26.1% (26% in the preceding year) at end 2008, owing to the reinforcement of its market share of life insurance to 24.7% (confirming its lead in the segment) and a reduction in the level of representativeness of non-life insurance to 29.6%. Notwithstanding this reduction, the group consolidated its leading position in all of the principal non-life insurance business segments.

Reference should also be made to the fact that CGD Group, for the first time, succeeded in achieving pole position in the Portuguese insurance market in terms of life insurance resources taken (including mathematical provisions and financial liabilities associated with investment contracts) i.e. taking in and retaining insurance financial investments from domestic economic agents.

Activity in the specialised credit area, performed by CLF-Caixa Leasing e Factoring, also achieved higher than average sector growths for the year, in all products, particularly the equipment (up 21%) and property (up 26%) leasing sectors, comprising increases in their respective market shares from 12.8% in 2007 to 15.7% in 2008 and from 16.9% to 22.9%.

In terms of asset management, Caixagest reinforced its leading position in the ranking of unit trust investment funds operating in Portugal, with a market share of 25.2%, as opposed to the 24.1% recorded in 2007. In the case of property investment funds, Fundimo achieved a share of 12.6% (12.2% in 2007), and now tops the fund managers ranking.

In the asset management area and in more difficult economic circumstances, CGD Group, as was the case with the rest of the sector, recorded a decrease in overall amounts under management over 2007. The group, however, succeeded in reinforcing its lead of the unit trust investment funds market in Portugal, taking pole position in the case of property funds.

In the investment banking area, Caixa–Banco de Investimento (CaixaBI) reinforced its leadership status, and was singled out by Euromoney magazine as the "Best Investment Bank in Portugal" for the second, consecutive year. The Banker magazine, in turn, awarded the bank its "Deal of the Year in Portugal" prize.

CaixaBI comes in 1st position in the domestic project finance ranking and 6th in the European ranking according to Project Finance Magazine. This specialised publication awarded the business in which CaixaBI was involved as MLA (mandated lead arranger) with "Deal of the Year" status in the following categories:

"European Infrastructure" for the Marão Tunnel project, "European Renewable Solar" for the Tuin Zonne project and "North America Transport" for the SH130 project.

CaixaBI also consolidated its lead in the financial advisory services sector, in 2008, coming first in the M&A ranking in Portugal in terms of volume of operations.

In worldwide terms and according to the July 2008 issue of "The Banker" magazine, CGD improved to 99th position in the largest financial institutions ranking (103rd in 2007), by assets as well as improving to 128th position (131st in 2007), by shareholders' equity.

CGD came 36th in the "Global Finance" report of February 2009, on the world's 50 safest banks. It is the only domestic bank to be included on the list.

EVOLUTION OF CGD GROUP

Special reference should be made, in 2008, within the sphere of the rationalisation of CGD's own resources, to the formation of Parcaixa, SGPS, in partnership with Parpública - Participações Públicas, SGPS, with CGD having a stake of 51% and Parpública 49%. The new holding company will own 100% of the equity capital of Caixa Leasing e Factoring - IFIC, 19% of AdP - Águas de Portugal, SGPS and 19.5% of Sagesecur - Sociedade de Estudos, Desenvolvimentos e Participação em Projectos.

In an unusual year, marked by the crisis which weakened the financial markets, Caixa - Banco de Investimento confirmed the solidity of its commercial strategy, succeeding in achieving its highest ever level of net operating income, reinforcing its status as the investment banking leader. Euromoney magazine selected Caixa BI as the Best Investment Bank in Portugal, for the second consecutive year and The Banker magazine awarded the bank its best Deal of the Year in Portugal prize.

In the asset management area and in light of the difficult economic circumstances, CGD Group recorded a decrease in overall amounts under management over 2007, as was the case with the rest of the sector.

In the case of insurance, reference should be made, at the beginning of 2009, to the name change of Caixa Seguros, SGPS to Caixa Seguros e Saúde, SGPS, with the objective of evidencing its holding company status for the group in the insurance and hospital businesses. In line with this approach, Caixa Seguros e Saúde now owns 75% of the equity capital of HPP - Hospitais Privados de Portugal, SGPS, in partnership with USP Hospitales, which owns the remaining 25%. Reference should also be made to the completion of Império Bonança, SGPS's incorporation into Caixa Seguros e Saúde, with the latter company now being the direct owner of the equity capital of CGD Group's principal insurance companies.

In the international area, CGD's aim of obtaining permission to set up a bank in Brazil was crowned with success, with the bank starting to operate in early 2009. The new bank - Caixa Geral – Brasil - is headquartered in São Paulo and is geared to corporate and investment area operations.

CAIXA GERAL DE DEPÓSITOS GROUP

	DOMESTIC		INTERNATIONAL	
COMMERCIAL BANKING	Caixa Geral de Depósitos, SA		Banco Caixa Geral (Spain)	99.8%
			Banco Caixa Geral (Brazil)	100.0%
			BNU (Macau)	100.0%
			CGD Macau Offshore Branch	100.0%
			B. Comercial Atlântico (C.Verde)	65.0%
			B. Interatlântico (C.Verde)	70.0%
			Mercantile Bank Hold (South Africa)	91.8%
			B. Com. Invest. (Mozambique)	51.0%
ASSET MANAGEMENT	Caixa Gestão de Activos, SGPS	100.0%		
	CAIXAGEST	100.0%		
	CGD Pensões	100.0%		
	FUNDIMO	100.0%		
SPECIALISED CREDIT	Caixa Leasing e Factoring – IFC	51.0%	BCI— ALD (Mozambique)	100.0%
	CREDIP - IFIC	80.0%		
INVESTMENT BANKING AND VENTURE CAPITAL	Gerbanca, SGPS	100.0%	A Promotora (Cape Verde)	62.2%
	Caixa-Banco de Investimento	99.7%	GCI-S. Capital de Risco (Mozambique)	39.0%
	Caixa Capital	100.0%		
	Caixa Desenvolvimento SGPS	100.0%		
INSURANCE	Caixa Seguros e Saúde, SGPS	100.0%	Garantia (Cape Verde)	80.9%
	Comp. Seg. Fidelidade Mundial	100.0%		
	Império Bonança Comp.Seguros	100.0%		
	Via Directa Comp. de Seguros	100.0%		
	Cares Companhia de Seguros	100.0%		
	Companhia Port. de Resseguros	100.0%		
	Fidelidade Mundial, SGII	100.0%		
	GEP- Gestão de Perit.Automóveis	100.0%		
	EAPS – E. Análise, Prev. e Seg.	100.0%		

	DOMESTIC		INTERNATIONAL	
HEALTHCARE	HPP Hospitais Privados Portugal	75.0%		
	LCS – Linha de Cuidados de Saúde	100.0%		
	Multicare - Seguros de Saúde	100.0%		
	EPS – Gestão de Sistemas de Saúde	100.0%		
AUXILIARY SERVICES	Fundação Caixa Geral de Depósitos - CULTURGEST	100.0%	INTERBANCOS (Mozambique)	37.0%
	Caixatec- Tecnologia de Comunicação	100.0%	SISP (Cape Verde)	20.0%
	IMOCAIXA	100.0%		
	Sogrupo Sistema Informação ACE	–		
	Sogrupo Serviços Administrativos ACE	–		
	Sogrupo IV Gestão de Imóveis ACE	–		
	CAIXANET	80.0%		
	ESEGUR	50.0%		
	LOCARENT	45.0%		
	SIBS	21.6%		
	UNICRE	17.6%		
	EUFISERV	3.9%		

OTHER EQUITY INVESTMENTS

	DOMESTIC		INTERNATIONAL	
OTHER INVESTMENTS	PARCAIXA SGPS	51.0%	Seap (Macau)	25.0%
	Banco Comercial Português	3.8%	JETCO (Macau)	0.01%
	Portugal Telecom	7.3%		
	EDP	5.2%		
	REN Redes Energéticas Nacionais	5.1%		
	GALP Energia	1.2%		
	ZON Multimédia	17.8%		
	TAGUSPARQUE	10.0%		
	AdP Águas de Portugal, SGPS	9.7%		
	SOFID Soc. Financ. Desenv. IFIC	10.0%		
	F. TURISMO, Soc. Gest. F. Inv. Imobiliário	33.5%		
	Floresta Atlântica SGFII	11.9%		

BRANCH NETWORK

CGD Group's branch network, at end 2008, comprised 1 223 branches, 832 of which located in Portugal and 391 abroad. The number was reinforced by a further 36 branches, 15 abroad and 21 in Portugal. In terms of international activity reference should be made to the reinforcement of the network in Mozambique (BCI) with a further 8 branches and in Spain (BCG) by another 5. On domestic territory, new branch locations were particularly concentrated in highly populated urban zones, such as the Lisbon region where another ten branches were opened, the Porto region with five and Coimbra with four.

NUMBER OF CGD GROUP BRANCH OFFICES

	2007	**2008**
CGD (Portugal)	810	831
Branch Office Network	770	792
Empresas & Soluções network	40	39
Caixa – Banco de Investimento (Lisbon+Madrid)	2	2
France branch	45	46
Banco Caixa Geral (Spain)	208	213
Banco Nacional Ultramarino (Macau)	14	14
Banco Comercial e de Investimentos (Mozambique)	42	50
Banco Interatlântico (Cape Verde)	6	7
Banco Comercial Atlântico (Cape Verde)	27	28
Mercantile Lisbon Bank Holdings (South Africa)	15	15
Other CGD branches	17	16
Macau Offshore Branch	1	1
Total	**1 187**	**1 223**
Representative Offices	**12**	**12**

The Caixazul service, as the principal support for relationships with premium customers, opened 19 new **Caixazul Spaces** in branches, increasing the number of branches housing such spaces to a year end total of 505.

For **residents abroad**, reference should also be made to the creation of 9 **specialised customer helpdesks** to a current total of 35 (18 for Portuguese and 17 for foreign customers).

BANK BRANCH NETWORK IN PORTUGAL

AZORES

Branch office network	26
Empresas & Soluções network	1

MADEIRA

Branch office network	19
Empresas & Soluções network	1

NORTHERN REGION

VIANA DO CASTELO	
Branch office network	16
Empresas & Soluções network	1
BRAGA	
Branch office network	41
Empresas & Soluções network	3
VILA REAL	
Branch office network	20
Empresas & Soluções network	1
BRAGANÇA	
Branch office network	13
Empresas & Soluções network	0
PORTO	
Branch office network	106
Empresas & Soluções network	5

SOUTHERN REGION

PORTALEGRE	
Branch office network	16
Empresas & Soluções network	0
ÉVORA	
Branch office network	18
Empresas & Soluções network	0
SETÚBAL	
Branch office network	53
Empresas & Soluções network	2
BEJA	
Branch office network	18
Empresas & Soluções network	0
FARO	
Branch office network	33
Empresas & Soluções network	2

CENTRAL REGION

AVEIRO	
Branch office network	42
Empresas & Soluções network	4
VISEU	
Branch office network	33
Empresas & Soluções network	1
GUARDA	
Branch office network	17
Empresas & Soluções network	1
COIMBRA	
Branch office network	42
Empresas & Soluções network	1
LEIRIA	
Branch office network	33
Empresas & Soluções network	4
CASTELO BRANCO	
Branch office network	20
Empresas & Soluções network	1
LISBON	
Branch office network	19
Empresas & Soluções network	9
SANTARÉM	
Branch office network	34
Empresas & Soluções network	2

INTERNATIONAL BRANCH NETWORK

EUROPE

SPAIN	BANCO CAIXA GERAL	213
	CAIXA-BANCO DE INVESTIMENTO	1
	CGD SPAIN BRANCH	1
	FIDELIDADE MUNDIAL (SPAIN BRANCH)	1
FRANCE	CGD FRANCE BRANCH	45
	FIDELIDADE MUNDIAL (FRANCE BRANCH)	1
MADEIRA	OFFSHORE FINANCIAL BRANCH	1
GERMANY	CGD REPRESENTATIVE OFFICE	1
UNITED KINGDOM	CGD LONDON BRANCH	1
LUXEMBOURG	CGD LUXEMBOURG BRANCH	2
	IMPÉRIO BONANÇA (LUXEMBOURG BRANCH)	1
BELGIUM	CGD REPRESENTATIVE OFFICE	1
SWITZERLAND	CGD REPRESENTATIVE OFFICE	1
	BANCO CAIXA GERAL REPRESENTATIVE OFFICE	1

AMERICA

UNITED STATES	CGD NEW YORK BRANCH	1
MEXICO	BANCO CAIXA GERAL REPRESENTATIVE OFFICE	1
VENEZUELA	CGD REPRESENTATIVE OFFICE	1
	B. CAIXA GERAL REPRESENTATIVE OFFICE	1
BRAZIL	BANCO CAIXA GERAL BRASIL	1
	CGD REPRESENTATIVE OFFICE	1
CAYMAN ISLANDS	CGD CAYMAN ISLANDS BRANCH	1

AFRICA

CAPE VERDE	BANCO COMERCIAL DO ATLÂNTICO	28
	BANCO INTERATLÂNTICO	7
	GARANTIA	6
	A PROMOTORA	1
SÃO TOMÉ E PRÍNCIPE	BANCO INTERNACIONAL DE S. TOMÉ E PRÍINCIPE	4
MOZAMBIQUE	BANCO COMERCIAL E DE INVESTIMENTOS	50
SOUTH AFRICA	MERCANTILE BANK	15

ASIA

CHINA	CGD ZHUHAI BRANCH	1
	CGD XANGAI REPRESENTATIVE OFFICE	1
CHINA - MACAU	BANCO NACIONAL ULTRAMARINO, SA	14
	MACAU OFFSHORE BRANCH	1
	FIDELIDADE MUNDIAL (MACAU BRANCH)	2
EAST TIMOR	CGD EAST TIMOR BRANCH	8
INDIA	CGD REPRESENTATIVE OFFICE	2

CAIXA BRAND

1. Caixa Brand

The Caixa Geral de Depósitos brand is 133 years old and is the benchmark brand in the Portuguese financial market, allying tradition and modernity. The brand is one of CGD's principal assets and the consistency of its recognition factor has made an unparalleled contribution towards CGD's success.

Caixa has been accompanying and stimulating Portugal's economic and social development since its formation on 10 April 1876, as a benchmark operator in the Portuguese banking sector in its support for families, companies and domestic institutions.

Based on a strong culture and the highest ethical standards, rigour and professionalism, but always open to change, Caixa is currently the parent company of a modern financial group, prepared to meet the needs and expectations of a million customers and provide for the challenges of market globalisation.

1.1 Brand Values

Caixa's guiding principles include its dedication to the promotion of the excellence of its brand and perseverance in maintaining high levels of quality in everything it produces.

Caixa's approach, as the banking sector leader, is based on values of confidence, prestige/reference, strength, safety/security and tradition and a strong domestic and international dimension.

The pillars upon which its image is founded are also supported by the profile of a responsible, honest brand which is an example of friendly, committed citizenship.

Source: Brand Performance Barometer 2008 – BrandScore Group Consultants Report

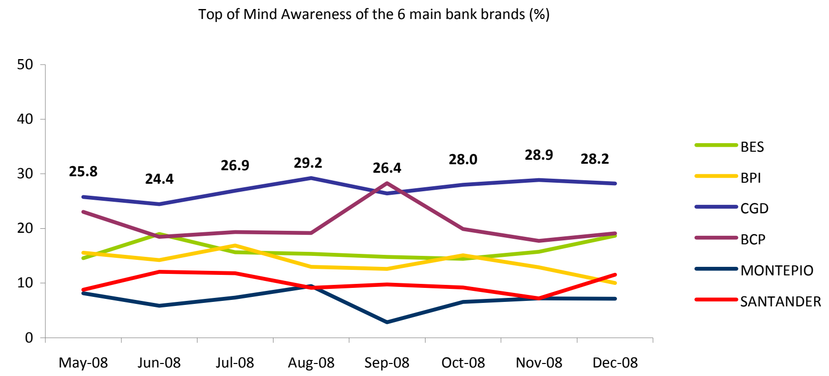
Methodological Aspects - BrandScore:

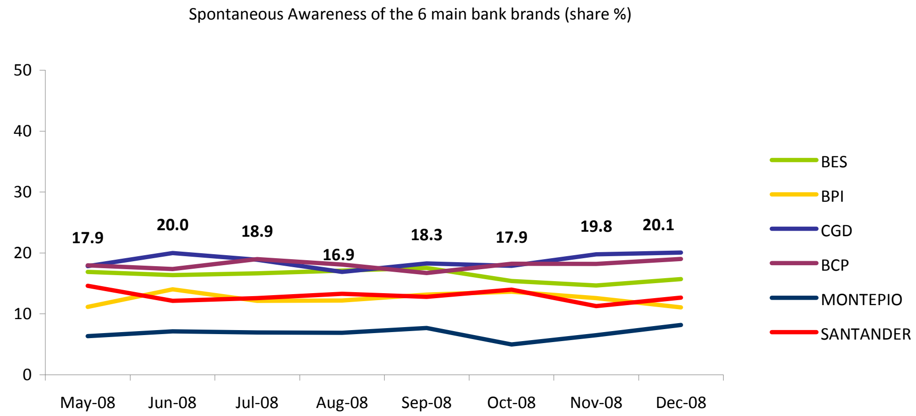
Universe: Individuals of both sexes between the ages of 15 and 55, resident on mainland Portugal and comprising a total population of 8 311 000 individuals.

Sample : 12 000 telephone/personal interviews/year, distributed by monthly slots guaranteeing a minimum of 2000 interviews for each brand participating in the study. The monthly sample for each brand, in 2008, will be 222 interviews.

1.2 Brand Recognition Factor

Caixa is the leader in "Top-of-mind" and "spontaneous" brand recognition terms. Excellent performance in terms of its brand recognition factor is correlated with its market share and commercial and institutional communication.





Source: Brand Performance Barometer 2008 – BrandScore Group Consultants Report

2. Corporate Identity | Rebranding

2.1 Caixa Empresas

Under the terms of the Caixa 2007 "A Better Bank" project and the "Small Businesses Initiative" it was necessary to define a name for the service to be provided to the corporate segment, with the objective of leveraging Caixa's activity in market sectors.

A new customer care model and value proposal for businesspeople and micro-companies had to be promoted and implemented.

The new "Caixa Empresas" brand, consolidating financial and customer care solutions for various corporate sub segments succeeded in positioning Caixa as a competitive player in the market, broadening the perception of its level of service.

2.2 Banco Caixa Geral Brasil – a new brand operating in the Brazilian financial sector

The Banco Caixa Geral Brasil brand, was created for the Brazilian market. This is a highly important factor in terms of the internationalisation of the business transactions of Portuguese companies and commercial flows between Portugal and Brazil.

Banco Caixa Geral's performance, in Brazil, aims to build a commercial and investment banking platform to support corporate internationalisation operations, particularly for Portuguese and Spanish companies with commercial interests in Brazil and Brazilian companies with interests in the Iberian Peninsula. It will also specialise in foreign exchange operations.

The new Banco Caixa Geral Brasil brand began to operate in the Brazilian financial sector in 2008.

3. Distinctions

3.1 Magnetic Brand | Caixa Geral de Depósitos and Fidelidade Mundial

The Caixa Geral de Depósitos and Fidelidade Mundial brands were included in the "Magnetic Brands" ranking, in 2008.

The Brands' Magnetic Fields study aims to assess the attractiveness of brands operating in the domestic marketplace in the eyes of Portuguese consumers.

The Caixa Geral de Depósitos brand won following the 2 awards:

A Top 10 Brand | Caixa – Winning Brand in the Financial Services Category

The Fidelidade Mundial brand was the winner in the insurance company category.

According to the said study, the factors which help to distinguish between brands is the confidence inspired by the brand, its prestige and consumers' identification with the brand. The study is carried out by Brandia Central (a leading brand creation and management company) in partnership with Marklab.

Representativeness of Brands' Magnetic Fields Study:

A random sample chosen from a total number of 1063 interviewees, over the age of 18 years, resident in mainland Portugal and its archipelagos (of the Azores and Madeira), habitually used for election polls, including all strata of the Portuguese population.

3.2 Brand of Confidence | Caixa Geral de Depósitos and Multicare

Caixa Geral de Depósitos and Multicare have reconfirmed their "Brands of Confidence" status in the "Brands of Confidence" study which Selecções do Reader's Digest has been carrying out for 8 years.

In addition to its re-election, Caixa Geral de Depósitos' evolution in terms of the number of points earned in all sections of the questionnaire has been significant.

Methodology used in the Selecções do Reader's Digest's Brands of Confidence Survey: a postal survey comprising 10 120 subscribers; Selection: 24 months filter; Response Collection Period: 20 Sep - 30 Nov 2007; 16 countries; Processing: Wyman Dillon; Weighted Population Data; Error margin: 3.1;

Description of Survey: Men: 48%, Women: 52%; Approximate average age: 47 years; Children at home: 55%; Primary Education: 8%; Secondary Education: 47%; College/ University Education: 45%

3.3 Awards for the activity of Caixa Geral de Depósitos | CIT Golden Card 2008

The "Leve" credit card was the winner of the CIT Golden Card 2008 award, in the category of the best loyalty card.

In a highly competitive market and with a major level of experience in the card industry such as in Iberia, the Leve card was the winner in this category, in an event including the presence of a large number of companies and thousands of industry professionals.

CIT prizes (Cards and Means of Payment Congress and Exhibition) distinguish solutions with the best strategic and technological innovation for cards and means of payment in the Iberian Peninsula.

3.4 Distinctions awarded on the activity of Caixa Geral de Depósitos | VRL Knowledge Bank 2008 – Best Commercial Credit Card Issuer

The Caixaworks card was singled out at the Cards & Payments Europe 2008 Conference, winning the VRL Knowledge Bank 2008 prize for the Best Commercial Credit Card Issuer.

The international panel of judges recognised the following advantages of the Caixaworks card: more autonomy, flexibility, faster cash management and possibility of the acquisition of an insurance package on special terms.

This credit card, which was also singled out in domestic terms, in 2007, is a flexible product for use by self-employed businesspeople and small companies.

3.5 Advertising Prizes – Sapo | Caixa Geral de Depósitos

The annual Sapo prizes promote the use of the internet and recognise creativity and the technological adaptation of domestic online advertising projects. Caixa Geral de Depósitos won the following prizes:

Soluções Poupança Jovem (Young People's Savings Solutions) - Best Digital Campaign **(gold)**
Campanha Saldo Positivo (Positive Balance Campaign) - Financial Sector Category (**silver)**
Campanha Reabilitação Urbana (Urban Rehabilitation Campaign) - Financial Sector Category **(bronze)**

Methodology: Competing works must be produced as part of a business relationship. Submissions are assessed by users and a professional jury nominated by PT.COM.

3.6 Advertising Prizes – Effectiveness | Caixa Geral de Depósitos

"Effectiveness" prizes organised by *APAN – Associação Portuguesa de Anunciantes* ("Portuguese Advertisers Association), distinguish the most effective commercial communication campaigns.

O Planeta Agradece *(Grateful Planet)*, as one of the initiatives of the Caixa Carbon Zero programme, won the Effectiveness Prize 2008 (bronze) in the social responsibility area.

Grateful Planet is Caixa's editorial contents brand upon which a series of television programmes (presented by Diogo Infante, on RTP 1) was based and a daily spot on TSF (radio), as well as the **oplanetagradece.blogs.sapo.pt** blog.

QUALITY

One of Caixa's strategic priorities is to further initiatives focusing on the quality of its customer service. The objective is for customers to have the best solutions to their needs and enjoy a high level service in their contacts with Caixa, whatever the channel they use or the product they require.

CGD has been monitoring its levels of service and permanently revising its sales and enquiries procedures to promote organisational change.

In 2008, Caixa reinforced the centralisation and management process for customers' complaints, upon which work had begun in the preceding year, by setting up a customer support office reporting directly to the board of directors.

This office guarantees centralisation, analysis, processing and replies to all complaints and suggestions, whatever the contact and support channel used by the customer. In preparing its responses, other internal Caixa areas and Caixa group companies are contacted whenever necessary.

As customers' complaints and suggestions are an excellent source of information for improving the service provided, the customer support office is responsible for ensuring that the opportunity is seized to implement the opportunities to improve the resulting level of service.

The reinforced centralisation was not implemented with the idea of not resolving a customer's complaint during the act of submission. The office's mission is to compile and disclose relevant information to satisfy a customer's complaint at the time of submission.

2009 will be a year of reinforcement of proactive and development activities, including greater flexibility in dealing with complaints which, although still representing a significant proportion of the whole, have their resolution dependant upon an external entity, such as the use of cards to make withdrawals from cash machines.

This type of operation is expected to help achieve the 10 day maximum for complying with the service and, exceptionally, 30 days in the case of more complex situations, and/or situations requiring external contacts.

HUMAN RESOURCES

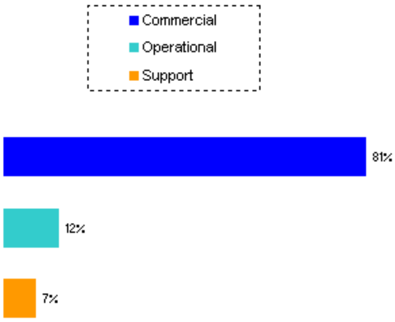
Direct support to business and the expansion of the branch network, recognition of merit and internal potential, development of employees' capacities and competencies and the creation of better balance between team members' professional and personal lives were strategic human resources management concerns, in 2008.

Caixa Geral de Depósitos, in global terms, had 10 943 employees at 31 December 2008, translating into a decrease of 4.9% since 2005. Caixa had 9 727 full time employees in 2008.

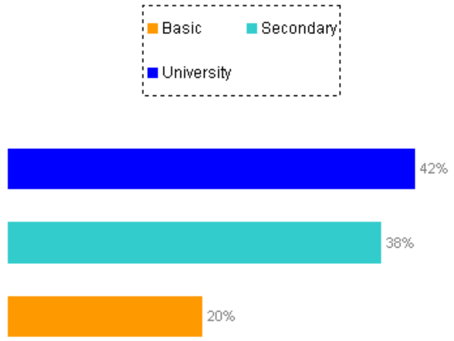
Recruitment of young graduates, allied with the retirement of older staff members, enabled Caixa to reduce average employee age levels from 42.5 years to 42.3 years and gradually reinforce its staff complement by employees having university qualifications (from 38.8% in 2007 to 41.8% em 2008).

In terms of gender the trend towards the reinforcement of the number of women (53.7%), more in evidence in the under 35 age group in which more than 68% of the total number of employees are women, was confirmed.

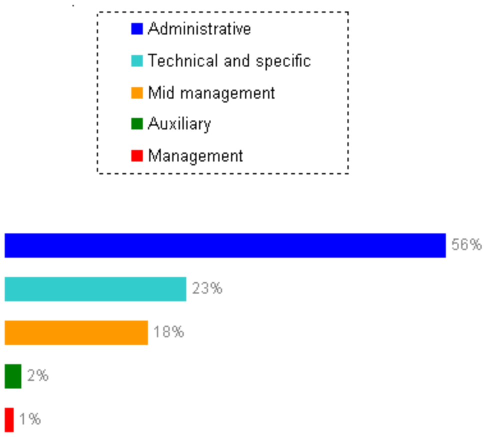
Higher internal mobility continued to converge to improve the balance between branch office and support divisions, pursuant to which 81% of the total number of full-time employees are engaged on a commercial activity.



Distribution by academic qualifications



Functional groupings



CGD Employees

	2007	2008	Change	
			Total	Percent
Employees				
CGD total	10 943	10 943	0	*0.0%*
Full-time (1)	9 695	9 727	32	*0.3%*
Recruitments	380	498	118	*31.1%*
Retirements and other	444	466	22	*5.0%*
Principal indicators				
Average age	42.5	42.3	0	*-0.5%*
Average level of seniority	17.6	17.4	0	*-1.1%*
Higher than secondary education qualifications rates	38.8	41.8	3	*8.0%*
Female employees rate	52.7	53.7	1	*1.9%*
Absenteeism	5.6	5.4	-0.2	*-3.6%*

(1) Does not include employees seconded to Economic Interest Groups, group companies, on secondment, unpaid leave and structures representing workers.

Attraction

CGD has been encouraging candidates to submit their applications by internet, having received a total number of 952 applications, in 2008, on this channel. 398 new employees with an average age of 28 years were engaged, in 2008. 70% of this total had higher educational qualifications with almost 75% being employed in commercial areas.

CGD provided 399 young students and recent graduates with the opportunity to make contact with the world of banking via its placements programme,

Qualification

CGD continued to promote its knowledge management strategy geared to the development of persons and business, combining a short term perspective, based on providing employees with the necessary skills to enable them to immediately respond to the demands of their jobs, particularly geared to technical aspects of banking operations, with a medium and long term perspective focusing on the development of competencies, guaranteeing employees' professional development and optimising their potential.

406 609 training hours, involving a total number of 149 615 participations, comprising 41.8 training hours per employee were given in 2008.

Number of Training Hours

(Number of hours)

	2008
Functional groupings	
Management	9 195
Mid-management	118 178
Technical and specific	113 661
Administrative	162 592
Other	2 983
Total	**406 609**

In line with its policy of supporting young finalists and recent graduates, CGD provided placements to satisfy the curricular requirements of several courses and increase young persons' employability, allowing them to gain their first experience of a professional environment.

Development

The establishing of 22 new branch office teams, in 2008, and the recruitment of a further 300 employees on the branch network establish a direct relation between CGD's strategic objectives and human resources management activity. This is also exemplified by the fact that 150 employees were promoted to management bodies and 146 to customer management functions, without the need to source these functions from outside CGD.

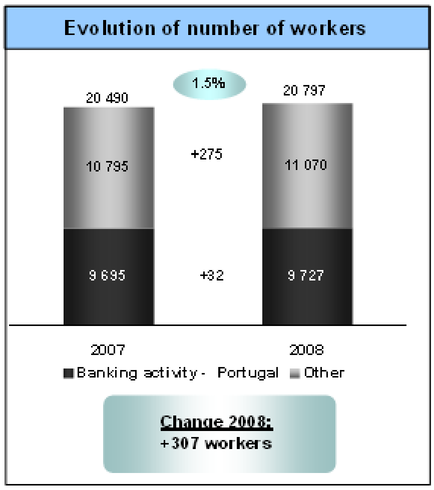
Motivation and Recognition

While improving differentiation criteria and recognising the performance of its employees, CGD has also been reinforcing their variable compensation, which is already visible in its profit sharing plan which has been rewarding each employee's level of contribution to CGD's annual results, with the consolidation of its Objectives and Commercial Incentives System, since 2005.

The system has been designed to motivate and reward the successful achievement of objectives which have been defined either individually or on a team basis for branch network employees. Based on the results achieved in second half 2007 and first half 2008, such employees received an average bonus of 44% of their effective monthly compensation, which, together with the profit sharing plan resulted in variable compensation of 2.14 effective monthly wages (i.e. around 15% of total annual compensation).

Evolution of number CGD Group workers

There was a growth of 1.5% (up 307) in the number of CGD Group workers, in 2008. The increase was influenced by the evolution of international operations (particularly the annual increase of 128 BCI workers) and the insurance sector. In the latter case, the increase of 173 workers is related with the opening of two HPP hospitals and early retirements taken under the terms of the implementation of the new organisational structure. There was a 0.3% increase of 32 employees in banking operations in Portugal, reflecting CGD's implementation of diverse cost containment initiatives.



MACROECONOMIC BACKGROUND

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WORLD ECONOMY

(a) Overview

2008 was characterised by an intensification of the crisis in international financial markets, first appearing in the USA, in August 2007 and gradually spilling over into economic activity.

Rate of change as a %

	GDP		Inflation		Unemployment	
	2007	**2008**	**2007**	**2008**	**2007**	**2008**
European Union	**2.9**	**0.9**	**2.3**	**3.7**	**7.1**	**7.0**
Eurozone	2.6	0.8	2.1	3.3	7.5	7.5
Germany	2.5	1.3	2.3	2.8	8.4	7.3
France	2.2	0.9 (a)	1.6	3.2	8.3	7.7
United Kingdom	3.0	0.7	2.3	3.6	5.3	n.a.
Spain	3.7	1.3 (a)	2.8	4.1	8.3	11.3
Italy	1.5	0 (a)	2.0	3.5	6.1	n.a.
USA	**2.0**	**1.1**	**2.8**	**3.8**	**4.6**	**5.8**
Japan	**2.4**	**-0.7**	**0.0**	**1.4**	**3.9**	**4.0**
Russia (b)	**8.1**	**6.2**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
China (b)	**13.0**	**9.0**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
India (b)	**9.3**	**7.3**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Brazil (b)	**5.7**	**5.8**	**n.a.**	**n.a.**	**n.a.**	**n.a.**

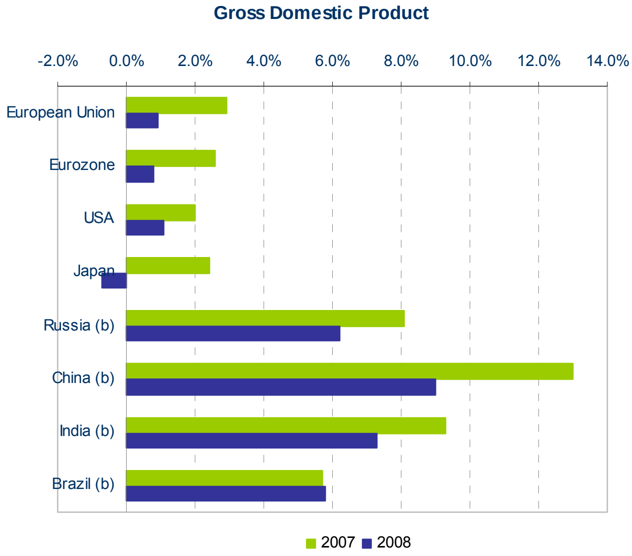
Eurostat – Economy and Finance (05-03-2009)

(a) Eurostat Estimate

(b) IMF: World Economic Outlook update - January 2009

According to the latest available data, GDP in the world economy is expected to have grown by 3.3% in 2008 against the preceding period's 5.2%. The emerging economies, although decelerating, are expected to continue to be the principal driving forces behind world growth, with an estimated progression of 6.3% in 2008. Special reference should be made to the performance of China and India, with growth rates of around 9% and 7.3%, respectively.

In contrast to such robust growth levels, the rate of expansion of economic activity in the most advanced economies was reduced to very low levels, with Japan recording a decrease of around 0.7% in GDP in 2008.



Signs of economic deceleration, in the first half, became increasingly more apparent. This was particularly the case in the USA although the principal area of concern, in Europe, was higher inflation. This situation is explained by the difference between the performance of the Federal Reserve and the ECB: the FED, up to April, cut interest rates by 225 bp as opposed to the ECB which, in July, increased its reference rate by 25 bp.

The deterioration of financial institutions' balance sheets, in the second half of the year, with successive announcements of high losses, accentuated market turmoil.

Uncertainty and higher counterparty risk led to the virtual paralysis of interbank money and private debt markets, forcing central banks to take exceptional measures involving the creation of new lines of credit, the broadening of the range of eligible institutions and collateral and increased flexibility of accounting rules.

Tightening borrowing conditions in the financial system culminated with the declaration of the bankruptcy of Lehman Brothers in September and news of worrying situations in several other large US and European institutions, forcing the monetary and government authorities in several countries to take joint action to re-establish normal market operation and avoid situations of systemic risk.

Reference should be made to the provision of guarantees for debt issues and government funding of several financial institutions, including, in several cases, nationalisation.

In such a framework, but also as a means of incentivising economic activity, the central banks successively reduced their reference rates, in addition to injecting additional liquidity.

The European Central Bank, Federal Reserve and Bank of England also made an unprecedented 50 bp cut in reference rates on 8 October 2008. The said institutions went on to make fresh cuts with the reference rates, at year end, being set at 2.5% in the Eurozone and between zero and 0.25% in the USA.

Lastly, owing to a worldwide reduction in demand, there have been sharp falls in fuel and commodity prices, with oil decreasing from an all time high of 147 dollars per barrel, in July, to less than 40 dollars per barrel in December 2008.

OPEC reacted by making several production cuts since September and intervened one again, on 17 December with a production cut of 9%. This cut, however, was not sufficiently strong to reverse the downward trend in oil prices which stood at 40 dollars per barrel on 31 December 2008.

As a consequence of the deceleration of economic activity, affecting companies' capacity to maintain their liquidity and solvency levels, the stock market accumulated high losses in 2008 with certain indices having regressed to 2003 levels.

European Union

The first signs of an economic slowdown in the Eurozone appeared at the end of 2007. The turmoil in international financial markets had the effect of decreasing consumer and corporate confidence indices which, together with the increase in the price of energy goods and appreciation of the euro, in the first half of the year, indicated a deceleration of economic activity in 2008.

Therefore, according to Eurostat's first estimates, the European Union and the Eurozone were expected to record GDP growth of 0.9% and 0.8%, respectively, representing a relevant deceleration over 2007 (2.9% and 2.6%).

EUROPEAN UNION AND EUROZONE ECONOMIC INDICATORS

Rate of change as a %

	European Union		Eurozone	
	2007	2008	2007	2008
Gross Domestic Product (GDP)	**2.9**	**0.9**	**2.6**	**0.8**
Private consumption	2.2	1.0	1.6	0.5
Public consumption	2.0	2.1	2.2	2.0
GFCF	5.5	0.4	4.4	0.4
Domestic demand	3.0	1.0	2.4	0.8
Exports	5.0	2.0	5.9	1.5
Imports	5.2	2.1	5.3	1.5
Inflation rate (HICP)	**2.3**	**3.7**	**2.1**	**3.3**
Ratios				
Unemployment rate	7.1	7.0	7,5	7.5
Central and local government deficit as a % of GDP [a]	-0.9	-2.0	-0.6	-1.7

Eurostat - Economy and Finance (05-03-2009)
(a) CE: Interim Forecast - January 2009

The constant increase in the price of *Brent* up to July fuelled an increase in production costs which was, in turn, reflected in assets' market prices.

The deceleration of private consumption is explained by the resulting reduction of real disposable income of Eurozone inhabitants in first half 2008.

The euro's appreciation against the dollar also contributed to the reduction of export growth as goods produced in the Eurozone became relatively more expensive for its trading partners.

According to Eurostat, the Eurozone went into technical recession in third quarter 2008, having recorded negative GDP growth in two consecutive quarters (-0.2%). This reduction of GDP was caused by the decrease in the growth of investment, in addition to the increase in imports.

In terms of prices, year-on-year inflation, for December, at 1.6%, was significantly down over the 4% verified in July.

Owing to the sudden decrease in inflationary pressures, the ECB decided to abandon the monetary policy it had been implementing since 2005, characterised by successive increases in the reference rate as an inflation rate control instrument.

The Eurozone monetary authority changed the reference rate on three occasions in the last quarter of 2008, accumulating a fall of 1.75 pp, to 2.5% at the meeting of 4 December 2008.

In addition to reducing the reference rate, the ECB also decided to broaden the list of assets eligible as collateral for Eurosystem credit operations.

The Eurozone unemployment rate remained unchanged at 7.5%, although falling marginally in the European Union from 7.1% in 2007 to 7% in 2008.

To attenuate the effects of the economic crisis, the European Commission approved a plan, in December, providing for the use of 1.5% of European GDP for measures designed to relaunch the economy, which, in conjunction with the reduction in revenues is expected to lead to a higher central and local government deficit, in 2008, to 2% of GDP.

DOMESTIC ECONOMY

Overview

According to the INE's National Quarterly Accounts, GDP growth in the domestic economy over 2008 was nil, representing a relevant deceleration over the preceding year (1.9%).

This performance was highly conditioned by the negative contribution of exports and GFCF, which were 0.5% and 0.1% down, respectively, in 2008.

Domestic Economy Indicators

			%
	2006	**2007**	**2008**
GDP (real rates of change)	1.4	1.9	0.0
Private consumption	1.9	1.6	1.6
Public consumption	-1.4	0.0	0.5
GFCF	-0.3	3.2	-0.1
Domestic demand	0.8	1.6	1.0
Exports	8.7	7.5	-0.5
Imports	5.1	5.6	2.1
Inflation rate (HICP)	**3.0**	**2.4**	**2.7**
Ratios			
Unemployment rate	7.7	8.0	7.6
Central and local government deficit (as a % of GDP)	-3.9	-2.7	-2.2
Public debt (as a % of GDP)	64.7	63.6	65.9

Source: INE

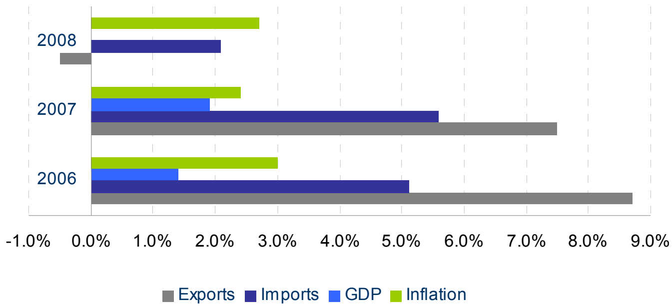
CE: Interim Forecast - January 2009

These figures incorporate a deteriorating international environment with a spill over of the crisis in financial markets to the real economy, reflected in the decrease of external demand for Portuguese exports with the consequence of a deceleration of exports, whose growth was down by around 8 pp, -0.5% in 2008.

In the same vein, the deterioration in the confidence levels of both investors and consumers, in combination with greater restrictions on access to borrowing, was reflected in both investment and consumption, notably mortgage lending.

The highly uncertain context relating to the evolution of the economy and high levels of debt faced by Portuguese households, in conjunction with the drop in inflation in second half 2008, may have led to a reassessment of individual borrowers' consumption decisions, notwithstanding the reduction of the standard rate of Vat from 21% to 20% in July 2008.

DOMESTIC ECONOMY INDICATORS



In terms of inflation, the HICP (Harmonised Index of Consumer Prices) recorded annual growth of 2.7%, or 0.3 pp up over the preceding year. This was highly conditioned by the increase in the prices of energy goods and commodities in the first half of the year, which was, in the meantime, reversed owing to the reduction in world demand and consequent increase of reserves.

The unemployment rate, in 2008, was slightly down from the 2007 figure of 8% to 7.6%. This can be explained by the time gap existing between the economic cycle and its consequences in the labour market. The effects of the current economic crisis are therefore only likely to affect the unemployment rate in 2009.

Lastly, the central and local government deficit was 0.5 pp down over 2007 in line with the definition contained in the Budget Policy Guideline Report.

Deposit and Credit Aggregates

The M3 liquidity aggregate, excluding currency in circulation was up 13.1% over the same period last year, representing an acceleration of 8.9% over 2007. Total deposits particularly included the evolution of individual customers' and emigrants' deposits with growth of 14.3%.

Monetary aggregates in Portugal (annual rates of change) (a)

	2006	2007	2008
M3, excluding currency in circulation	**3.4%**	**8.9%**	**13.1%**
Total deposits	4.5%	5.0%	9.6%
Deposits by non-financial companies	6.6%	-1.5%	-1.9%
Individual customers' and emigrants' deposits	3.5%	8.1%	14.3%
Total domestic credit	**10.6%**	**11.4%**	**10.4%**
Loans to central and local government (b)	7.2%	-3.5%	20.9%
Loans to non-financial companies	10.8%	14.3%	11.3%
Mortgage lending	9.9%	8.5%	4.3%
Consumer and other credit	10.1%	11.1%	6.1%

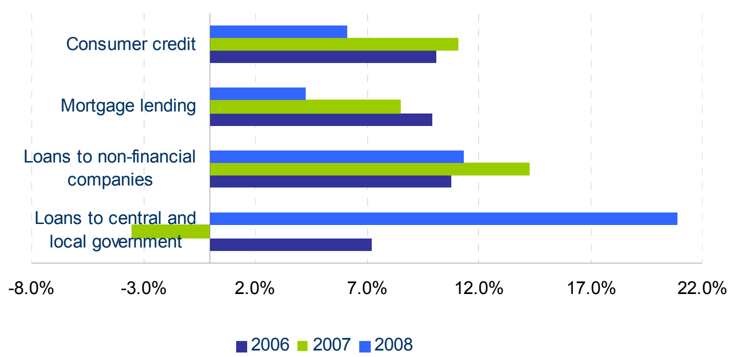
Source: Bank of Portugal - Statistics Bulletin, February 2009.
(a) Rates of change based on end of month balances. Deposit aggregates do not include NMFI (non-monetary financial institutions) deposits. Credit aggregates include securitised loans.
(b) Net of liabilities to central government.

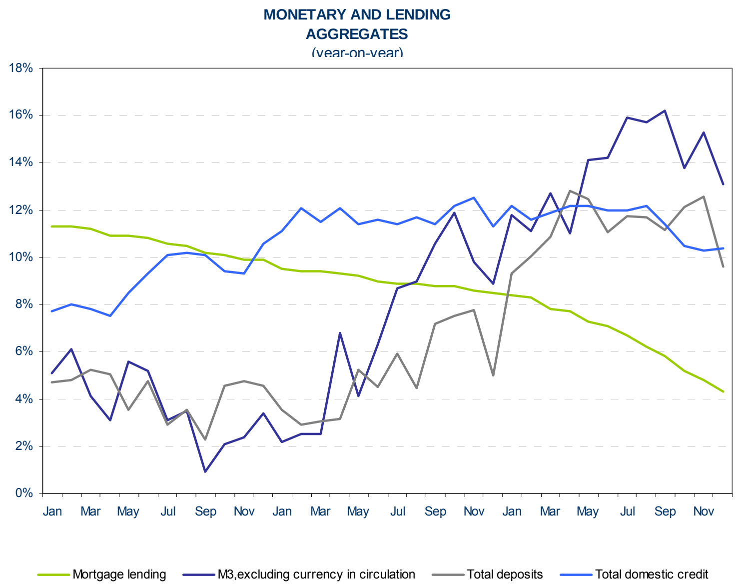
As in former years, growth of total domestic credit was relatively higher than that of total deposits, although the rates were very similar.

The fall in lending to central and local government was reversed with growth of around 21% having been recorded for the period in question, with a relevant deceleration in other types of credit.

Particular reference should be made to the evolution of mortgage lending which expanded by 4.3% in 2008 after achieving growth of 8.5% in 2007.

CREDIT EVOLUTION IN PORTUGAL





Interest Rates

As already stated, the European Central Bank implemented a policy of increasing reference rates as a means of guaranteeing a level of inflation compatible with price stability, up to July, when it increased its reference rate by 25 bp.

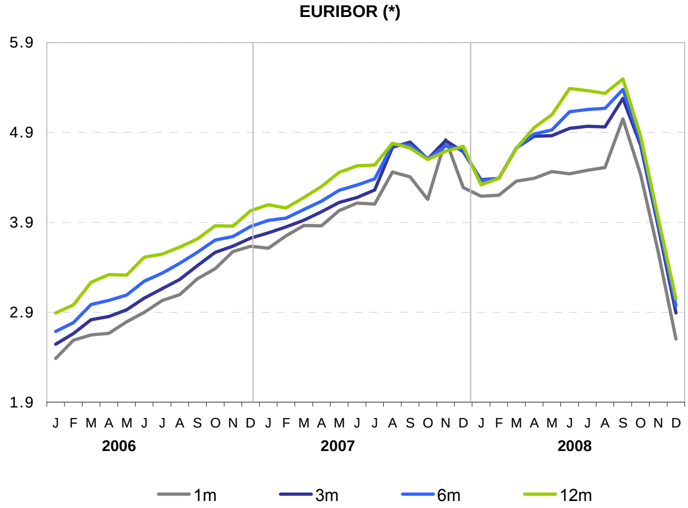
Inflationary pressures, however, began to lessen as from the said date in line with the falling prices of oil and the principal commodities, owing to lower world demand.

With ever visible signs of difficulties in the European economy and consequent increase in uncertainty and risk perception, the money market started to show increasing signs of inefficiency, requiring the ECB to make several fund injections to meet banks' liquidity requirements.

The Eurozone monetary authority intervened once again before the end of the year by changing the reference rate to 2.5%.

An upward trend can be noted in interest rates on new lending operations, in 2008. These peaked, in September with interest on lending of 6.51% for new corporate loans against the March figure of 5.55%.

There was a 0.71 pp increase in the new mortgage lending rate.



Source: Bank of Portugal

(*) Values relative to the last day of the month

Interest Rates (1)

As a %

	2006	2007	2008			
	Dec	**Dec**	**Mar**	**Jun**	**Sep**	**Dec**
FED Funds Rate	**5.25**	**4.25**	**2.25**	**2.00**	**2.00**	**[0- 0.25]**
ECB Reference Rate	**3.50**	**4.00**	**4.00**	**4.00**	**4.25**	**2.50**
Euribor						
Overnight	3.69	3.92	4.16	4.27	4.17	2.35
1 month	3.63	4.29	4.36	4.44	5.05	2.60
3 months	3.73	4.68	4.73	4.95	5.28	2.89
6 months	3.85	4.71	4.73	5.13	5.38	2.97
12 months	4.03	4.75	4.73	5.39	5.5	3.05
New credit operations						
Non-financial companies (2)	5.00	5.69	5.55	5.79	6.51	5.76
Individual customers – mortgage lending	4.40	5.18	5.03	5.58	5.74	4.96
Term deposits and savings accounts (3)						
Non-financial companies	3.66	4.75	4.41	4.68	4.84	4.58
Individual customers	2.43	3.23	3.30	3.48	3.78	3.89

Source: Bank of Portugal - Statistics Bulletin, Feb/2009

(1) Rates relative to last day of month

(2) Operations involving more than EUR 1 million

(3) Deposits with an agreed maturity period of up to 2 years

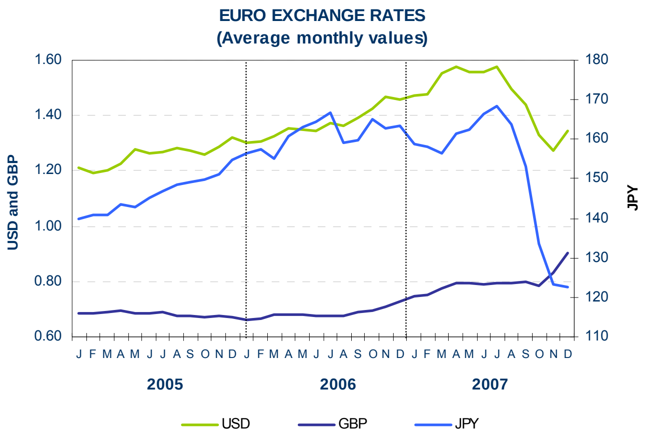
There was also an increase in lending rates, with the term deposits and savings accounts rates (with an agreed maturity period of up to 2 years) rising to 4.84% for companies and 3.78% for individual customers in September.

Owing to the ECB's changes to its reference rates, there was a reversal of the trend of bank interest rates on lending and borrowing which started to move upward in October and which is expected to come into line with the medium term reference rate.

Exchange Rates

The euro to dollar exchange rate in December 2008, was an average of USD1.345, representing depreciation of 7.7% over the preceding year. The euro had appreciated in value against the dollar up to July 2008 to USD1.577. This trend was reversed with the disclosure of more negative than expected Eurozone economic data.

The euro appreciated against sterling by 24.6% in 2008, while, at the same time, depreciating 25.1% against the Japanese yen.



Source: Bank of Portugal

Euro exchange rates

(average monthly values as a %)

	USD	GBP	JPY
Dec 2006	1.321	0.673	154.82
Dec 2007	1.457	0.726	163.55
Dec 2008	1.345	0.904	122.51

Share Market

Most stock markets were down over the year as a whole, in line with the growing deterioration of world economic activity.

The market situation took a turn for the worse at end September, with news of serious liquidity and solvency problems being faced by major US and European financial institutions. The principal stock markets were sharply down, in several cases, returning to 2003 levels. Markets then started to stabilise around these minimums although in a highly volatile atmosphere which also reflects recognition of the current or future recessionary situation in the main developed economies and their respective impact on future corporate profits.

Principal stock market indices

	2007		2008	
	Index	**Change %**	**Index**	**Change %**
Dow Jones (New York)	13 281	6.6%	8 776	-33.9%
Nasdaq (New York)	2 652	9.8%	1 577	-40.5%
FTSE (London)	6 457	3.8%	4 434	-31.3%
NIKKEI (Tokyo)	15 308	-11.1%	8 860	-42.1%
CAC (Paris)	5 614	1.3%	3 218	-42.7%
DAX (Frankfurt)	8 067	22.3%	4 810	-40.4%
IBEX (Madrid)	15 182	7.3%	9 196	-39.4%
PSI-20 (Lisbon)	13 019	16.3%	6 341	-51.3%

Year end performance comprised falls of 34% on the Dow Jones, 44% on Euro Stoxx 50 and 42% on the Nikkei, with the banking sector being heavily penalised, as shown by the 65% fall in the index reproducing the behaviour of the share prices of the main European banks (DJ Euro Stoxx Banks).

In domestic terms, the PSI-20 index was down 51% with the volume of trading on the secondary market falling by a half over 2007, with equities down 30%.

Activity in the primary market was also limited to the listing of only three new companies; Ramada Investimentos and Sonae Capital, owing to the demerger of their parent company and EDP Renováveis, in the form of a public subscription combined with an institutional sale. This was the largest ever IPO (Initial Public Offering) in the Portuguese market and one of the largest for the year as a whole, in Europe. The operation was coordinated by CaixaBI in participation with other financial institutions.

Bond Market

The instability also characterised both public and private bond markets last year. With the spectre of defaults and even bankruptcies of companies and banks, spreads on private as opposed to public debt shot through the roof, particularly in the financial sector with rate increases of as high as 240 bp over 2007.

Yields on public debt, in turn, reacted totally differently in the first and second halves of the year. Up to mid June, there was a considerable increase of around 70 bp in yields on long term public debt in the euro area as a reflection of the increase in inflationary pressures brought to bear by energy and food commodities and a more restrictive ECB monetary policy, peaking at 4.68% in the case of German debt.

The fall in oil prices and greater pessimism over economic growth prospects in the second half of the year, together with growing problems in the financial sector, led to a flight of investors to the public debt market which originated a fall in their respective yields. The fall was particularly sharp, in the case of the USA with 10 year yields falling from 3.95% at the end of October to a year end figure of 2.2%.

Interest rates on 10 year bonds

	2007	**2008**
USA	4.03%	2.21%
United Kingdom	4.57%	3.02%
Japan	1.51%	1.17%
France	4.42%	3.41%
Germany	4.32%	2.95%
Spain	4.40%	3.81%
Portugal	4.44%	3.97%

End of year values.

Yields on Portuguese public debt were in line with the evolution of Eurozone yields, although with a higher spread than on German debt, which translated the preference for more liquid sovereign debt with a higher rating in a context of greater aversion to risk.

The Public Debt Management Finance Programme's objectives, in 2008, remained geared to minimising long term debt costs and avoidance of exposure to excessive risks. Funding was essentially based on issues of Treasury bills and bonds with net redemptions of around EUR 6.2 billion. Reference should be made to the issue of 2 new Treasury bonds series of EUR 3 billion each, the Treasury bond 4.45% 2018 and Treasury bond 4.95% 2023 series, in whose latter syndicate CaixaBI was involved as the joint-lead manager.

STRATEGY AND BUSINESS MODEL

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STRATEGIC VISION 2008-2010

CGD'S activity, in 2008 was mainly based on the strategic vision defined by its board of directors and approved by its shareholder, for the three year period 2008-2010.

In accordance with this vision, CGD group will endeavour to consolidate as a Portuguese financial system structuring group, differentiated by the major relevance and responsibility of its contribution to:

- Economic development
- Reinforced competitiveness, innovation capacity and the internationalisation of Portuguese companies
- The stability and strength of the domestic financial system

CGD Group, as the market leader will endeavour to achieve a balanced evolution between profitability, growth and financial strength, always pursuant to a prudent risk management framework.

Six strategic development axes have been defined on the expected forecast of the principal external economic trends and CGD Group's market position.

A first axis is geared to the need to sustain profitable business growth as a key factor in maintaining CGD's leading position in the domestic financial market. This growth will involve the consolidation of leadership in CGD's traditionally strong areas (resource-taking, mortgage lending) together with a reinforcement of its involvement, *inter alia*, with the best SMEs or growth in international markets. Contribution to economic growth, in supporting companies and participation in terms of funding the country's structuring projects, are also a central priority.

A second axis is the need to reinforce operational efficiency and improve service quality, both of which are critical success factors in terms of current financial activity. Although CGD Group's evolution in cost-to-income terms over the last few years has been positive, its principal competitors have also implemented aggressive cost reduction programmes which, in conjunction with a less favourable economic environment, reinforce the need for greater efficiency as a competitive must over the next few years.

A third priority axis is to reinforce risk management capacities, as a central banking area priority. This is doubly important in this cycle, owing to the uncertainty existing in terms of economic evolution and international financial markets.

A fourth axis is the development of a human resources policy based on the company's value and culture, knowledge, communication and performance. The aim is to develop a business culture more geared to performance and improving human resources productivity always pursuant to the existence of good labour relationships.

A fifth axis is geared to cultural and social development and the promotion of the sustainability which CGD Group is interested in reinforcing, in addition to a commitment to be the established domestic benchmark operator in terms of good governance and ethical conduct.

Finally, *a sixth axis*, associated with the need to restructure the corporate model, to achieve a more efficient capital structure while, at the same time, releasing important reserves for business development in strategic areas.

Under the terms of the strategic management process implemented by CGD Group, the alignment of the organisation as a whole around 12 Transversal Structuring Projects which, in practice, comprise the operationalisation of the strategy:

To promote commercial operations with individual customers and small businesses
To promote commercial operations with SMEs
To execute a multichannel strategy
To leverage assurfinance operations
To develop international business
To optimise the bank's risk management and equity capital
To concentrate on CGD Group credit recovery operations over the whole of the value chain
To develop venture capital business
To promote cost reduction
To reinforce procedural efficiency and quality of service
To develop talent
To optimise technological infrastructure

BUSINESS AREAS

A) Retail Banking in Portugal

There was a significant level of development in terms of the services provided by the various retail banking distribution activities channels, in 2008: branch offices, online and mobile channels.

The branch office network, at the end of 2008, was made up of 788 branches and 39 corporate offices (with 23 new branch offices opening since the start of the year).

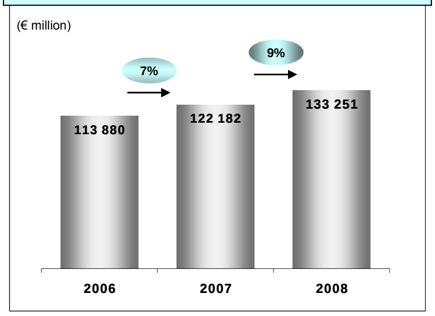
2008 was also marked by a series of procedures designed to transform the customer service model at branch offices, as a follow-up to the pilot project which was tested in 5 branches in 2007:

- Definition of segmentation and customer service model principles on the branch office network;
- Rollout of new model in 110 branches;
- Training on the new model as part of the global training programme designed to achieve excellence in terms of personal customer service.

In **turnover terms** (deposits + loans + guarantees), retail banking achieved an annual growth of 9% or 2 pp up over the preceding year to EUR 133 251 million, in 2008.

Information is given below on the principal areas of evolution in terms of retail banking, in 2008, by the most significant segments and products.

Retail Banking - Turnover



1- SEGMENTATION AND PRODUCTS

The individual customers segment posted a 5% increase in turnover, in 2008, in all spheres.

1.1 - Mass Market Resident Segment

Caixa singled out its mass market customers for special treatment in strategic performance terms, with the definition of requirements for a customer care model designed to incentivise customer loyalty and the perception of improvements in the level of service provided to them.

Innovation, in terms of supply, included the following, in 2008:

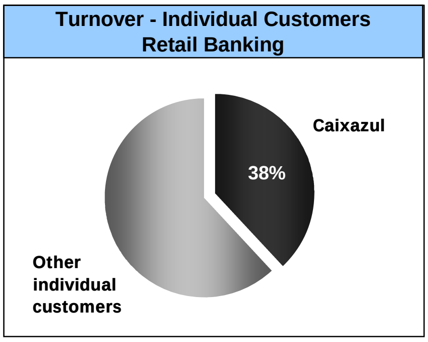
- **Soluções Caixa Woman (Caixa Woman solutions);**
- The Linha de **Crédito Pessoal para Energias Renováveis (**Renewable Energies Personal Loan line of credit) based on an agreement with EDP under the terms of the My.Energy project.

Reference should be made to the fact that 289 operations totalling around EUR 2 million have been realised under the terms of renewable financing schemes for individual customers since 2007.

1.2 - Premium Customers Segment

In the premium customers segment, reference should be made to Caixa's **Caixazul Service** for financial solutions to meet the needs of mass affluent customers.

The service had 306 241 customers at 31 December 2008 and accounted for 38% of turnover in the individual customers segment.



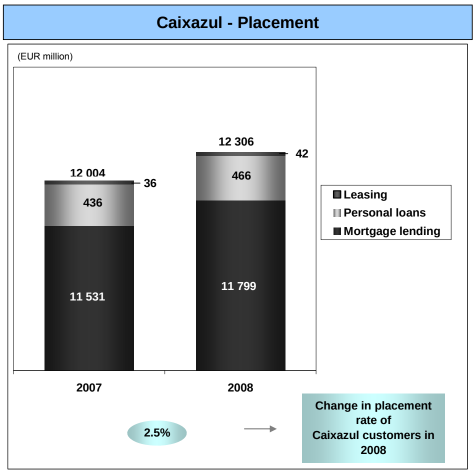
This personalised service evolved, during the course of 2008, with the following objectives:

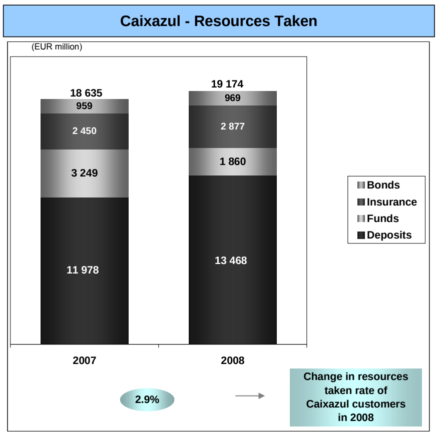
- sophistication of supply;
- improvement in commercial relationships;
- strengthening of brand.

Sophistication of supply translates into the provision of unique, ground-breaking products designed to meet customers' needs and include:

- The Caixazul card, as a debit card identifying Caixazul customers;
- Netpr@zo term deposit;
- Caixazul Praemium term deposit;
- Vida Azul personal credit.

The provision of the "**Online Manager"** service to all customers (under which account managers inform customer of business opportunities at any time, allowing customers to respond by secure messages or subscribe for the respective products or services) has become a decisive factor in terms of the improvements in commercial relationships.





The brand was further strengthened by a media campaign on the Caixazul service, anchored by its most significant innovation (**Online Manager)** and the launch of a specialised brand site at **cgd.caixazul.pt.**

The service particularly included the following, in 2008:

- External:

Caixa's improved visibility with leading professional categories via its participation in and sponsorship of various events organised by the respective associations of the Order of Economists (National Congress, Annual Conference and National Convention); Order of Dentists (Annual Congress); Order of Engineers (17th National Congress); Union of Portuguese Judges (Congress); Union of Public Magistrates (Congress).

- Internal :

The maintenance of an integrated programme of meetings to follow up and monitor activity, involving all levels across the commercial chain of command, in addition to a visiting and coaching plan for cross-selling managers in branches and the strengthening of the Caixazul service assessment programme by postal inquiry and telephone survey.

1.3 - Young People and University Students' Segment

Young People

2008 was a year of consolidation of the medium/long term strategy defined for the young people's segment, in which measures designed to increase their involvement and leverage banking relationships with the segment were developed and implemented.

Reference should be made to the following offer targeted at this segment during the year:

- Savings solutions exclusively geared to young people: **Caixa PopNet**; **Caixa PopPrazo** and **Caixa PopSeguro**;
- Prepaid cards: LOL card (for 15 year olds and older) and LOL Júnior (from the age of 10);
- **Triplex Mortgage lending:** commercial promotions for this line of property credit were relaunched, providing young people (up to and including the age of 35) with access to a borrowing solution providing them with the lowest repayment rate on the market, in a combination of options involving the payment of only interest in the first few years of the loan with 30% of the capital being deferred up until the end of the maturity period.

University Students and Universities

The university segment model comprises two relationship support pillars, AUC (Central University Branch) and university branches. The objective is to achieve substantial improvements in terms of interactions with customers, taking into account the strategic objectives of securing new customers and university students' satisfaction in terms of their relationships with CGD, guaranteeing that they will remain as customers during their working lives.

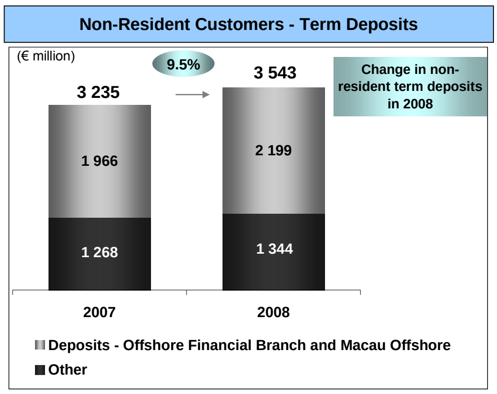
Different products (*Mesada Segura, LDN, Crediformação, Formula U, Cartão MTV, Caixa Jovem Empreendedor*) were combined into an innovative **Super Caixa Pack** as a communication facilitator for the presentation of financial solutions for students in higher education during the whole of their academic lives.

The global offer in this segment is based on the **CUP Card**, which uses state-of-the-art technology in bearing the name of the school together with the respective banking functions (at a student's discretion). The card was recently awarded the international OSCARDS prize, in a competition between more than 500 debit and credit cards from all over the world, in which it was the winner in the European category.

The strategic interest in Caixa's maintenance of excellent relationships with higher educational establishments explains the renewal of a broad range of **protocols**, as formal instruments providing benefits to each educational establishment's academic population.

1.4 - Residents Abroad Segment

In terms of the evolution of the turnover of the residents abroad retail banking segment, reference should be made, in 2008, to the highly positive evolution of term deposits with a 9.5% increase to EUR 3 543 million.

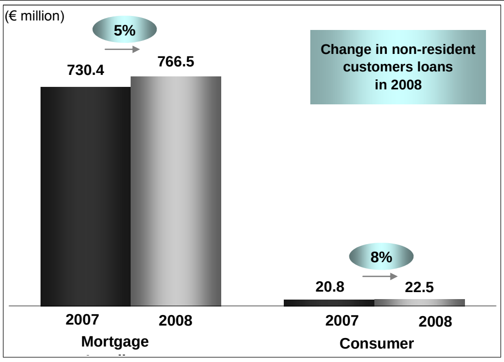


Special reference should be made, this year, to the following deposit products targeted at this segment:

- The new ***Caixa Aforro Residentes no Estrangeiro:*** this is a savings account, launched as an investment alternative for emigrant account holders after the entry into force of Law 67 - A/2007, in January 2008 eliminating several fiscal benefits for emigrants;
- **Caixa Euri 6M:** this is a structured deposit which is exclusively subscribed for via the Caixadirecta telephone service, for customers resident abroad upon whom the bank has up-to-date personal data, including contacts.

There was a 5% increase in **mortgage lending** to EUR 766.5 million in this segment at the end of 2008.

Non-Resident Customers Mortgage Lending and Consumer Credit



The **"Live in Portugal – Member get Member"** campaign, targeted at foreign customers living outside Portugal, with the objective of increasing the number of customers and reinforcing Caixa's market share in terms of mortgage lending was launched in the second half of the year. This campaign was active between August 2008 and April 2009 and involved a direct marketing operation geared to foreign customers with national status and residence in certain selected countries, inviting them to persuade family members or friends to take out mortgages with Caixa for the purchase of a second home in Portugal.

Consumer credit in this segment was 8% up over 2007 to EUR 22.5 million.

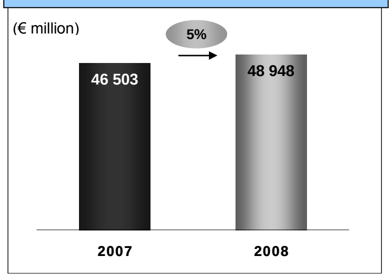
A **personal credit** operation targeted at customers resident abroad, providing a personal line of credit for any purpose and with a base pre-approved amount was organised in December.

Caixa has been using a service model based on the articulation of a user-friendly customer enquiries service between Caixa branches, branch offices and representative offices abroad and greater ease of access to the use of distance channels. Special reference should be made to the international Caixadirecta service, launched in 2007, permitting customers who live outside Portugal to telephone Caixa free of charge.

1.5 - Savings

There was a 5% increase in savings taken from the individual customers segment, in 2008, contributing to 37% of retail banking turnover.

Resources Taken - Individual Customers



In the savings sphere, with the objective of taking in fresh and retaining existing resources, Caixa launched several **Savings and Investment solutions** in 2008, always targeted at adjusting its offer to customers' investment profiles, whether prudent, balanced or dynamic and daring.

Reference should be made to the following integrated products and offers:

➢ **Soluções Caixa Aforro** (Caixa Saving Solutions):

A collection of structured products for customers with various risk profiles, comprising attractive interest rates, loyalty bonuses and immediate liquidity. These products account for a very high proportion of new operations for individual customers and were implemented in two stages: March to October 2008 (around EUR 2 800 million) and from 27 October to the end of 2008 (around EUR 1 765 million).

➢ **Caixa Poupa & Ganha**

Products (with a global volume of more than EUR 402 million in 2008) combining a short term deposit (usually 50% of the investment) at above market interest rates, and a subscription to a special Caixagest open-ended investment fund (usually also 50% of the investment), with maturities of generally more than 3 years. A further 5 new special open-ended investment funds were opened: *Caixagest Maximizer Plus, Caixagest Selecção Especial, Caixagest Premium Plus, Caixagest Super Premium* and *Caixagest Super Premium II*.

➢ **Cash Bonds**

Reference should be made to the following products:

- **Caixa Aniversário 132 Anos.** These are structured cash bonds with a maturity of 2 years. They comprise two series, one for the general public and another exclusively for Caixa Group workers with a guarantee of capital on maturity and guaranteed liquidity with the bonds' admission to Euronext price listings (placement of around EUR 140 million);
- **CGD subordinated cash bonds 2008/2018.** This is a subordinated debt issue totalling around EUR 370 million, with a maturity of 10 years and is primarily geared to more conservative customers (with "prudent" and "balanced" profiles).

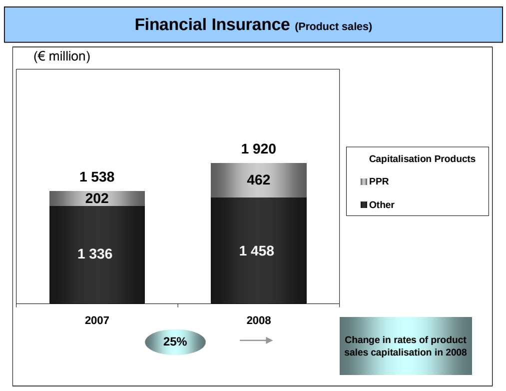
➢ **Structured deposits**

A collection of structured deposits mainly with a maturity of 1 year, with different characteristics than those of Caixa's base supply products, owing to the fact that their yields are fully or partly contingent on another financial instrument, an exchange rate or index, etc. Seventeen campaigns were organised in 2008, for a global volume of around EUR 430 million.

➢ **Financial Insurance**

Eight medium to long term insurance capitalisation campaigns were organised in 2008, for a global volume of EUR 932 million, most of which comprising financial insurance guaranteeing capital and a mixed return (fixed for the first years and variable in remaining years) upon maturity.

Retirement pension plans particularly included **Levexpert PPR** (exclusively for customers aged 55 or



older, with an approximate volume of EUR 170 million in 4 series) and **Caixa Reforma Prudente** (a new pension fund with a highly conservative investment policy mainly based on Caixa financial investments).

- **Other Products:**

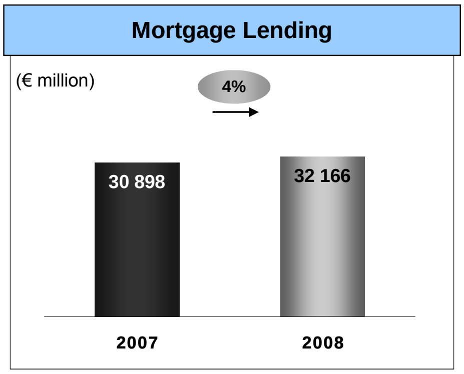
Caixa led the public offer for **EDP Renováveis** shares, placing more than 40%, involving customer investments of EUR 144 million of which around EUR 60 million were financed by Caixa.

1.6 - Mortgage lending

Mortgage lending accounted for 33% of the annual change in individual customers' turnover and 11% for the retail banking total. Notwithstanding the negative economic environment, in 2008, this product accounted for a 4% annual growth in the portfolio. New mortgage lending operations, down 31% in the banking system as a whole, in annual terms, was 18% down in CGD in comparison to the preceding year

Reference should be made to the following CGD activities in terms of mortgage lending, in 2008:

- A more competitive offer
- Credit and price policy resolutions
- New customer service model
- New mortgage opportunities
- Protocols and associations



- **A more competitive offer**

  To counteract the market slowdown, Caixa endeavoured to leverage the **competitiveness of its mortgage lending offer**, via its launch of a wide range of solutions namely:

  - The **"Mortgage lending – Offer of the First Instalment, Now and When Moving Home"** campaign to promote and incentivise fresh mortgage lending. The offer also gave borrowers preferred treatment on insurance and personal loans, in addition to the mortgage lending operation;
  - a commercial boost for the **Triplex Mortgage lending** scheme providing young people up to the age of 35 years with the best terms for house purchases as part of the segmentation of this offer;
  - mortgage lending with **fixed payments** - Caixa accompanied the growing demand for this type of solution, having made changes to its permanent offer for fixed-rate maturities, to allow customers to take out mortgages with maturities of between 2 and 30 years;
  - Information for **subsidised mortgage** borrowers on the entering into force of Ministerial Order 310/08, permitting an increase in the maturity of subsidised and young people's subsidised loans for up to a period of fifty years. Caixa made a decision to notify the former borrowers of the contents of the respective ministerial order, enabling them to reduce the amount of their monthly repayments, securing their loyalty and commitment to CGD;

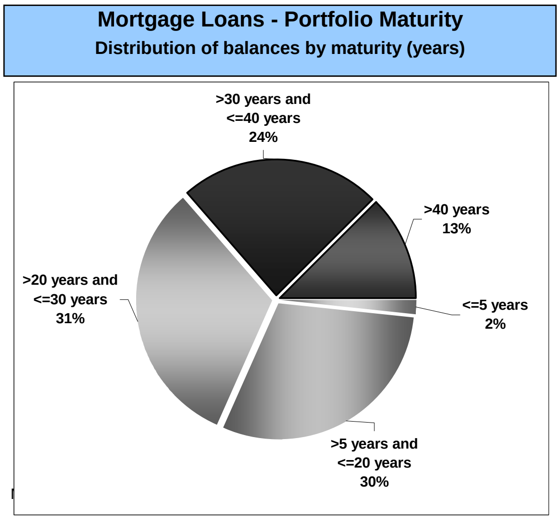
- **"Pre-approved Loan Campaign".** This is a direct marketing campaign targeted at current mortgage lending customers with the offer of a pre-approved limit designed to speed up the entering into of new agreements.

➢ **Loan decision and price policy**

In terms of loans and price policy resolutions, Caixa has reacted efficiently to recent market evolution and the requirements of the New Basel II Accord, implementing a new model whose interest rates are defined on a scoring level and operations' loan to guarantee value.

➢ **New customer service model**

In its awareness of the growing financial effort deriving from the increase in interest rates, Caixa has implemented a new customer care model for its mortgage loan customers. The model also aims to propose new credit solutions, improving market confidence indicators and helping customers to cope with rising interest rates. It therefore launched a collection of 5 initiatives, allowing the value of mortgage loan repayments to comprise a smaller amount of its customers "shopping baskets", lessening eventual risks of over indebtedness.



Portfolio average maturity: 26.9 years

The collection of proposals allows customers to benefit from a range of benefits of which reference should be made to the reduction in the amount of the repayments. Customers now, therefore, enjoy greater flexibility on the basis of the following options:

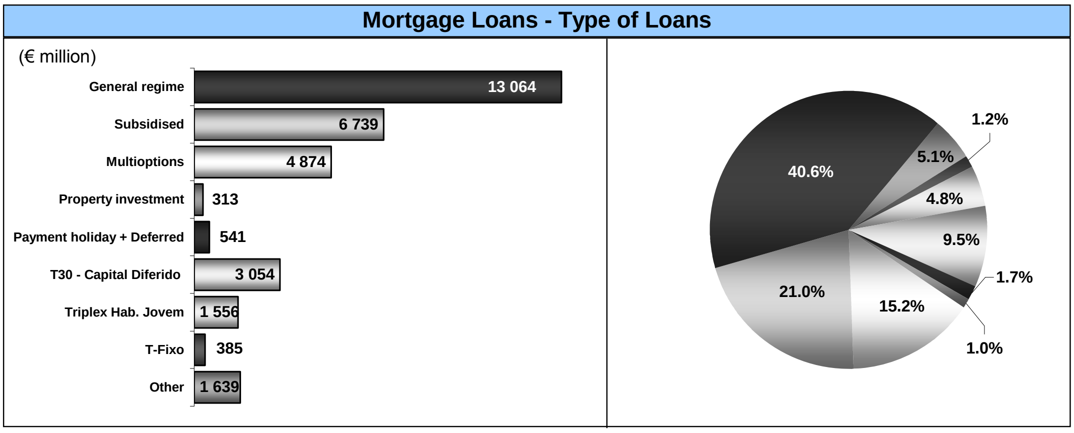
- Broadening of the possibility of an agreement for a payment holiday to borrowers of all ages;
- Possibility of combining a payment holiday with the deferral of capital;
- Increase in the age limit of customers upon the loan's maturity;
- Launch of a new interest rate solution – Bonus Rate: in anticipation of eventual reductions in Euribor. This solution provides for a contract on a minimum value of the indexer (six month Euribor on a 360 day basis). The customer is entitled to a bonus comprising a 0.25% deduction on the final rate, for a period of 5 years. Whenever, Euribor, on its revision date, is lower than the minimum value of the indexer, the rate will be indexed to the said amount.
- New transfer campaign: CGD has renewed its standing loan transfer offer, supported by its "Change to Caixa and reduce the amount of your repayment" transfer campaign.

- **Reinforcement of competitiveness of offer**

  In the case of mortgage lending opportunities having a potential impact, in 2008 and following years, the urban rehabilitation market is expected to acquire increasing importance in the construction sector, owing to the marked deterioration of housing stock, in Portugal. Caixa has been responding to the challenge with its **"Urban Rehabilitation – New Promotional Offer"** campaign, which provides competitive solutions tailored to the characteristics of urban building rehabilitation projects, in partnership with the European Investment Bank. In an environment of growing concern over environmental issues, this line of credit also makes it possible to respond efficiently to new energy efficiency and environmental protection trends, financing the acquisition of equipment designed to improve living conditions and sustainability. This offer is open to all entities, including local authorities and municipal companies proposing to undertake such rehabilitation works, for which reason CGD has cemented its cooperation with various urban rehabilitation companies, entering into protocols in several areas of the country. Caixa has, at the same time, been investing in property investment funds, with the objective of promoting rehabilitation and giving the principal urban centres a new lease of life.

- **New mortgage lending opportunities**

  Caixa has also been monitoring the recent evolution of the **rental** market and the growing interest expressed by several economic agents, reinforcing its offer, with the launch of a buy-to-let product efficiently meeting borrowing needs in a business area in which strong growth is expected to occur over the coming years.



Considering the large amounts of investment made in Portugal in the construction of projects for **non-resident foreigners** interested in purchasing, building or carrying out reconstruction works on a second home in Portugal, Caixa launched several initiatives, in 2008, with a view to promoting its "Live in Portugal" product, of which special reference should be made to:

- Protocols entered into with foreign organisations i.e. banks, real-estate companies and financial consultants;

- Increasing the number of specific customer service outlets to other branches located in markets with growth potential for residential tourism;
- Participation in international second home property fairs;
- Launch of the direct "Member Get Member" marketing campaign with the objective of capitalising on CGD's current foreign customers database to secure new loan applications.

Caixa has been paying special attention to the new property loans **distribution channels,** pursuant to which it has been entering into partnerships with auction property sales specialists, with the objective of putting several properties owned by the group onto the market while, at the same time, increasing the volume of mortgage lending operations.

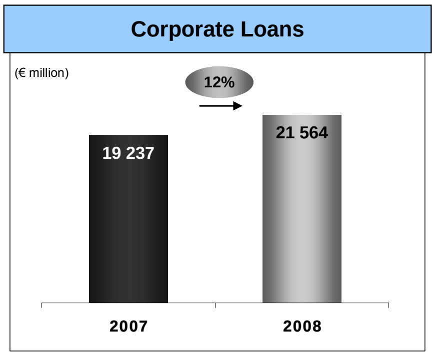
- **Protocols and associations**

  Caixa has become a member of the **"Casa Pronta"** project, in its active involvement in the special procedures for the conveyancing, sale and registration of urban property in a single operation. This project has broadened the competencies of the property registration services, facilitating their relationship with the various organisations involved while allowing the competent registration service to be initiated and completed on the same day. With the association and direct involvement of Caixa in this important measure, it is possible to ensure that all operations and acts required at the property registry of the building's location can be performed, i.e. the signing of the agreement, payment of the respective taxes (IMT and IS), registrations, change of fiscal address etc.

Caixa entered into a protocol with the Portuguese Banks Association and the main banks operating in the system for **simplifying the waiving of mortgage guarantees**. The protocol was signed for the purposes of simplifying and standardising the procedures for waiving mortgage guarantees, both for loans transfers as for the sale of mortgaged property to a third party, in the form of finance arranged by the latter from another source. The aim is to facilitate the transfer of operations between banks, maintaining or giving rise to new borrowers. Caixa was present at various **property sector events** with the aim of achieving benchmark operators status in the property finance market. Caixa was also present at the 4th Iberian Property and Residential Tourism Property Exhibition - IMOBITUR and the 11th Lisbon Property Exhibition (SIL).

1.7 - Corporate Segment

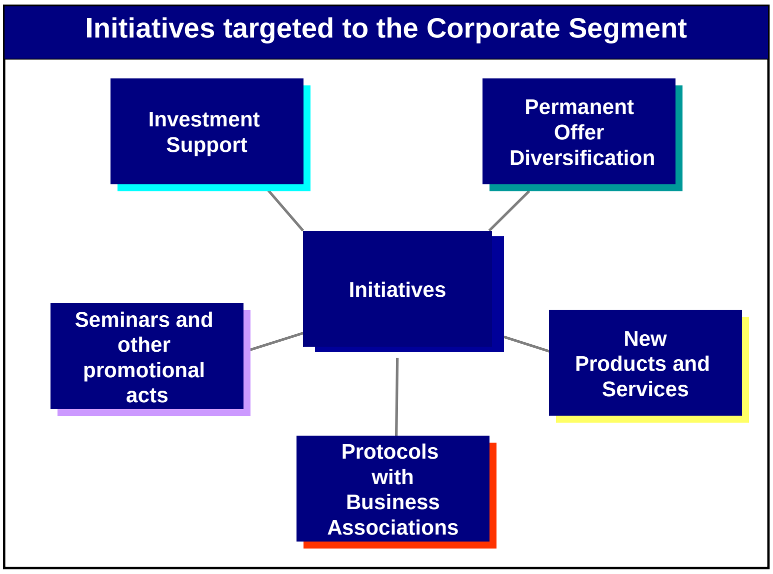
There was an 18% increase in corporate segment turnover in 2008, of which special reference should be made to the annual growth rate of 12% in lending and 24% in deposits respectively. The banking system recorded annual growth rates, in this segment, of around 11% in lending and a decrease of 2% in deposits, in 2008. SMEs accounted for 55% of the loans and advances to companies portfolio total at 31 December 2008.



Reference should be made to several actions taken to intensify Caixa's corporate segment intervention during the year, with the aim of retaining the loyalty of existing and securing new customers, increasing the volume of operations and respective market share in the segment.

Reference should be made to the initiatives in the following areas:

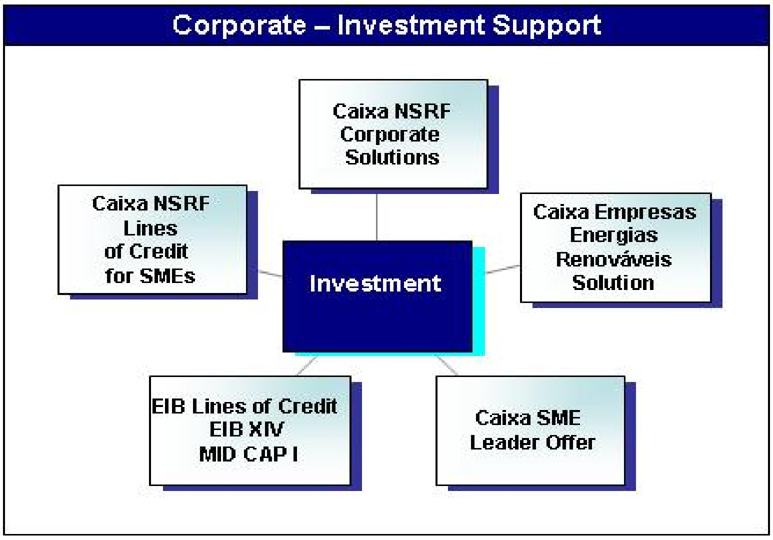
- Investment support
- Permanent offer diversification
- New products and services
- Protocols with business associations
- Seminars and other promotional acts



- **<u>Investment Support</u>**

Investment support particularly included:

▪ **INVESTE CAIXA NSRF (National Strategic Reference Framework) LINES OF CREDIT FOR SMEs**
These are special lines of credit for SMEs (small and medium sized enterprises), benefiting from a mutual guarantee, created under the terms of a partnership between Caixa, mutual guarantee companies and NSRF management authorities, designed to improve Portuguese SMEs' accessibility to finance.



▪ **CAIXA NSRF CORPORATE SOLUTIONS**

This is a collection of products and services, adapted to needs associated with corporate investments incentives systems, designed to enable CGD to expand business with companies submitting NSRF ("National Strategic Reference Framework") applications.

CAIXA EMPRESAS - ENERGIAS RENOVÁVEIS SOLUTION

This solution has been designed to support the promotion of corporate investment in the renewable energies area – solar, hydro and wind power.

▪ **EIB - EIB XIV AND MID CAP I lines of credit**

Caixa provided companies with EUR 250 million to fund SME investment projects designed to improve corporate productivity and competitiveness – innovation, renewable energies, energy efficiency, productive factors, environment, R&D (preferably EIB funded whose advantages are passed onto customers).

▪ **Caixa SME Leader Offer**

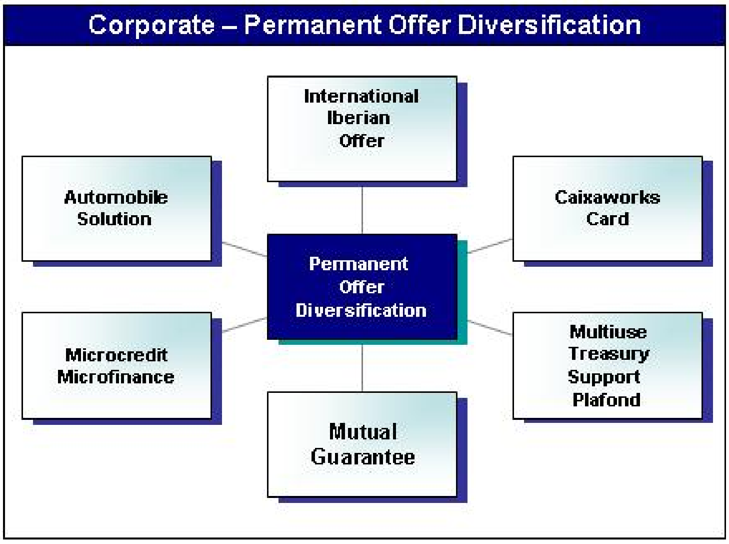
Caixa reinforced its Caixa SMES Leader offer, in 2008, for leading SMEs (i.e. companies with an outstanding economic-financial performance). 760 or 28% of the 2668 companies with "leading SME status" derived from candidatures presented by Caixa.

➢ **Permanent Offer Diversification**

Caixa's permanent offer to the corporate segment, in 2008, particularly included:

▪ **International / Iberian Offer**

This offer plays a leading role in terms of Caixa's position in the corporate market, particularly the Iberian market and the exploitation of business opportunities resulting from progressive integration between the Portuguese and Spanish economies. Promotion of the International/Iberian Offer is a contribution to Caixa's position as a corporate bank and CGD Group's status as a benchmark financial operator in the Iberian Peninsula.



Caixa's and Banco Caixa Geral's branch and corporate offices network, provide customers with a broad range of products, services and synergies resulting from a strategy jointly agreed between the two banks, geared to bilateral trade. Reference should be made to greater efficiency in terms of current offer i.e. faster (real-time) transfers between Caixa and Banco Caixa Geral and the clearing of cheques and "pagarés" in the Spanish market.

▪ **CAIXAWORKS CARD**

This card was launched with businesspeople and small companies in mind as a "corporate treasury facilitator". It essentially operates with an aggregate credit limit for short term liabilities.

▪ **MULTIUSE TREASURY SUPPORT PLAFOND**

The Multiuse Treasury Support Plafond comprises pre-structured credit limits at risk-adjusted preferential pricing terms, for customers having a relatively high level of involvement with Caixa, with multipurpose characteristics and multi-company application (parent company, affiliates in Portugal and affiliates and/or subsidiaries in other countries).

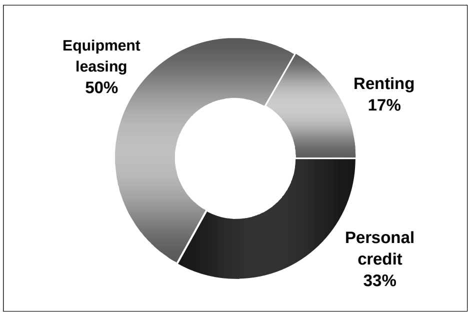
▪ **MUTUAL GUARANTEE**

A special line of credit for SMEs (small and medium sized enterprises), benefiting from a mutual guarantee, created under the terms of a partnership between Caixa and mutual guarantee companies, designed to improve Portuguese SMEs' accessibility to finance at lower borrowing rates.

▪ **AUTOMOBILE SOLUTION**

Caixa Group restructured its offer for the purchase of vehicles, making it more competitive and adequate for each segment: longer repayment periods, highly favourable rates; special terms for car insurance. With significant discounts, the group's commitment in this business area is based on an intense internal campaign to boost three aspects of the business, personal loans, leasing and renting.

Automobile Solution - Breakdown of the vehicles value by type of financing



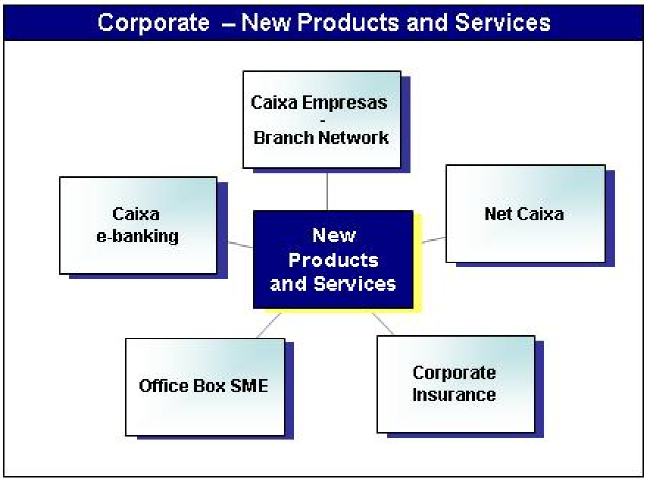
▪ **MICROCREDIT / MICROFINANCE**

2008 witnessed the development of a new service model for the microcredit area, through the creation of an agency to centralise all of these kinds of operation - *Agência Central para o Microcrédito* (ACM**)** – which began to operate in the second half of the year.

Reference should be made in the "microcredit/microfinance area", to the consolidation of products created under protocols entered into with *ANDC – Associação Nacional para o Direito ao Crédito* ("National Association for the Right to Credit") - and *JRS - Serviço Jesuíta de Apoio aos Refugiados* (Jesuit Refugee Support Service). Work continued to be performed on microfinance-related initiatives in progress: Caixa Young Entrepreneurs Line of Credit, Line of Credit for ANPME (National SMEs Association), Line of Credit for Microfinance – ANJE (Line of Credit for the Historical Area Bordering Spain) and the FINICIA Programme (corporate start-ups) – Section 3 (partnership between CGD, IAPMEI, mutual guarantee companies and municipalities).

New Products and Services

Special reference should be made to the following new corporate products and services, in 2008:



▪ **Caixa Empresas – Branch Network**

The Caixa Empresas service was consolidated, on the basis of its specialisation and advisory services provided by a team of 105 managers, at 101 CGD branches.

Underpinning this new Caixa Empresas service model are an approach and corporate banking service for Caixa's corporate customers. The product offer has been organised according to companies' needs: current management, investment, international operations and is geared to several sectors of activity such as restaurants, commerce and services and pharmacies (chemists).

▪ **NET CAIXA**

This is an integrated solution for companies in general, comprising:

- a transactional aspect, permitting the acceptance of payments using international brand cards such as Visa, MasterCard and the domestic Multibanco brand;
- an equipment aspect, with the supply of automatic payment terminals tailored to customers' needs;
- a communicational aspect, with the offer of diverse data transmission lines customised to individual business requirements.

It also included an exclusive offer for Netcaixa service subscribers (not applicable to MB Only subscriptions) and a highly advantageous offer for customers, in the form of very competitive retailer service charges.

▪ **Automatic Treasury Management Account**

For Caixa customers, the ATM (automatic treasury management) account is a product which facilitates corporate cash management by automatically investing surpluses and funding any liquidity requirements.

▪ **Corporate Insurance**

Three internal insurance campaigns were developed in partnership with Fidelidade Mundial: Corporate Protection, Personal and Automobile Protection and Fiscal Solutions for Companies and the self-employed**.**

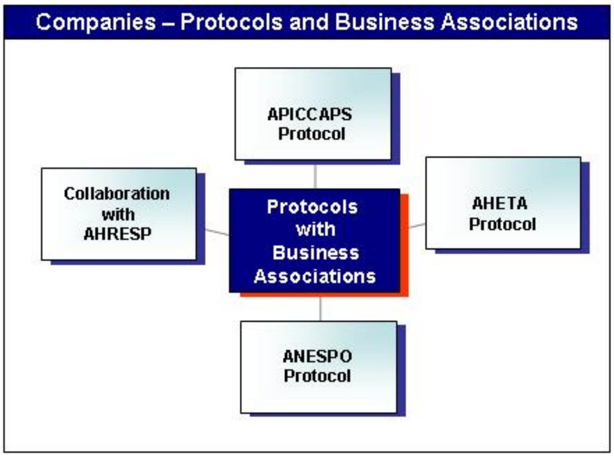
▪ **OFFICE BOX SME**

Under the terms of a partnership with TMN, Caixa finances the purchase of the Office Box SME solution at exclusive rates (discounts of up to 5% for Caixaworks card customers), comprising five modules: Mobile Internet, Fixed Voice, Mobile Voice, Fixed Internet and Portable Computer.

▪ **CAIXA E-BANKING**

CGD committed to improving the functionalities of its corporate Caixa e-banking service, with the aim of promoting the use of alternative channels.

➢ **Protocols with Business Associations**



Reference should be made to the existence of the following protocols with business associations:

▪ **APICCAPS Protocol**

Under the terms of the agreement with APICCAPS, Caixa, in cooperation with Banco Caixa Geral in Spain, supported the involvement of Portuguese companies at "Moda Calzado 2008", in Madrid, promoting CGD Group's commercial activities in the Iberian market.

Quarterly information was provided on Caixa's offer of products and services to companies in the form of insertions of leaflets in mail shots to associates.

▪ **AHETA Protocol**

Considering that the tourism sector plays an extremely important role in domestic economic terms and that Caixa Geral de Depósitos has always supported activity in the sector, a protocol was entered into with the Association of Algarve Hotels and Tourist Resorts, to promote commercial relationships with their corporate associates.

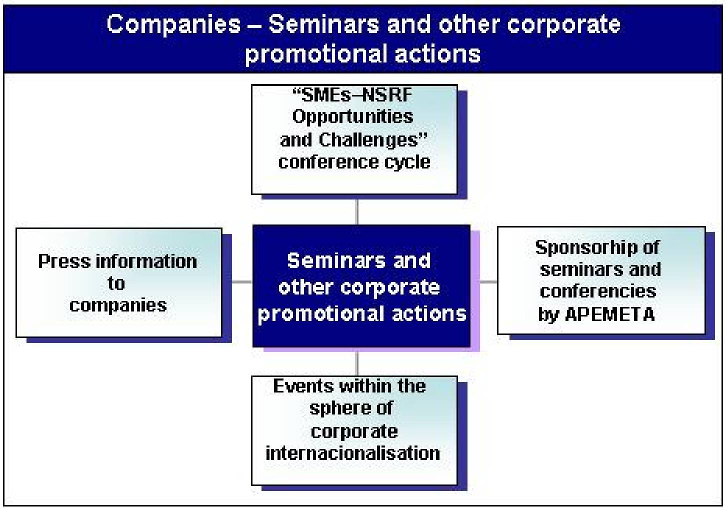
▪ **ANESPO Protocol**

Considering the interest and dimension of the educational sector, Caixa renewed the protocol of cooperation with ANESPO and POPH, designed to support owners of professional/vocational schools whether or not members of ANESPO, benefiting from Community finance under the Human Potential Operational Programme.

▪ **Collaboration with AHRESP**

Actions in partnership with AHRESP were taken under the existing protocol with Caixa. Six business meetings, promoted by the association, were sponsored (Santarém, Batalha, Fátima, Caldas da Rainha, Almada and Viseu) with the active involvement of the local branch network and many businesspeople from the sector, enabling Caixa to promote its corporate offer. Caixa also continued to support the association's Department of Economic Studies, whose operating sphere was extended to include the hotel sector.

➢ <u>**Seminars and other corporate promotional actions**</u>



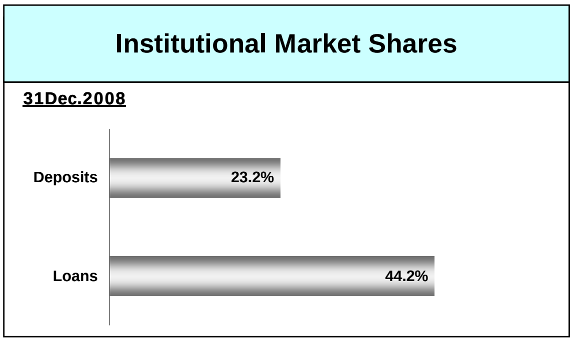
CGD organised various seminars and other corporate promotional actions, in 2008, namely:

- The **"SMEs – NSRF – Opportunities and Challenges"** conference cycle, organised in collaboration with IAPMEI, Portuguese universities and domestic business associations, with the objective of encouraging dialogue with SMEs and at the same time, discussing current issues of corporate relevance;
- sponsorship of seminars/conferences organised by APEMETA for the provision of information on the support available for companies operating in the **environmental** sector;
- organisation of events within the sphere of **corporate internationalisations** and approach to new markets, in partnership with various institutions such as chambers of commerce and business associations, notably AICEP, AEP ("Export More in 2008" project), Portugal-France Chamber of Commerce, Portugal-Germany Chamber of Commerce *inter alia*;
- press information to companies, in the form of the "Caixa Empresas" project comprising the insertion of enclosures on such business-related issues as, **Entrepreneurialism, Healthcare Solutions, New Support for SMES** in Diário Económico.

1.8 - Institutional Segment

The institutional segment represented 4% of retail banking turnover at the end of 2008.

There was an annual growth rate of 24% in CGD's loans and advances to the general government as opposed to 21% for the Portuguese banking system as a whole. In this segment, CGD had 44% of the loans and advances market and 23% of deposits at 31 December 2008.



2- MEANS OF PAYMENT – DEBIT AND CREDIT CARDS

The means of payment area maintained its growth and innovation strategy in 2008, materialised in various forms, i.e. launch of new products, creation of differentiated value proposals and improved levels of service.

In 2008, in terms of innovation, special reference should be made to the "contactless" pilot project with SIBS and MasterCard, allowing minor items to be paid by positioning the card next to the payment terminal, ticketing projects in the transport area and projects in the sphere of SIBS's private networks, allowing customers to use terminals to select the payments plan and type of desired credit for the said purchase.

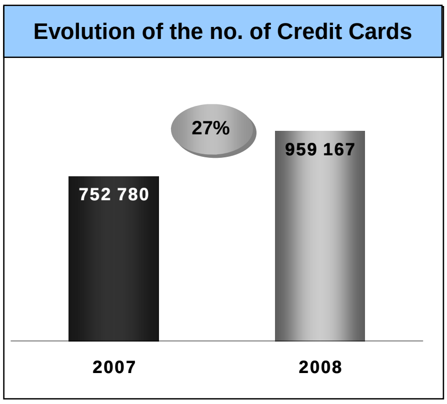
Also in terms of innovation, reference should be made to the launch of prepaid cards, with differentiated characteristics, whose use is limited to the amounts which have been pre-charged to the card, the Caixa Carbon Zero card as a product including CGD's social responsibility strategy as part of its commercial strategy and the supply of online electronic statements using Caixadirecta on-line services.

In terms of transport area projects (ticketing), reference should be made to the partnership with Coimbra's Municipal Public Transport Services (SMTUC), in the sphere of the CUP card, which, using contactless technology, makes it possible to simplify and replace several cards, housing, in a single card, identification functionalities in the university sphere, bank card and public transport ticket, on the SMTUC ticket issuing system.

Several means of payment related prizes were also won, in 2008. The Leve card won the "Best Loyalty Card" category in the Iberian "CIT Golden Card" competition, in March and the CaixaWorks card was considered to be the "Best Corporate Card" at the Cards International Global Awards, in June. The CUP (University/Polytechnic) card was awarded an international distinction for technological innovation at the OSCARDS event promoted by Publi News in Paris, in December.

Several cards were issued during the year, particularly:

Credit Cards:



- Caixa Carbon Zero Card for customers interested in the protection of the environment, launched in July;
- LA Card Visa card, in a partnership with Lanidor, for customers of the said brand, launched in November;
- Caixa Gold OE card, specifically for customers who are associates of the Ordem dos Engenheiros (Order of Engineers), launched in July;
- Visabeira card, in partnership with Visabeira Group, for its workers and premium segment customers, in March.

Deferred debit cards:

- Portuguese Pharmacies card, in partnership with Associação Nacional de Farmácias (ANF), for customers interested in securing healthcare benefits, launched in March;
- Caixa Woman, specifically created for women customers, launched in March.

Prepaid cards:

- PRO card for mass market customers;
- LOL card for young customers, LOL Júnior card for juniors.

3 - ELECTRONIC CHANNELS

Caixa's commitment to a multi-channel approach with its individual or corporate customers, is particularly relevant as an essential component part of its customer-oriented policy. Electronic channels already process around 750 million transactions per year.

In addition to bank counters, customers have an alternative, broad range of channels, ranging from cash machines to our contact centre and the internet. Customers manage their own choice based on their specific needs, location and time, from home or work and anywhere else with the use of mobile phones, smartphones or PDAs.

Bank office counters are increasingly less transactional and more relational and geared to customers' specific needs. In 2008, 76% of automatic transactions were externalised to alternative channels, owing to the modernisation and expansion of the available functionalities. Electronic channels help to transform activity and make them "customer-centric".

Diverse online savings products and new functionalities were launched on internet banking channels in 2008. Reference should be made, in the case of Caixadirecta on-line, to the consultation of cheques debited and ordered, visualisations of cheques, cancellations of cheques, optimised features in terms of the stock market and funds and SEPA transfers. A new service model was introduced in Caixa e-banking, including the functionalities of the amortisation and use of current accounts, consultation of debited and credited cheques, cheque orders and visualisations of cheques.

Reference should also be made to the launch of the Caixadirecta mobile service which allows customers to use principal banking functionalities via mobile phone or an internet-abled PDA.

In the multichannel and relational service domain, the innovative "Online Manager" service which links the activities of the customer account manager over the three principal Caixazul customer access channels (branch, Caixadirecta on-line and *Caixadirecta telefone*), was expanded to all of the segment's customer account managers.

3.1 – Self-service Banking

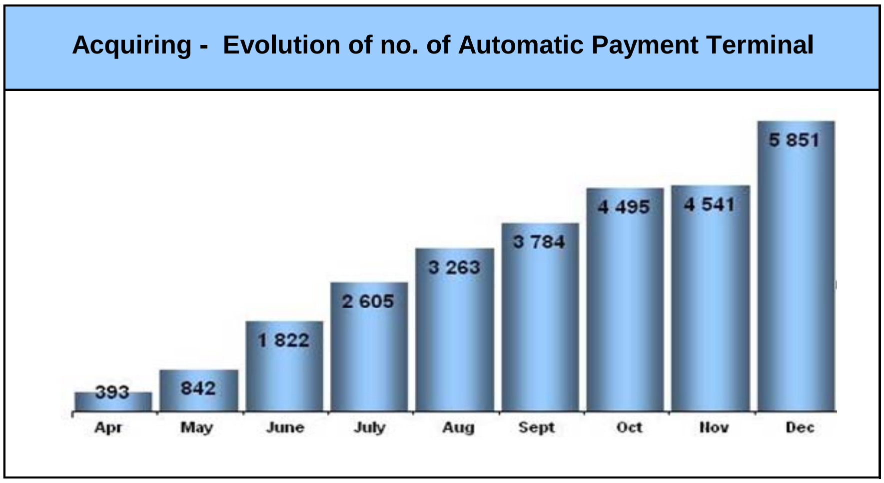
There was an increase in the use of self-service networks, in 2008, to more than 261 million operations totalling around EUR 15 billion. Such networks are already responsible for one third of deposits, 95% of withdrawals and 40% of transfers.

Caixa has 4 571 cash machines which it continues to modernise and upgrade:

- There are 2 554 cash machines on the **CAIXAUTOMÁTICA** network, for the exclusive use of Caixa customers, 40% of which belong to the intelligent deposit equipment generation. Customers, at year end, had 1 011 intelligent cash machines (up 311) permitting the automatic identification of banknotes with the amount of the respective deposit being immediately available in the customer's account;
- CGD had 2 017 cash machines on the **MULTIBANCO** network. This is up 3% over the preceding year and comprises 16% of the market. Growth particularly derived from the siting of such machines in non-banking locations, particularly protocols with several supermarket chains;
- Endeavours to renew the total number of **cash machine** installations last year, translating into the replacement of around 15% of the machines, in addition to the installation of a security and dyeing of banknotes system to deter vandalism.

3.2 - Automatic Payment Terminals

There was a 25% growth in the number of Caixa's automatic payment terminals network to 24 thousand items of equipment. There were more than 40 million operations accounting for EUR 2.5 billion in value, over 2007 with gains of 1 pp in market share by equipment; 1.5 pp by operations and 0.6 pp, by value.



Caixa began its **multi-brand acquirer** operations at 31 March 2008, by providing the market with its *netcaixa service* representing Visa and MasterCard brands on payment terminals thus introducing new dynamics to the market which had hitherto been solely centralised on two players.

The possibility of the acceptance of the debit and credit cards of international brands and the domestic Multibanco brand by automatic payment terminals allowed Caixa to offer its customers an integrated solution (equipment, communications and multi-brand acquiring), as a contribution towards reinforcing its position in the retail banking area.

3.3 - New Electronic Channels

In distance channel terms, CGD provides its customers with the best solutions, supported by innovation, user-friendliness and security, allowing them to extract greater value from their relationships with CGD.

CGD provides its customers with the following channels:

- **Telephone Banking:**
  - **Caixadirecta,** for individual customers;
- **Internet Banking**
  - **Caixadirecta on-line**, for individual customers;
  - **Caixadirecta Invest**, providing an online brokerage service via Caixadirecta on-line;
  - **Caixa e-banking**, for corporate and institutional companies;

- **Mobile banking**
  - **Caixadirecta mobile**, for individual customers, using mobile internet;
  - **Caixadirecta WAP**, for individual customers, uses the internet via WAP enabled mobile
  - **Caixadirecta SMS**, uses short message service
- **Other more specific services:**
  - **CaixaContactCentre**;
  - **Central University Branch (AUC),** distance channel for the university segment;
  - **Microcredit Branch (ACM),** a distance channel, specialising in the management and monitoring of CGD's microcredit procedures.
  - **Bolsa Caixa Imobiliário**, providing real-estate operators with a property information service using multimedia kiosks and the internet, at: www.bci.cgd.pt.

Reference should be made to the adapting of distance banking channels to the SEPA (Single Euro Payment Area) in 2008, providing all CGD customers with free transfers to member countries. The internet banking services introduced digital electronic documents comprising correspondence sent to customers, thus speeding up information flow and respective access.

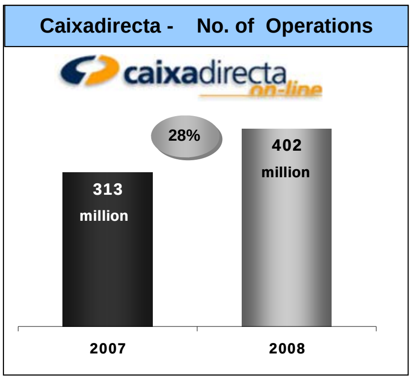
- **CAIXADIRECTA**

On the **Caixadirecta** channel (CGD's telephone banking channel) customers have a wide range of operations available, notably relating to the consultation and use of accounts, loan simulations (mortgage lending and personal) and information on Caixa's offer.

There was a 17% increase in the number of customers, on this channel, during the year, to more than 1.1 million contracts. 86% of the 3 million calls received were resolved automatically.

- **CAIXADIRECTA ON-LINE**

Caixadirecta on-line is the internet banking channel for individual customers. There was a positive evolution in the number of active contracts and operations performed, in 2008. More than 400 million operations were performed on the channel, i.e. an increase of 28% over the preceding year, with the maintenance of a dynamic trend and sustained reinforcement in terms of its use. Reference should be made to the optimisation of the stock market and fund areas, increase in the number of available functionalities and promotion of the standing offer of term deposits and cards during the year.

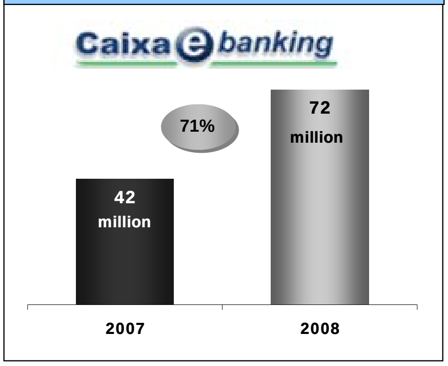


This channel also integrates other accesses such as **Caixadirecta wap**, which uses the internet via mobile phone, **Caixadirecta sms** and the online brokerage service, **Caixadirecta invest**, which permits access to operations and information in domestic and international financial markets. The new **Caixadirecta mobile** banking service was launched in 2008**.** This service, available at https://m.caixadirecta.cgd.pt, makes it possible to use a mobile phone, smartphone or internet enabled PDA to perform various banking operations. To use the service, customers must have activated the Caixadirecta on-line service.

- **CAIXA E-BANKING**

There was a significant increase in the use of the Caixa e-banking service, in 2008, with a more than 71% growth in the number of successful operations to around 72 million.

Caixa E-Banking - No. of Operations



This is not only on account of the number of total contracts, which was up 20%, to more than 82 thousand, but particularly the increase in the level of activity of existing contracts. Optimisation of the service and introduction of new functionalities were fundamental factors.

The year 2008 witnessed a renewal of the service's image and form of navigation, designed to encourage a user-friendly comprehensive level of operation. Reference should be made to the importance attached to customers' suggestions.

- **CAIXACONTACTCENTRE**

CGD's CaixaContactCentre is responsible for managing incoming and outgoing calls, executing operations and providing explanations to CGD Group customers, securing business via "up" and "cross" selling strategies. Functions also include the monitoring of telemarketing campaigns, retaining customer loyalty, the organisation of surveys and promotion of products and services available on the traditional networks.

The CaixaContactCentre platform provides the following contact points:

- Caixadirecta Information
- Caixadirecta Transactional
- Caixadirecta International
- Authorisations Centre
- Credit Card Support
- Telemarketing Campaigns
- Loyalty Campaigns
- Distance subscription management process for Caixadirecta services
- Caixaebanking
- Live in Portugal
- Caixa University/Polytechnic
- Navigation helpdesk
- *netcaixa*
- Credit recovery campaigns
- Emails

Around 24 thousand emails were received from customers, in 2008. This number was down over 2007 owing to the existence to the Customer Space on CGD's homepage, which customers can use to register matters of concern or make complaints, which are passed on directly to CGD's customer support office.

Outgoing calls, resulting from telemarketing and credit recovery campaigns were up more than 17% and 34%, respectively.

- **Central University Branch (AUC)**

The AUC has been engaged on promoting the management of the university segment through its adoption of a ground-breaking service model, based on a distance banking concept, with new forms of interaction and communication, available 24 hours a day, every day of the year, via a local rate call (808.212.213) by email (caixaup@cgd.pt).

This centralised model is geared to generating an effective relationship with customers during their academic lives, with a view to the choice of CGD as their financial partner at the start of their working lives.

- **Central Microcredit Agency (ACM)**

- CGD created a new business unit in July 2008 in its Central Microcredit Agency (ACM). This is a distance channel specialising in the management and monitoring of CGD's microcredit applications.

The expansion and mediatisation of the microcredit movement have justified the creation of this centralised structure which, in practice, represents an internal reorganisation exercise and greater efficiency in the provision of CGD's microcredit-related services.

Currently working in cooperation with the *Associação Nacional de Direito ao Crédito (ANDC),* under the terms of a protocol entered into in 2005, the ACM has been engaged on the disclosure of information and provision of clarifications related with microcredit (via the customer hotline and email), putting potential applicants in touch with ANDC for the preparation of the candidature. After ANDC has prepared and submitted the investment project, ACM will decide on the authorisation of the respective loan applications.

- **BOLSA CAIXA IMOBILIÁRIO**

The *Bolsa Caixa Imobiliário (BCI)* channel provides dynamic, user-friendly property and mortgage-related information on products and services to CGD customers and other enquirers, on a network of 104 multimedia kiosks. Its property database can also be consulted on the internet at www.bci.cgd.pt. The site houses more than 530 thousand properties with around 3.5 million photographs and receives an average number of around 50 thousand page views generating more than 1,600 requests to visit the properties.

4 - CAIXA ON THE INTERNET

Online projects launched and consolidated in 2008 were particularly geared to innovation, differentiation, personalisation, mission, knowledge, causes, sharing, responsibility and commitment, bringing Caixa's message and brand closer to its customers and markets.

Caixa continues to grow and expand its technological facilities which it is modernising to support demands for mobility, new communications technologies and supply of information on different mobile supports (iPod, PSP, Mobile phone, PDA, Blackberry, Notepad, GPS, Corporate TV, Webcast, iPhone, Android, etc), improving Caixa's position in terms of innovation, a pioneering approach and proximity to target markets.

According to Marktest, Caixa sites continue to lead the field, in 2008, both in the number of unique visitors as in page views, with 421 thousand individual customers having accessed CGD sites from their homes, in December. Caixa also leads the number of page view at 19 million.

Caixa's security area teaches users how to use the correct procedures for banking operations and transactions on the internet and on the use of debit and credit cards. Caixa renews its security messages every month on its channels to remind customers and citizens in general that their security also starts with their own behaviour and attitude.

4.1 WWW.CGD.PT

Caixa launched its new **www.cgd.pt** website, in 2008, based on an innovative communicational approach, creating an information network geared to the financial needs and quality of living and ambitions of its individual customers and corporate users.

The organisation of Caixa's portfolio of products and services and remaining information was structured on the basis of need and organised in terms of general vocabulary and not financial nomenclature, therefore providing users with all of the relevant results they are looking for.

The site provides a detailed, organised site map, a list of "show me how" commands directing people towards practical information (opening accounts), a "search engine" with optimised search facilities, diverse simulators (credit, currency and IRS) and access to other online services which also facilitate distance relationships in terms of account management and other transactions. A "customer space" has also been created for contacts and suggestions and a security area providing full information on the use of cards and PC when accessing internet banking account has been introduced.

4.2 Caixa Carbon Zero Card Site

The Caixa Carbon Zero card is a part of the Caixa Carbon Zero 2010 Programme, which provides special terms for the acquisition of goods and services which are more efficient in terms of energy consumption and have a better environmental performance. This solution contributes towards the reduction of emissions and financial savings while also helping to preserve the planet.

Information provided by this "dematerialised" project is essentially online, using the **www.cartaocarbonozero.cgd.pt** site which is entirely dedicated to the project with different areas of interest such as the card's characteristics and the atmospheric CO_2 discharge emissions compensation mechanism, partnerships, suggestions, carbon footprint calculator, online subscription, etc. An online shop has been set up to commercialise low carbon and high energy efficiency products.

4.3 Caixazul Microsite

The need to create a microsite geared to the Caixazul service was identified as a proximity, contact and distance relationship management site. The Caixazul microsite does not require authentication and all of its contents are available to cgd.pt users. The site can be accessed in the "individual customers" area at cgd.pt, or directly at http://caixazul.cgd.pt

All service portfolios are provided – accounts, cards, credit, financial investments and other associated services, particularly: "day-to-day management", "mortgage lending", "personal loans", "savings and the future", "healthcare", "culture and leisure" and "What is my account manager?". Information on the microsite's launch was published in specific supports for this segment, such as the "My Account Manager" channel in the CDOL, in *Revista Azul* and highlighted on the "Our Bank" page on Caixa's website.

4.4 Caixa Fã Site at www.caixafa.pt

The Caixa Fã site consolidated its position in the ranking of the most viewed sites in its category in 2008, coming in 3rd position on the 1st page of the Google search engine, immediately after Wikipedia and always in the first positions in searches for *Fã da Cultura*, *Fã do Planeta*, *do Desporto* and *Solidariedade*, *inter alia*.

Caixa Fã helped to promote various Caixa projects in its activity as the official or principal sponsor, in 2008. This included sponsorship of the Portuguese Rugby Federation and events such as the OML (Lisbon Metropolitan Orchestra) Concerts - The Gift and Mariza, Summer Festivals, Cool Jazz Fest, the Orchestras, The World in 2008, Vale do Lobo Tennis.

Owing to its capacity and thematic issues, divided up into the project's principal areas for social responsibility in Caixa, the Caixa Fã site is sustained by its relationship with fans, followers, enthusiasts, defenders and unconditional fans of social, cultural and sports movements who are repeat visitors to this space.

4.5 Live In Portugal Site

Specifically designed and created for foreign citizens who wish to invest in property in Portugal, the Live in Portugal (www.liveinportugal.pt) site under the banner "Invite your friends to be a part of the countryside",

provides special preference lines of credit for the acquisition, construction and repair of houses in Portugal. Specialised advisory services available from Caixa's branch network nationwide have made it possible to broaden and expand all types of clarifications and an adequate level of personal customer service to this type of customer.

The Live in Portugal site, in addition to providing information on Caixa-supported properties in the various regions, also extends an invitation to use the various tourism itineraries in the "Living in Portugal" and "Getting to Know Portugal" areas with suggestions on "Where to Sleep" and "Where to Eat" thus cross-referencing property and domestic tourism offers.

This online space, which incorporates an exclusive mortgage lending simulator for this type of customer, also and *inter alia*, makes reference to other related Caixa products and services such as property insurance, life and healthcare insurance, direct debits and cards and internet banking, providing a strategic diversified commercial communication mix in line with the objectives of people who have chosen Portugal as a place to live.

4.6 Positive Balance Site

Caixa launched its Positive Balance programme, for the general public with the objective of promoting financial literacy, incentivising savings and permitting everyone to diagnose their financial situation with greater accuracy.

At www.saldopositivo.cgd.pt, Caixa hosts contents with a practical and useful application for day-to-day family budgets, in addition to energy savings suggestions and consequent reduction of consumption and expenditure. The site provides, *inter alia*, access to financial diagnosis tools warning of situations of over indebtedness. Such diagnoses are based on consumption and savings/investments, accompanied by comparisons and *inter alia*, consumption or management options.

4.7 Grateful Planet Blog

The "Grateful Planet" blog was launched in 2007, to promote a broad ranging discussion on environmental problems, suggesting ideas and good practice and collecting helpful contributions, in addition to mobilising society in general to adopt a more responsible attitude.

Pursuant to a communication strategy geared to climate and environmental issues, Caixa's presence in the blogosphere, in 2008, concentrated on initiatives such as the construction of the largest solar power installation in Portugal, the Livrão campaign, design competition, day-to-day carbon zero, the savings cycle game for younger members of society and the young polar scientists project. This was one of the SAPO portal's most visited blogs and positions Caixa in Web 2.0 allowing the community to send comments and issue their opinions in a channel under Caixa management.

4.8 Caixa Gold Club Site

Caixa's Caixa Gold club site, (ws.cgd.pt/clubecaixagold/) has continued, over the last three years, and during the course of 2008 to be the prime choice of Caixa Gold credit card holders.

This space hosted various regular seasonal campaigns (Christmas, Easter and Holidays and the 2008 World Football Championship and Olympic Games) for retaining the loyalty of existing and securing new customers. Reference is made to the best available for the most demanding customers who appreciate their cards' and their bank's differentiated and exclusive offer. The Caixa Gold club attracted new partners, in 2008, in the leisure, beauty care, healthcare, tourism and accommodation, clothing, decoration and services areas. New brands which selected the Gold Card to market their products and promotions, leveraging their brand recognition factors and invoicing were admitted.

Caixa Group companies such as Fidelidade-Mundial, Visabeira and Viagens Tagus, *inter alia*, also present on the site included all of their different business information such as insurance, property, tourism and construction on this channel.

4.9 Webcast Seminars

Caixa initiated its webcast service in 2008, with the "Financing of the Economy: Opportunities and Partnerships in the Present Context" seminar, which was attended by several leading personalities in the domestic and international economy.

It broadcast the "Financing of the Economy: Opportunities and Partnerships in the Present Context" seminar, which was held on 14 November at the Caixa – Culturgest Foundation, in Lisbon directly, to the whole of the world. All interested parties could attend the seminar at www.cgd.pt or directly at www.ForunsCaixa.com. The broadcast was therefore a working tool for all businesspeople unable to be present, but interested in obtaining information on finance models for their companies and as an important lever for the ever increasing perception of Caixa's innovation and time-to-market capacity.

4.10 www.cgd.pt/Mobile

Launched in 2007 the www.cgd.pt/mobile site places Caixa at the heart of the mobile communication scene, materialising the desire to achieve greater proximity with its customers and the market in general, establishing a commitment based on confidence, security and accessibility.

The www.cgd.pt/mobile site continues to provide Caixa with corporate facilitator status, in which any citizen, using a mobile device, will have no difficulty in accessing banking and financial information. This channel also provides information on art, design, sport, music and the environment, publicising events and organisations supported by Caixa during the course of 2008

B) Specialised credit

The specialised credit sector was not immune to the impact of macroeconomic evolution. Property leasing was down 6% and equipment leasing down 2%. Factoring was up 13.8%, and consumer credit down 5.7%.

ANNUAL SALES			
(Eur million)	**2007**	**2008**	**Change %**
Property leasing	2 613	2 445	-6%
Equipment leasing	4 117	4 049	-2%
Factoring	20 609	23 460	14%
Consumer credit	5 837	5 504	-6%
Total	**33 176**	**35 458**	**7%**

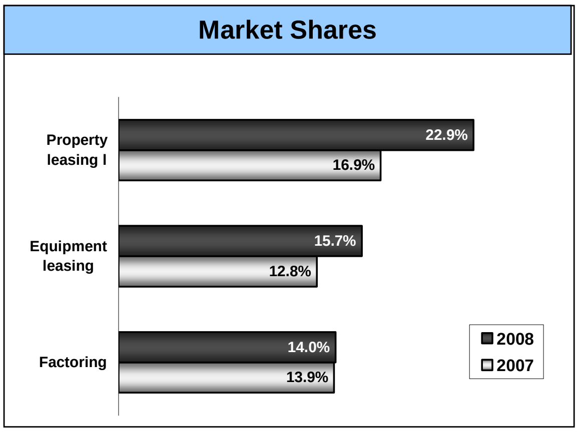
➢ CAIXA LEASING E FACTORING

CGD Group operates in the specialised credit area via its investment in Caixa Leasing e Factoring, Instituição Financeira de Crédito, S. A. (CLF), which operates in the property and equipment leasing, factoring and consumer credit areas.

CGD GROUP SALES				
(EUR million)	**2007**	**2008**	**Change %**	**Market Share**
Property leasing	443	559	26%	23%
Equipment leasing	526	637	21%	16%
Factoring	2 874	3 292	15%	14%
Consumer credit	48	48	0%	1%
Of which :				
Automobile finance				
Equipment leasing	131	138	5%	
Car finance	19	21	11%	
Total	**3 891**	**4 536**	**17%**	

CLF strengthened its market position, achieving higher than average growth in the respective subsectors, particularly equipment leasing (up 21%) and property (up 26%). In terms of factoring, CLF recorded growth of 14.5%. Its operations in the consumer credit area were only 0.5% down.

As a result of its commercial operations, CLF's net assets were up 21.6%, owing to the 22.1% growth of its loans and advances to customers (net) portfolio. Business evolution enabled it to post a growth of 9% in net interest income and 8% in net operating income.



Net income of EUR 4.8 million was 50% down, over the same period last year owing to the large growth in provisions for loans and advances to customers, from EUR 4.9 million in 2007 to EUR 15.6 million in 2008.

CAIXA LEASING E FACTORING			
(EUR million)	**2007**	**2008**	**Change %**
Net assets	2 808	3 415	22%
Loans and adv. to customers	2 762	3 382	22%
Provisions for overdue credit, doubtful loans and foreign credit (balances)	25	39	56%
Shareholders' equity	122	127	4%
Net income	10	5	-50%
Share capital	10	10	0%
Group percentage	*100%*	*51%*	
Employees	213	184	-14%

C) International Operations

The guidelines for CGD Group's operations outside Portugal are to accompany the internationalisation of Portuguese companies, improving relationships with countries having commercial and investment relations with Portugal or with cultural and linguistic affinities. It is also CGD's strategic policy to ensure a presence in the principal financial international markets in regions with high development potential.

Geographic markets defined as being strategic priority markets for CGD Group's international development are (i) the Iberian market, in which CGD has maintained its expansion and consolidation plan through Banco Caixa Geral, (ii) the African market, particularly Mozambique (in which CGD controls the financial system's second largest bank – Banco Comercial e de Investimentos) and Angola (via an equity investment in Banco Totta Angola), (iii) the Brazilian market, via Banco Caixa Geral-Brasil and (iv) the Asian market, in which CGD has a solid presence in Banco Nacional Ultramarino.

With Portugal's largest international banking network, CGD Group considers it fundamental to carefully monitor the markets of most interest for Portuguese companies and which are also emerging markets with high potential. These include South American countries such as Venezuela and Mexico, Africa (Morocco, Algeria, Libya and Equatorial Guinea), Central and Eastern Europe (Russia, Ukraine and Turkey) and Asia (Indonesia and India). CGD is present in all of the above markets although it does not, with the exception of Algeria, Venezuela and India, as yet have any permanent physical presences.

The Portuguese state has also geared its foreign policy to promoting economic links with countries already enjoying relevant relationships with Portugal or in which there is significant potential for Portuguese companies, with the general guideline of diversifying Portuguese export and investment markets. The most distinctive feature of this foreign policy has been the significant number of state visits made to countries considered "target markets", to encourage bilateral relationships with Portugal.

CGD has been accompanying this economic diplomacy, via its presence in corporate missions which usually accompany state representatives on official trips, in which it has endeavoured to identify new business opportunities, conclude initiatives in progress and develop contacts with local entities. CGD accompanied members of the Portuguese state on missions to Venezuela, Algeria, India, Mozambique, São Tomé e Príncipe, Angola, Libya, Slovakia and Poland, in 2008.

CGD has reinforced its international offer in support of the internationalisation of Portuguese companies, setting up lines of credit for Portuguese exports, underwritten by the Portuguese state. Special reference should be made to the following, in 2008:

- EUR 200 million line of credit for the Russian bank "Vnesheconombank" - formalised in April 2008;
- EUR 100 million line of credit for the Republic of Angola – formalised by CGD and the Portuguese and Angolan states, in July 2008;
- EUR 100 million line of credit for the Republic of Mozambique - formalised by CGD and the Portuguese and Mozambican states in July 2008;
- EUR 300 million line of credit for the Export-Import Bank of China ("Eximbank") – entered into by CGD in May 2008;
- EUR 50 million line of credit for the Democratic Republic of São Tomé e Príncipe – with the entering into of a memorandum of understanding between the Portuguese and São Tomé states, in July 2008, with the line of credit due to come into operation in 2009.

These lines of credit are generally used to finance projects included in the national development plans of the respective countries and are mainly infrastructure projects which are being handled by Portuguese companies.

2008 was a year of important developments in terms of the expansion of CGD's international presence:

- CGD was authorised to start its Brazilian operations in February 2008. The operations are scheduled to begin in March 2009 and will be realised by a new wholly owned CGD company called Banco Caixa Geral Brasil.
  This new bank is geared to corporate and investment banking operations, particularly concentrating on major companies in the large Mid Caps segment and aims to become the benchmark operator for the Brazil/Portugal and Spain/Africa business axes.
- In June 2008, following negotiations under the agreement entered into between the Portuguese and Algerian governments, in 2007, Caixa Geral de Depósitos and Banque Nationale d'Algérie (BNA) entered into a framework agreement under which Caixa is responsible for the structural intervention designed to transform and modernise BNA.
  The agreement provides technical assistance to BNA, based on CGD's competencies and experience in the broadest spectra of banking area operations. The two parties also agreed to set up an international business office specialising in the detection, technical analysis and development of new commercial opportunities in Algeria.

- Banco Nacional de Angola gave its agreement to the project for the disposal of a part equity investment in Banco Totta Angola, providing CGD, in December 2008 in conjunction with Santander Totta, with 51% of the bank's share capital, with CGD being mainly responsible for its management. The deal is scheduled for completion in the first months of 2009.
  CGD has a significant level of experience in the Angolan market, having funded a significant number of infrastructure projects handled by Portuguese companies of which special reference should be made, in 2008, to the building of road bridges over the River Kwanza and River Catumbela. Funding for Angola has been structured under the Agreement for Cover of Credit Risks for Exports of Portuguese Goods and Services to the Republic of Angola ("COSEC line"), set up between the Portuguese and Angolan states, in 2004.

CGD Group's international network performs retail, wholesale and investment banking operations, in addition to monitoring and developing relationships with CGD customers who are resident abroad while also developing other foreign and international businesses.

Retail banking operations include the France, Luxembourg branches, and Banco Caixa Geral, BNU Macau, Mercantile, Banco Comercial do Atlântico, Banco Interatlântico and Banco Internacional São Tomé e Príncipe. For wholesale and investment banking operations the group operates through its New York, Cayman Islands, Spain and United Kingdom branches. Operations related with the foreign segment are performed by representative offices, with supporting offshore platforms in Macau and Madeira. In the case of other foreign and international business reference should be made to the already referred to lines of credit and other structuring projects such as in Algeria.

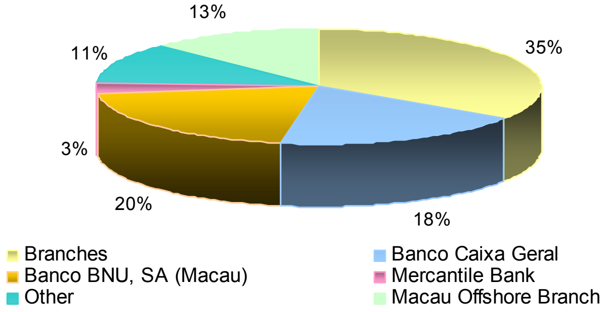
CGD's international network, at end 2008, therefore comprised 10 bank branches (New York, France, Luxembourg, Monaco, London, Zhuhai/China, East Timor, Cayman Islands, Spain and Madeira Free

Trade Zone), 7 subsidiaries in 5 countries (Spain, Macau/China, Mozambique, Cape Verde, South Africa), 1 associate (São Tomé e Príncipe) and 8 representative offices (Belgium, Germany, Switzerland, Brazil, Venezuela, Mexico, India and Xangai/China).

The Monaco branch was closed and assimilated by the France branch at 31 December 2008.

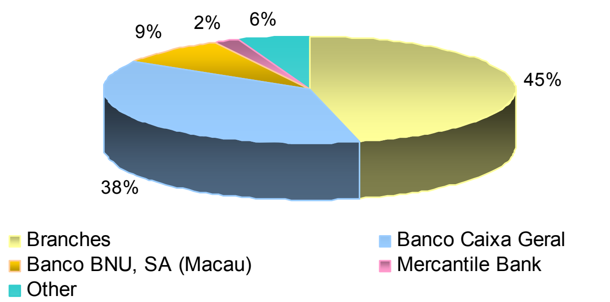
Customer deposits for the international area as a whole were 8.9% up over 2007 to EUR 9 954 million.

International Operations - Distribution of Customer Deposits



Loans and advances to customers in the international area were 15.6% up to EUR 12 904 million against the year 2007 figure of EUR 11 161 million.

International Operations - Distribution of Credit (net)



In terms of net income generated by the international area, all of the companies performed well, except for the New York branch, which was the most heavily penalised by the highly unfavourable international context, in general, and the North American economic environment in particular. Net income generated by the international area (banking and non-banking) was, accordingly, 13.8% down over 2007 to EUR 87.9 million.

The current international area branch network comprises 392 branches against 376 in 2007. Foreign branches and banking subsidiaries had 3 992 employees at the end of 2008.

CGD Group continued to invest in its international network interconnections, in 2008, with the objective of providing increasingly integrated and seamless services, particularly for its corporate companies. Reference should be made to the II Iberian Forum, held in Lisbon on 27 June, as a venue for directors and senior staff from CGD and BCG to strengthen the group's commercial networks in Portugal and Spain, emphasising cross-selling operations between networks in CGD's main markets, notably Europe and Lusophone Africa.

BRANCHES AND SUBSIDIARIES

Loans and advances to customers and customer deposits in branches and subsidiaries, at the end of 2008, totalled EUR 13.2 billion (up 15.6% over 2007) and EUR 10.1 billion (up 8.6%), respectively.

Branches and Banking Subsidiaries (a)

(EUR million)

	Branches		*Subsidiaries*		Total	
	2007	2008	2007	2008	2007	2008
Loans and advances to credit institutions	17 095	18 393	6 119	3 844	23 214	22 238
Loans and advances to customers	5 469	6 131	5 974	7 100	11 443	13 231
Credit institutions' resources	10 858	11 462	5 630	4 316	16 488	15 778
Debt securities	8 196	8 901	10	5	8 206	8 905
Customer resources	2 852	3 485	6 399	6 565	9 252	10 050

(a) Including intra-group relationships.

In terms of net assets (after intra-group relationships), branches totalled EUR 9 026 billion (up 6.7% over 2007) at the end of 2008 and banking subsidiaries EUR 9 075 billion, i.e. 8.1% and 8.2%, of the total CGD Group respectively.

EUROPE

CGD Group has 5 branches in Europe (France, Luxembourg, London, Spain and Madeira Free Trade Zone) and 1 subsidiary (Banco Caixa Geral, in Spain).

SPAIN

An Iberian task force was set up between CGD and Banco Caixa Geral (BCG), with the objective of increasing competitiveness, adapting joint commercial offer and reinforcing the interconnection between both banks' branch networks owing to the increasing level of integration between the Portuguese and Spanish economies and the need to support Portuguese companies in Spain.

BCG continued to benefit from the contribution of other group entities in Spain (CGD Spain Branch, Caixa BI and Fidelidade Mundial), endeavouring to maximise synergies and value creation for the group, while also developing corporate and investment banking activities.

The bank's total assets were 17% down, essentially, owing to the unfavourable evolution of loans and advances to credit institutions. Loans and advances to customers were up 13.3%, particularly in the corporate segment and mortgage lending to individual customers.

BCG continued to implement its business network expansion plan, in 2008, although at a slower rate than in previous years having opened 6 new branches, reflecting growth of 2.9%.

The Spain branch's function centres on complementing the activity of Banco Caixa Geral in the Spanish market, as an operating platform for the larger operations.

FRANCE

CGD's activity in France is essentially geared to the Portuguese community and other ethnic groups having historical and cultural ties to Portugal or Lusophone countries. It has also played a fundamental role in support of CGD's export offer and is the CGD Group company concentrating the principal lines of support for Portuguese exports.

Net assets In the France branch, notwithstanding the recessionary macroeconomic climate governing its activity, were up 8.8%. A contributory factor was the 16.1% expansion of the credit portfolio. There was also a significant 29.1% increase in customer resources.

LUXEMBOURG

CGD's activity in Luxembourg is particularly geared to retail banking operations. Its customers not only include the resident Portuguese/Lusophone community but also a collection of nationalities from surrounding countries, in addition to the premium customers segment, generally comprising the functionaries of diplomatic missions and European Institutions or other financial sector professionals.

The Luxembourg branch increased the size of its credit portfolio by 25%, in 2008, with mortgage lending continuing to be an anchor product with 89% of the total credit portfolio. Customer deposits were down 8%, deriving from the fiscal implications resulting from the Savings Directive on non-residents.

UNITED KINGDOM

CGD Group in the United Kingdom, is represented by its London branch which is almost exclusively geared to the distribution of value added financial products for group customers.

The branch continued to offer guaranteed and non-guaranteed capital products, in 2008, both to CGD's domestic network and to its diverse international business units.

The branch also provides services to the Portuguese community in the United Kingdom and British and Irish citizens with interests in Portugal. Special reference should be made to the *Live in Portugal* campaign, particularly targeted at English speaking customers interested in property investment in Portugal.

The branch has adopted a flexible strategy and has succeeded in positively managing the opportunities created by market volatility.

AFRICA

CGD Group is represented by 4 subsidiaries (Banco Comercial do Atlântico and Banco Interatlântico, in Cape Verde, Banco Comercial e de Investimentos, in Mozambique and Mercantile Bank, in South Africa) and 1 subsidiary company managed by CGD (Banco Internacional de São Tomé e Príncipe, in São Tomé e Príncipe).

CAPE VERDE

The group's banks in Cape Verde, in exploiting synergies deriving from CGD Group's platform, are benchmark partners for resident and emigrant Cape Verdeans, in addition to anyone having or interested in having a relationship with Cape Verde. In addition to the banking sector, CGD Group operates in the insurance area through Garantia, which is the largest insurance company in Cape Verde and in the venture capital area, through Promotora.

The financial sector is becoming increasingly more competitive with the appearance the African Investment Bank, in 2008. The bank is mainly owned by Angolan interests and started operations in October. There were 5 banks operating in the market at year end.

Banco Comercial do Atlântico (BCA) is considered to be the benchmark banking operator in domestic and Diaspora terms, with a strong presence in Cape Verde's main emigrants markets and also in the individual customers and small and medium-sized enterprises sectors. It leads the market in terms of both lending and deposits.

BCA's net assets were 3% up in 2008, essentially on the back of credit portfolio growth. New mortgage lending products referred to as BCA CASA PREMIUM and BCA CASA ESPECIAL were launched.

As opposed to the credit portfolio, customer deposits were 1% down over the preceding year notwithstanding the 9% increase in savings accounts.

Banco Interatlântico has focused on the business and higher earning individual customers' segments. It has a top quality personal customer service in comparison to the rest of the sector.

BI issued its first series of subordinated bonds (EUR 4.5 million) in Cape Verde to reinforce the bank's own funds.

Banco Interatlântico has retained third place in the banking system with a permanent gain in market share, in terms of lending and deposits.

MOZAMBIQUE

CGD Group is present in Mozambique through Banco Comercial e de Investimentos which strengthened its presence opening a further 7 branches and 1 business centre.

BCI operates as a universal bank, mainly in the retail market and has a relevant presence in investment banking and short and long term leasing operations. BCI has consolidated second position in terms of market share in the Mozambican financial system.

2008 was fundamentally a year of the definition of strategic guidelines required to make BCI the financial system leader over the medium term. The foundations on which the new BCI is to be built were laid after the approval of the 2008-2011 Strategic Plan, notably through the definition of retail and corporate banking care models, organisational structure adjustments, development of new products and the definition of the objectives model for business areas.

BCI closed 2008 with a new institutional image, translating a new competitive position. The image was simultaneously adopted, over the branch network as a whole, on 15 December 2008.

The bank's total assets were up 26.2% over the preceding year, essentially on account of the 53% increase in the size of its credit portfolio. Customer resources, whose principal component parts were term deposits, were up 17%.

SOUTH AFRICA

Mercantile Bank operates as a universal bank and is particularly geared to the SME segment. Based on the specialised financial market in which the bank operates and its dimension, in which the 4 largest banks have around 80% of the market share, its strategy involves the exploitation of market niches, particularly small and medium sized family-owned companies which represent a less well exploited market by South Africa's main banks.

It also aims to be a preferred partner in terms of alliance banking for organisations which are interested in offering their customers financial services, particularly credit and debit card based services and payments for services.

SÃO TOMÉ E PRÍNCIPE

CGD Group is also present in São Tomé e Príncipe through its equity investment in Banco Internacional de São Tomé e Príncipe (BISTP), which is the local system's benchmark bank.

AMERICA

CGD Group is present in the Americas through 2 branches (New York and Cayman Islands).

The New York Branch is a specialised business unit operating in a sophisticated, highly regulated market. Most of its activity is realised in the capital and money markets, syndicated operations and taking in US dollar resources for the group.

ASIA

CGD Group has 2 branches in Asia (Zhuhai/China and East Timor) and 2 subsidiaries (BNU Macau and Caixa Offshore Macau).

MACAU – CHINA

Banco Nacional Ultramarino operates as a universal bank and continues to be Macau's currency issuing bank.

The bank's strategy is geared to exploiting business potential in the tourism and gaming sectors through its participation in major operations to finance foreign investors, in which BNU was a pioneer in the territory and in securing business associated with major projects, from the management of casino floats to the operation of cash machines and securing the loyalty of casino employees as customers.

Net assets were up 3% over the preceding year, with special reference to the 45% increase in loans and advances to customers. Customer deposits were down 1.3%.

ZHUHAI – CHINA

CGD has a branch in Zhuhai, geared to providing services to the group's customers in the region, particularly BNU customers, owing to the geographic proximity between the two units.

EAST TIMOR

The events occurring in East Timor, in February 2008, i.e. the attempted assassination of the President of the Republic, created growing political and social instability with serious effects on the political, economic and social system. The situation, however, evolved favourably over the ensuing months, both politically and socially, with the closure of 18 refugee camps, as well as economically, with an increase in extraordinary revenues from the Oil Fund resulting from higher crude oil prices.

Total assets were up 110%, essentially owing to the increases in loans and advances to credit institutions.

RESIDENTS ABROAD

CGD Group has a network of 8 representative offices in Germany, Belgium, Brazil, Switzerland, Venezuela, Mexico, India and Xangai and a collection of residents abroad in the United Kingdom, the latter of which headquartered in the London Branch.

This international network is active with Portuguese communities resident abroad and with foreign customers having interests in Portugal.

2008 saw the development of several projects designed to improve conditions in representative offices, providing customers with an increasingly personalised, efficient and high quality level of service supported by a better quality of offer geared to the segment.

Reference should be made to the development of work on the creation of a commercial CRM monitoring tool ii) the reestablishment of contacts with a British bank for the purpose of establishing an agency service partnership and iii) an upgrade to the bandwidth in various offices.

The activity of representative offices is based on common lines of activity, under the terms of the authorisations issued by the legal supervisory entities, operating within the respective framework of competencies and adjusting their operations to the country and target customers segment.

D) Investment Banking

CGD Group's investment banking operations are performed by Caixa – Banco de Investimento, which operates in conjunction with CGD's commercial and financial structures. CaixaBI reinforced its leading investment banking status in Portugal, in 2008, with **Euromoney** magazine's classification of CaixaBI as the **Best Investment Bank in Portugal** for the second consecutive year.

Recognition of CaixaBI as the leading market player extends into the capital market and project finance areas.

In the variable-rate securities capital market it won The Banker magazine's "Deal of the Year in Portugal" award, in 2008, for Parpública's issue of convertible bonds on EDP – Energias de Portugal shares, at end 2007.

CaixaBI was deeply involved in several benchmark operations in the project finance area. The specialised Project Finance magazine awarded its Deal of the Year status on three categories:

- European Infrastructure, for the Marão Tunnel project;
- European Renewable Solar, for the Tuin Zonne project;
- North America Transport, for the SH130 project.

Reference should also be made to CaixaBI's involvement in businesses with international customers, with the internationalisation sphere adding to the bank's level of net operating income.

In 2008 Caixa BI was leader in some representative businesses in the following areas:

Corporate Finance

2008 was a year of major commitment to the origination and lead management of finance operations in various debt spheres, particularly acquisition finance, leveraged finance, liabilities restructuring and asset refinance.

CaixaBI examined a very broad range of opportunities, in 2008, with lending operations having been approved for 21 acquisition and leveraged finance operations, particularly:

- **Sumol + Compal** – Restructuring of the liabilities of Compal and Sumolis, as part of the process for Compal's incorporation of Sumolis Gestão de Marcas, for a total amount of EUR 320 million. CGD invested EUR 235 million in medium and long term tranches.

- **ProjectComvento** – Repricing of project finance associated with the development of the Martel I, II and Entreventos da Enersis portfolios for acquisition by the consortium led by Magnum Capital and bridge finance for the Martel III portfolio operations;

- **Verdelago** – Finance for the development of a tourist resort in Altura for the amount of EUR 270 million;

- **Alfonso Gallardo Group** – Finance of EUR 190 million for the acquisition of Papresa;

- **ENCE Group** – Finance for the development of a strategic plan for an amount of EUR 350 million;

- **LA SEDA** – an interim finance package of EUR 87 million for investment in a PTA manufacturing plant in Sines up to the time of the definitive project finance by CaixaBI;

- **Criar Vantagens** – Acquisition of Aquapor by a consortium comprising Investhome, ABB and Bragaparques (EUR 63 million) with finance of EUR 37 million.

CaixaBI consolidated its leading position in the financial advisory area, in 2008, coming in top place in the M&A ranking, in Portugal, by volume of completed operations.

Particular reference should be made to the following successfully completed operations:

- Financial advisory services to **Águas de Portugal Group** for its disposal of the full amount of Aquapor's share capital;

- Financial advisory services to **Magnum Capital Industrial Partners** for its acquisition of Enersis Group assets in Portugal from Babcock & Brown Wind Partners and Babcock & Brown;

- Financial advisory services to **Zon Multimédia** for its equity investment in Bragatel and Pluricanal.

Project

Responding to a highly dynamic market, CaixaBI, supported by the financial capacity of CGD Group, was involved in 23 project finance operations in Portugal ranking, CGD Group in 1st place in the domestic and 6th in the European project finance ranking. Particular reference should be made to the following operations:

- **Douro Litoral -** a greenfield road toll project in Portugal, led by Brisa;
- **State Highway 130 -** a greenfield road toll project in Texas, led by Cintra Group;
- **Marão Tunnel -** a greenfield road toll project in Portugal led by Itinere;
- **Douro Interior -** a mixed (greenfield and brownfield) road project, in Portugal, with availability and service payments, led by Mota-Engil.

CAPITAL MARKET

Public Debt

Portuguese public debt continued to comprise one of CaixaBI's operating priorities, as a specialised treasury securities trader, in the sovereign debt segment. Special reference should be made to the following operations, in 2008:

- Joint lead manager for the new Portuguese Republic 15 Year Benchmark Issue for an amount of EUR 3 billion;
- Co-lead manager for the Portuguese Republic 10 Year Benchmark Issue for the amount of EUR 3 billion.

Private Debt

Bond market

CaixaBI led 13 of the 21 primary bond market issues, in 2008. This performance, according to the league table published by Bloomberg, ranks the bank as the principal bookrunner for bonds issued by national entities, in 2008

Corporate Equities Market

CaixaBI once again consolidated its lead position in the capital market, in Portugal, in 2008.

Operations, in 2008, particularly included the successful completion of the IPO on EDP Renováveis, with the disposal of around 22.5% of its capital on the stock market in a share capital increase, involving CaixaBI as the joint global coordinator and joint bookrunner.

Financial Intermediation

Notwithstanding a drastic fall in liquidity on the domestic market, mainly during the last few months of the year and a drop of around 45% in the volume of market trading, CaixaBI succeeded in outperforming the market as a whole in terms of intermediation levels, increasing overall market shares, particularly on its electronic trading platforms. CaixaBI is currently considered a benchmark operator in the domestic financial intermediation area.

Implementing a strategy of a sustained increase in market penetration, CaixaBI succeeded in providing a major boost to business growth on the Caixadirecta Invest internet channel, having achieved 16% growth in intermediation volumes in comparison to a market which was around 45% down.

PRIVATE EQUITY

CGD Group's venture capital area invested a total amount of EUR 47.8 million in 2008, of which EUR 21.1 million in new equity investments and EUR 26.7 million in reinforcing portfolio investments.

New operations particularly included:

- a 31.67% equity investment of EUR 516.7 thousand by Caixa Capital in MARL Energia – Central Fotovoltaica, SA;
- a EUR 250 thousand equity investment in the COTEC sponsored F-HiTEC venture capital fund;
- a 5% equity investment of around EUR 6.2 million by FCR Energias Renováveis in Hyperion – Energy Investments, SL, of which EUR 1.58 million have already been paid up;
- a 19.9% equity investment of around EUR 3.98 million by FCR Energias Renováveis in Sobreovento – Energias Alternativas, Lda.

Caixa Capital and Caixa Desenvolvimento (Venture capital)

Caixa Capital is responsible for the venture capital area within CGD Group. This includes, in addition to the company itself, the three internally managed investment vehicles, i.e. Caixa Desenvolvimento (SGPS), the CGD Group – Caixa Capital Venture Capital Fund and the Caixa Capital Renewable Energies Venture Capital Fund.

At the end of 2008, the venture capital area had a portfolio of equity investments of EUR 312.1 million, invested in 35 companies, representing an average investment of EUR 8.92 million per company. The investment was split up among the diverse investment vehicles as follows:

Paid up fund capital (FCR CGD Group and FCR Energias Renováveis) totalled EUR 205.7 million, with the respective portfolios comprising global investment of around EUR 164.9 million.

Caixa Capital

(EUR thousand)

	2007	2008
Net assets	40 617	36 385
Available for sale financial assets	11 336	6 603
Loans and advances to credit institutions	621	1 541
Other assets	6 628	5 505
Shareholders' equity	27 425	24 543
Net income	2 290	-4 304
Share capital	16 500	16 500
CGD Group %	100%	100%

Caixa Desenvolvimento

(EUR thousand)

	2007	2008
Net assets	97 818	90 697
Available for sale financial assets	43 817	29 106
Loans and advances to credit institutions	1 251	8 670
Other assets	92 223	28 213
Shareholders' equity	97 818	64 671
Net income	641	1 393
Share capital	2 500	2 500
CGD Group %	100%	100%

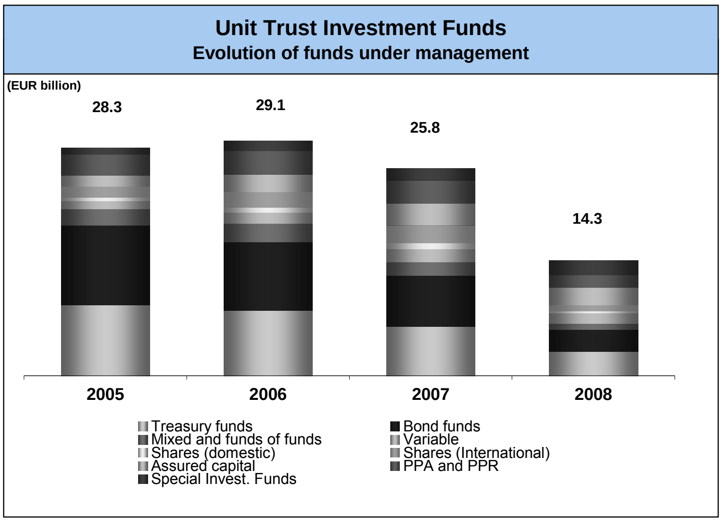
E) Asset management

Asset management activities, in Portugal, in 2008, were affected by the particularly adverse situation in domestic and international financial markets.

Unit Trust Investment Funds

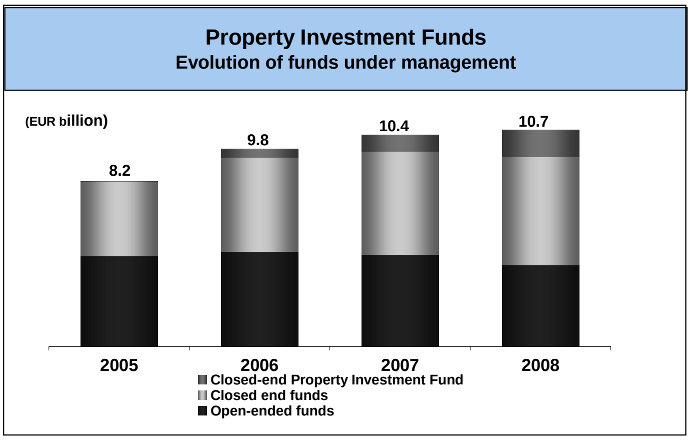
The volume of assets managed by Portuguese unit trust investment funds was EUR 11.4 down owing to the negative circumstances in financial markets.

The value of unit trust investment funds under management, at year end, by Portuguese fund managers as a whole, was 44% down over the values at the start of the year to EUR 14.3 billion. The fall was sharper in the shares, bonds and treasury categories which accounted for more than 60% of the segment and which were 57% down (by EUR 8.9 billion). Other fund categories recorded less marked negative rates of change except for "special investment funds" with an increase of EUR 276 million.



Property Investment Funds

The property investment funds segment, in turn, was EUR 265 million up, with the value of assets managed by fund managers as a whole totalling EUR 10.7 billion. This growth was centred on privately subscribed for closed-end property funds with an increase of EUR 791 million, as opposed to the open-ended category of funds open to public subscription which lost EUR 525 million.

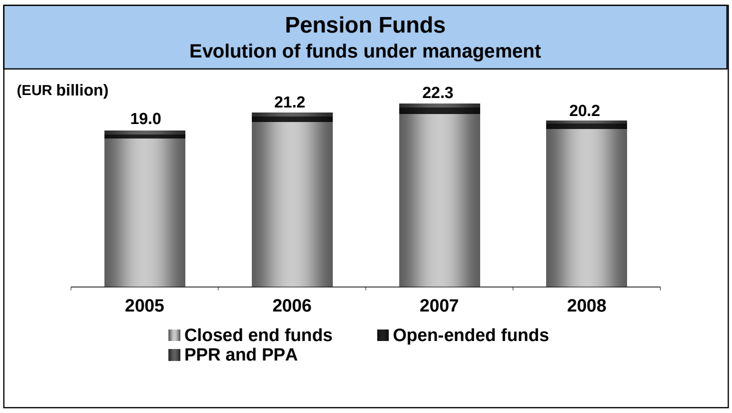


Pension Funds

The pension funds segment was down 11% to EUR 20.2 billion at year end. Closed end funds, predominantly the banking sector's pension funds continued to dominate this market segment with 94% of the pension funds.

Wealth Management

Wealth portfolio management funds were down by 4% to around EUR 61.5 billion.



CGD Group

The adverse situation in financial markets had a negative effect on the different activities performed by Caixa Gestão de Activos which encompasses unit trust and property investment, pension and discretionary portfolio management funds. Total assets managed by these four business areas were down 9.2% in the year, leading to a 24% fall in asset management commissions over the preceding year to around EUR 59 million.

Commissions

(EUR thousand)

	2007	2008
Unit trust investment funds	52 838	33 247
Property funds	12 252	13 328
Pension funds	3 535	3 779
Wealth management	8 851	8 634
Total	**77 476**	**58 988**

UNIT TRUST INVESTMENT FUNDS - CAIXAGEST

The unit trust investment funds area was the most affected by this hostile environment, characterised by rising interest rates, credit market crisis, sharp fall in prices on stock markets and aggressive competition from traditional banking funding products. Commissions were, accordingly, down to EUR 33.2 million.

Commissions

(EUR thousand)

	2007	2008
Management commissions	45 638	28 549
Depository bank commissions	5 987	4 055
Subscription and redemption commissions	1 213	643
Total	**52 838**	**33 247**

Working with the branch network and CGD marketing, Caixagest continued to implement a strategy of launching various ground-breaking funds:

- Five Protected Capital funds providing for the possibility of investing in the share market with no capital risk and a minimum yield guarantee.

- The "Caixa Monetário" and "Caixa Capitalização" funds for customers with a conservative profile interested in short and medium term investment solutions, more suited to market conditions existing in 2008.

Eight guaranteed capital funds matured during the year. The yields on most of the funds were highly competitive. Annual net yields on Caixagest Premium I and Caixagest Premium II funds were more than 7%.

Caixagest managed 50 unit trust investment funds, at year end, comprising a broadly diversified product portfolio covering several international financial markets and therefore adapted to various investor segments.

Although assets under management were 42% down over the preceding year to EUR 3 614 million, Caixagest reinforced its leading position and increased its market share to 25.2%.

Funds under management (EUR million)

	No.	2007	2008
Treasury funds	4	1 813	755
Bond funds	5	1 721	769
Protected capital funds	22	1 455	1 222
Equities funds	8	581	155
Funds of funds and mixed funds	3	171	121
Special investment funds	6	476	499
CAIXA funds	2	0	94
Total	**50**	**6 217**	**3 614**

WEALTH MANAGEMENT- CAIXAGEST

Notwithstanding market constraints, total commissions, in 2008, were EUR 8.6 million.

Commissions

(EUR thousand)

	2007	2008
Management commissions	5 082	4 834
Depository bank commissions	3 769	3 799
Total	**8 851**	**8 634**

Caixagest endeavoured to work in closer cooperation with the branch network and its respective customers during the course of the year, continuing to take the necessary steps to secure new management mandates and submitting investment proposals in line with the new circumstances. Notwithstanding redemptions by a significant number of individual customers more averse to risk, several important institutional customers with a high level of financial capacity were secured.

Portfolios under management *(EUR million)*

	2007	2008
Assets under Management	**15 784**	**17 472**
Insurance portfolios	12 009	12 251
Institutions	3 467	3 419
Pension funds		1 578
Individual and corporate customers	308	225
Assets - management advisory	**304**	**276**

PROPERTY FUNDS – FUNDIMO

The year 2008, for Fundimo, can be globally characterised as one of a significant increase in activity, owing to the higher rate of activity of closed end funds. The increase in the number of funds under management and amount of assets contributed favourably to the growth of commissions to EUR 13.3 million.

Commissions *(EUR thousand)*

	2007	2008
Management commissions	6 488	7 362
Depository bank commissions	3 862	3 830
Subscription and redemption commissions	1 902	2 136
Total	**12 252**	**13 328**

The Fundimo open-ended fund closed the year with a net yield of 3.9%, notwithstanding the various negative factors affecting markets.

2008 saw the launch of three new closed end property funds for private subscription. As most such funds were associated with property development projects, several of the initial projects had to be revised downward.

Fundimo's product portfolio, at year end, included an open-ended fund and 25 closed end funds, totalling EUR 1 348 million.

Funds under management *(EUR million)*

	No.	2007	2008
Open-ended funds (Fundimo fund)	1	822	785
Closed end funds	24	449	563
Total	**25**	**1 271**	**1 348**

PENSION FUNDS - CGD PENSÕES

There was a growth in the volume managed by CGD Pensões, in 2008, owing to the management of new pension funds. The volume of commissions, at year end, totalled EUR 3.8 million.

Commissions *(EUR thousand)*

	2007	2008
Management commissions	3 260	3 458
Depository bank commissions	245	257
Subscription and redemption commissions	30	64
Total	**3 535**	**3 779**

In the closed end pension fund segment, a mandate was secured for the management of the pension fund of a major institution and a further three large pension funds were secured.

Taking into account the conditions in financial markets and in endeavouring to provide for its customers' needs, CGD Pensões launched its open-ended "Caixa Reforma Prudente" pension fund in July. This fund has a highly conservative investment policy, complementing the offer already existing in the open-ended funds segment.

Owing to the economic circumstances affecting most financial markets and the world economy, there was an increase in redemptions of investment units in open-ended pension funds by retired investors, with the transfer of investments in already existing open-ended funds to the new, more conservative, Caixa Reforma Prudente, fund.

CGD Pensões ended the year with sixteen closed end and four open-ended pension funds under management with an 8.6% growth in asset value of EUR 1 578 million.

Funds under management *(EUR million)*

	Nº	2007	2008
Open-ended funds	4	156	112
Closed end funds	16	1 297	1 466
Total	**20**	**1 452**	**1 578**

F) <u>Insurance and Healthcare Operations</u>

Market Evolution

According to information provided by the Portuguese Insurance Institute, insurance market activity, in Portugal, accounted for EUR 15.3 billion in direct insurance premiums (including amounts taken under investment contracts), equivalent to around 9.1% of GDP.

This amount represents an 11.5% increase in the amount of premiums, essentially deriving from a 17.5% increase in life insurance, benefiting from strong growth in capitalisation products.

Premium income in the non-life insurance sector was 1.3% down, reflecting the situation of economic stagnation and increased competition based on price, having a direct effect on workman's compensation, commercial multirisk and motor insurance, offset by the increase in the healthcare, multirisk housing and civil liability portfolios.

Life and non-life insurance reacted differently in terms of insurance market concentration levels.

There was a higher level of concentration in terms of life insurance, with the 5 main insurance groups increasing their level of penetration to 86.8% (up 5 pp over 2007), offset by a reduction of this indicator in terms of non-life insurance, with the 5 main groups having a market share of 62.8% (down 1.7 pp over the preceding year), deriving from the growth of the smaller insurance companies.

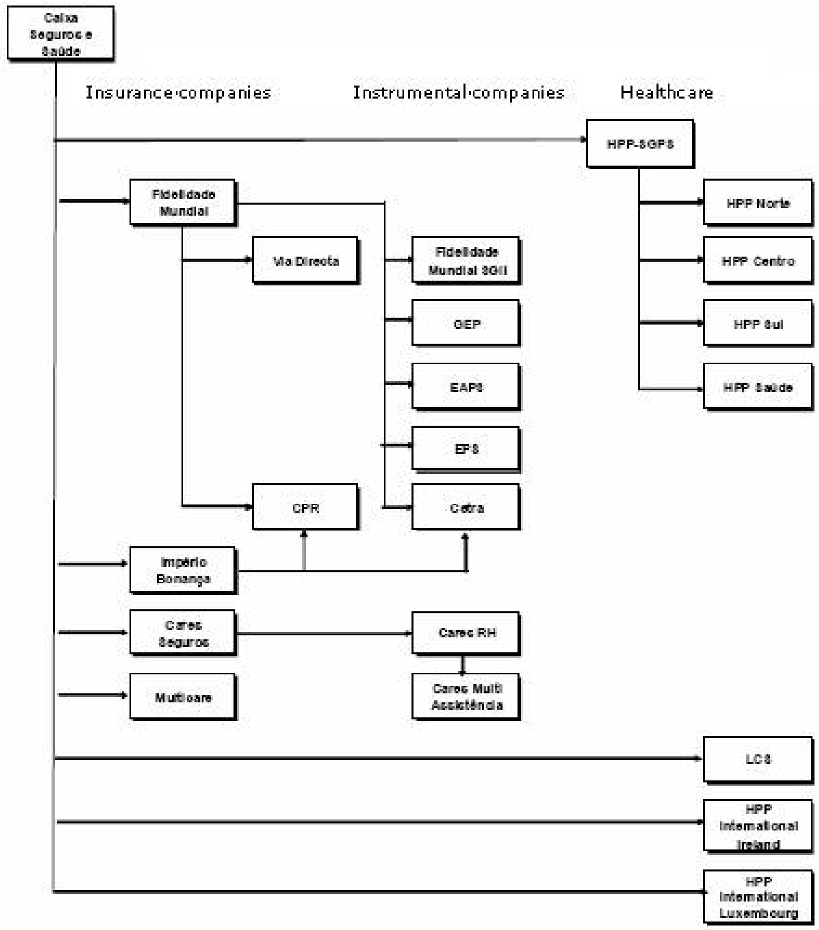
Market evolution, in 2008, indicates a large increase in the use of the banking channel, essentially reflecting the favourable evolution of life insurance, as opposed to mediation and brokerage channels which were down over most non-life insurance branches, which are the main business areas.
Caixa Seguros e Saúde, SGPS reinforced its lead of the domestic insurance market with a total market share of 26.1% and leads both the life and non-life insurance markets with shares of 24.7% and 29.6%, respectively.
Reference should also be made to total domestic insurance companies' sales of EUR 100.9 million in foreign markets, of which around 92% referred to the international activity of Caixa Seguros e Saúde, SGPS insurance companies.

Caixa Seguros e Saúde, SGPS, SA

Equity Structure

Caixa Seguros e Saúde, SGPS, S.A., is a holding company, acting as an umbrella organisation for all CGD Group insurance investments. It operates through several tradenames – Fidelidade Mundial, Império Bonança, OK! Teleseguro, Multicare and Cares – supported by the largest and most diversified distribution network in the insurance market in Portugal. In terms of the insurance area, the group also owns Companhia Portuguesa de Resseguro (CPR) and a collection of instrumental companies.

Caixa Seguros e Saúde, SGPS, S.A. is also responsible for CGD Group's equity investments in the hospital field, in addition to LCS – Linha de Cuidados de Saúde, S.A..



CAIXA SEGUROS E SAÚDE, SGPS, SA

GENERAL INDICATORS

(EUR thousand)

	2007	2008
CAIXA SEGUROS E SAÙDE, SGPS INDICATORS		
Net assets	**13 944 109**	**14 151 715**
Net investments	**12 809 040**	**12 714 960**
Shareholders' equity and minority interests	**1 234 382**	**951 424**
Subordinated liabilities	**-**	**326 525**
Net income	**165 325**	**13 958**
Return		
ROE (net)	13.7%	1.3%
ROA (net)	1.2%	0.1%
Employees	**4 390**	**4 546**
Insurance sector	3 730	3 673
Healthcare sector	660	873
INSURANCE AREA INDICATORS		
Direct insurance premiums	**3 658 568**	**4 094 173**
Life insurance	967 319	1 002 424
Insurance contracts classified as financial instruments	1 292 496	1 772 104
Non-life insurance	1 398 753	1 319 645
Market shares (Operations in Portugal)	**26.0%**	**26.1%**
Life insurance (including investment contracts)	23.6%	24.7%
Non-life insurance	31.2%	29.6%
Direct insurance claims rate on earned premiums		
Non-life insurance	58.1%	58.2%
Insurance contracts liabilities	**11 568 111**	**12 277 198**
Technical provisions for direct insurance and inwards reinsurance	7 666 693	7 184 019
Liabilities on financial instruments	3 901 418	5 093 179
Solvency (local GAAP)		
A. Solvency margin (total)	913 389	1 128 179
B. Solvency margin (mandatory)	652 664	690 741
Solvency margin cover (A/B)	139.9%	163.3%
Branch offices	**153**	**154**
Fidelidade Mundial	90	90
Império Bonança	63	64
Exclusive mediators	**1 467**	**1 868**
Fidelidade Mundial	679	891
of which: Exclusive outlets	*354*	*381*
Império Bonança	788	977
of which Franchising outlets	*164*	*189*
HEALTHCARE AREA INDICATORS (no.)		
Hospital activity		
Surgeries	11 350	12 200
Hospital admissions	41 650	42 500
Imaging and clinical analyses	244 700	363 100
Physical therapy	120 400	112 700
Medical consultations	303 200	341 800
Healthcare service line		
Calls received (8 months functioning in 2007)	288 990	499 295
Satisfaction level (checked by an independent auditor)	97.0%	98.3%
Recommendation level *(idem)*	98.0%	99.2%

CAIXA SEGUROS E SAÚDE, SGPS, SA

CONSOLIDATED FINANCIAL STATEMENT

(EUR thousand)

	2007	2008
Non-life insurance technical account		
Earned premiums net of reinsurance	1 293 215	1 227 982
Investments income/costs	54 842	59 075
Other technical income/costs	6 589	536
Claims costs net of reinsurance	(936 857)	(871 573)
Net operating costs	(362 571)	(319 670)
Non-life insurance technical income	**55 218**	**96 350**
Life insurance technical account		
Earned premiums net of reinsurance	946 047	982 145
Investments income/costs	275 111	48 544
Other technical income/costs	114 754	404 242
Claims costs net of reinsurance	(1 166 640)	(1 473 724)
Net operating costs	(49 821)	(38 135)
Life insurance technical income	**119 451**	**(76 928)**
Technical income from investment contracts	**31 485**	**8 826**
Technical income: Life insurance + Investment contracts	**150 936**	**(68 102)**
Total technical income	**206 154**	**28 248**
Non-technical account		
Investments income/costs	30 460	(11 855)
Other non-technical income/costs	(23 238)	(1 743)
Income before taxation	**213 376**	**14 650**
Tax on income for year	(48 430)	(3 777)
Minority shareholders' interests/income	379	3 085
Net income for year	**165 325**	**13 958**

CAIXA SEGUROS E SAÚDE, SGPS, SA

SUMMARY OF CONSOLIDATED BALANCE SHEET

(EUR thousand)

	2007	2008
Net assets		
Tangible and intangible assets and inventories	98 041	205 833
Goodwill	150 700	146 707
Investments	11 284 460	11 314 491
Investments – policyholder risk	777 115	620 486
Technical provisions for outwards reinsurance	231 901	253 790
Debtors	528 327	816 336
Bank deposits and cash	747 466	779 983
Accrued and deferred income	126 099	13 089
Total assets	**13 944 109**	**14 151 715**
Shareholders' equity and liabilities		
Share capital	448 400	448 400
Share premiums	184 404	184 404
Reserves	311 361	49 764
Early dividends	-	(45 500)
Retained earnings	101 404	279 118
Net income for year	165 325	13 958
Minority shareholders' interest	23 488	21 280
Total shareholders' equity	**1 234 382**	**951 424**
Liabilities		
Technical provisions	7 666 693	7 184 019
Financial liabilities – insurance contracts deposits	3 124 303	4 472 693
Financial liabilities - Financial liabilities	777 115	620 486
Other provisions	82 595	46 843
Deposits received from reinsurers	107 556	48 015
Creditors	864 162	683 063
Accrued and deferred income	87 303	145 172
Total liabilities	**12 709 727**	**13 200 291**
Total shareholders' equity and liabilities	**13 944 109**	**14 151 715**

Position of Caixa Seguros e Saúde, SGPS

Caixa Seguros e Saúde, SGPS is a global insurance market operator, which markets all insurance area products, as part of a multibrand strategy on the largest and most diversified market for the distribution of domestic market producers: Fidelidade Mundial and Império Bonança branch offices, agents' and brokers' retail networks, CGD and CTT branches and counters, internet and telephone channels.

Taking its leading position and size into account, it also has added responsibilities in terms of good practice, a function which, in the insurance area, is particularly relevant in light of the new solvency, risk management, corporate governance and market conduct and business ethics rules.

The group's insurance operations in the social security area are, on account of the experience and image of strength and confidence enjoyed by such companies in the eyes of the public, particularly well positioned to operate as an instrument for policies designed to promote individual or collective savings, mitigating the effect of the inevitable reduction of levels of substitution of retirement pensions paid by the state.

CGD Group has therefore chosen the savings area as a strategic objective, by commercialising an innovative retirement savings plan, under the "Leve" brand, with its principal distinguishing characteristic being associated with a credit card whose use operates as a contribution towards a savings plan.

In terms of its international activity, the group's insurance area has focused on operations in foreign markets in which the CGD brand enjoys an autonomous presence, or in the form of subsidiary companies, although it continues to give priority to the operation in progress in the Spanish market.

The redimensioning of the group's insurance area, deriving from its acquisition of Mundial Confiança (in 2000) and Império Bonança (in 2005), also enabled it to improve the competitiveness of insurance companies' cost structures, attenuating one of their main competitive disadvantages vis-à-vis international operators active in the Portuguese market.

Resumption of Evolution of Activity in 2008

Following the approval of a Strategic Action Programme for the 2008-2010 three year period, at the end of 2007, an integrated collection of projects referred to as the Activation Programme was defined. Its successful completion will permit the achievement of strategic objectives.

The Activation Programme essentially aims to provide for challenges faced by the three major groups in terms of their defined objectives:

- Growth of global insurance operation;
- Profitability and strength;
- Resource optimisation.

The programme represents a significant effort in terms of investments in resources, requiring a highly positive and open attitude by all insurance workers in the group's insurance area. Its impact will be felt in all organic units.

In 2008 and pursuant to the measures taken by the group's insurance area, with the aim of reinforcing its brands in the market, substantial improvements were made to internet portals, both those supporting commercial networks as those available to the general public.

Reference should also be made to the launch of new motor insurance products, based on their characteristics of flexibility and innovation, in addition to a commitment to greater risk segmentation, to achieve balanced tariffs, securing and retaining the loyalty of customers with a more favourable risk profile.

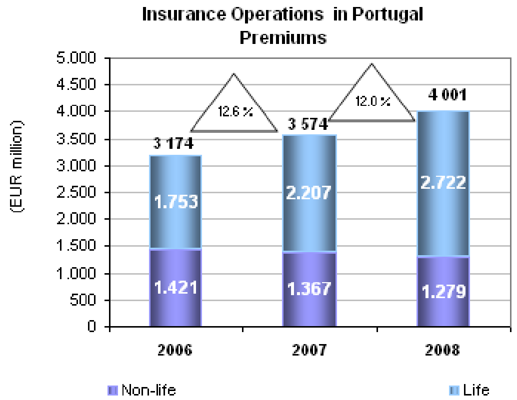
New products enabling adjustments to be made to the underlying risk tariff were also developed for multirisk housing and workman's compensation insurance.

In life insurance terms and in addition to the consolidation of the Leve pension retirement plan, various limited offers on tranches of financial products were commercialised to provide customers with a safe savings alternative in an environment of major financial market instability.

The year was also characterised by customer loyalty and retention considerations in terms of insurance market position and strategy, with the adoption of diverse measures designed to increase policies' retention rates and product sales.

Direct Insurance Premiums

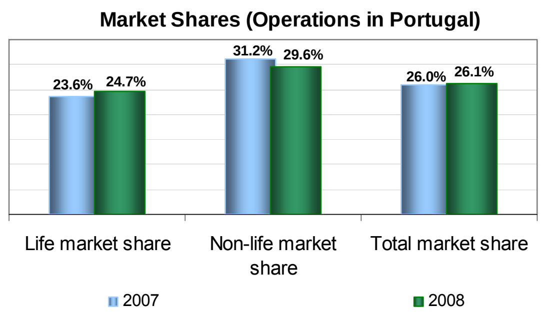
Caixa Seguros e Saúde, SGPS achieved an 11.9% growth of EUR 4 094 million in direct insurance premium sales, including resources secured under investment contracts.



Activity in Portugal was responsible for 97.7% of sales with a 12% increase in direct insurance premium sales to EUR 4 001 million, enabling the group to consolidate its lead of the domestic market with a global share of 26.1% (up 0.1 pp over the preceding year), in line with its vocation as a global insurance group.

Life insurance activities, in Portugal, totalled EUR 2 722 million in direct insurance premiums, including resources secured under investment contracts, enabling a market share of 24.7% to be achieved in comparison to the preceding year's 23.6%, reinforcing this business area's lead in terms of sales.

Reference should also be made to the fact that the group's insurance area achieved pole position in the insurance market in terms of resources taken by life insurance (mathematical provisions and financial liabilities associated with investment contracts), with a share of around 24%.



Domestic non-life insurance sales totalled EUR 1 279 million, comprising a market share of 29.6% against 31.2% in 2007, more than tripling the value of our closest competitor.

The distribution of portfolio insurance area premiums is more balanced between these two business areas than in the rest of the market, with life insurance being responsible for 68% of premiums against 71.8% for the market.

Claims Rate

The direct non-life insurance claims rate, at 58.2%, was more or less equal to the preceding year's, reflecting the group's insurance area's policy of implementing more rigorous portfolio selection and growing adjustment in terms of risk tariffs, in an endeavour to secure customers with an adequate profile.

Direct insurance claims rate – Non-life

	Claims costs		Claims rate	
	2007	**2008**	**2007**	**2008**
Workman's compensation	198 423	158 211	84.8%	72.5%
Personal accidents and passenger insurance	14 361	19 610	30.8%	42.8%
Healthcare	124 141	140 946	78.1%	81.9%
Fire and other damage	86 410	114 797	37.2%	48.9%
Motor	366 666	293 472	57.2%	50.9%
Marine, aviation and transport	9 987	9 735	27.1%	27.6%
General, third party liability	10 676	14 455	31.8%	43.3%
Miscellaneous	9 032	32 345	31.6%	108.4%
TOTAL	**819 696**	**783 571**	**58.1%**	**58.2%**

Technical Provisions and Cover

Caixa Seguros e Saúde, SGPS achieved EUR 13 billion in assets representing direct and inwards reinsurance technical provisions, at end 2008. This resulted in a cover ratio of around 104% on its technical liabilities, notwithstanding the marked loss of value of financial assets resulting from the crisis in international markets.

In addition to such assets, there are other assets which do not represent technical provisions, but which would increase the respective cover ratio by around 1.5 pp.

Structural costs

Caixa Seguros e Saúde, SGPS's total structural costs were 1.9% down over the preceding year to EUR 449.5 million.

However, in comparable terms and excluding the effect of the provision for other risks and liabilities, structural costs were 5.2% up over the preceding year to EUR 476 million, essentially owing to the costs associated with the opening of the new hospitals.

Results, Shareholders' Equity and Solvency Margin

Net income for the period, in accordance with IAS/IFRS (CGD Group) standards was EUR 14 million. This was significantly down over the preceding year, essentially on account of the recognition of losses on investment securities, with EUR 163.1 million in impairment losses and EUR 76.1 million relating to net losses on the disposal/valuation of securities.

Caixa Seguros e Saúde, SGPS's consolidated shareholders' equity at the end of 2008 was EUR 283 million down over the preceding year to EUR 951 million, owing to the major reduction in the value of assets, recorded in shareholders' equity and also on account of the fact that the amount of dividends paid, relating to 2007, was higher than net income for 2008. Reference should also be made to the existence of a subordinated liability of EUR 326.5 million.

The solvency margin required of Caixa Seguros e Saúde, at end 2008, was EUR 691 million, whereas its respective component parts totalled EUR 1 128 million, comprising a solvency margin cover ratio of 163.3% and therefore representing a high safety margin for all policyholders and economic agents associated with the group's insurance companies.

The group's liabilities to its policyholders and third parties are therefore fully covered and adequately represented in their compliance with financial investment limits, in addition to solvency margin levels and the guarantee fund, significantly exceeding the legally established minimums.

Summary of Main Insurance Companies' Operations

Companhia de Seguros Fidelidade Mundial, SA

Measures designed to reinforce the Fidelidade Mundial brand and its commercial operations, continued to be implemented, in 2008, in the form of promotional campaigns, improved sales support computer tools (Medinet) and the launch and promotion of innovative products.

Reference should also be made to the assurfinance development project, comprising the mediation network's offer of mortgage and car loans to Fidelidade Mundial customers.

In terms of product policy, reference should be made to the implementation of consolidation measures on the existing motor insurance risk portfolio, via tariff changes designed to secure new customers with a more favourable risk profile, strengthening of portfolio segmentation and incentives to pay premiums by standing order.

In life insurance terms and in addition to the consolidation of the Leve pension retirement plan, various limited offers on tranches of financial products were commercialised to provide customers with a safe savings alternative in an environment of major financial market instability.

In terms of sales, the company remained the undisputed market leader with a market share of 21.8% (up 0.7pp over 2007), having achieved premium sales of EUR 3 339 million on its activity in Portugal (including resources taken under investment contracts), comprising an increase of 15.1% over the preceding year.

The company lead the field in terms of life (with a market share of 23.4% against 22.3% in 2007), and non-life (with a market share of 17.8% against 18.6% in the preceding year) insurance.

Foreign operations sales, in turn, were up EUR 92 million (including resources secured under investment contracts), particularly reflecting the 90% growth achieved by the Spain Branch.

In terms of results and as a consequence of the depreciation of international financial markets, the company, in its statutory accounts, achieved net income of EUR 14.4 million against the preceding year's EUR 130.1 million.

Fidelidade-Mundial, closing 2008, with an amount of assets representing technical provisions, including liabilities with investment contracts, of EUR 10.6 billion, had a technical liabilities cover ratio of 102.3%.

COMPANHIA DE SEGUROS FIDELIDADE MUNDIAL - Separate Accounts (a)

(EUR thousand)

	2007	2008
Net assets	10 933 298	11 401 884
Direct insurance premiums	2 977 559	3 431 168
Shareholders' equity	974 350	726 449
Net income	130 085	14 387
Share capital	400 000	400 000
CGD Group %	100.00%	100.00%
Employees	1 917	1 844
Branches	90	90
Exclusive mediators	679	891
Franchising outlets	354	381

(a) The amounts set out in this table comply with insurance company standards. The figures for 2007 reflect transition adjustments to IFRS/IAS

Império Bonança – Companhia de Seguros, SA

Measures to reinforce the Império Bonança brand and its commercial image continued to be implemented, in 2008, through the organisation of promotional campaigns, improvements to sales support computer tools and the launch and promotion of innovative products.

Reference should be made to the launch of two new products of crucial importance to Império Bonança, the AU-TO-IB and the LEVE life insurance pension plan, whose innovative characteristics made it possible to reinforce offer segmentation, providing for each customer's specific needs.

Various financial products with guaranteed income and capital were also launched, at the same time, in addition to the comprehensive offer for individual and corporate customers which is always available.

Reinforcing the level of support it has always provided to its mediators, providing full information and always finding the best solutions to assist the mediation network, Império Bonança launched its www.my-ib.com portal with the objective of supplying periodic up-to-date information to each mediator with a segmented communication flow.

An amount of EUR 623 million in premiums sales was achieved, in Portugal. This was 1.9% down over the preceding year, representing a 0.5 pp decrease in market share to 4.1%.

Life insurance premiums, including resources secured under investment contracts were 20.3% up to EUR 147 million or a market share of 1.3%, essentially deriving from the commercialisation of capitalisation products.

Non-life insurance sales were EUR 476 million, achieving a share of 11% in this business area, as the second largest domestic insurance company.

Império Bonança has assets representing technical provisions, including liabilities with financial contracts of EUR 2.1 billion, exceeding its liabilities by EUR 175 million and comprising a cover ratio of 109%.

Império Bonança's net income was EUR 7.9 million down to EUR 27 million, over the preceding year. Contributory factors were fundamentally the unfavourable evolution of technical margins, partly offset by the reduction of non-recurring operating costs.

Financial results were very similar to last year's, notwithstanding the current crisis in the international financial markets.

IMPÉRIO BONANÇA - COMPANHIA DE SEGUROS - Separate Accounts (a)

(EUR thousand)

	2007	2008
Net assets	2 559 682	2 391 711
Direct insurance premiums	643 096	623 580
Shareholders' equity	206 606	203 536
Net income	34 888	27 000
Share capital	202 005	202 005
CGD Group %	100.00%	100.00%
Employees	1 278	1 261
Branches	63	64
Exclusive mediator	788	977
Franchising outlets	164	189

(a) The amounts set out in this table comply with insurance company standards. The figures for 2007 reflect transition adjustments to IFRS/IAS

Operating Summary of the remaining Insurance and Instrumental Companies

Reference should be made to the following aspects concerning the individual evolution of the group's remaining insurance companies' operations, considered for the purposes of the financial statements:

- Via Directa, which operates under the Ok!Teleseguro brand, notwithstanding the difficult circumstances of the insurance area branches in which it operates, achieved a 1.2% increase in premium income to EUR 38.3 million, with net income of EUR 416 thousand;

- Cares, an insurance company providing assistance services, achieved insurance sales of EUR 45.4 million. This was 5.3% up over the preceding year and comprised net income of EUR 431 thousand;

- Multicare, an insurance company geared to healthcare insurance, achieved premium income of EUR 167 million, in its first year, with net income of EUR 1.7 million;

- CPR – Companhia Portuguesa de Resseguros, which came under Caixa Seguros e Saúde, SGPS control last year, continued to manage the run-off claims portfolio with net income of EUR 769 thousand;

- EPS – Gestão de Sistemas de Saúde, S A, a company specialising in the management and operation of healthcare networks achieved sales of EUR 279 thousand and net income of EUR 37 thousand;

- GEP – Gestão de Peritagens Automóveis, S A , responsible for loss adjustments for the group's insurance companies achieved a 12.7% increase in turnover over the preceding year to EUR 19.7 EUR million with a practically flat level of net income;

- EAPS – Empresa de Análise, Prevenção and Segurança, S A continued to make a positive contribution to the company's activity in its specific areas, maintaining last year's turnover of EUR 2.1 million and achieving net income of EUR 13 thousand;

- Fidelidade-Mundial SGII, geared to property management, achieved total income of EUR 6 million, in 2008, with net income of EUR 1.2 million for the year;

- Cetra – Centro Técnico de Reparação Automóvel, specialising in automobile repairs, invoiced EUR 1 million, in 2008, with net income of EUR 131 thousand.

Healthcare Area Operating Summary

Caixa Seguros e Saúde, SGPS owns 75% of HPP, SGPS, which operates as an umbrella organisation for CGD Group's equity investments in the hospital area, in addition to 100% of HPP International (Ireland and Luxembourg) and LCS – Linha de Cuidados de Saúde (Saude24).

The activity of these three HPP, SGPS member companies continues to evidence gradual growth, achieving an 11% in consolidated turnover to EUR 62.2 million, particularly in HPP Norte and HPP Centro.

The centralising of all of HPP Norte's activity in the new Boavista hospital allowed it to exploit its installed hospital capacity, particularly the operating theatre, consultations and personal, permanent customer service.

The year for HPP Centro, was, in turn, essentially associated with the completion and opening of the Lusíadas Hospital, designed as part of HPP's strategy of setting up a private nationwide healthcare system.

HPP Sul increased its turnover by 10.4%, in 2008. Contributory factors fundamentally included the contracts entered into with the Regional Healthcare Administration and a more diversified activity.

HPP, SGPS made consolidated losses of EUR 12.2 million, reflecting the costs associated with the opening of its new hospitals.

LCS – Linha de Cuidados de Saúde achieved a turnover of EUR 7.3 million, in 2008 (up 63.4% over the preceding year). All indicators point to an excellent quality of service.

Taking into account that this is LCS's first full year, it has not, as yet, been possible to achieve a level of activity capable of supporting the associated costs. Notwithstanding favourable evolution over the preceding year, the company made losses of EUR 1.2 million.

HPP International (Ireland and Luxembourg), formed in 2007 on the basis of the partnership between CGD Group and USP Hospitales, posted net income of EUR 3.8 million.

FINANCIAL ANALYSIS

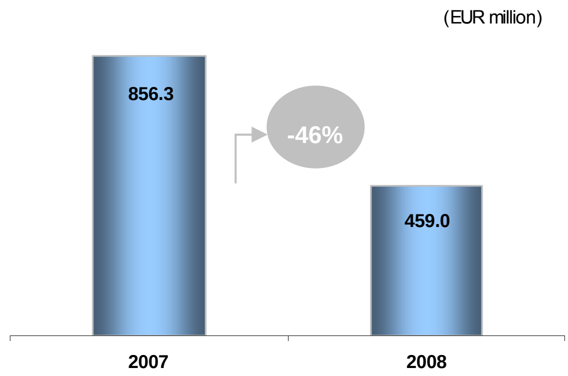
INDEX

CONSOLIDATED OPERATIONS

Results and profitability

Caixa Geral de Depósitos Group's consolidated net income totalled EUR 459 million in 2008 against the preceding year's EUR 856.3 million, which represents a 46.4% fall, notwithstanding the highly positive contribution of net operating income (banking and insurance operations) with a 13.1% increase. The reduction translates the highly negative effects of the financial market crisis, reflected in the depreciation of financial investments and share portfolios and the need to recognise the respective losses. This was particularly the case of the EUR 220 million and EUR 262.2 million equity investments in BCP and ZON-Multimédia, respectively, in addition to EUR 122.1 in other impairment on other securities related with insurance company operations.

Evolution of Net Income



Non-recurrent Impacts

- **Impairment of Financial Assets:**
  Of which:
  - **ZON: EUR 262 million**
  - **BCP: EUR 220 million**
  - **Impairment on other securities of the insurance area: EUR 122 million**
- **Sale of Assets**
  Of which:
  - **ADP: EUR 72 million**
  - **REN: EUR 83 million**

Income Statement (Consolidated)

(EUR thousand)

	2007	2008	Change	
			Total	Percent
Net interest income, including income from equity instruments (1)	**2 031 981**	**2 201 410**	**169 429**	**8.3%**
Interest and similar income	5 910 121	7 325 539	1 415 418	23.9%
Interest and similar costs	3 971 036	5 244 381	1 273 345	32.1%
Income from equity instruments	92 896	120 252	27 356	29.4%
Non-interest income (2)	**568 087**	**844 803**	**276 717**	**48.7%**
Income from services and commissions (net)	394 918	418 781	23 863	6.0%
Income from financial operations	84 336	246 559	162 222	192.4%
Other operating income	88 832	179 464	90 632	102.0%
Technical income from insurance operations (3)	**549 245**	**514 957**	**-34 289**	**-6.2%**
Premiums net of reinsurance	2 242 766	2 213 705	-29 061	-1.3%
Income from investments allocated to insurance contracts	310 827	227 092	-83 735	-26.9%
Claims costs net of reinsurance	1 868 448	1 805 582	-62 867	-3.4%
Commissions and other associated income and costs	-135 900	-120 259	15 641	-11.5%
Net operating income (4)=(1)+(2)+(3)	**3 149 313**	**3 561 170**	**411 857**	**13.1%**
Operating costs (5)	**1 735 696**	**1 838 673**	**102 977**	**5.9%**
Employee costs	942 217	1 003 810	61 594	6.5%
External supplies and services	650 733	675 890	25 157	3.9%
Depreciation and amortisation	142 746	158 973	16 227	11.4%
Gross operating income (6)=(4)-(5)	**1 413 617**	**1 722 497**	**308 880**	**21.9%**
Provisions and impairment (7)	**341 644**	**1 091 021**	**749 377**	**219.3%**
Provisions net of reversals	72 805	-130 627	-203 433	-279.4%
Credit impairment (net)	249 439	447 555	198 116	79.4%
Impairment of other assets (net)	19 399	774 093	754 694	-
Income from associated companies (8)	**3 150**	**30 384**	**27 234**	**-**
Income, before tax and minority shareholders' interests (9)=(6)-(7)+(8)	**1 075 124**	**661 860**	**-413 263**	**-38.4%**
Tax (10)	**177 514**	**156 693**	**-20 821**	**-11.7%**
Current	315 163	322 880	7 717	2.4%
Deferred (net)	-137 649	-166 187	-28 538	20.7%
Consolidated net income for period (11)=(9)-(10)				
▪ Attributable to minority shareholders' interests	41 299	46 143	4 845	11.7%
▪ **Attributable to *CGD shareholder***	**856 311**	**459 023**	**-397 287**	**-46.4%**

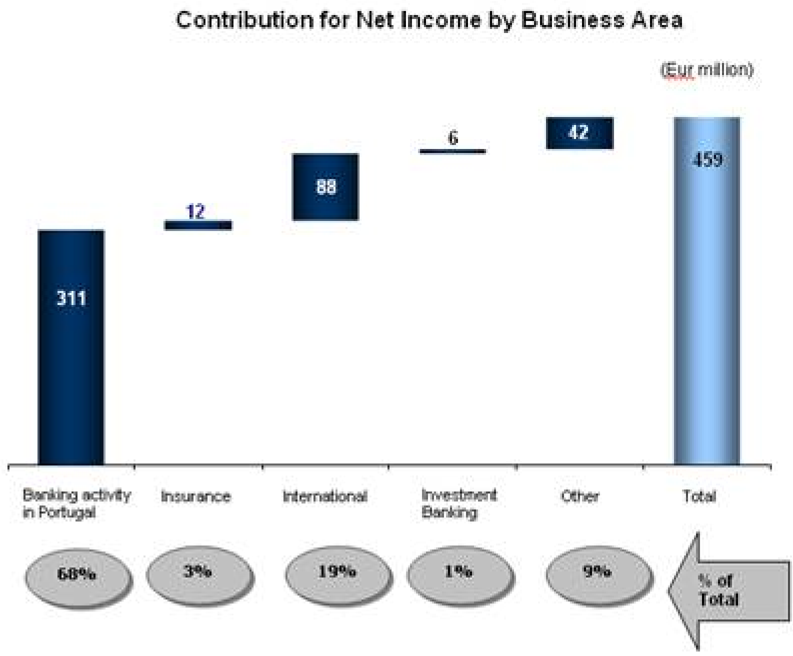
CGD's separate operations accounted for 67.7% of the group's net income. Reference should also be made to the highly satisfactory performance of CGD Group's foreign operations, with EUR 87.9 million, representing 19.1% of the total against the preceding year's 11.9%.

Principal CGD Group Companies Results (a)

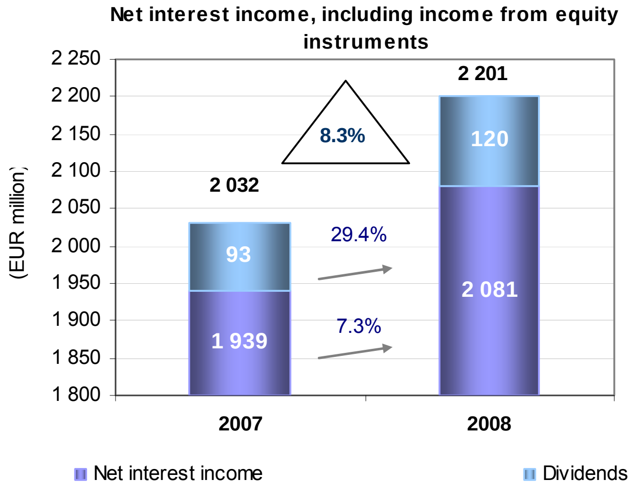
(EUR thousand)

	2007	2008	Percent 2007	Percent 2008
Domestic commercial banking	**528 794**	**310 986**	**61.8%**	**67.7%**
Investment banking	**36 184**	**6 215**	**4.2%**	**1.4%**
Of which:				
Caixa Banco Investimento	34 259	18 275	4.0%	4.0%
International area	**101 903**	**87 879**	**11.9%**	**19.1%**
Of which:				
Banco Caixa Geral	10 813	15 934	1.3%	3.5%
Banco BNU, SA (Macau)	36 281	38 104	4.2%	8.3%
Mercantile Bank	15 696	31 936	1.8%	7.0%
Banco Comercial Atlântico (Cape Verde)	5 991	4 484	0.7%	1.0%
Banco Comercial Inv. Moçambique	5 202	7 370	0.6%	1.6%
Insurance and healthcare	**162 447**	**12 347**	**19.0%**	**2.7%**
Asset management	**13 602**	**10 882**	**1.6%**	**2.4%**
Other	**13 382**	**30 714**	**1.6%**	**6.7%**
TOTAL	**856 311**	**459 023**	**100.0%**	**100.0%**

(a) Contribution to consolidated net income, different from the income posted by the group in its separate accounts



Caixa Seguros e Saúde's contribution of EUR 12.3 million to net income was significantly down over 2007, owing to the reduced contribution from its insurance area, deriving from the adverse effects of the international financial markets and the healthcare area's absorption of the costs associated with its expansion plan.



Net interest income, including income from equity instruments was up 8.3% to EUR 2 201.4 million, split up into net interest income, with a 7.3% increase to EUR 2 081.2 million and income from equity instruments (dividends), with a 29.4% increase to EUR 120.3 million.

The net interest margin increased from 2.28% to 2.31%.

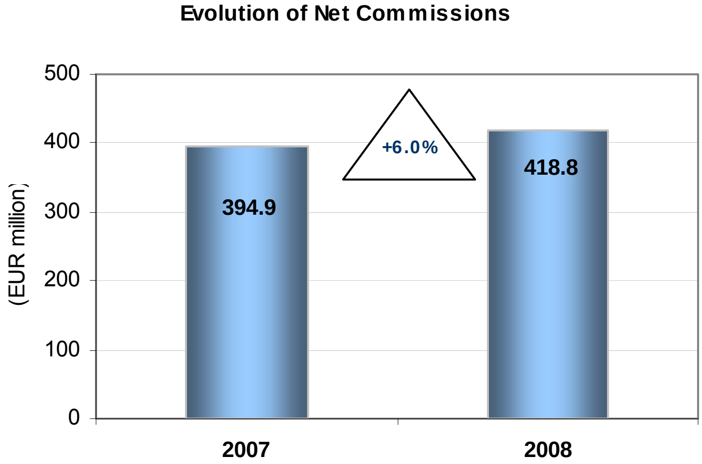
Dividends were paid by the following companies:

Income from Equity Instruments

(EUR million)

	2007	2008
Portugal Telecom, SGPS, SA	34 290	47 550
EDP – Energias de Portugal, SA	19 208	25 497
ZON Multimédia, SGPS, SA	10 267	21 807
Flávio Luxembourg SARL, SA	-	3 834
GALP Energia, SGPS, SA	4 483	3 767
Visa Europa	-	3 029
Unicre – Cartão Internacional de Crédito	1 795	1 848
Cimpor	2 862	1 707
Banco Comercial Português, SA	7 933	-
Brisa – Auto-Estradas de Portugal, SA	2 199	-
Other	9 859	11 213
Total	**92 896**	**120 252**

Net commissions were up 6% to EUR 418.8 million. Particular reference should be made to the increases of 14% in commissions on the means of payment, 13% on services and 32% on lending. This was offset by a 23% drop in asset management commissions.



Income from financial operations totalled EUR 246.6 million against the preceding year's EUR 84.3 million. The EUR 162.2 million increase was fundamentally influenced by the impact of the EUR 156 million in capital gains made on CGD's disposal of its equity investments in REN-Redes Energéticas Nacionais and ADP-Águas de Portugal, comprising 15% of the said companies' share capital.

"Assets held for trading", excluding the results in foreign exchange derivatives, at EUR 86.8 million, were much higher than in the preceding year.

The sharp fall in prices determined by tight market liquidity and the increase in the level of aversion to risk had a negative effect on income from capital instruments. However, the use of financial derivatives to cover positions resulted in gains of EUR 241 million, more than offsetting losses on assets held for trading.

Notwithstanding the fact that there was no deterioration on the rating of "available for sale assets" portfolio, the market value of most assets fell, particularly in October and November. This had a negative effect on fair value reserves and therefore on shareholders' equity.

The most critical cases were recorded in the case of the securities of several financial sector entities subject to greater market pressure, in the period after the bankruptcy of Lehman Brothers and the securities of Icelandic banks.

In light of the above, non-interest income was significantly up by 48.7% to EUR 844.8 million, evidencing the strong improvement in operating returns on banking activity.

Technical income from insurance operations contributed an amount of EUR 515 million to the group's net operating income. This was 6.2% or EUR 34.3 million down over the preceding year.

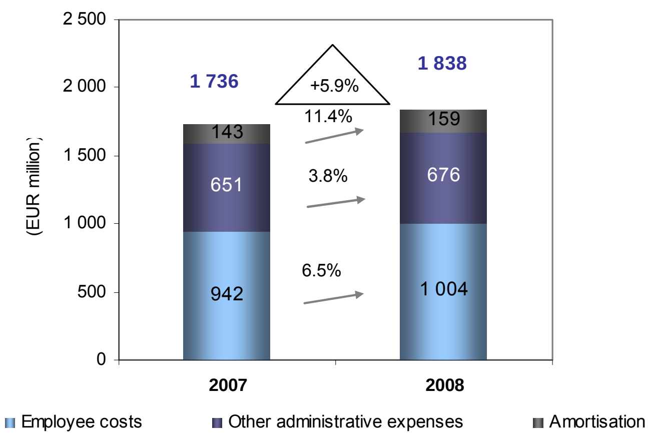
The 1.3% reduction in the volume of earned premiums, net of reinsurance, to EUR 2 213.7 million over the preceding year was offset by the favourable 3.4% reduction in claims costs, net of reinsurance to EUR 1 805.6 million. Careful portfolio management made it possible to achieve a reduction in the overall claims rate, whose difference between premiums earned and claims made, translated into a 9% increase of EUR 33.8 million over the preceding year to EUR 408.1 million.

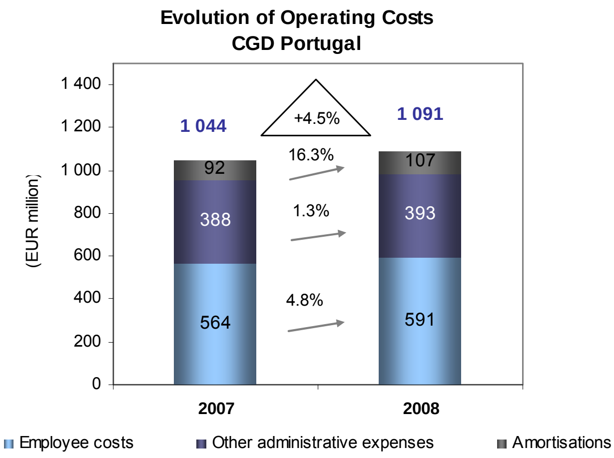
The fall in this margin is explained by the 26.9% reduction of EUR 83.7 million in income and gains on investments allocated to insurance contracts which were affected by losses of EUR 58.8 million on the disposal and valuation of investments, while in the preceding year this same heading posted a positive performance of EUR 28.5 million. The evolution is in line with the negative performance of financial markets.

As a result of the above, net operating income from banking and insurance operations was up 13.1% to EUR 3 561.2 million

Operating costs were up 5.9% by EUR 103 million to EUR 1 838.7 million, owing to increases of 6.5% in employee costs, 3.9% in other administrative expenses and 11.4% in depreciation and amortisation. Due note should, however, be taken of the fact that the increases in employee costs and other administrative expenses on banking operations, in Portugal, were down 4.7% and 1.4%, respectively, translating CGD's implementation of a series of cost-cutting initiatives.

Evolution of Operating Costs





The most significant cost increases occurred in international operations and the insurance sector, the latter of which associated with the opening of HPP's two new hospitals, in 2008, and early retirements and indemnities paid on the termination of employment, under the terms of the new organisational structure currently being implemented.

The following were the most significant external supplies and services costs:

External supplies and services

(EUR thousand)

	2007	2008	Change
Total	**650.7**	**675.9**	**+3.9%**
Of which:			
External supplies	37.8	41.8	+10.4%
Rents and leases	77.0	80.4	+4.4%
Communications	55.0	56.4	+2.5%
Advertising	65.3	67.5	+3.4%
Maintenance and repair of material	49.9	47.7	-4.2%
Computers	101.3	102.6	+1.3%
Studies and consultancy	34.4	30.2	-12.2%
Other external services	111.6	145.5	+30.3

Taking net operating income and operating costs into account, gross operating income was significantly up by 21.9% over the preceding year to EUR 1 722.5 million.

After the amounts of the appropriations for provisions and impairment, in addition to the results of associated companies, income before tax and CGD's minority shareholders' interests was 38.4% down over 2007 to EUR 661.9 million.

Income from associated companies totalled EUR 30.4 million, against EUR 3.2 million in 2007, mainly from REN.

Income tax totalled EUR 156.7 million, of which EUR 322.9 million relating to current tax (up 2.,4%), corresponding to tax effectively paid for the year and resulting from the application of IRC on taxable profit and EUR 166.2 million in deferred tax to be deducted (up 20.7%), on operations permitting the future recovery of tax paid. Most of the deferred tax, in 2008, referred to tax on credit and impairment of securities provisions, namely BCP and ZON, which were temporarily disallowed for tax purposes.

An amount of EUR 46.1 million in income (up 11.7%) was attributable to minority shareholders' interests and, in consolidation terms, comprises the appropriation of the part of the results of subsidiaries, not owned by Caixa, particularly BCI (Mozambique) with EUR 7 million, Mercantile (South Africa) with EUR 2.9 million and Banco Comercial do Atlântico (Cape Verde) with EUR 2.9 million. They also include the income paid to the underwriters of preference shares issued by CGD Finance (EUR 34.4 million).

After tax and minority shareholders' interests, net income for year was EUR 459 million (46.4% down over the preceding year).

Provisions and Impairment for Year

Provisions appropriations and impairment on other assets were up EUR 551.3 million over the preceding year to EUR 643.5 million. The latter account heading included an amount of around EUR 482 million on the equity investments in BCP and ZON-Multimédia, in addition to impairment of EUR 122.1 million on other Caixa-Seguros portfolio securities.

There was a 79.4% increase of EUR 198.1 million in credit impairment, net of reversals, over the preceding year to EUR 447.6 million.

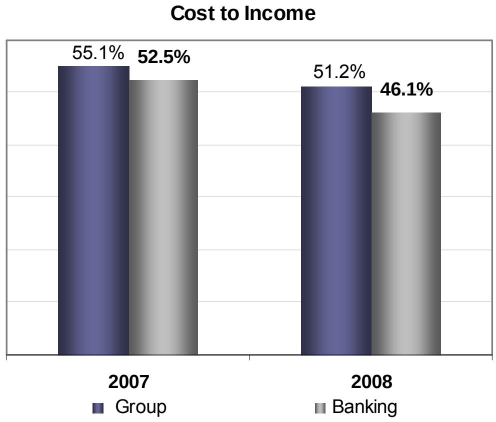
(EUR thousand)

	2007	2008	Change	
			Total	Percent
PROVISIONS				
Provisions appropriation	120 408	288 796	168 388	139.8%
Recovery and reversal of provisions	47 603	419 423	371 820	781.1%
Provisions (net)	***72 805***	***-130 627***	**-203 433**	**-279.4%**
IMPAIRMENT				
A) Credit (1-2-3)	**249 439**	**447 555**	**198 116**	**79.4%**
Impairment losses (1)	**739 491**	**1 051 969**	**312 478**	**42.3%**
Loans and advances to customers	221 207	524 934	303 727	137.3%
Overdue credit and interest on loans and advances to customers	518 285	527 035	8 751	1.7%
Reversals of impairment losses (2)	**398 216**	**551 269**	**153 053**	**38.4%**
Loans and advances to customers	140 955	185 935	44 980	31.9%
Overdue credit and interest on loans and advances to customers	257 261	365 334	108 073	42.0%
Credit recovery (3)	**91 836**	**53 144**	**-38 692**	**-42.1%**
Written-off loans	77 130	38 036	-39 094	-50.7%
Interest and expenses on overdue credit	14 706	15 109	402	2.7%
B) Other assets (1-2)	**19 399**	**774 093**	**754 694**	**-**
Impairment losses (1)	**86 602**	**851 939**	**765 337**	**883.7%**
Loans and advances to credit institutions	7 567	109 153	101 586	-
Debtors and other investments	14	40 823	40 809	-
Securities	4 317	680 304	675 987	-
Investments in subsidiaries and associated companies excluded from consolidation	2 593	-	-2 593	-100.0%
Non-financial and other assets	72 113	21 660	-50 453	-70.0%
Reversals of impairment losses (2)	**67 203**	**77 846**	**10 643**	**15.8%**
Loans and advances to credit institutions	6 058	8 123	2 066	34.1%
Debtors and other investments	60	272	212	351.5%
Securities	242	-	-242	-
Investments in subsidiaries and associated companies excluded from consolidation	2 878	-	-2 878	
Non-financial and other assets	57 965	69 450	11 486	19.8%
Impairment (net) (A + B)	**268 839**	**1 221 649**	**952 810**	**354.4%**
PROVISIONS AND IMPAIRMENT FOR THE YEAR	**341 644**	**1 091 021**	**749 377**	**219.3%**

Profit and efficiency ratios

There was a significant improvement in the group's cost-to-income ratio which was brought down from 55.1% to 51.2%. In the case of the group's banking operations the indicator was brought down from 52.5% to 46.1%.

This favourable evolution was also noted in other efficiency ratios set out in the following table, whether operating costs to assets or employee costs to net operating income.



Operating costs ratios

	2007	2008
Operating costs:		
to net operating income (*cost-to-income)*	55.1%	51.2%
to net operating income from banking (banking *cost-to-income)*	52.5%	46.1%
to average net assets	1.75%	1.71%
Employee costs to net operating income	29.9%	27.9%

(a) Consolidated figures

Return on equity was 9.6% (12.6% before tax) and return on assets was 0.47% (0.61% before tax).

Profit ratios

	2007	2008
Gross return on equity – **ROE** (1)	20.5%	12.6%
Return on equity after tax **ROE** (1)	17.1%	9.6%
Gross return on assets– **ROA** (1)	1.09%	0.61%
Return on assets after tax – **ROA** (1)	0.91%	0.47%
Net operating income (2) / Average net assets	3.19%	3.34%

(i) Considering average shareholders' equity and net assets values

(ii) Includes income from associated companies

Net operating income from banking and insurance to average net assets, was up from 3.19% to 3.34%, influenced by the marked improvement in the level of return from banking operations.

BALANCE SHEET

There was a 7.2% increase of EUR 7.5 billion in CGD Group's net assets to EUR 111.1 billion at the end of 2008, over the same date last year, almost exclusively based on the evolution of loans and advances to customers.

On the liabilities side, reference should be made to the 11.3% expansion of customer resources with an increase of EUR 6.1 billion and the 22.8% increase in debt securities, (up EUR 3.7 billion).

CGD Group Consolidated Balance Sheet

Balances at 31 December

(EUR million)

	2007	2008	Change	
			Total	Percent
Assets				
Cash and cash equivalents at central banks	1 926	1 898	-28	-1.4%
Loans and advances to credit institutions	5 742	6 170	427	7.4%
Loans and advances to customers	67 907	75 311	7 404	10.9%
Securities investments	21 928	21 339	-589	-2.7%
Investments in subsidiaries and associated companies	317	87	-230	-72.6%
Investment properties	410	321	-89	-21.7%
Intangible and tangible assets	1 388	1 438	49	3.6%
Current tax assets	30	41	11	38.2%
Deferred tax assets	683	1 067	384	56.2%
Technical provisions for outwards reinsurance	234	240	6	2.5%
Other assets	2 989	3 148	159	5.3%
Total	**103 554**	**111 060**	**7 506**	**7.2%**
Liabilities				
Central bank's and credit institutions' resources	8 841	6 952	-1 889	-21.4%
Customer resources	54 039	60 128	6 089	11.3%
Financial liabilities	1 194	2 214	1 020	85.5%
Debt securities	16 231	19 929	3 698	22.8%
Provisions	937	742	-195	-20.8%
Technical provisions for insurance operations	7 674	7 192	-482	-6.3%
Subordinated liabilities	2 667	3 145	477	17.9%
Other liabilities	6 430	5 274	-1 156	-18.0%
Sub-total	**98 013**	**105 576**	**7 563**	**7.7%**
Shareholders' equity	**5 541**	**5 484**	**-57**	**-1.0%**
Total	**103 554**	**111 060**	**7 506**	**7.2%**

CGD's separate operations accounted for 74.8% of the group's net assets (73.7% in 2007), the insurance sector for 10.8% and Banco Caixa Geral in Spain for 4.6%. In the case of other institutions, reference should be made to Caixa Leasing e Factoring with 3% and BNU (Macau) with 2%.

Information on the distribution of consolidated net assets by entities is set out in the following table:

CGD Group - Consolidated Net Assets

Balances at 31 December

(EUR million)

	2007		2008	
	Amount	**Percent**	**Amount**	**Percent**
CGD GROUP				
Caixa Geral de Depósitos	76 310	73.7%	83 022	74.8%
Caixa-Seguros e Saúde	12 675	12.2%	11 952	10.8%
Banco Caixa Geral (Spain)	4 608	4.4%	5 137	4.6%
BNU-Banco Nacional Ultramarino. SA (Macau)	1 909	1.8%	2 172	2.0%
Caixa-Banco de Investimento	1 620	1.6%	1 750	1.6%
Caixa Leasing e Factoring	2 745	2.7%	3 336	3.0%
Banco Comercial Atlântico (Cape Verde)	554	0.5%	574	0.5%
Banco Com. e de Investimentos (Mozambique)	449	0.4%	645	0.6%
Mercantile Lisbon Bank Holdings	374	0.4%	373	0.3%
Other companies (a)	2 310	2.2%	2 098	1.9%
Consolidated net assets	**103 554**	**100.0%**	**111 060**	**100.0%**

(a) Includes companies consolidated by the equity accounting method

Cash and Cash Equivalents, Loans and Advances to and Resources with Credit Institutions

Cash and cash equivalents, loans and advances to and resources with credit institutions were up 5.2% to EUR 8.1 billion with EUR 7 billion in resources having been taken from the same entities against 21.4% in December 2007.

This evolution of the balance with credit institutions, notwithstanding the appreciable rate of growth in credit (up 11.2%), was only made possible by an improved performance in terms of securing customer deposits (up 9.7%), in addition to the issue of debt securities, whose balance increased from EUR 17 billion to EUR 21.3 billion, particularly bonds under the EMTN programme, commercial paper and bonds guaranteed by the Portuguese Republic.

Loans and advances to customers

There was an 11.2% increase of EUR 7.8 billion in loans and advances to customers (gross) to EUR 77.4 billion, mainly fuelled by a 16.1% increase in corporate loans and 5.9% increase in mortgage lending.

Around 80% of the loans and advances to customers total derived from CGD operations in Portugal. CGD Group companies particularly included Banco Caixa Geral (Spain), with EUR 575 million (up 13.2%) and Caixa Leasing e Factoring with EUR 613 million (up 22.5%).

Loans and advances to customers (a)

By customer segment

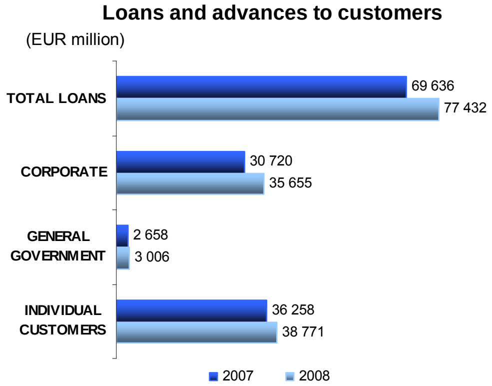
Balances at 31 December

(EUR million)

	2007	2008	Change		Percent	
			Total	Percent	2007	2008
Corporate	30 720	35 655	4 935	16.1%	44.1%	46.0%
Central and local government	2 658	3 006	348	13.1%	3.8%	3.9%
Of which: Municipalities	*2 368*	*2 559*	*191*	*8.1%*	*3.4%*	*3.3%*
Individual customers	36 258	38 771	2 513	6.9%	52.1%	50.1%
Total	**69 636**	**77 432**	**7 796**	**11.2%**	**100.0%**	**100.0%**

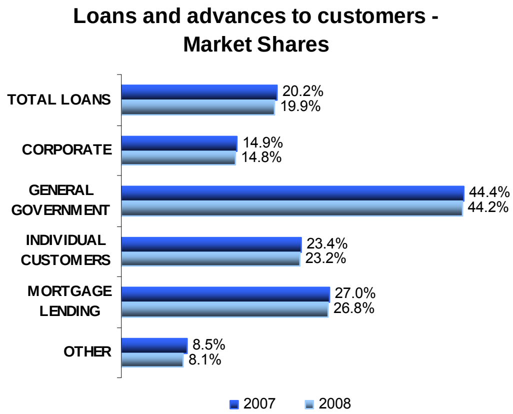
(a) Consolidated operations before Impairment

In credit structure terms, the individual customers segment continues to account for a preponderant weight of total credit with 50.1% of the total lending balance and with mortgage lending accounting for 45.7% Reference should, however, be made to the reinforcement of corporate loans which absorbed 46% of the total against 44.1% in 2007



There was a 13.1% increase of EUR 348 million in the credit balance for central and local government to EUR 3 billion, of which EUR 2.6 billion was lent to municipalities.

CGD's market share of loans and advances to customers, in Portugal, was 19.9% at year end. The corporate segment accounted for 14.8%, with mortgage lending accounting for 26.8%. Central and local government accounted for 44.2%. Caixa retained its lead of these segments.



Loans and advances to customers – Market shares (a)

By customer segment

	2007	2008
Corporate	14.9%	14.8%
Central and local government	44.4%	44.2%
Individual customers	23.4%	23.2%
Mortgage lending	27.0%	26.8%
Other	8.5%	8.1%
Total	**20.2%**	**19.9%**

(a) Operations in Portugal, including securitised loans

Corporate Loans

Corporate loans progressed at an appreciable rate of 16.1% (up EUR 4.9 billion), owing to a collection of initiatives and intense level of activity performed during the course of the year, intensifying CGD's presence in this customer segment

In terms of business activities, the most significant increases were in services (up 14.9%), mining and manufacturing (up 31.6%) and construction and public works (up 20.5%).

Corporate Loans (a)

By sectors of activity

Balances at 31 December

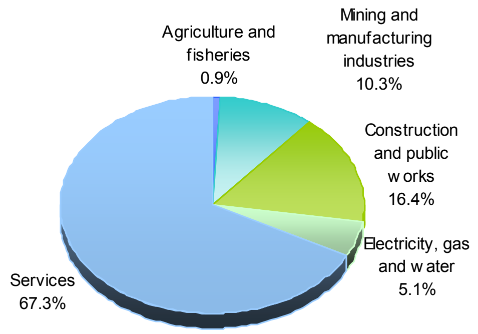
(EUR million)

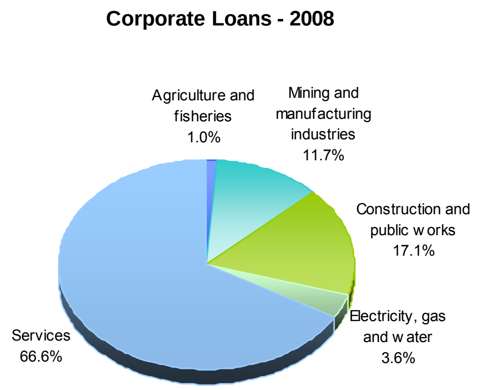
	2007	2008	Change	
			Total	Percent
Agriculture and fisheries	270	374	104	38.5%
Mining and manufacturing	3 166	4 167	1 001	31.6%
Construction and public works	5 048	6 083	1 035	20.5%
Electricity, gas and water	1 558	1 274	- 284	-18.2%
Services	20 677	23 756	3 080	14.9%
Total	**30 720**	**35 655**	**4 936**	**16.1%**

(a) Consolidated operations

The credit balance in the services segment was mainly taken up by the "rents and services provided to companies", with EUR 7.5 billion, "property activities", with EUR 4 billion, "wholesale and retail activities", with EUR 3.8 billion and "auxiliary financial intermediation activities", with EUR 1.7 billion, subsectors.

Corporate Loans - 2007



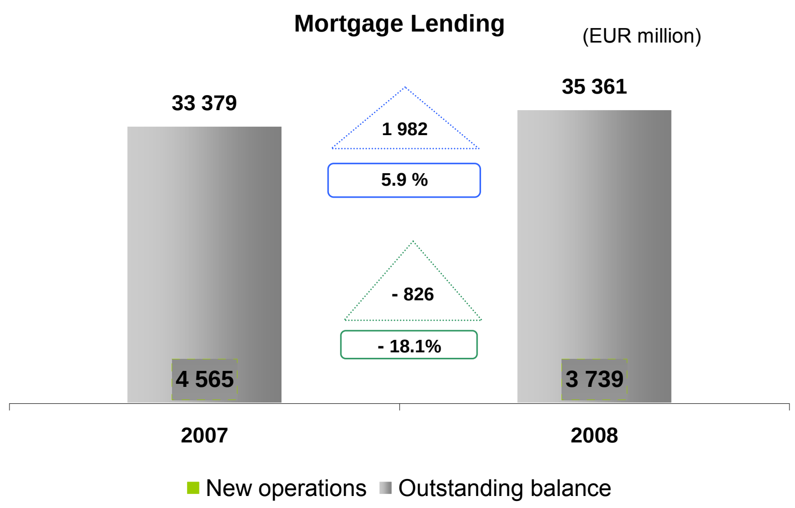


Loans and advances to Individual customers

There was a 6.9% increase of EUR 2.5 billion on the balance of the loans and advances to individual customers account at year end. This was based on a 5.9% increase in mortgage lending as an area in which CGD endeavoured to respond to a slowing property market with the launch of a wide range of solutions to leverage the competitiveness of its offer and an 18.4% increase in lending for "other purposes".

The mortgage lending balance was 5.9% up to EUR 35.4 billion during the year, representing 45.7% of all Caixa Group lending.

New mortgage lending operations in Portugal, in 2008, were 18.1% down to EUR 3 739 million, against 2007, accompanying the fall in the property market.



Loans and advances to individual customers (a)

(EUR million)

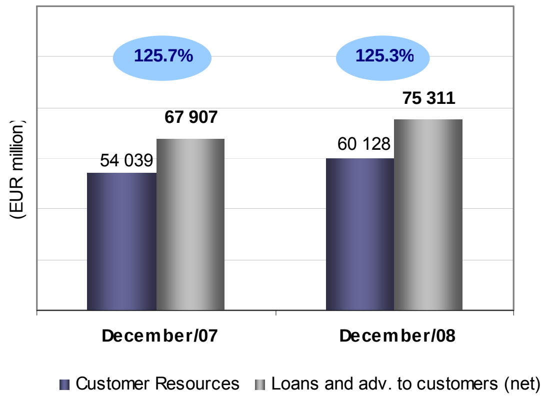
	2007	2008	Change	
			Total	Percent
BALANCES:				
Mortgage lending	33 379	35 361	1 982	5.9%
Other	2 879	3 410	531	18.4%
Of which:				
Credicaixa (consumer credit) (b)	889	981	92	10.3%
Credit cards (b)	280	276	-4	-1.4%
Total	**36 258**	**38 771**	**2 513**	**6.9%**
NEW OPERATIONS: (b)				
Mortgage lending				
No. contracts	62 255	50 585	-11 670	-18.7%
Amount (EUR million)	4 565	3 739	-826	-18.1%

(a) Consolidated operations
(b) Operations in Portugal

Credit for other purposes is based on a broad-ranging product offer for diverse purposes such as consumer credit, credit cards, consumer durables and home improvements, which, for domestic operations, is usually provided by Credicaixa (up 10.3%) and credit cards (down 1.4%).

Owing to the behaviour of deposits and credit, the deposits-to-loans conversion rate remained at around 125%.

Deposits to Loans Ratio



Credit Quality

There was a 29.3% increase, over 2007, in the overdue credit balance to EUR 1 842 million. This evolution led to a deterioration of the asset quality indicators, with the non-performing credit rate, calculated in accordance with Bank of Portugal regulations of 2.33% and with total overdue credit and credit overdue for more than 90 days rates of 2.38% and 2%, respectively.

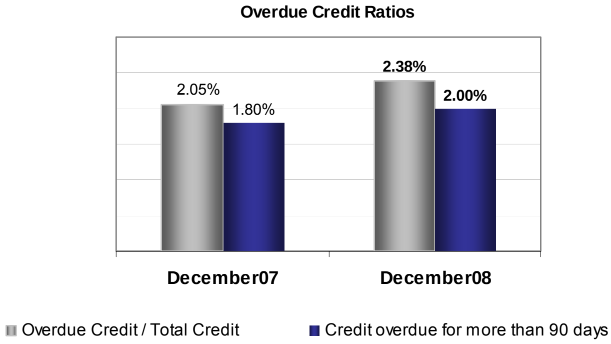
Credit Quality (Consolidated)

Balances at 31 de December

(EUR million)

	2007	2008	Change	
			Total	Percent
1 Total credit	**69 636**	**77 432**	**7 797**	**11.2%**
1.1 Loans and advances to customers (outstanding)	68 211	75 590	7 379	10.8%
1.2 Overdue credit and interest	1 425	1 842	418	29.3%
Of which: more than 90 days overdue	1 253	1 545	291	23.2%
2 Credit impairment	**1 729**	**2 121**	**392**	**22.7%**
2.1 Accumulated impairment – Loans and advances to customers	763	1 100	337	44.1%
2.2 Accumulated impairment – Overdue credit and interest	965	1 021	55	5.7%
3 Credit net of impairment	**67 907**	**75 311**	**7 404**	**10.9%**
Ratios				
Non-performing credit ratio (1)	2.07%	2.33%		
Non-performing credit (net) / Total credit (net) (1)	-0.43%	-0.42%		
Overdue credit / Total credit	2.05%	2.38%		
Credit overdue more than 90 days / Total credit	1.80%	2.00%		
Accumulated impairment / Non-performing credit	120.1%	117.5%		
Accumulated impairment / Overdue credit	121.4%	115.1%		
Accumulated impairment / Credit overdue for more than 90 days	137.9%	137.3%		

(1) Indicators calculated in accordance with Bank of Portugal Instruction



The amount of accumulated impairment on loans and advances to customers (performing and overdue) increased by 22.7% (EUR 392.2 million) to EUR 2 121.1 million at the end of December, providing an adequate level of overdue credit cover of 115.1% for total overdue credit and 137.3% for credit overdue more than 90 days, which latter value was in line with the preceding year's 137.9%.

Taking into account the negative evolution of stock market listed securities, CGD also negotiated a reinforcement of guarantees on existing loans in its portfolio with the aim of purchasing shares, guaranteed by the actual shares, to ensure compliance with contractual rates of cover.

Securities Portfolio

The balance in securities investments at the end of 2008, including banking and investment activity of group insurance company portfolios was in line with the preceding year at EUR 22 billion (down 0.3%), of which 75.4% were recognised as available for sale financial assets.

Securities investments (Consolidated)

Balances at 31 December

(EUR million)

	2007	2008	Change	
			Total	Percent
Banking	**11 602**	**12 560**	**958**	**8.3%**
Financial assets at fair value through profit or loss	6 842	4 687	-2 155	-31.5%
Available for sale financial assets	4 760	7 874	3 113	65.4%
Insurance	**10 508**	**9 486**	**-1 021**	**-9.7%**
Financial assets at fair value through profit or loss	-	121	121	-
Available for sale financial assets	9 731	8 745	-985	-10.1%
Investments associated with unit-linked products	777	620	-157	-20.2%
TOTAL	**22 110**	**22 047**	**-63**	**-0.3%**

Reference should be made, in terms of the banking portfolio structure, to increase of EUR 3.1 billion in "available for sale financial assets" offset by the EUR 2.2 billion decrease in "financial assets at fair value through profit or loss". This movement resulted from a decision to maintain the investment in fixed-income assets and reclassify several of these asset classes and included debt instruments with buy and hold status over a significant time period, taking into account that there will be a convergence between the current market value and their nominal values as the respective maturity date approaches owing to the non-existence of impairment situations.

An analysis of the securities portfolio by type particularly shows that debt instruments, with a balance of EUR 13.8 billion represents around 64% of the total, of which EUR 3.7 billion in respect of public debt and other public entities' bonds and Treasury bills.

This reinforcement was the result of a more defensive strategy adopted in the formation of the banking portfolio through a decrease in the amount invested in instruments with greater risk and a more significant increase in long interest rate positions in the last quarter.

Performance in the share market, since the start of the year, has been geared to significantly reducing risk, minimising directional exposures and endeavouring to add value by establishing long or short positions, in specific sectors. The amount invested in such instruments is however, conditioned, by the existence of hedge positions on structured products issued by Caixa.

In the case of the "available for sale financial assets" portfolio, the positions held in securitised bonds notably RMBS (Residential Mortgage Backed Securities) and CMBS (Commercial Mortgage Backed Securities), did not show any significant signs of risk, which opinion was confirmed by the rating agencies which, notwithstanding the aggressiveness of their reaction did not have a negative effect on portfolio tranches, with 12 of the securities held, comprising 15% of the value of the securities in the RMBS portfolio, being upgraded in 2008.

Notwithstanding the severe impact of the financial crisis on the leveraged loans market, reference should also be made to the fact that that none of the CLO (Collateralised Loan Obligations) held in this portfolio was downgraded in the respective rating exercise.

As regards positions held in debt instruments issued by the financial sector, the option for a portfolio essentially comprising senior debt, as opposed to subordinated debt in which there was a sharp fall in prices, made it possible to limit the impact of price falls.

Investments in associated companies

There was a reduction in the balance in investments in associated companies from EUR 316.7 million to EUR 86.8 million at the end of 2008 following the disposal of CGD's equity investments in REN-Redes Energéticas Nacionais and ADP-Águas de Portugal comprising 15% of the said companies' share capital.

Liquidity and Group Funding

With the difficult economic climate, in 2008, and particularly so in the second half of the year, financial institutions experienced significant difficulties in securing funding from the capital market. The sharp decrease in liquidity caused by lower confidence in this sector and the subsequent increase in counterparty and liquidity risk premiums limited access to markets and substantially increased bank's funding costs, affecting several market segments, such as covered bonds, which had previously been considered the most liquid and safe. CGD Group's medium to long term funding strategy, in this context, included the reinforcement of the shorter maturities and opportunistic exploitation of favourable situations in diverse market segments, capitalising upon the strength and prestige of its name as a leading issuer in the Portuguese financial system.

Also in terms of long term funding, CGD took out a new loan with the EIB-European Investment Bank, referred to as EIB XIV, for the amount of EUR 150 million, to fund the SME segment, with the objective of supporting these companies' investment projects in Portugal and other European Union countries. This line of credit is for financing projects in the industry, tourism, services and infrastructures sectors in addition to projects designed to protect the environment, achieve energy savings or develop information technologies.

CGD also entered into a Protocol of Institutional Cooperation with the EIB to recognise the current involvement of both institutions and reinforce CGD's strategic role in the creation of finance instruments for the Portuguese economy.

Reference should also be made to a new loan of EUR 100 million obtained from the CEB–Council of Europe Development Bank, to finance projects in the educational sector.

There was a 7.8% increase in total resources taken by CGD Group (excluding the interbank money market) to EUR 98.3 billion over the preceding year, split up into balance sheet resources with a 12.2% increase to EUR 88.1 billion and "off-balance sheet" resources which were 19.9% down to EUR 10.2 billion.

Resources Taken by Group

Balances at 31 December

(EUR million)

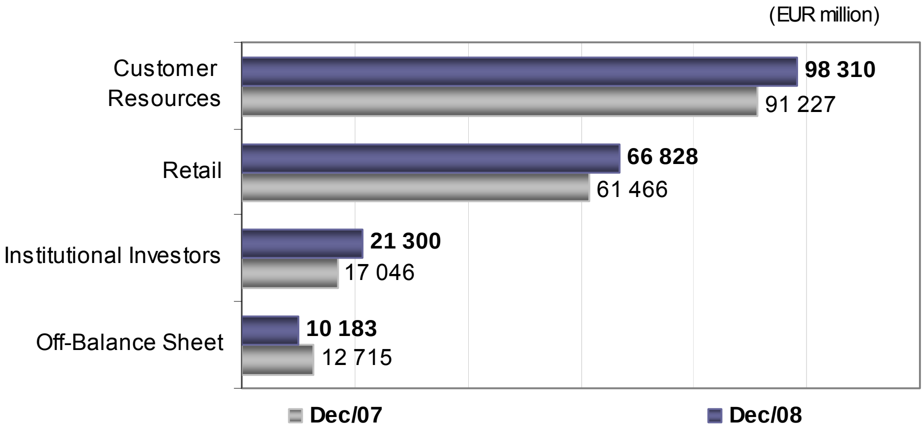
	2007	2008	Change	
			Total	Percent
Balance sheet:	**78 512**	**88 127**	**9 616**	**12.2%**
Retail	**61 466**	**66 828**	**5 362**	**8.7%**
▪ Customer deposits	50 593	55 484	4 892	9.7%
▪ Capitalisation insurance (1)	8 699	9 398	699	8.0%
▪ Other customer resources	2 174	1 945	-230	-10.6%
Institutional investors	**17 046**	**21 300**	**4 254**	**25.0%**
▪ EMTN	6 231	7 354	1 123	18.0%
▪ ECP and USCP	4 544	6 078	1 533	33.7%
▪ Nostrum Mortgage and Nostrum Consumer	879	696	-183	-20.9%
▪ Covered bonds	5 391	5 922	531	9.8%
▪ Covered bonds underwritten by the Portuguese Republic	-	1 250	1 250	-
Off-balance sheet:	**12 715**	**10 183**	**-2 532**	**-19.9%**
Investment units in unit trust funds	7 488	4 962	-2 526	-33.7%
▪ Caixagest	6 217	3 614	-2 603	-41.9%
▪ Fundimo	1 271	1 348	77	6.0%
Pensions Fund	1 452	1 578	125	8.6%
Wealth management (2)	3 775	3 644	-131	-3.5%
TOTAL	**91 227**	**98 310**	**7 084**	**7.8%**

(1) Includes fixed rate insurance and unit-linked products

(2) Does not include CGD's insurance portfolios

Retail sources in the balance sheet were up 8.7% to EUR 66.8 billion influenced by the 9.7% expansion of customer deposits. Reference should be made to the 8% increase of EUR 9.4 billion in capitalisation insurance and the other customer resources sub-heading with EUR 1.9 billion, particularly comprising cash bonds and subordinated cash bonds.

Total Customer Resources



There was a 25% increase of EUR 4.3 billion in the balance of resources secured from institutional investors in the form of own issues, increasing the global balance to EUR 21.3 billion with special reference to the launch of the EUR 1.25 billion bond issue underwritten by the Portuguese Republic, in addition to the contribution made by securities issued under the commercial paper programme with a further EUR 1.5 billion (up 33.7%). There was a 9.8% increase of EUR 500 million in covered bonds to EUR 5.9 billion, essentially, comprising private issues.

CGD took in a total amount of EUR 3.106 billion in funds under the Euro Medium Term Notes (EMTN) programme, during the year, of which EUR 1 356 billion in private issues, particularly a EUR 100 Lower Tier II subordinated debt issue. The remaining EUR 1.75 billion comprised a public FRN issue in the senior market with a maturity of 2 years, in April.

CGD inaugurated the debt issues market underwritten by the Portuguese Republic, in December 2008 with a bond issue of EUR 1.25 billion. This fixed-rate issue with a maturity of 3 years was warmly welcomed by the market, taking into account the placement price achieved equivalent to a mid-swaps rate plus 85 bp and strong investor demand, permitting a 25% increase over the initially established amount of EUR 1 billion.

CGD was highly active in the ECP market during the course of the year, benefiting from the preference of investors choosing Caixa in their quest for quality credit. The outstanding ECP balance, whose programme was updated to EUR 10 billion at the beginning of 2008, was more than EUR 6.5 billion in the middle of the year. This intensive use of the ECP Programme was accompanied by significant savings in comparison to market benchmarks, enabling CGD to achieve an important reduction of the relative cost of short term funding.

There was a 19.9% annual reduction of EUR 2.5 billion in "off-balance sheet resources", deriving from the 41.9% decrease in unit trust investment funds managed by Caixagest which were also affected by the financial crisis. Property funds and resources managed by the pension funds area were, however, up 6% and 8.6%, respectively. Reference should also be made the EUR 3.6 billion in wealth management area funds.

Customer resources

Customer resources were 11.3% up to EUR 60.1 billion, sustained by a 9.7% increase in customer deposits and a 34.7% increase in "other resources" mainly comprising fixed-rate insurance products with a balance of EUR 4.5 billion.

Customer resources (Consolidated)

Balances at 31 December

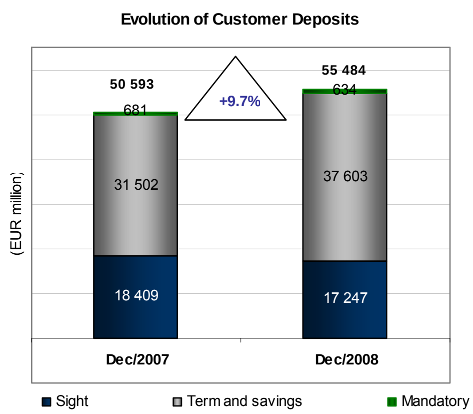
(EUR million)

	2007	2008	Change	
			Total	Percent
Deposits	**50 593**	**55 484**	**4 892**	**9.7%**
Sight	18 409	17 247	-1 162	-6.3%
Term and savings	31 502	37 603	6 101	19.4%
Mandatory	681	634	-48	-7.0%
Other Resources (a)	**3 446**	**4 643**	**1 197**	**34.7%**
Total	**54 039**	**60 128**	**6 089**	**11.3%**

(a) Includes fixed-rate insurance products

Deposits

The global deposits balance was 9.7% up over the preceding year to EUR 55.5 billion. This more aggressive deposit taking approach has been supported by term deposits and savings accounts with an increase of 19.4% to 67.8% of the total, against the preceding year's 62.3%, This is indicative of customers' return to this type of investment.



The progression in term and savings categories derived both from individual customers (up 15.6%) and companies (up 60.4%). This was offset by a downturn of 29.8% in public sector deposits deriving from the evolution of sight resources (down 37.6%).

Customer deposits (Consolidated)

Balances at 31 December

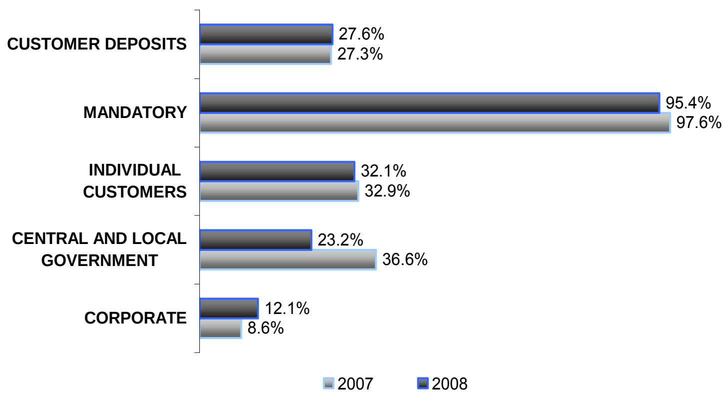
(EUR million)

	2007	2008	Change	
			Total	Percent
Individual customers	**39 908**	**45 063**	**5 155**	**12.9%**
Sight	11 329	12 017	688	6.1%
Term deposits and savings accounts	28 579	33 046	4 467	15.6%
Corporate	**7 010**	**7 842**	**832**	**11.9%**
Sight	4 302	3 497	-805	-18.7%
Term	2 708	4 345	1 637	60.4%
Public sector	**3 675**	**2 579**	**-1 096**	**-29.8%**
Sight	2 778	1 733	-1 045	-37.6%
Term	216	213	-3	-1.5%
Mandatory	681	634	-47	-6.9%
Total	**50 593**	**55 484**	**4 892**	**9.7%**

EUR 45.4 billion of the deposits balance, i.e. 81.9% of the consolidated total, referred to CGD's domestic operations particularly group branches and subsidiaries, in BNU (Macau) (EUR 2 billion), Banco Caixa Geral (EUR 1.8 billion), France branch (EUR 1.9 billion) and Macau Offshore Branch (EUR 1.3 billion).

Caixa reinforced its lead position in customer deposits, in Portugal, in 2008, increasing its market share from 27.3% to 27.6%, at year end. This value increased to 32.1% in the individual customers segment and to 40.1% in the emigrants segment.

Customers Deposits- Market Shares



Customer Deposits – Market Shares (a)

By customer segment

	2007	2008
Corporate	8.6%	12.1%
Central and local government	36.6%	23.2%
Individual customers	32.9%	32.1%
Emigrants	41.3%	40.1%
Mandatory	97.6%	95.4%
Total	**27.3%**	**27.6%**

(a) Operations in Portugal

Structured Products

Reference should be made to the launch of 56 structured products, in 2008, comprising deposits, bonds, investment, pension and insurance funds.

Customer subscriptions made during the year totalled EUR 3.4 billion, split up between the following products:

Structured Products

By type

(EUR million)

	Amount	Percent
Deposits - domestic market	1 106.8	32.5%
Bonds	646.8	19.0%
Unit trust and pension funds	341.7	10.0%
Financial insurance	932.5	27.4%
Life insurance pension plans (PPR)	375.2	11.0%
Total	**3 403.1**	**100.0%**

There was an increase in the relative importance of financial insurance and deposits (27.4% and 32.5%, respectively, against 4.6% and 25.5% in 2007), although the proportion of funds was reduced from 15.7% in 2007 to 10%. 80% of the structured products launched were placed with the premium customers and seniors segments, who expressed growing preference for fixed-income investments.

Debt securities

There was a major 22.8% growth in debt securities to EUR 19.9 billion. Contributory factors were the EUR 1.25 billion bond issue underwritten by the Portuguese Republic, in addition to the securities issued under the Commercial Paper programme with a 33.7% increase of EUR 1.5 billion which, as a prime short term funds taking vehicle has been reinforced in the context of the current liquidity crisis.

Debt securities

Balances at 31 December

(*EUR million)*

	2007	2008	Variação	
			Total	Percent
EMTN Programme Issues (a)	4 334	5 309	975	22.5%
ECP and USCP Programme issues	4 544	6 078	1 533	33.7%
Nostrum Mortgages and Nostrum Consumer	879	696	-183	-20.9%
Covered Bonds	5 391	5 922	531	9.8%
Bonds underwritten by the Portuguese Republic	-	1 250	1 250	-
Cash bonds and certificates of deposit	1 082	674	-408	-37.7%
Total	**16 231**	**19 929**	**3 698**	**22.8%**

(a) Does not include EUR 2 045 million of issues classified as subordinated liabilities in 2008.

In EMTN programme terms, the outstanding balance on non-subordinated bonds totalled EUR 5.3 billion. Notwithstanding fresh subscriptions totalling EUR 3.1 billion, in 2008, the increase in the outstanding balance was 22.5% up to EUR 975 million, owing to the effect of the large volume of liquidations during the year.

Reference should also be made to the diverse covered bonds issues launched during the year, totalling EUR 520 million, increasing the balance on such bonds by 9.8% to EUR 5.9 billion at the end of 2008.

Subordinated liabilities

Caixa took in EUR 3 145 million of subordinated liabilities (up 17.9% over the preceding year), particularly comprising bonds issued by CGD (headquarters), CGD Finance and the France branch (EUR 2 billion), under the Euro Medium Term Notes programme. The remaining part of these resources refers to structured savings products in the form of subordinated cash bonds placed with retail banking customers (EUR 1 100 million).

Subordinated liabilities

Balances at 31 December

(*EUR million)*

	2007	2008	Change	
			Total	Percent
EMTN Programme Issues	1 897	2 045	148	7.8%
Other	771	1 100	330	42.8%
Total	**2 667**	**3 145**	**477**	**17.9%**

(a) Does not include EUR 5 309 million of issues classified as debt securities in 2008.

CAPITAL MANAGEMENT

Shareholders' Equity

The group's shareholders' equity was 1% down to EUR 5.5 billion over December 2007.

This behaviour was negatively influenced by the distribution of EUR 340 million in dividends to the state shareholder and, particularly the significant reduction of EUR 1 254 million in fair value reserves, as a result of the international financial crisis, determining potential capital losses on diverse financial assets affecting shareholders' equity.

Positive contributions particularly included CGD's generation of own funds from the profits earned on its operations, increase in minority shareholders' interests with the formation of Parcaixa and the EUR 400 million share capital increase in August 2008, to EUR 3 500 million, with the aim of ensuring adequate solvency for the group's development vis-à-vis the constraints caused by the financial crisis.

Shareholders' Equity

(EUR million)

	Dec/07	Dec/08
Share capital	3 100	3 500
Fair value reserves	381	-873
Other reserves s	813	1 464
Retained earnings	-309	-222
Minority shareholders' interests	700	1 157
Income for year	856	459
TOTAL	**5 541**	**5 484**

Solvency Ratio

The consolidated solvency ratio, in December 2008, determined under the Basel II regulatory framework was 10.7% as against the preceding year's ratio of 10.1%. This evolution particularly benefited from the 16.2% increase in own funds which was much higher than the 9.6% increase in weighted risk positions.
Tier I, in turn, increased from 6.2% to 7% and Core Tier I from 5.8% to 6.8%.

Consolidated Solvency Ratio (a)

Balances at 31 December

(EUR million)

	2007	2008	Change	
			Total	Percent
1 **Total own funds**	**6 175**	**7 177**	**1 002**	**16.2%**
a) Basis own funds, *of which:*	3 767	4 664	897	23.8%
Core Capital	*3 508*	*4 522*	*1 014*	*28.9%*
b) Complementary own funds	2 444	2 552	108	4.4%
c) Deductions	36	39	3	8.3%
2 **Total weighted assets**	**61 015**	**66 851**	**5 836**	**9.6%**
3 Own funds requirements (2 /12.5)	4 880	5 348	468	9.6%
4 Surplus own funds (1 - 3)	1 295	1 829	534	41.2%
5 **TIER 1** ((1a)/2)	**6.2%**	**7.0%**	**0.8%**	
6 **CORE TIER 1**	**5.8%**	**6.8%**	**1.0%**	
7 **Solvency Ratio** (1 /2)	**10.1%**	**10.7%**	**0.6%**	

(a) Including retained earnings. 50% of investment of more than 10% in insurance companies and credit institutions has been deducted from basis own funds and complementary own funds.

There was a 16.2% increase of EUR 1 002 million in total own funds to 7 177 million during the year, of which EUR 897 million relating to basis own funds.

The positive evolution of around EUR 1 014 million in core capital, is justified by the EUR 400 million increase in share capital, CGD's self-sufficiency in terms of cash generation with retained earnings of EUR 144 million and the EUR 427 million increase in minority shareholders' interests. Reference should be made to the fact that the deductions from this aggregate were mitigated by the entry into effect of two new official notices issued by the Bank of Portugal during the course of the last quarter of 2008, excluding the assessment of potential capital gains and losses on debt securities classified as available for sale (official notice 6/2008) and consideration of the total amount of deferred tax assets on the calculation of capital ratios (official notice 7/2008).

The lower growth of around EUR 897 million in basis own funds derives from the EUR 116 million increase relating to the deduction of 50% of investments in more than 10% of insurance sector companies and credit institutions

Complementary own funds were up EUR 108 million over the end of the preceding year, owing to the new subordinated debt issues with a fixed maturity date, which, net of amortisations, were up EUR 507 million. Negative factors particularly included the EUR 277 million decrease in revaluation reserves and the increase in the deduction comprising 50% of investments of more than 10% in insurance companies and credit institutions.

The value of other deductions from total own funds was relatively insignificant and similar to 2007, comprising a penalty on the group's maintenance of the properties acquired in repayment of its own loans.

Weighted assets were, in turn, 9.6% up to EUR 66.9 billion, determining minimum own funds requirements of EUR 5 348 million which, in comparison to total existing funds of EUR 7 177 million, gave a surplus of EUR 1 829 million, at the end of 2008.

Weighted risk positions were, for the first time, in 2008, calculated in accordance with the requirements of the New Basel II Capital Accord, with CGD having used the standard method to calculate credit risk. This change conditions the comparison between 2007 and 2008. It should also be noted that capital had to be allocated to a new type of risk in 2008: operational risk, for whose respective determination CGD adopted the basic indicator method.

Of total weighted positions at the end of 2008, EUR 59 974 million (89.7%) comprised credit risk positions, EUR 4 521 million (6.8%) operational risk, EUR 1 902 million (2.8%) market risk and EUR 454 million (0.7%) securitisation positions.

An analysis of weighted credit risk positions shows that the corporate segments absorbed 42.9% of the total, the retail portfolio 17.9% and positions "guaranteed by property" 19.8%.

CGD PENSION FUND AND EMPLOYEES´ HEALTHCARE PLAN

CGD set up its employees pension fund on 31.12.1991, to cover the retirement costs of its employees, in addition to survivors' pensions for employees engaged after the said date. The survivors' pensions of employees engaged prior to the referred to date are the responsibility of Caixa Geral de Aposentações.

At end 2004, with the publication of Decree Laws nos. 240-A/2004 of 29 December and 241-A/2004 of 30 December, CGD employee retirement and survivors' pensions liabilities for the length of service provided up to 31 December 2000, were transferred to Caixa Geral de Aposentações (CGA). The CGD Pension Fund, by way of compensation, transferred the provisions set up to cover the referred to liabilities, to CGA. Starting 2004, the pension fund included liability for death grants, if death occurred during the retirement period. Death grants take the form of a lump sum payment of six times the amount of the gross monthly pension, paid, since the said date, by the pension fund.

Starting 2005, with the entry into effect of the International Accounting Standards and the publication of Bank of Portugal official notice 4/2005, the recognition of liabilities for post retirement healthcare benefits in CGD's liabilities became mandatory. A provision, revalued annually on the basis of the said liability was set up for the purpose in question.

Under Law 53-A/2006 of 29 December, CGD, as the employer, was responsible, starting 2007, for paying survivors' pensions costs for employees engaged up to 1991, to the CGA, at a contribution rate of 3.75% of the said employees' remuneration, totalling EUR 6 million in 2008.

Reference should be made to the following demographic and financial premises used to calculate pension and healthcare liabilities for 2008:

- Discount rate	5.75%
- Wages and salaries growth	3.50%
- Pensions growth	2.50%
- Men's mortality table ·	TV 73/77
- Women's mortality table ·	TV 88/90
- Disability table	EKV80
- Average retirement age	60 years

CGD altered its discount rate at the end of 2008, based on IAS standards, increasing it from 5% to 5.75%, in addition to wages and salaries growth from 3% to 3.5%.

CGD's liabilities for its employees' retirement pensions at 31 December 2008 and 2007, totalled EUR 1 137.2 million and EUR 1 106.4 million, respectively, recording an increase of EUR 30.8 million.

Pension Fund in 2008

Fund Movements

(EUR thousand)

Value of Fund at 31.12. 07	**1 106 441**
Employee contributions	27 053
CGD contributions	69 168
Extraordinary CGD contributions	39 458
Pensions paid	(25 447)
Net income of fund	(79 493)
Value of fund at 31.12.08	**1 137 181**

The value of the fund fully covered its share of liabilities for current pension payments and the past services of current employees.

An amount of EUR 70.9 million was recognised as costs for the year, as was an amount of EUR 21.3 million on the amortisation of deferred costs as a charge to reserves. Actuarial deviations, at year end, totalled EUR 143.3 million, split between a corridor of EUR 133 million and deferred costs of EUR 10.3 million.

CGD's pension fund made a loss of 6.97% reflecting the unfavourable conditions in financial markets.

The following table shows that liabilities associated with CGD employees' post employment medical benefits have been fully provisioned, totalling EUR 427.8 million and EUR 443.9 million, respectively, at 31 December 2008 and 2007:

Healthcare Plan in 2008

Evolution of provision

(EUR thousand)

Value of provision at 31.12.07	**443 888**
- Current cost for year	30 948
- Contributions for healthcare services (SS and SAMS)	19 478
- Actuarial gains	27 526
Value of provision at 31.12.08	**427 832**

The actuarial gains for the year referred to in the table essentially derive from deviations between the presuppositions used and the amounts effectively verified. The accumulated actuarial losses balance net of actuarial gains and after EUR 4.7 million in amortisation for the year, totalled EUR 84.3 million at 31 December of which EUR 42.8 million were allocated to the corridor and EUR 41.5 million outside the corridor.

GROUP RATING

In the universe of Portuguese financial groups, Caixa Geral de Depósitos maintained the highest ratings awarded by the three principal international ratings agencies – STANDARD & POOR'S, MOODY'S and FITCHRATINGS – in 2008 on its short and long term liabilities, which classifications are comparable with those of the largest and most solid international financial institutions.

CGD's ratings have enabled it to access the international markets, at highly attractive rates to secure other funds to complement liquidity management and secure resources to meet the economy's borrowing needs.

The principal ratings were reviewed, as follows, during the year:

STANDARD & POOR'S (S&P) upgraded its ratings on Caixa Geral de Depósitos, S.A.'s long term liabilities from A+ to AA-, on 27 August 2008, the highest it has ever awarded to a Portuguese banking group. It also upgraded its ratings on CGD's short term liabilities from A-1 to A-1+. This upgraded rating improved CGD's "outlook" to "stable". The ratings were confirmed in October.

S&P placed Caixa on its *CreditWatch* on 13 January 2009. It also downgraded its long and short term ratings on the bank to A+ and A-1, respectively, on 21 January with a change in "outlook" to "stable". According to the agency this change exclusively reflects a similar revision of the ratings on the Portuguese Republic.

MOODY'S also confirmed Caixa's ratings of Aa1 on its long term and Prime -1 on its short term liabilities, in July. "Outlook" also remained "stable".

The Bank Financial Strength Rating – on the financial solidity and solvency capacity of banks which do not enjoy any external support – retained its "C" classification.

FITCHRATINGS also confirmed CGD's ratings of AA- on its long term and F1+ on its short term liabilities. "Outlook" also remained "stable".

The following table provides information on CGD's current ratings:

	Short Term	**Long Term**	***Outlook***	
STANDARD & POOR'S	A-1	A+	Stable	January 2009
MOODY'S	Prime –1	Aa1	Stable	July 2008
FITCHRATINGS	F1+	AA-	Stable	October 2008

Standard & Poor's, January 2009

"…the ratings on CGD factor in government support as we believe that the institution would likely receive financial assistance from the government if needed. As a result, Standard & Poor's gives the ratings on CGD one notch of uplift above the bank's stand-alone credit quality".

"CGD's stand-alone creditworthiness reflects its ironclad domestic franchise - which, among other things, provides it with a large, stable, and low-cost funding base - and overall sound financial profile Conversely, CGD's tight capital position, high single-name risk concentration, and equity risk exposure weigh on the ratings ".

Moody's, July 2008

Moody's assigns a C BFSR to CGD The rating is supported by the bank's dominant position in Portugal and its sound financial fundamentals with strong profitability, improving efficiency and robust liquidity.

The rating is positively affected by CGD's diversified franchise, strong market shares, with a dominant position in key business lines, strong funding and good liquidity as well as a relatively low risk profile, with about half of its lending portfolio represented by residential mortgages.

FitchRatings, October 2008

The Long and Short Term IDRs and Support Rating of Caixa Geral de Depósitos (CGD) reflect its state ownership and strong franchise, with a dominant market share of retail deposits and mortgage lending in

Portugal. The Individual Rating reflects the bank's relatively low credit risk appetite, healthcare asset quality and sustained good profitability. It also addresses its appetite for equity investments and tightening capital levels.

(*) IDR – Issuer Default Rating

FINANCIAL ANALYSIS – SEPARATE OPERATIONS *

Balance sheet

There was a 7.3% annual increase of EUR 6.6 billion in net assets from Caixa Geral de Depósitos' individual operations to EUR 96.7 billion at the end of 2008. This amount comprises around 75% of consolidated assets

Balance sheet (separate)

Balances at 31 December

(EUR million)

	2007	2008	Change	
			Total	Percent
Assets				
Cash and cash equivalents at central banks	1 568	1 502	-65	-4.2%
Loans and advances to credit institutions	13 728	13 813	85	0.6%
Loans and advances to customers	58 328	64 007	5 679	9.7%
Securities investments	10 735	10 444	-290	-2.7%
Investments in subsidiaries and associated companies	2 547	2 761	214	8.4%
Intangible and tangible assets	846	782	-64	-7.6%
Deferred tax assets	407	720	313	76 9%
Other assets	1 894	2 621	727	38.4%
Total	**90 053**	**96 651**	**6 598**	**7.3%**
Liabilities				
Central banks' and credit institutions' resources	14 198	10 533	-3 664	-25.8%
Customer resources	45 366	50 551	5 185	11.4%
Financial liabilities	1 525	2 570	1 045	68.5%
Debt securities	15 938	20 387	4 449	27.9%
Provisions	1 209	1 297	88	7.3%
Subordinated liabilities	2 958	3 423	465	15.7%
Other liabilities	3 925	3 299	-627	-16.0%
Sub-total	**85 120**	**92 060**	**6 941**	**8.2%**
Shareholders' equity	**4 933**	**4 590**	**-343**	**-7.0%**
Total	**90 053**	**96 651**	**6 598**	**7.3%**

*Including the operations of branch offices in France, London, Spain, Luxembourg New York, Grand Cayman, Madeira Offshore, East Timor and Zhuhai.

Growth of net assets largely derived from the 9.7% increase of EUR 5.7 billion in loans and advances to customers. The balance on cash balances and loans and advances to credit institutions totalled EUR 15.3

billion, maintaining the amount recorded in the preceding year, whereas credit institutions' resources were 25.8% down by EUR 3.7 billion.

Liabilities particularly included customer resources balances with EUR 50.6 billion and debt securities, with EUR 20.4 billion, in addition to the respective increases of 11.4% and 27.9%.

CAPITAL MANAGEMENT

Shareholders' equity totalled EUR 4.6 billion or a 7% reduction of EUR 343 million, particularly deriving from the EUR 877 million reduction of revaluation reserves together with a EUR 400 million increase in share capital.

Shareholders' equity (separate)
Balances at 31December

(EUR million)

	2007	2008	Change	
			Total	Percent
Capital	3 100	3 500	400	11.4%
Revaluation reserves	461	-416	-877	-90%
Other reserves and retained earnings	706	1 022	316	44.7%
Income for year	666	484	-182	27.3%
Total	**4 933**	**4 590**	**-343**	**-7%**

CGD's separate solvency ratio, determined under the Basel II regulatory framework and Bank of Portugal regulations, but including retained earnings was 11.7% at the end of 2008 against the preceding year's 11.4%. The Tier I ratio, in turn, improved from 6.4% to 6.8%.

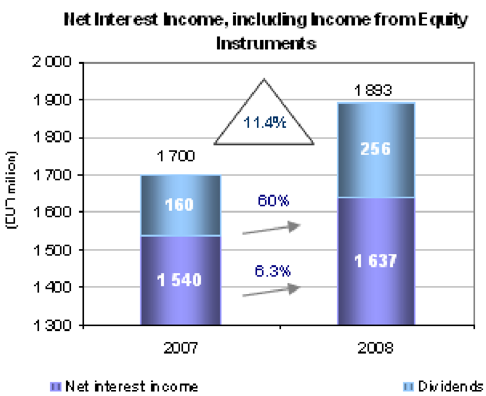
RESULTS

CGD's separate net income for 2008 was 27.3% down to EUR 484.3 million against the preceding year's EUR 666.1 million.

(EUR thousand)

	2007	2008	Change	
			Total	Percent
Net interest income, including income from equity Instruments (1)	**1 700 046**	**1 893 128**	**193 081**	**11.4%**
Interest and similar income	6 211 345	8 052 366	1 841 022	29.6%
Interest and similar costs	4 671 399	6 415 371	1 743 973	37.3%
Income from equity instruments	160 100	256 133	96 033	60.0%
Non-interest income (2)	**522 623**	**871 263**	**348 640**	**66.7%**
Income from services and commissions (net)	301 693	328 693	26 999	8.9%
Income from financial operations	68 293	107 258	38 965	57.1%
Income from the disposal of other assets	287	321 971	321 684	-
Other operating income	152 349	113 341	-39 008	-25.6%
Net operating income (3) = (1)+(2)	**2 222 669**	**2 764 390**	**541 722**	**24.4%**
Operating costs and amortisation (4)	**1 110 815**	**1 157 149**	**46 333**	**4.2%**
Employee costs	603 331	630 517	27 186	4.5%
External supplies and services	410 815	414 859	4 044	1.0%
Depreciation and amortisation	96 669	111 773	15 104	15.6%
Gross operating income (5)=(3)-(4)	**1 111 854**	**1 607 242**	**495 388**	**44.6%**
Provisions and impairment (net of reversals and cancellations) (6)	**308 146**	**1 006 694**	**698 548**	**226.7%**
Credit provisions	301 427	396 793	95 366	31.6%
Impairment on other financial assets	4 259	619 760	615 500	-
Impairment on other assets	2 460	-9 858	-12 318	-
Income before tax (7)=(5)-(6)	**803 707**	**600 547**	**-203 160**	**-25.3%**
Tax (8)	**137 570**	**116 296**	**-21 274**	**-15.5%**
Current	230 599	271 656	41 057	17.8%
Deferred	-93 029	-155 359	-62 330	67.0%
Income for year (9)=(7)-(8)	**666 137**	**484 251**	**-181 886**	**-27.3%**

Net interest income, including income from equity instruments, as the principal component part of the group's net operating income was 11.4% up to EUR 1 893.1 million, split up between net interest income with EUR 1 637 million (up 6.3%) and income from capital instruments (dividends) with EUR 256.1 million (up 60%).



Net commissions were 8.9% up over the preceding year to EUR 328.7 million.

Income from financial operations was EUR 107.3 million, against the 2007 figure of EUR 68.3 million. Income on the disposal of other assets totalled EUR 322 million, particularly benefiting from the capital gains made on the disposal of CGD's equity investments in REN-Redes Energéticas Nacionais and ADP-Águas de Portugal.

Net operating income was 24.4% up to EUR 2 764.4 million. After the deduction of operating costs and amortisation for the amount of EUR 1 157.1 million (up 4.2%), gross operating income was 44.6% up over the preceding year to EUR 1 607.2 million.

Provisions and impairment for the year were up EUR 698.5 million to EUR 1 006.7 million, largely deriving from higher impairment on securities recognised as available-for-sale financial assets.
Income tax was EUR 116.3 million, with current tax of EUR 271.7 million and deferred tax of EUR 155.4 million.

PRINCIPAL RISKS AND UNCERTAINTIES IN 2009

2009 will continue to bear witness to a climate of great uncertainty which is expected to be gradually lessened by the potentially stabilising action of a collection of joint government policies launched in 2008.

Financial activity will continue to suffer from much higher than usual volatility which is clearly evident in most of the relevant variables and indicators, notably asset valuations, availability of liquidity and cost of funding.

The sharp fall in asset prices in 2008 suggests a certain stabilisation in the value of financial portfolios during the year, notably in the equity and credit sectors. If, however, the current trend remains in force the prolonged effects of the crisis will tend to have an added impact particularly on the activities of banks and especially those with greater exposure to these markets together with greater difficulties in existing portfolio credits which are guaranteed by stockmarket listed shares.

Interbank and debt markets are expected to progressively stabilise in 2009, taking into account the public efforts being made. However, the disclosure of fresh information on various institutions may give rise to an extension to the period of stress in financial markets, placing the timing and rate of recovery at risk.

The regularising of the interbank market, however, will not be total nor will it be uniform and pressure will remain on the availability of finance, particularly in the case of financial institutions at greater risk. Notwithstanding the reduction in the ECB's lending rate facility, the increase in the risk premium suggests a visible deterioration of wholesale finance costs which banks will have to incorporate into their lending rates, i.e. on the spreads on new loan contracts. This situation, in an environment of falling inflation rates, leading to significantly higher interest rates, will be yet another factor of difficulty in the current environmental situation and will not favour the rate of economic recovery necessary to restore the country on its path to growth.

In macroeconomic terms, growth forecasts have been downgraded and the time of recovery has been successively postponed. The recessionary climate in Europe and in Portugal will reduce demand for credit from most economic operators and the conditions attached to the supply of bank credit will be more demanding. Higher unemployment and the general difficulties of consumers will also condition property activity and banks' mortgage lending. The exceptions to the credit deceleration may come from companies involved in plans to stimulate the economy announced by the government.

The combined impact of these effects suggest that 2009 will witness a slowdown in banking activity and the dimension of balance sheets and less favourable returns, worsened by a foreseeable increase in non-performing loans and added difficulties in complying with solvency requirements.

RISK MANAGEMENT

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RISK MANAGEMENT

Risk management operations, in CGD, are centralised. Risk management encompasses the assessment and control of the group's credit, market, interest, balance sheet liquidity and operational risks, based on the principle of the separation of functions between commercial and risk areas.

CREDIT RISK

Credit risk is associated with the losses and level of uncertainty over a customer/counterparty's capacity to meet their obligations. Given the nature of banking activity, credit risk is particularly important, owing to its material nature, notwithstanding its interconnection with the remaining risks.

CGD Group continuously assesses its credit portfolio to identify the existence of objective evidence of impairment. A credit is considered to be impaired as a result of one or more event losses occurring after that asset has been recognised and when such events have an impact on future cash flows affecting the credit's recoverability.

Separate analyses are performed for significant exposures with due verification of borrowers' capacities to comply with their contracted debt servicing requirements. The following borrower-related information is, therefore, analysed:

- Assessment of their economic-financial situation;
- Verification of the existence of operations involving overdue credit and interest, within CGD Group and/or the financial system;
- Adequacy of guarantees and collateral to offset the amount of the loan;
- Analysis of historic information on the behaviour and good payment of customers.

For significant exposures in which there are no objective signs of impairment, a collective provision is determined, in conformity with the risk factors determined for credits with similar characteristics.

Exposures which are not considered to be significant are grouped into risk sub segments with similar risk characteristics (e.g. credit segment, type of collateral, payments history, etc), with a collective provision being set up.

Investments continued to be made in improving internal procedures and identification, assessment and credit risk control tools, in 2008 during the life of the operations/contracts.

Credit risk is spread out over the whole of the commercial structure, which, based on internal regulations and the use of risk assessment tools (rating and scoring models), may assume certain risk levels.

In the case of more significant exposures, however, certain types of customers and operations and the assessment and monitoring thereof are analysed by a team of credit analysts who, as a complement to the available tools, produce an independent opinion on the implicit credit risk. Such an analysis is performed whenever there is any change in the relationship with a customer or when a reassessment is recommended by factors which are sometimes external to the customer.

A new methodology for attributing credit limits, using a computerised analysis tool, parameterised on the basis of economic-financial indicators and risk levels, making it possible to estimate the recommended short term risk exposure was introduced, in 2008.

Risk assessment associated with lending to financial institutions is based on internally established rules. Exposure limits, using an internal methodology, are set for this type of institution by counterparty and group.

This methodology was reviewed in 2008, with the amount of the referred to limits being defined on factors such as default probability associated with a rating i.e. *Value-at-Risk*, *Loss Given Default* (LGD), the size of the entity, the weighting factor on the financial system in which the entity operates and other qualitative factors.

Financial institutions' limits are subject to a country limit whose value is weighted in terms of maximum concentration levels and country rating.

The evolution of the credit risk control portfolio is monitored and credit concentration operations are performed, by type of product, decision structure, maturity, residual period, operating sector and rating level. Provisions cover on customers with a higher number of defaults and default rates per product and decision centre are also monitored.

In addition to analyses of portfolios and use of the other available computer applications, it uses an Alerts System to close the gap between the date of the occurrence of an alert/risk event and the performance of the area responsible for the counterparty.

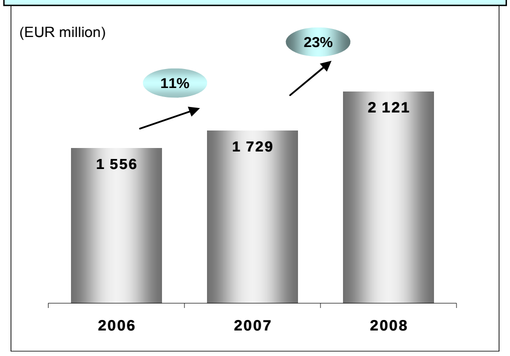
A quarterly estimate is also performed on the evolution of exposure to the principal economic groups. A report on CGD's market shares by sector of activity and NUTS III (statistical nomenclature) is also carried out each half year.

Work was also carried out, in 2008, on a project for estimating "loss given defaults" (LGDs) based on internal models, for the selected credit portfolio, to improve the use of capital calculation.

2008 was characterised by a higher level of deterioration in credit quality, with a significant increase in the amounts of overdue credit and interest over the preceding year, with an immediate effect on the growth of impairment provisions.

The subprime crisis which marked the second half of 2007, spilled over to world financial markets, worsening considerably in September 2008, to affect the real economy. This situation has had direct consequences on the portfolios of financial institutions, translating not only into an increase in financial defaults but also a reversal of the trend towards the positive results recorded over the last few years. Considering that CGD Group has several exposures to financial institutions whose recovery presents a certain risk, several prudent specific provisions adjustments were made for these entities, providing for a deterioration in terms of expected potential losses.

Impairment on Loans and Advances to Customers (Consolidated)



The reasons for the increase in impairment provisions, between December 2007 and December 2008, are therefore essentially justified by the two above referred to situations.

Credit Recovery

The credit recovery area made several organisational adjustments designed to improve its internal operation, in 2008, having implemented several recovery instruments to improve the efficiency of recovery operations and concentrate on negotiating settlements as opposed to court action in an attempt to persuade customers to resume their normal commitments and commercial relationship with CGD.

The system for the monitoring, identification and allocation of operations for loans and advances to individual customers in default, to the Credit Recovery Department (DRC) remains in force. In the first 60 days of default (up to 3 unpaid instalments), the monitoring and settlement of the loan is given to the commercial areas with contact centre support and, if the loan remains unpaid, is then given to DRC - Recovery Area after the 3rd instalment has been missed.

Computer procedures were developed for corporate allocations in terms of credit recovery, with the following allocation conditions having been defined:

- Liabilities up to EUR 100 000, provided that at least one operation in default for more than 90 days, is recorded;

- Liabilities of EUR 100 000 or more provided that at least one operation in default for more than 180 days, is recorded.

Prompt attention has been paid to defaults, notably by the commercial areas and contacts made by the call centres requesting the settlement of the debt.

Responsibility for achieving the settlement of operations in default, was given to Caixa Leasing e Factoring staff resources, in mid year, under the terms of CGD's recovery policy.

DRC succeeded in recovering EUR 1 285.3 million, in 2008, of which 76% (67% in the preceding year) relating to settlements and 24% (33% in 2007) to collections. In line with CGD guidelines negotiating procedures achieved more much more than legal action.

Negotiations in the leasing and factoring areas, recouped EUR 30 million in just over six months: with collections of around EUR 10 million (33.3%) and settlements of around EUR 20 million (66.6%).

The individual customer credit portfolio under negotiation, at 31 December, was EUR 973.5 million, with defaults of EUR 51.2 million by individual customers and the corporate credit portfolio was EUR 159.4 million with defaults of EUR 68.5 million.

In the **individual customers** segment, intervention for the purposes of the settling of overdue mortgage lending over the whole of the branch network has been automated. Unrestricted intervention will shortly be introduced for personal loans as an action required to avoid the worsening of defaults and to improve indicators, in times of economic crisis.

47.5% of the global number of individual customers allocated to the negotiating recovery area, in 2008, were reassigned to the branch network after remedying the default, 7.8% were sent for legal action and 44.7% remained at their negotiating stages of which 11.3% were being monitored on the basis of negotiated settlement plans.

The allocation process, in the **corporate segment**, was computerised and is currently being progressively implemented by two departments and will be extended to all of the others, in 2009.

The corporate default credit allocation flow was EUR 227.2 million, with negotiations achieving EUR 97.9 EUR million, split up by EUR 47.1 million (48%) for collection and EUR 50.8 million (52%) for settlements and returned to the network.

Legal recovery, in addition to credit recoveries of EUR 199.7 million and settlements of EUR 88.5 million, witnessed a reduction of 2 726 actions in the actions portfolio notwithstanding 4 380 new actions having been taken, with the aim of significantly reducing pending actions, committing to negotiation or extra judicial agreements.

Market Risk

CGD Group's market risk management rules on each portfolio or business unit include market risk, credit exposure limits in addition to exposure to credit, market and liquidity risk, required levels of return, types of authorised instruments and maximum permitted loss levels.

Executory functions on market operations and associated risk control are completely separate.

Market risk hedging operations are decided by portfolio managers or business units. They are based on risk limits and authorised instruments in which the risk management area collaborates on assessing the impact of total risk hedges incurred or the alteration of authorised market risk levels, if deemed advisable under the circumstances.

The market risk measurement used for all types of market risk is Value at Risk (VaR) (interest rates, shares, exchange rates, volatility), using the historic simulation method, whose confidence levels are contingent upon the reasons for holding the portfolio. Other market risk measurements, such as sensitivity to the price changes of underlying assets - basis point value (bpv) - interest rates and other sensitivity indicators commonly applied to share portfolios are also applied. Stress testing assessments have also been developed.

Daily theoretical and real VaR measurement backtesting analyses are performed, with the calculation of theoretical backtesting values and the monthly calculation of real backtesting values. The number of exceptions obtained i.e. the number of times theoretical or real losses exceed VaR, enable the method's accuracy to be assessed and any necessary adjustments made.

Trading portfolio management has short term objectives designed to exploit market opportunities, although there may not be any portfolio positions available, whereas investment portfolio objectives are medium and long term and designed to generate a regular and reasonably steady income stream.

Under management rules each portfolio is subject to restrictions in terms of its composition, as regards assets and risk levels. Risk levels are defined on credit exposure (concentration by name, sector, rating and country), market (maximum total risk level by risk factor and maturity period) and liquidity (minimum number of listings required, maximum authorised portfolio percentage for each issue, composition of share portfolios based on their inclusion in authorised indices). Monthly control and return analyses are produced and their credit risks assessed according to the regulatory dispositions in force and market risk assessed by internal models.

There are maximum authorised loss limits which are controlled daily.

The following table provides information on VaR measured market risk, during the year on trading and own portfolios:

Trading Portfolio - Headquarters

(EUR thousand)

Trading Portfolio - Headquarters (VaR 95% 1d)	VaR Values		
	Minimum	Average	Maximum
2008	298	753	16 521
1st Quarter	306	914	16 521
2nd Quarter	298	771	1 271
3rd Quarter	404	754	1 520
4th Quarter	352	577	1 032

Own Portfolio - Group

Own Portfolio (VaR 99% 10d)	VaR Values		
	Minimum	Average	Maximum
2008	18 514	21 953	25 848
1st Quarter	20 051	21 884	23 451
2nd Quarter	18 724	20 109	20 922
3rd Quarter	18 514	21 766	23 929
4th Quarter	21 127	24 058	25 848

The scope of application of the internal market risk model, for the calculation of own funds requirements, was defined in 2008. Information on VaR results for the trading portfolio for regulatory purposes is set out below.

Trading portfolio for regulatory purposes - Group

(EUR thousand)

Regulatory Portfolio (VaR 99% 10d)	VaR Values		
	Minimum	Averagem	Maximum
2008	4 613	15 465	30 158
1st Quarter	4 613	7 400	13 241
2nd Quarter	10 172	17 079	30 158
3rd Quarter	12 703	16 981	23 201
4th Quarter	13 517	20 126	27 330

Foreign Exchange Risk

Foreign exchange risk is controlled and assessed on a daily, individual basis for domestic operations for each branch office and subsidiary and fortnightly, on a consolidated level for the group as a whole. VaR amounts and limits are calculated on total open and currency positions.

The following table provides information on the group's risk levels and market value during the year:

Foreign Exchange Position

(EUR thousand)

Foreign Exchange Position (VaR 99% 10d)	VaR Values		
	Minimum	Average	Maximum
2008	1 781	7 962	21 377
1st Quarter	4 943	6 328	7 815
2nd Quarter	4 701	6 146	11 137
3rd Quarter	1 781	5 152	11 757
4th Quarter	10 231	14 258	21 377

INTEREST RATE AND LIQUIDITY RISK IN THE BALANCE SHEET

ALM (Asset-Liability Management) continued to perfect its techniques to achieve objectives of prudent liquidity management and use of capital and identify and control interest rate risk.

Tools and Products

In the interest rate risk analysis and balance sheet liquidity area, the implementation of a new asset and liabilities management computer tool, in 2005, called *BancWare ALM*, purchased from the company *Sungard-BancWare Inc*, enabled the materially more relevant CGD Group entities in this area to be assessed, with work having begun on the definition of advanced methodologies for such risk management.

The analysis, at the end of 2008, encompassed a perimeter, referred to as subconsolidated ALM which, as a whole included CGD and its offshore branches, Spain, France, Monaco, London, New York and Cayman Island branches, Banco Caixa Geral, Caixa-Banco de Investimento, CGD Finance, Caixa Geral Finance, CGD North America and the Macau offshore branch.

The criterion used to select the institutions for inclusion in this perimeter is associated with their consolidated weight within CGD Group and/or the importance of intragroup operations. It was also ensured that the operations contributing towards the calculation of the indicators and risk structures which effectively represent interest rate risk for CGD Group. Continuity will progressively be given to this integration process in the risk analysis perimeter of all group institutions.

In short, the *BancWare Inc* tool, used for risk analysis in DGR, operates in two distinct modules: one called *Insight*, which validates the information received from the said institutions (more than two million entries), standardises it in accordance with a broad range of parameters and places it in a common layout, thus producing a final output which is, simultaneously the input for the second module called *ALM.* This module, lastly, acts on each of the accounts, allocating a specific financial behaviour to them, thus permitting the construction of risk indicators.

The outputs produced, for each of the institutions, as in consolidated terms, are set out below:

• In static terms, every month: contractual balance, current value and duration; interest rate and liquidity, structural liquidity gaps, level of immunisation and table of the source and application of funds;

• In dynamic terms, every quarter; forecast balance for the desired simulation period and net interest income with a sensitivity analysis (up/down 200 bp, up/down 100 bp and up/down 50 bp).

The following four components are entered into the simulation model for dynamic analysis purposes: balance and rates evolution scenarios, pricing policy for new operations and the structure of the contracting periods for new contracts.

The interest rate risk analysis is performed every month and processes all sensitive balance sheet operations for the above referred to perimeter. To determine the level and impact of interest rate risk in the banking portfolio, the analysis perimeter is expanded as, in addition to previous references, it also includes BNU-Macau, Mercantile Bank and CGD branches in Luxembourg, Timor and Zhuhai.

The outputs produced in the form of tables and monthly reports are for the bank's management. Monthly information is also produced for the assessment of ALCO meetings and the same software is also used to process the information required for the production of liquidity and interest rate risk assessments on the banking portfolio, to be sent to the Bank of Portugal.

Interest Rate Risk

This is the risk incurred in the activity of an institution associated with mismatching of maturities between assets and liabilities. It is the risk of the occurrence of a decrease or increase in the interest rate associated with assets or liabilities held by a specific investor, decreasing the return or increasing the financial cost inherent thereto.

In general terms, CGD incurs interest rate risk whenever, in the performance of its activity, it contracts operations with future cash flows sensitive to eventual changes in interest rates.

To measure this type of risk, the methodology used by CGD comprises the aggregation of the periods to maturity of all of its assets and liabilities sensitive to interest rate changes, in accordance with the respective repricing dates. The respective cash inflows and outflows are calculated for such maturities to obtain the corresponding interest rate risk.

An analysis of the interest rate risk dimension also involves a monthly calculation of the duration of sensitive assets and liabilities, in addition to the respective duration gap. This is used to measure the mismatch level between the average time in which cash inflows are generated and cash outflows are required.

The accumulated static interest rate gap of up to 12 months was significantly down, in 2008, although it always remained positive, with a year end total of EUR 10 045 million.

Interest rate gap, at 31-12-2008 *

(EUR million)

	7D	1M	3M	6M	12M	3Y	>3Y
Total assets	6 928	22 575	25 850	19 548	5 772	1 275	2 249
Total liabilities+capital	5 203	14 632	20 208	15 057	4 719	21 294	5 801
Total interest rate swaps	474	-1 668	-4 188	-5 489	61	4 337	6 403
Total interest rates futures	0	0	0	0	0	-26	-145
Period gap	2 200	6 276	1 453	-998	1 114	-15 708	2 706
Accumulated gap	2 200	8 476	9 929	8 931	10 045	-5 663	-2 957

* Perimeter: CGD, Madeira offshore financial branche, Spain, France, Monaco, London, New York and Cayman Islands branches, Banco Caixa Geral, Caixa-Banco de Investimento, CGD Finance, Caixa Geral Finance, CGD North America and Macau Offshore branch.

To monitor the effect of the referred to gaps on net interest income, a regular monthly forecast of sensitive assets and liabilities scenarios is produced. It includes relevant banking activity behaviour and trends, evolution of different market rates and expectations reflected in the yield curve.

ALCO approves guidelines on balance sheet and banking portfolio interest rate risk, including the definitions of limits on certain significant variables in terms of the level of exposure to such risk. The objective in complying with these guidelines is to ensure that CGD has a means of managing the risk/return trade-off, in balance sheet management terms, being in a position to define the adequate level of exposure and controlling the results of the risk policies and positions assumed.

The limits fixed are calculated monthly for the accumulated 12 months gap and the duration gap and quarterly both for the economic value at risk indicator (which translates the changes in the economic value of the bank's capital, resulting from changes in interest rate levels) and for the earnings at risk indicator (which translates the changes in the bank's forecast net interest income, resulting from changes in interest rate levels and the evolution of loans and advances and investment balances).

Interest rate risk on banking portfolio

The interest rate risk in the banking portfolio is also calculated on consolidated operations every six months and sent to the Bank of Portugal. It encompasses all balance sheet and off-balance sheet elements not included in the trading portfolio.

The assessment and measurement of this type of risk are based on the accumulated impact of instruments sensitive to interest rates, resulting from a parallel movement of +/- 200 bp on the yield curve. Under the terms of an ALCO resolution and for internal management purposes, the calculation of this impact on own funds and on net interest income is calculated quarterly with internal limits having been defined for the purpose in question.

At year end, impact on shareholders' equity (as defined in Bank of Portugal official notice 12/92) and interest income (understood to be the difference between interest income and costs, comprising the annualised equivalent of its current level), resulting from the referred to movement in the yield curve, were 7% and 14%, respectively.

Impact on shareholders' equity		Impact on interest income	
Time Band	**Shareholders' equity**	**Time Band**	**Interest Income**
Spot – 1 month	- 4 512	Spot	- 16 201
1 – 3 months	- 12 633	Spot – 1 month	123 850
3 – 6 months	- 29 104	1 – 2 months	28 820
6 – 12 months	- 16 879	2 – 3 months	36 354
1 – 2 years	487 888	3 – 4 months	12 861
2 – 3 years	61 466	4 – 5 months	19 843
3 – 4 years	44 074	5 – 6 months	16 730
4 – 5 years	18 399	6 – 7 months	39 847
5 – 7 years	- 5 071	7 – 8 months	- 2 852
7 – 10 years	8 543	8 – 9 months	- 4 761
10 – 15 years	- 54 682	9 – 10 months	- 4 222
15 – 20 years	- 13 595	10 – 11 months	- 938
> 20 years	- 65 967	11 – 12 months	- 455
Total	**417 927**	**Total**	**248 875**

Impact on shareholders' equity / Own funds	7%
Accumulated impact of instruments sensitive to interest rates up to 1 year as a percentage of interest income	14%

Liquidity Risk

This involves a risk in which an institution's reserves and cash assets are not sufficient to honour its obligations at the time of occurrence i.e. the possibility of the occurrence of a time-lag or mismatch between payment inflows and outflows, making the bank's unable to satisfy its commitments.

Liquidity risk in the banking business area can occur in the event of:

- Difficulties in funding, normally leading to higher costs of funding but also implying a restriction on the growth of assets;

- Difficulties in meeting obligations to third parties, in due time, caused by significant mismatches between residual periods on assets and liabilities.

Liquidity risk management continues to use an analysis of the periods to maturity of different balance sheet assets and liabilities. The volumes of cash inflows and cash outflows, and respective liquidity gaps are shown for each of the different time bands considered. Their amounts, at year end, were as follows:

Liquidity gaps at 31-12-2008 *

EUR million

	1M	3M	6M	12M	3Y	5Y	10Y	>10Y
Total assets	17 687	4 331	6 022	4 598	12 606	9 878	12 885	17 854
Total liabilities + capital	13 150	8 909	7 264	7 737	14 896	10 135	9 733	15 090
Total swaps	-41	0	0	-44	- 18	8	6	18
Period gap	4 497	- 4 577	- 1 242	- 3 183	- 2 309	- 249	3 158	2 781
Accumulated gap	4 497	- 81	- 1 323	- 4 506	- 6 815	- 7 064	- 3 907	- 1 125

* Perimeter: CGD, Madeira offshore financial branche, Spain, France, Monaco, London, New York and Cayman Islands branches, Banco Caixa Geral, Caixa-Banco de Investimento, CGD Finance, Caixa Geral Finance, CGD North America and Macau Offshore branch.

The structural liquidity concept is used for analysis purposes which, according to studies and models developed internally and based on the behaviour of depositors, translates the distribution of sight and term deposits by the different buckets considered.

Therefore, in the case of sight deposits, 82% of the balance (*core deposits*) is considered in the more than 10 years time bucket with the rest (*non-core deposits*) being allocated in buckets of up to 12 months, in line with seasonality studies and minimum noted balance. Term deposits and savings accounts are, in turn, split up between the different buckets in accordance with a model for estimating their expected average life and expected time distribution of withdrawals.

Securities investments also deserve special treatment with around 85% of the total securities investments balance being considered in the up to 1 month bucket and the remaining 15% being split up according to the proportion of the balances in the structure of the residual periods of their initial maturity. Shares and other variable income securities with adequate liquidity are globally considered in the up to 1 month bucket.

Liquidity gaps are calculated monthly and compliance is compared to three limits (two short term and one long term) fixed by the ALCO committee.

To avoid high negative liquidity gaps over short term time bands, Caixa has endeavoured to ensure a permanent level of efficient treasury management. To provide for the longer maturity periods, particularly associated with the continuous growth of mortgage lending, Caixa continued to use resource taking instruments in domestic and international markets, in 2008.

Notwithstanding the problems occurring in the monetary and capital markets, Caixa furthered its policy of taking in resources with more adequate maturity periods to avoid mismatches between assets and liabilities maturity periods, ensuring greater stability of its customer resources, both in its launch of structured savings products, as in debt issues.

Caixa increased its share capital by EUR 400 million at the beginning of August, through an issue of 80 million shares fully subscribed for by the state with a nominal value of 5 euros each.

At the beginning of December, CGD launched the first state-backed bond issue, inaugurating this new debt market segment, in Portugal. The issue totalled EUR 1.25 billion, or 25% up over the initially established amount of EUR 1 billion (the state's guarantee permitted an issue of between EUR 1 and 2 billion). The increase was based on the huge demand which was much higher than the available offer. The bonds, with a maturity of 3 years, have a coupon rate of 3.875% (85 bp over the mid swaps level).

The liquidity ratio, information on which is sent to the Bank of Portugal, is in line with the established objectives. CGD has also calculated the liquidity ratio on the domestic activity of all CGD Group banks and branches, as a management guidance instrument, on a monthly basis, since the start of the year.

Lastly, the following table sets out several indicators on the deposits to loans conversion rate for CGD's consolidated operations:

	2007	**2008**
Deposits to loans conversion rate	134.2%	135.7%
Customer resources to loans conversion rate	125.7%	125.3%
Total customer resources to loans * conversion rate	78.2%	77.0%
Stable resources * to loans conversion rate	91.7%	89.3%

* According to the definition of Bank of Portugal instruction 1/2000.

OPERATIONAL RISK

CGD, pursuant to the framework of duties and obligations deriving from the Basel II agreement, in conjunction with international trends on the adopting of best internal control practice – *Sarbanes-Oxley Act* – defined, as methods to be adopted, the standard method for the calculation of own funds to be allocated to operating risk, in addition to creating the conditions enabling evolution to the advanced measurement approach (AMA).

Pursuant to the above, CGD, in April 2008, formalised its application to the Bank of Portugal for the use of the standard method to calculate own funds requirements for operational risk (it currently uses the basic indicator method).

To provide for these challenges, CGD, at the end of 2006, initiated the development and implementation of a new methodology for the management of this risk, aligned with the approaches recommended in the Basel II Accord by COSO (Committee of Sponsoring Organizations of Treadway Commission) and CobiT (Control Objectives for Information and Related Technology) having adopted the operational risk definition, such as the risk of losses resulting from inadequacies or procedural faults or caused by persons and information systems or due to external events.

Procedural stages	Management support components
Identification	▪ Catalogue of processes organised by business, infrastructure and outsourcing processes; ▪ Detailed procedural documentation using a Business Process Management (BPM) tool in addition to the potential, mitigating risks and associated control procedures;
Assessment	▪ A decentralised process for the compilation of information on events, losses and recoveries deriving from operational risks contemplating near misses and supported by the participation of all employees. This process is also reinforced by control procedures to complement the integrity of this database; ▪ Operational risk self-assessment questionnaires developed in line with a procedural approach targeted at people in charge of and executors of activities; ▪ Performance of control tests for design and implementation assessment purposes;
Monitoring	▪ Risk indicators (under development); ▪ A specific reporting system for supporting the decision upon which the integrated analysis of the data collection from the various methodology components is based, permitting the classification of processes in terms of the dimension of the analysis - operational risk and internal control; ▪ Promotion and monitoring of the implementation of action plans as an activity which is also supported by the risk management information system permitting its integration with the remaining methodology components

In organisational terms, operational risk management and internal control are the responsibility of dedicated structures and functions:

- An Operational Risk and Internal Control Management Committee responsible for verifying conformity with operational risk and internal control strategy and policies, monitoring the management thereof and proposing action plans;
- An area exclusively dedicated to operational risk and internal control management, responsible for developing and implementing strategy and policies, ensuring that operational risk is being adequately managed and that the controls are operating efficiently, in articulation with other departments, branches and subsidiaries;
- Process owners who are responsible for facilitating and promoting the operational risk and internal control process.

Other particularly relevant parties in this process, are the Board of Directors, the Consultancy and Organisation Division (management of processes), Compliance Office (compliance risk management), Accounting, Consolidation and Financial Information Division (calculation of own funds requirements) and the Internal Audit Division (control tests).

Communication, comprising various initiatives and the involvement of top management has been an essential factor in guaranteeing a growing awareness of the importance of this risk management and the maintenance of an adequate internal control system as a relevant risk mitigating factor.

This has resulted in the identification of opportunities for the improvement and development of action plans, making it possible to optimise processes, reduce exposure to the risk inherent to operations and reinforce the internal control and control culture system.

A plan for the expansion of the operational risk management methodology to the remaining group entities by end 2010, is currently being implemented. The respective works are either at an advanced stage or have already been completed, in Caixa Banco de Investimentos, Caixa Gestão de Activos, Caixa Leasing e Factoring, Banco Caixa Geral and Caixa Seguros.

In the framework of prudential recommendations issued by the supervisory authorities, designed to guarantee the continuous operation of the activity of institutions, CGD is also implementing a global business continuity strategy, based on two fundamental pillars: operational continuity and technological recovery.

Consideration was given to this global but demanding and comprehensive vision, including persons and processes which are critical to CGD's activity, in 2006, as part of several already existing experiences, but geared to technological support. CGD had already created resources to guarantee the continuity of information systems and protect all critical data.

The solutions implementation strategy, scheduled for completion in 2010, comprises the determination of continuity requirements for CGD's activity's support processes identified under the Operational Risk and Internal Control Programme.

The logistical and technological infrastructures necessary to provide for the following disaster scenarios are being created: local inoperability of workstations in each of the central buildings in Lisbon and Porto; general inoperability of workstations in the Lisbon region and general incapacity of workers to use their workstations.

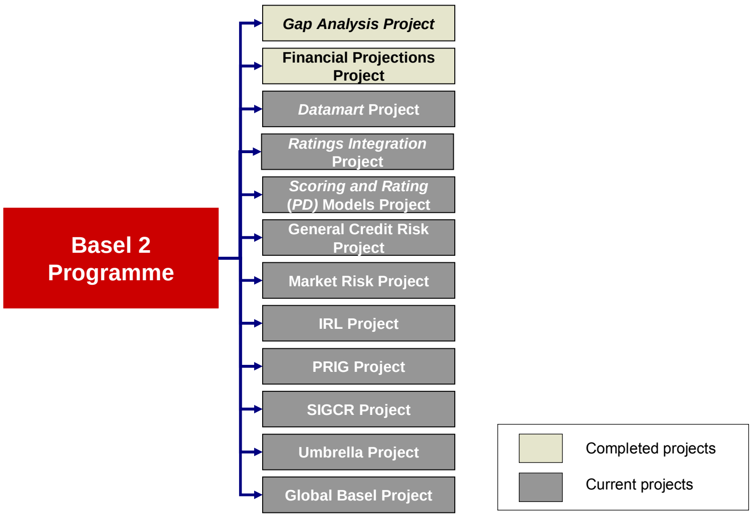
The solutions to the operational continuity scenarios consider the possibility of the simultaneous inoperability of workstations and technological infrastructure, with the conclusion of the implementation of alternative support solutions for financial markets activity (alternative trading room) in March 2008.

This "new global business continuation strategy", is based on an integrated crisis management approach in addition to encompassing CGD, it also includes other CGD companies such as Fidelidade Mundial, Império Bonança, Caixa Banco de Investimentos, Caixa Leasing e Factoring and Caixa Gestão de Activos.

BASEL II

Since end 2002, Caixa Geral de Depósitos has been developing a series of initiatives referred to as the Basel II Programme with the objective of ensuring compliance with the requirements of the new Basel II Capital Accord and its application for the use of advanced approaches to the calculation of own funds requirements.

The aim behind the implementation of the Basel II Programme is not only to comply with regulatory, requirements but also to endow CGD Group with the most sophisticated risk assessment and management tools and methodologies in terms of credit, market, interest rate and liquidity.



Credit Risk

Significant progress was made on the various component initiatives under the terms of the credit risk project, included in the Basel II Programme and the form of preparation of the application for the adoption of the internal ratings method, with, in several cases, the project having been completed.

Projects	Projects completed	Projects in course
Gap Analysis Project	- Branch and subsidiaries analysis	
Financial Projections Project	- Implementation of an application for financial projections	
Global Basel Project	- Simulation of capital calculation	- Candidacy process for the internal models approach
	- Functional design – 1st phase	- Implementation of data models change
DataMart Project	- Technical implementation – 1st phase	- Implementation of gaps identified in the Operational System
Integrated Rating System (SIR)	- System functional design - Design and implementation of scoring models - Integration of the CH and CC scoring	- Technical implementation - Review of documents of the developed models - Integration of models in the decision making process
Scoring and Rating Models (PD)	- Design and implementation of rating models - Integration of the rating models	-Calculation for the portfolio risk factor - Models review

Projects	Projects completed	Projects in course
Global Credit Risk Project	- Validation of credit risk models - Calculation of risk assessment models (LGD and EAD)	- Review of documents of the developed models - Integration of models in the decision making process
Market Risk Project	- Market risk measurement - Foreign exchange risk measurement - Stress testing	- Candidacy process for the internal models approach
Interest Rate and Liquidity Risk Project	- ALM tools - Implementation of a new model for reports	- Implementation of advanced methodologies
Group Information Collection Project	- Definition of the information layout for the entities - Technical solution for the collection/ warehousing of information of the entities	- Information collection of for the entities in accordance with the defined layout
SICR Project	- Technical design and implementation of a tool for capital calculation - ICAAP – Diagnosis phase	- Conclusion of the technical implementation of tool for capital calculation - ICAAP – Implementation phase
Umbrella Project	- Risk management training - General Basel 2 training	- Risk management guidebook - Risk management

PD (probability of default) risk rating models

The connection of scoring models with operating systems was completed, making it possible to integrate the new risk assessment as part of the decision making process on retail segment applications.

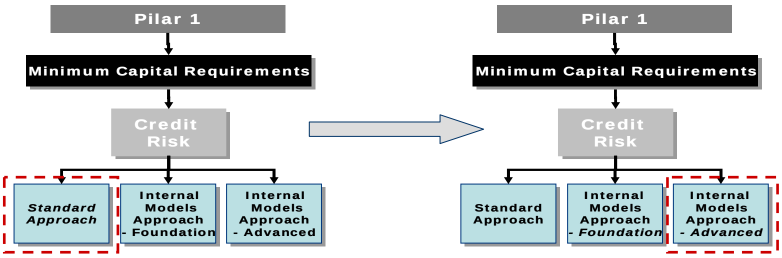
As regards rating models developed for the corporate, financial institutions and institutions segments, work began on the process for the implementation of a system making it possible to provide commercial and risk management areas with adequate information for efficient and effective risk analysis purposes. This application makes it possible to generate, analyse and store all relevant data for assessing customer risk profiles, in a new integrated "balances clearing exchange" and represents an important step forward in terms of increasing and reinforcing CGD's procedures in this area.

LGD and EAD Models

The process for estimating the risk assessment models for the advanced approach LGD (loss given default) and EAD (exposure at default) models, was completed in 2008. These models were developed for the corporate (major companies, SMEs and micro-companies) and for retail (mortgage lending, consumer credit and small businesses) segments. CGD intends to incorporate these models in assessment and decision-making proposals this year.

Calculation of Capital Requirements and Risk Information.

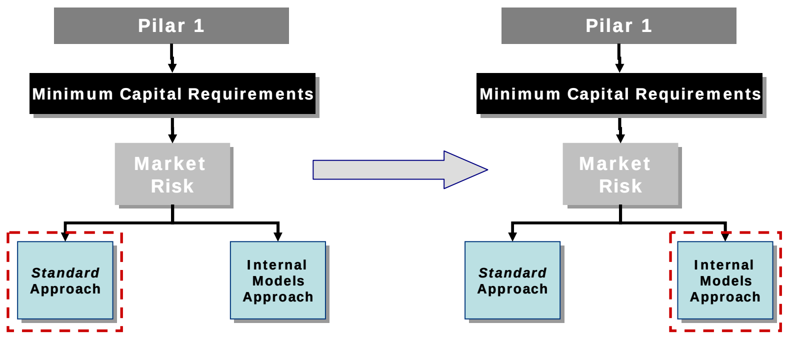
CGD calculated its credit risk capital requirements, in 2008, in accordance with the standard method, having continued its contacts, starting 2007, with the Bank of Portugal, pursuant to the process of its application for permission to adopt the internal ratings method:



Market Risk

In market risk terms, the internal revision of the market risk management model, under the coordination of the Internal Audit Divisions, was completed, with the implementation of the recommendations resulting from the said analysis. This made it possible to complete the Risk Management and Control Manual, in 2007.

The application for the adoption of internal market risk models was initiated in 2007.



Interest and Liquidity Risk Rates in the Balance sheet

New ALM tools functionalities were implemented for the management of interest and liquidity risk in the balance sheet and work began on the definition and use of a stochastic process for the assessment of interest rate risk using Monte Carlo simulations.

Own funds requirements calculation tools

As already referred to, the principal objective of the Basel II Programme is to ensure compliance with the new CGD Group accord. Work began, in 2007, on the implementation of a calculation tool for capital requirements and solvency ratio determination purposes.

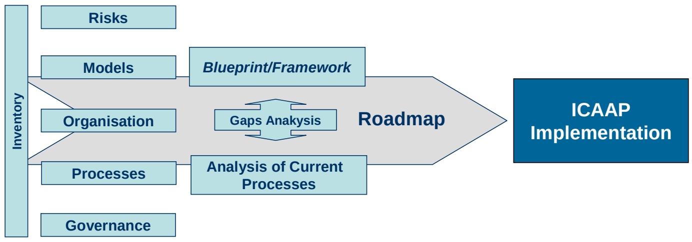
DataMart Risk

Work continued on the expansion and consolidation of the DataMart Risk, as an integrated credit and market risk repository. This consolidation translated into the updating of the existing models and creation of infrastructures to provide for new information requirements.

Work continued, in 2008, on the process for the compilation of information from CGD Group branches and subsidiaries for the purpose of complying with the requirements of the Basel II Accord and the supervisory authorities. Following the said works the technical conditions for centralising the information (communications, processes and periodicity of transmission, etc) were aligned with the diverse units and the procedures for validating the received data were established.

ICAAP

CGD, at the start of first half 2008, began work on the diagnosis of the current situation regarding the demands of ICAAP (Internal Capital Adequacy Assessment Process). A roadmap for the implementation of the internal capital assessment model, which will occur in 2009, was developed.



SUBSEQUENT EVENTS

SUBSEQUENT EVENTS

1 Standard & Poor's downgraded CGD's long and short terms ratings from AA- and A-1+ to A+ and A-1, respectively, on 21 January 2009 after having placed the bank on *CreditWatch Negative* on 13 January 2009.

According to the referred to rating agency, these changes exclusively reflect the downgrading of the rating on the Portuguese Republic.

At the same time, Standard & Poor's removed CGD's ratings from *CreditWatch Negative*, changing *outlook* to stable.

2 Caixa Geral de Depósitos launched a non-guaranteed bond issue of EUR 1 250 million, with a maturity of 5 years in the international financial markets, in February.

This was the first (and, for the time being only) senior operation realised by a Portuguese financial institution not underwritten by the state and one of the few European operations after a long period of virtual paralysation of this market segment. The crisis of confidence which has been dominating the markets has led investors to concentrate almost all of their investments in guaranteed debt instruments, admitting, however, subscriptions for non-guaranteed bonds provided that they have been issued by top class institutions with good credit quality.

The issue was subscribed for by 117 investors, with the securities having been placed with a spread of 225 basis points over the Mid Swaps 5 year maturity rate.

3 CGD acquired 64 406 000 CIMPOR – CIMENTOS DE PORTUGAL, SGPS, SA shares comprising 9.584% of its share capital and voting rights from Investifino – Investimentos e Participações, SGPS, SA , in an operation realised outside a regulated market on 16 February 2009.

The referred to acquisition provided CGD with a total of 64 825 894 CIMPOR shares and corresponding voting rights.

The sales contract under which CGD acquired the above referred to shares also gives Investifino a repurchase option on the said shares, which can be exercised within a period of 3 years from the date of the referred to sales operation.

4 Following the formation of its new Brazilian subsidiary – Banco Caixa Geral Brasil – CGD opened its premises in São Paulo, on 16 February 2009. The technical requirements required for it to open for business are scheduled for completion in March 2009.

With an initial share capital of EUR 40 million, the bank will be concentrating its activities in the corporate market, exploiting existing opportunities in the case of Brazilian companies interested in exporting to Europe, Africa, notably Angola, or Asia, where, through BNU, CGD has a major presence and Portuguese companies already operating or interested in operating in the Brazilian market.

5 CGD subscribed for three commercial paper issues by BPN for a global amount of EUR 2 billion between 10 - 12 March 2009 under the programme underwritten by the Portuguese Republic, under the framework of Law 62-A/2008 of 11 November (nationalising all of BPN’s share capital).

The funding provided under the commercial paper programme reimbursed CGD for its previous credit operations and assistance to BPN in terms of liquidity.

PROPOSAL FOR THE APPROPRIATION OF NET INCOME

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PROPOSAL FOR THE APPROPRIATION OF NET INCOME

Pursuant to the terms of article 376 of the Commercial Companies Code and article 26 of the bank's articles of association approved by Decree Law 287/93 of 20 August, the following appropriation of CGD's separate net income of EUR 484 250 872 for the year is hereby proposed:

1. 20% to the legal reserve, EUR 96 850 174;
2. EUR 7 792 980 to retained earnings;
3. EUR 300 000 000 to dividends;
4. EUR 79 607 718 to free reserves.

Lisbon, 19 March 2009

Board of Directors

Chairman:
Fernando Manuel Barbosa Faria de Oliveira

Deputy Chairman:
Francisco Manuel Marques Bandeira

Board Members:
Norberto Emílio Sequeira da Rosa
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
José Fernando Maia de Araújo e Silva
Jorge Humberto Correia Tomé
Pedro Manuel de Oliveira Cardoso

DECLARATION ON THE CONFORMITY OF THE PRESENTATION OF FINANCIAL INFORMATION

Under the terms of sub-paragraph c) of no. 1 of article 245 of the Securities Market Code we declare that the financial statements for 2008 and other accounting documents have, to the best of our knowledge been produced in conformity with the applicable accounting standards and provide a true and appropriate image of the assets and liabilities, financial situation and results of Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter and that the board of directors' report gives an accurate account of the business evolution and the performance and position of the referred to entities and contains a description of the principal risks and uncertainties they face.

Lisbon, 19 March 2009

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Fernando Manuel Barbosa Faria de Oliveira

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Lisbon, 19 March 2009

Audit Committee

Chairman:
Eduardo Manuel Hintze da Paz Ferreira

Board Members:
José Emílio Coutinho Garrido Castel-Branco
Maria Rosa Tobias Sá

NUMBER OF BONDS HELD BY MEMBERS OF THE BOARD OF DIRECTORS
(Article 447 of Commercial Companies Code)

Bondholders	Description	No. Bonds at 31/12/08
Members of Board of Directors:		
Mr. Francisco Bandeira	Subordinated cash bonds - CGD 2007/2017 – 1st issue	300
	Subordinated cash bonds - CGD 2007/2017 – 2nd issue	300
Mr. Norberto Rosa	Subordinated cash bonds - CGD 2007/2017	200
	CGD Anniversary Bonds 132	1 000
Mr. Rodolfo Lavrador	Subordinated cash bonds - CGD 2008/2018 – 1st issue	300
Mr. Jorge Tomé	Subordinated cash bonds - CGD 2007/2017 – 1st issue	1 500
	CGD Anniversary Bonds 132 – 2nd Series	1 000
	Subordinated cash bonds - CGD 2008/2018 – 1st issue	200
Mr. José Araújo e Silva	CGD Anniversary Bonds 132 – 2nd Serie	100

INFORMATION ON CGD SHAREHOLDERS
(Article 448 of Commercial Companies Code)

Shareholders	Share capital at 31.12.08	Percentage holding at 31.12.08
Portuguese State	EUR 3 500 000 000	100%

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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CAIXA GERAL DE DEPÓSITOS, SA

Balance Sheet (Separate) at 31 December 2008 (*)

(EUR)

	2008			2007			
	Amounts before impairment, amortisation and depreciation	Provisions, impairment and amortisation and depreciation	Net assets	Net assets		2008	2007
Assets					**Liabilities**		
Cash and cash equivalents at central banks	1 502 425 800		1 502 425 800	1 567 759 193	Resources of central banks	649 223 193	397 501 121
Cash balances at other credit institutions	407 973 691		407 973 691	834 513 218	Financial liabilities held for trading	2 465 926 687	1 319 749 314
Financial assets held for trading	3 668 824 768		3 668 824 768	4 614 934 109	Resources of other credit institutions	9 883 990 419	13 800 078 944
Other financial assets at fair value through profit or loss	661 446 984		661 446 984	1 937 802 133	Customer resources	50 550 799 933	45 365 668 578
Available-for-sale financial assets	6 553 135 127	524 736 486	6 028 398 641	5 171 284 070	Debt securities	20 387 015 274	15 938 376 598
Loans and advances to credit institutions	13 511 751 474	106 769 442	13 404 982 032	12 893 740 986	Financial liabilities associated with transferred assets	103 964 920	205 066 347
Loans and advances to customers	65 241 955 041	1 234 935 023	64 007 020 018	57 265 590 694	Hedging derivatives	429 467 902	808 244 069
Hedging derivatives	189 207 437		189 207 437	125 635 863	Provisions	1 297 287 549	1 209 420 892
Non-current assets held for sale	103 581 930	17 781 766	85 800 164	73 263 884	Current tax liabilities	127 700 236	119 346 013
Investment property	6 294 730		6 294 730	4 347 300	Deferred tax liabilities	26 648 987	118 137 743
Other tangible assets	1 354 541 022	726 274 504	628 266 518	682 898 849	Other subordinated liabilities	3 423 453 035	2 958 383 622
Intangible assets	419 681 121	266 257 732	153 423 389	162 797 919	Other liabilities	2 714 844 541	2 879 621 058
Investments in associates, subsidiaries and joint ventures	2 842 864 395	81 855 323	2 761 009 072	2 547 384 530	**Total Liabilities**	**92 060 322 676**	**85 119 594 299**
Current tax assets	8 085 704		8 085 704	1 053 724			
Deferred tax assets	719 683 156		719 683 156	406 876 874			
Other assets	2 478 050 494	60 335 780	2 417 714 714	1 762 950 362			
					Share capital	3 500 000 000	3 100 000 000
					Revaluation reserves	-415 726 782	460 970 719
					Other reserves and retained earnings	1 021 710 052	706 131 784
					Net income for the year	484 250 872	666 136 906
					Total Equity	**4 590 234 142**	**4 933 239 409**
Total Assets	**99 669 502 874**	**3 018 946 056**	**96 650 556 818**	**90 052 833 708**	**Total Liabilities and Equity**	**96 650 556 818**	**90 052 833 708**

(*) Including domestic activity and that of France, London, Spain, Luxembourg, New York, Grand Cayman, East Timor, Zhuhai and Madeira Offshore branches.

Board of Directors

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Jorge Humberto Correia Tomé

Pedro Manuel de Oliveira Cardoso

Certified Public Accountant

Joaquim Maria Florêncio

CAIXA GERAL DE DEPÓSITOS, SA

INCOME STATEMENTS (Separate) for the year ended 31 December 2008 and 2007 (*)

(EUR)

	2008	2007
Interest and similar income	8 052 366 194	6 211 344 682
Interest and similar costs	-6 415 371 472	-4 671 398 566
Net interest income	**1 636 994 722**	**1 539 946 116**
Income from equity instruments	256 133 064	160 100 213
Income from services and commissions	417 550 262	383 086 158
Costs of services and commissions	-88 857 695	-81 392 659
Net results of assets and liabilities measured at fair value through profit or loss	72 785 476	-243 985 243
Net gain on available-for-sale financial assets	71 368 493	273 069 999
Net foreign exchange revaluation gain	-36 895 789	39 208 294
Net gain on the sale of other assets	321 970 826	287 107
Other operating income	113 341 112	152 348 969
Net operating income	**2 764 390 471**	**2 222 668 954**
Staff costs	-630 516 734	-603 330 827
Other administrative costs	-414 858 997	-410 815 236
Depreciation and amortisation	-111 773 025	-96 669 365
Provisions net of reversals	-129 025 902	-113 347 616
Corr. of the amount of loans and adv. to customers and receivables from other debtors	-267 767 155	-188 079 712
Impairment of other financial assets net of reversals	-619 759 547	-4 259 119
Impairment of other assets net of reversals	9 858 221	-2 459 943
Income before tax	**600 547 332**	**803 707 136**
Income tax	**-116 296 460**	**-137 570 230**
Current	-271 655 839	-230 599 330
Deferred	155 359 379	93 029 100
Net income for the year	**484 250 872**	**666 136 906**
Average number of ordinary shares outstanding	653 534 247	590 000 000
Earnings per share (in Euros)	0.74	1.13

(*) Including domestic activity and that of France, London, Spain, Luxembourg, New York, Grand Cayman, East Timor, Zhuhai and Madeira Offshore branches.

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CAIXA GERAL DE DEPÓSITOS, S.A.

CASH FLOW STATEMENTS (SEPARATE)

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(EUR thousand)

	2008	2007
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	8 396 716	6 647 650
Interest, commissions and similar costs paid	(5 074 516)	(4 120 735)
Recovery of principal and interest	48 613	86 016
Results of foreign exchange operations	(36 896)	39 208
Payments to employees and suppliers	(946 153)	(941 106)
Payments and contributions to pensions funds	(108 626)	(99 303)
Other results	58 653	63 408
	2 337 791	1 675 138
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(7 663 908)	(7 910 712)
Assets held for trade and other assets at fair value trough profit or l	3 408 828	1 276 449
Other assets	(1 128 033)	489 365
	(5 383 113)	(6 144 898)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(3 615 053)	3 839 340
Customer resources	5 042 379	(1 761 422)
Other liabilities	(424 514)	(816 044)
	1 002 812	1 261 874
Net cash from operating activities before taxation	(2 042 511)	(3 207 886)
Income tax	(242 918)	(326 341)
Net cash from operating activities	(2 285 429)	(3 534 227)
INVESTING ACTIVITIES		
Capital gains from the disposal of equity instruments	150 057	77 115
Capital gains from available-for-sale financial assets	106 076	82 985
Acquisition of investments in subsidiary and associated companies, net of disposals	(2 695)	(80 223)
Acquisition of available-for-sale financial assets, net of disposals	(2 347 663)	(2 047 258)
Acquisition of tangible and intangible assets, net of disposals	12 850	(116 909)
Net cash from investing activities	(2 081 376)	(2 084 290)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(152 087)	(102 120)
Interest on debt securities	(839 396)	(477 749)
Issue of subordinated liabilities, net of repayments	449 113	753 079
Issue of debt securities	4 114 384	5 416 922
Share capital increase	400 000	150 000
Dividends paid	(340 000)	(260 000)
Net cash from financing activities	3 632 014	5 480 132
Increase (decrease) lin cash and cash equivalents	(734 791)	(138 385)
Cash and cash equivalents at beginning of year	2 402 272	2 540 657
Cash and cash equivalents at end of year	1 910 399	2 402 272

CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (SEPARATE)

FOR THE PERIOD ENDED 31 DECEMBER 2008 AND 2007

(EUR thousand)

		Revaluation reserves				Other reserves and retained earnings					
	Share capital	Fair value reserves	Reserves for deferred tax	Fixed assets	Total	Legal reserve	Other reserves	Retained earnings	Total	Net income for the year	Total
Balances at 31 December 2006	2 950 000	440 296	(115 182)	241 027	566 141	467 252	67 846	(54 157)	480 940	539 563	4 536 644
Appropriation of net income for 2006:											
Transfer to reserves and retained earnings	-	-	-	-	-	107 918	117 488	54 157	279 563	(279 563)	-
Dividends paid to the State	-	-	-	-	-	-	-	-	-	(260 000)	(260 000)
Share capital increase	150 000	-	-	-	-	-	(600)	-	(600)	-	149 400
Measurement gain/(losses) on available-for-sale financial ass	-	(133 356)	28 185	-	(105 171)	-	-	-	-	-	(105 171)
Amortisation of the impact of the transition to the IAS relative to the post employment benefits	-	-	-	-	-	-	-	(55 044)	(55 044)	-	(55 044)
Currency changes in subsidiaries	-	-	-	-	-	-	1 436	-	1 436	-	1 436
Other	-	-	-	-	-	-	(164)	-	(164)	-	(164)
Net income for the year	-	-	-	-	-	-	-	-	-	666 137	666 137
Balances at 31 December 2007	3 100 000	306 940	(86 997)	241 027	460 971	575 170	186 006	(55 044)	706 132	666 137	4 933 239
Appropriation of net income for 2007:											
Transfer to reserves and retained earnings	-	-	-	-	-	133 227	137 865	55 045	326 137	(326 137)	-
Dividends paid to the State	-	-	-	-	-	-	-	-	-	(340 000)	(340 000)
Share capital increase	400 000	-	-	-	-	-	-	-	-	-	400 000
Measurement gain/(losses) on available-for-sale financial ass	-	(1 084 958)	240 289	-	(844 669)	-	-	-	-	-	(844 669)
Amortisation of the impact of the transition to the IAS relative to the post employment benefits	-	-	-	-	-	-	-	(39 838)	(39 838)	-	(39 838)
Currency changes in subsidiaries	-	-	-	-	-	-	(3 043)	-	(3 043)	-	(3 043)
Transfer of revaluation reserves to retained earnings	-	-	-	(32 029)	(32 029)	-	-	32 029	32 029	-	-
Other	-	-	-	-	-	(6)	284	15	293	-	293
Net income for the year	-	-	-	-	-	-	-	-	-	484 251	484 251
Balances at 31 December 2008	3 500 000	(778 017)	153 292	208 998	(415 727)	708 391	321 112	(7 793)	1 021 710	484 251	4 590 234

CAIXA GERAL DE DEPÓSITOS, SA

Consolidated Balance Sheet at 31 December 2008 and 2007 (EUR)

	Notes (a)	2008 Amounts before impairment, amortisation and depreciation	2008 Impairment and amortisation and depreciation	2008 Net assets	2007 Net assets		Notes (a)	2008	2007
Assets						**Liabilities**			
Cash and cash equivalents at central banks	4	1 897 820 922		1 897 820 922	1 925 505 160	Resources of central banks and other credit institutions	20	**6 951 848 542**	**8 841 236 622**
Cash balances at other credit institutions	5	614 792 851		614 792 851	952 660 018				
Loans and advances to credit institutions	6	5 661 209 772	106 381 426	5 554 828 346	4 789 663 848	Customer resources	21	60 127 755 761	54 038 766 599
		8 173 823 545	**106 381 426**	**8 067 442 119**	**7 667 829 026**	Liability of unit-linked products	9	620 486 491	777 114 700
						Debt securities	22	19 929 097 259	16 230 868 478
Financial assets at fair value through profit or loss	7	4 807 138 916		4 807 138 916	6 841 902 863			**80 677 339 511**	**71 046 749 777**
Available-for-sale financial assets	8	16 619 224 024	707 823 842	15 911 400 182	15 371 099 378				
Unit-linked investments	9	620 486 490		620 486 490	777 114 697	Financial liabilities at fair value through profit or loss	10	2 213 954 434	1 193 755 999
Hedging derivatives	10	184 050 090		184 050 090	125 590 265	Hedging derivatives	10	421 854 328	814 412 415
Held-to-maturity investments		12 178		12 178	12 142	Non-current liabilities held for sale	12		283 781 174
		22 230 911 698	**707 823 842**	**21 523 087 856**	**23 115 719 345**	Provisions for employee benefits	23 and 37	505 886 423	531 625 366
						Provisions for other risks	23	236 173 438	404 937 462
Loans and advances to customers	11	77 432 297 877	2 121 086 409	75 311 211 468	66 844 299 544	Technical provisions for insurance contracts	24	7 192 350 219	7 673 902 083
Non-current assets held for sale	12	201 214 157	28 123 822	173 090 335	454 971 607	Current tax liabilities	17	148 576 789	182 106 479
Investment property	13	321 362 365		321 362 365	410 341 400	Deferred tax liabilities	17	64 435 070	153 064 796
Tangible assets	14	1 985 735 267	943 785 806	1 041 949 461	977 135 599	Other subordinated liabilities	25	3 144 758 739	2 667 374 519
Intangible assets	15	805 828 157	410 013 159	395 814 998	411 178 390	Other liabilities	26	4 018 766 451	4 219 720 968
Investments in associates	16	86 806 712		86 806 712	316 718 172	**Total Liabilities**		**105 575 943 944**	**98 012 667 660**
Current tax assets	17	41 057 896		41 057 896	29 714 077				
Deferred tax assets	17	1 066 937 021		1 066 937 021	683 058 493				
Technical provisions for outwards reinsurance	18	240 188 384		240 188 384	234 295 652	Share capital	27	3 500 000 000	3 100 000 000
Other assets	19	2 981 038 117	189 904 456	2 791 133 661	2 408 502 429	Fair value reserves	28	-873 304 267	381 177 263
						Other reserves and retained earnings	28	1 241 868 732	503 823 642
						Net income attributable to the shareholder of CGD	28	459 023 469	856 310 883
						Minority interest	29	1 156 550 398	699 784 286
						Total Equity		**5 484 138 332**	**5 541 096 074**
Total Assets		**115 567 201 196**	**4 507 118 920**	**111 060 082 276**	**103 553 763 734**	**Total Liabilities and Equity**		**111 060 082 276**	**103 553 763 734**

(a) The notes are mentioned in detail in Notes to the Consolidated Financial Statements.

Board of Directors

Chairman:

Fernando Manuel Barbosa Faria de Oliveira

Deputy-Chairman:

Francisco Manuel Marques Bandeira

Members:

Norberto Emílio Sequeira da Rosa

Rodolfo Vasco Castro Gomes Mascarenhas Lavrador

José Fernando Maia de Araújo e Silva

Jorge Humberto Correia Tomé

Pedro Manuel de Oliveira Cardoso

Certified Public Accountant

Joaquim Maria Florêncio

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 AND 2007

(EUR)

	Notes (a)	2008	2007
Interest and similar income	30	7 325 538 679	5 910 121 057
Interest and similar costs	30	-5 244 380 759	-3 971 036 141
Income from equity instruments	31	120 251 768	92 895 935
NET INTEREST INCOME		**2 201 409 688**	**2 031 980 851**
Income from services rendered and commissions	32	532 689 989	490 964 770
Cost of services and commissions	32	-113 909 251	-96 046 565
Results from financial operations	33	246 558 766	84 336 495
Other net operating income, of which:	34	179 463 919	88 831 983
Net income from discontinued operations	*12*		*-7 062 192*
NET OPERATING INCOME		**3 046 213 111**	**2 600 067 534**
TECHNICAL MARGIN ON INSURANCE OPERATIONS		**514 956 517**	**549 245 322**
Premiums net of reinsurance	35	2 213 704 954	2 242 766 360
Result of investments relating to insurance contracts	35	227 092 081	310 826 856
Cost of claims net of reinsurance	35	-1 805 581 559	-1 868 448 206
Commissions and other income and cost relating to insurance contracts	35	-120 258 959	-135 899 688
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS		**3 561 169 628**	**3 149 312 856**
Staff costs	36	-1 003 810 347	-942 216 649
Other administrative costs	38	-675 889 974	-650 733 417
Depreciation and amortisation	14 and 15	-158 972 570	-142 745 716
Provisions net of reversals	23	130 627 361	-72 805 163
Loan impairment net of reversals and recovery	39	-447 555 496	-249 439 283
Other assets impairment net of reversals and recovery	39	-774 093 037	-19 399 391
Result of associated companies	28	30 384 479	3 150 269
INCOME BEFORE TAX AND MINORITY INTEREST		**661 860 044**	**1 075 123 506**
Income tax:			
Current	17	-322 880 062	-315 162 738
Deferred	17	166 186 888	137 649 007
		-156 693 174	**-177 513 731**
CONSOLIDATED NET INCOME FOR THE YEAR		**505 166 870**	**897 609 775**
Minority interest	29	-46 143 401	-41 298 892
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		**459 023 469**	**856 310 883**
Average number of ordinary shares outstanding	27	653 534 247	590 000 000
Earnings per share (in Euros)		0.70	1.45

(a) The notes are mentioned in detail in Notes to the Consolidated Financial Statements.

Board of Directors

Chairman:

Fernando Manuel Barbosa Faria de Oliveira

Deputy-Chairman:

Francisco Manuel Marques Bandeira

Members:

Norberto Emílio Sequeira da Rosa

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CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(EUR thousand)

	2008	2007
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	7 771 052	6 495 077
Interest, commissions and similar costs paid	(4 259 615)	(3 514 735)
Premiums received (insurance)	2 238 623	2 228 889
Cost of claims paid (insurance)	(2 255 247)	(1 910 531)
Recovery of principal and interest	53 144	91 836
Results of foreign exchange operations	(12 108)	52 782
Payments to employees and suppliers	(1 557 833)	(1 534 617)
Payments and contributions to pensions funds	(108 626)	(111 052)
Other results	167 974	(46 141)
	2 037 364	1 751 508
(Increases) decreases in operating assets		
Loans and advances to credit institutions and customers	(9 710 172)	(6 267 012)
Assets held for trade and other assets at fair value through profit or loss	4 886 944	2 557 327
Other assets	(129 811)	797 215
	(4 953 039)	(2 912 470)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(1 859 962)	3 305 628
Customer resources	4 585 959	(744 824)
Other liabilities	(678 026)	(1 065 622)
	2 047 972	1 495 182
Net cash from operating activities before taxation	(867 703)	334 220
Income tax	(340 461)	(373 592)
Net cash from operating activities	(1 208 163)	(39 372)
INVESTING ACTIVITIES		
Dividends received from equity instruments	120 252	92 896
Acquisition of investments in subsidiary and associated companies, net of dispo	531 785	(226 662)
Acquisition of available-for-sale financial assets, net of disposals	(2 571 702)	(3 007 645)
Acquisition of tangible and intangible assets and investment property, net of dis	(111 248)	116 728
Net cash from investing activities	(2 030 913)	(3 024 683)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(132 928)	(90 395)
Interest on debt securities	(880 283)	(535 393)
Dividends paid on preference shares	(34 493)	(29 816)
Issue of subordinated liabilities, net of repayments	460 624	733 857
Issue of debt securities, net of repayments	3 400 606	3 053 343
Share capital increase	400 000	150 000
Dividends paid	(340 000)	(260 000)
Net cash from financing activities	2 873 526	3 021 596
Increase (decrease) in cash and cash equivalents	(365 551)	(42 459)
Cash and cash equivalents at the beginning of the year	2 878 165	2 922 275
Changes in the consolidation perimeter	-	(1 651)
Cash and cash equivalents at the end of the year	2 512 614	2 878 165

The accompanying notes are an integral part of these statements

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(EUR thousand)

			Other reserves and retained earnings						
	Share capital	Fair value reserve	Other reserves	Retained earnings	Total	Net income for the year	Sub-total	Minority interest	Total
Balances at 31 December 2006	2 950 000	656 405	299 045	(319 452)	(20 407)	733 808	4 319 806	693 851	5 013 657
Appropriation of net income for 2006:									
Transfer to reserves and retained earnings	-	-	419 651	54 157	473 808	(473 808)	-	-	-
Dividends paid to the State	-	-	-	-	-	(260 000)	(260 000)	-	(260 000)
Share capital increase	150 000	-	(600)	-	(600)	-	149 400	-	149 400
Measurement gain/(losses) on available-for-sale financial assets (	-	(196 868)	-	-	-	-	(196 868)	-	(196 868)
Reclassification of unrealised gains	-	(78 360)	78 360	-	78 360	-	-	-	-
Currency changes	-	-	(20 480)	-	(20 480)	-	(20 480)	(454)	(20 934)
Dividends paid on preference shares	-	-	-	-	-	-	-	(29 816)	(29 816)
Other	-	-	37 231	(44 088)	(6 857)	-	(6 857)	(5 096)	(11 953)
Net income for the year	-	-	-	-	-	856 311	856 311	41 300	897 611
Balances at 31 December 2007	3 100 000	381 177	813 207	(309 383)	503 824	856 311	4 841 312	699 785	5 541 097
Appropriation of net income for 2007:									
Transfer to reserves and retained earnings	-	-	461 267	55 044	516 311	(516 311)	-	-	-
Dividends paid to the State	-	-	-	-	-	(340 000)	(340 000)	-	(340 000)
Share capital increase	400 000	-	-	-	-	-	400 000	-	400 000
Measurement gain/(losses) on available-for-sale financial assets (	-	(1 080 241)	-	-	-	-	(1 080 241)	-	(1 080 241)
Reclassification of unrealised gains	-	(180 925)	180 925	-	180 925	-	-	-	-
Currency changes	-	-	(21 517)	-	(21 517)	-	(21 517)	(2 487)	(24 004)
Transfer of revaluation reserves to retained earnings	-	-	(32 029)	32 029	-	-	-	-	-
Changes in Group perimeter:									
Acquisition of Parcaixa, SGPS, S.A.	-	-	-	-	-	-	-	490 000	490 000
Disposal of part of the equity participation held in Caixa Leasing e Factoring - IFIC, S.A.	-	-	11 433	-	11 433	-	11 433	(11 563)	(130)
Disposal of the equity participation in Compal	-	-	-	-	-	-	-	(23 129)	(23 129)
Dividends paid on preference shares	-	-	-	-	-	-	-	(34 493)	(34 493)
Other	-	6 685	50 848	45	50 893	-	57 578	(7 705)	49 873
Net income for the year	-	-	-	-	-	459 023	459 023	46 142	505 165
Balances at 31 December 2008	3 500 000	(873 304)	1 464 133	(222 265)	1 241 869	459 023	4 327 588	1 156 550	5 484 138

The accompanying notes are an integral part of these statements

Notes to the Consolidated Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2008 and 2007

(Translation of notes originally issued in Portuguese - Note 45)

(Amounts expressed in thousands of euros – EUR thousand, unless otherwise specified)

1. INTRODUCTORY NOTES

Caixa Geral de Depósitos, SA (hereinafter referred to as Caixa or CGD), founded in 1876, is an exclusively State owned company. Caixa became a State owned company on 1 September 1993 pursuant to the terms of Decree Law no. 287/93, of 20 August, which also approved its articles of association. On 23 July 2001 Banco Nacional Ultramarino, SA (BNU) was merged into Caixa.

CGD operates as a universal bank. At 31 December 2008 Caixa had a national network of 832 branch offices, a branch in France with 46 branch offices, a branch in Timor with 8 branch offices, branches in Spain, London, Luxembourg, New York, the Cayman Islands and Zhuhai, and an International Financial Branch in Madeira

Caixa also has direct and indirect investments in a significant number of domestic and foreign companies, notably in Spain, Cape Verde, Mozambique, South Africa, Brazil and Macau, in which it is the major shareholder. These companies comprise the Caixa Geral de Depósitos Group (the "Group"). They operate in various financial sub sectors such as banking, insurance, investment banking, brokerage, venture capital, property, asset management, specialised credit, e-commerce and cultural activities. Caixa also has investments in non-financial companies in the Portuguese economy.

On 19 March 2009, the Board of Directors approved the consolidated financial statements as at 31 December 2008.

The financial statements of CGD and some of its subsidiaries and associated companies at 31 December 2008 are still subject to approval by the respective statutory bodies. CGD' Board of Directors, however, expects that the financial statements will be approved without significant changes.

2. ACCOUNTING POLICIES

2.1. Presentation bases

The consolidated financial statements at 31 December 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, under European Council and Parliament Regulation (CE) no. 1606/2002 of 19 July and the provisions of Decree Law 35/2005 of 17 February.

2.2. Adoption of (new or revised) standards issued by the "International Accounting Standards Board" (IASB) and interpretations issued by the "International Financial Reporting Interpretation Committee" (IFRIC), as adopted by the European Union

In preparing its financial statements, in 2008, CGD Group adopted the standards and interpretations issued by the IASB and IFRIC, respectively, provided that the said standards were endorsed by the European Union, for application in financial years starting on or after 1 January 2008. The following alterations were relevant to CGD Group:

- IAS 39 (Amendment) and IFRS 7 (Amendment) – "Reclassification of financial assets". This amendment, approved by IASB on 13 October 2008, allowed the reclassification of some financial instruments classified as held for trade or available-for-sale to other categories. Reclassification of financial assets relative to or from the category of financial assets classified at fair value through profit or loss remain prohibited. The reclassifications of financial assets made until 31 October 2008 benefited from a transitory regime under which these reclassifications could be applied retrospectively as from 1 July 2008. Special disclosure requirements were defined in compliance with IFRS 7 for the entities that made such reclassifications of financial assets which are presented in Note 8.

- IFRIC 11 – "IFRS 2 – Group and treasury share transactions" – The objective of this interpretation is to clarify the IFRS 2 application criteria on certain transactions settled through the delivery of shares. Its application is mandatory for financial years starting on or after 1 March 2007. The adoption of this IFRIC had no impact on the preparation of the financial statements for 2008.

- IFRIC 14 – "The limit on a defined benefit asset, minimum funding requirements and their interaction" – This interpretation clarifies the requirements for recording an asset associated with defined benefit plans as well as the accounting effect on the recognition of liabilities deriving from minimum plan funding requirements. Its application is mandatory for the financial years starting on or after 1 January 2008. This interpretation is in line with the procedures already adopted by Caixa. Therefore, its introduction had no impact on the preparation of the financial statements for 2008.

The following (new and revised) standards and interpretations issued by the IASB and IFRIC, respectively, endorsed by the European Union, were available for early adoption, at 31 December 2008:

- IFRS 8 – "Operating segments" – This standard defines the segment information disclosure requirements, replacing IAS 14 – "Segment Reporting". Its application is mandatory for the financial years starting on or after 1 January 2009.

- IAS 1 (Amendment) – "Presentation of Financial Statements" – This standard introduces changes to the denomination and presentation requirements of financial statements, as well as certain operations with effect on shareholders' equity headings. Its application is mandatory for the financial years starting on or after 1 January 2009.

- IAS 1 (Amendment) – "Presentation of financial statements – Financial instruments with a put option and obligations arising on liquidation" and IAS 32 (Amendment) – "Financial instruments: Presentation" – The revised version of the text of these standards basically clarifies the criteria that should be considered regarding the classification as financial liability or equity instrument of financial instruments with a put option (option that allows the holder of a financial instrument to require from the issuer its repurchase or liquidation, through the delivery of cash or other financial instrument). In this context, specific disclosure requirements for these financial instruments were defined in compliance with IAS 1. The adoption of the revised standards is mandatory for the financial years starting on or after 1 January 2009.

In addition, the following standards and interpretations were also issued up to the date of the approval of the financial statements, had not been endorsed by the European Union:

- IFRS 3 (Amendment) – "Business combinations" and IAS 27 – "Consolidated and separate financial statements" – The revised version of the text of these standards introduces changes to the measurement and recording of goodwill arising from business combinations both at the inception and in considering the effect of events subsequent to that date on the fair value of the acquired entity and the accounting procedures of acquisitions. This standard also defines the accounting treatment to be adopted in recording transactions with shares of subsidiaries whether or not control is maintained. The adoption of the revised standards is mandatory for the financial years starting on or after 1 July 2009.

- IAS 27 – "Consolidated and separate financial statements" – "Cost of a subsidiary, jointly controlled entities, and associates" (Amendment) – The revised version of this standard clarifies the measurement criteria of an investment in a subsidiary, jointly controlled entities, and associates in terms of the restructuring of a group with changes at the level of the parent company. The adoption of this amendment is mandatory for the financial years starting on or after 1 January 2009.

- IAS 39 – "Hedge accounting" (Amendment) – The revised version of this standard intends to clarify certain aspects relating to the use of hedge accounting to the inflation risk component as well as the use of purchased options in fair value hedge operations. The adoption of this standard is mandatory for the financial years starting on or after 1 July 2009.

- IFRIC 16 – "Hedges of a net investment in foreign operations" – This interpretation intends to clarify certain aspects relating to the use of hedge accounting in a net investment in foreign operations, namely; (i) hedging of foreign currency risk must be made based on the functional currency and not on the presentation currency of the financial statements of the

Group's parent company and its subsidiaries; (ii) which group entities could hold the hedging instrument in order to comply with the requirements for the application of hedge accounting; and (iii) procedures and impact on reserves and net income for the year resulting from the disposal of the hedged operation. The adoption of this amendment is mandatory for the financial years starting on or after 1 October 2008.

- IFRC 17 – "Distributions of non-cash assets to owners" – This interpretation is meant to clarify the accounting treatment associated with the distribution of non-cash assets to owners. The adoption of this standard is mandatory for the financial years starting on or after 1 July 2009.

An evaluation of the impact of the adoption of the standards and interpretations referred to above in the preparation of CGD's consolidated financial statements is not yet available. The Board of Directors, however, believes that their adoption in the future will not have any materially relevant impact on Caixa's consolidated financial statements.

2.3. Consolidation principles

The consolidated financial statements include the accounts of CGD and the entities controlled directly and indirectly by the Group (Note 3), including special purpose entities.

Subsidiary companies are those in which the Group has effective control over their current management with the aim of obtaining economic benefits from their operations. Control is normally considered to exist where more than 50% of the share capital or voting rights are held. In addition, and as a result of applying IAS 27 – "Consolidated and separate financial statements", the Group included special purpose entities in its consolidation perimeter, i.e. vehicles and funds created under securitisation operations, venture capital and investment funds and other similar entities over which it exercises financial and operating control and/or where the Group has the majority of the risks and benefits relating to their operations.

CGD's subsidiaries were consolidated by the full consolidation method. Significant transactions and balances between the consolidated companies were eliminated. In addition, whenever applicable, consolidation adjustments were made to ensure consistency with the Group's accounting principles.

Third party participation in such companies is recognised in the equity heading "Minority interest".

Consolidated net income is the result of aggregating the net results of CGD and its subsidiaries in proportion to the effective participation in them, after consolidation adjustments, namely the elimination of dividends received and capital gains and losses on transactions between Group companies.

At 31 December 2008 and 2007 CGD had participating securities representing approximately 52% of the capital of IHRU-Instituto da Habitação e Reabilitação Urbana (Housing and Urban Rehabilitation Institute). This investment has not been consolidated owing to the fact that the participating securities do not entitle CGD to participate in IHRU's management.

Companies under the joint control of Caixa and other entities, namely Esegur – Empresa de Segurança, S.A., are consolidated by the proportional consolidation method, under which their assets, liabilities, costs and income were incorporated into the consolidated accounts in proportion to CGD's participating interest in them.

2.4. Business combinations and goodwill

Acquisitions of subsidiaries are recorded by the purchase method. The cost of acquisition comprises the sum of the fair value of assets given and liabilities incurred or assumed in exchange for obtaining control over the entity acquired plus the costs directly attributable to the operation. On the date of acquisition, which is the date on which the Group obtains control over the subsidiary, identifiable assets, liabilities and contingent liabilities that meet the recognition requirements of IFRS 3 – "Business combinations" are recognised at their respective fair value.

Goodwill corresponds to the positive difference between the cost of a subsidiary and the effective participating interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired by the Group, on the acquisition date. Goodwill is recognised as an asset and is not amortised.

In the case of transactions made after the Group control, the difference between the cost of acquisition of additional shares and the value corresponding to the assets and liabilities of the acquired entity is directly recognised in reserves.

If it is found that the Group amount corresponding to the Group's participating interest acquired in a subsidiary's identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, the excess is recorded as income in the income statement for the year.

At least annually the Group performs impairment tests of recorded goodwill, in accordance with the requirements of IAS 36 – "Impairment of assets". For this purpose, goodwill is allocated to cash flow generating units and its recoverable value is determined on the basis of estimated future cash flows, discounted at rates considered appropriate by the Group. Impairment losses on goodwill are recognised in the income statement for the year and cannot be reversed.

Up to 1 January 2004, as permitted by the Bank of Portugal, goodwill was deducted in full from equity in the year of the acquisition of the subsidiaries. As permitted by IFRS 1, the Group did not change this procedure and, consequently, goodwill generated on operations up to 1 January 2004 continues to be recorded as a deduction from reserves.

2.5. Investments in associates

Associates are those companies over which the Group has significant influence, but does not have effective control over their management. Significant influence is presumed to exist whenever the Group has a direct or indirect participation of between 20% and 50% in their share capital or of voting rights.

Investments in associates are accounted for using the equity method of accounting. In accordance with this method, investments are initially recognised at acquisition cost which is subsequently adjusted for the Group’s share in the changes in the equity of associates (including profit or loss).

If there are significant differences between the Group’s accounting principles and those of an associate, adjustments are made to the associate’s equity, used for applying the equity method, so as to comply with the Group’s accounting principles.

Goodwill, corresponding to the positive difference between the acquisition cost of an associate and the fair value of the share of assets, liabilities and contingent liabilities acquired by the Group, is included in the carrying amount of the investment, which is annually tested for impairment.

Unrealised gains or losses on transactions with associates are eliminated to the extent of the Group’s effective participating interest in the associates.

2.6. Translation of balances and transactions in foreign currency

The non-consolidated accounts of the Group entities included in the consolidation are prepared in their functional currencies. In the consolidated accounts the results and financial position of each entity are expressed in the Group’s functional currency, which is the Euro.

Foreign currency transactions are recognised in the separate financial statements of Caixa and its subsidiaries based on the reference foreign exchange rates in force on the transaction dates.

Foreign currency monetary assets and liabilities at each balance sheet date are translated to each entity’s functional currency using the closing exchange rate. Non-monetary assets carried at fair value are translated based on the exchange rates in force on the last measurement date. Non-monetary assets carried at historical cost, including tangible and intangible assets, continue to be recognised at their original exchange rates.

Exchange differences arising on translation are recognised in the income statement for the year, except for those arising on non-monetary financial instruments measured at fair value, such as shares classified as available-for-sale financial assets, which are recognised in a separate equity heading until they are sold.

In the consolidated accounts, the assets and liabilities of entities which do not use the Euro as their functional currency are translated at the closing exchange rates, whereas income and expenses items are translated at the average rates for the period. Under this method the translation differences are recognised in the equity heading "Other reserves", and are transferred to the income statement upon the sale of the subsidiary.

As permitted by IFRS 1, the Group opted not to recalculate and recognise in "Other reserves" the cumulative translation differences relating to financial statements of subsidiaries expressed in foreign currency up to 31 December 2003 and so the balance of this heading only reflects translation differences arising as from 1 January 2004.

2.7. Financial instruments

a) Financial assets

Financial assets are recognised at fair value at the trade date. In the case of financial assets measured at fair value through profit or loss, costs directly attributable to the transactions are recognised in the heading "Cost of services and commissions". In the remaining cases, such costs are included in the book value of the asset. Upon initial recognition, these assets are classified in one of the following IAS 39 categories:

i) Financial assets at fair value through profit or loss

This category includes:

- Financial assets held for trading, which comprise essentially securities acquired for the purpose of realising gains from short term market price fluctuations. This category also includes derivatives, excluding those that comply with the requirements for hedge accounting; and,

- Financial assets whose initial recognition is irrevocably classified at fair value through profit or loss ("Fair Value Option"). This designation is limited to situations in which the adoption results in the production of more relevant financial information, namely:

  - If its application eliminates or significantly reduces an otherwise inconsistency in measurement or recognition ("accounting mismatch") that would have occurred as a result of measuring the related assets and liabilities or recognising gains and losses thereon inconsistently;

  - Groups of financial assets, financial liabilities, or both, which are managed and when their performance is assessed on a fair value basis, in accordance with risk management and formally documented investment strategies; and the related information thereon is internally distributed to the management bodies.

- It is also possible to classify financial instruments containing one or more embedded derivatives in this category, unless:

    - The embedded derivatives do not significantly modify the cash flows which would otherwise have been generated under the contract;

    - It is evident, with little or no analysis that the implicit derivatives should not be separated.

Financial assets classified in this category are measured at fair value, with gains and losses arising from subsequent changes in fair value being recorded in the income statement heading “Results from financial operations”. Interest is recognised in the appropriate “Interest and similar income” heading.

ii) Held-to-maturity investments

Fixed-income, low risk securities which the Group intends and is able to hold to maturity are classified in this category.

These financial assets are measured at amortised cost. In accordance with this method, the carrying amount of the financial instruments at each balance sheet date corresponds to their initial cost less repayments of principal and impairment losses of any difference between the initial cost and the repayment amount being amortised based on the effective interest method.

Interest is recognised in accordance with the effective interest method, which enables amortised cost to be calculated and interest to be allocated over the period of the operation. The effective interest rate is that, which being used to discount estimated future cash flows relating to the financial instrument enables its present value to equal the amount of the financial instrument initially recognised.

This heading at 31 December 2008 and 2007 consisted entirely of securities held by Banco Caixa Geral.

iii) Loans and receivables

These are financial assets with fixed or determinable payments that are not quoted in an active market. This category includes loans and advances to Group customers (including securitised loans), amounts receivable from other credit institutions and amounts receivable for services rendered or sales of assets, recognised in “Other assets”.

These assets are initially recognised at fair value, less any charges included in the effective interest rate, plus all incremental costs directly attributable to the transaction.

The assets are subsequently measured in the balance sheet at amortised cost, less impairment losses. Interest is recognised based on the effective interest method.

iv) Available-for-sale financial assets

This category includes the following financial instruments designated as available-for-sale upon initial recognition:

- Equity securities not classified as financial assets at fair value through profit or loss, including stable equity investments. Therefore it also includes equity instruments held under the Group's venture capital operations, without associated options;

- Bonds and other debt instruments classified under this heading upon initial recognition;

- Participating units in investment funds.

Available-for-sale financial assets are measured at fair value, except for equity instruments not listed on an active market whose fair value cannot be reliably measured, which continue to be recorded at cost. Gains and losses arising from changes in fair value are recognised directly in the equity heading "Fair value reserves". At the time of sale or if impairment is determined, the cumulative gains or losses are transferred to the income statement for the year and recognised in the headings "Results from financial operations" or "Other asset impairment, net of reversals and recovery", respectively.

To determine the results of sale, assets sold are measured at the average cost of acquisition.

Interest on debt instruments classified in this category is calculated using the effective interest method and is recorded in the income statement heading "Interest and similar income".

Dividends on equity instruments classified in this category are recorded as income in the "Income from equity instruments" heading, when the Group's right to receive them has been established.

Reclassification of financial assets

The entry into force on 13 October 2008 of the amendment of IAS 39 referred to in Note 2.2., enabled the Group to reclassify some financial assets classified as held for trade or available-for-sale to other categories of financial assets. Reclassifications to financial assets at fair value through profit or loss categories remain prohibeted.

Information on reclassifications carried out under the terms of the referred to amendment is presented in Note 8.

Fair value

As mentioned above, financial assets recorded as at fair value through profit or loss and available-for-sale financial assets are measured at fair value.

Fair value corresponds to the amount for which a financial asset can be sold or a financial liability settled between independent, knowledgeable, willing parties in an arm’s length transaction.

The fair value of financial assets is determined by a Department of Caixa which is independent of the trading function, based on:

- The closing price at the balance sheet date, for instruments traded on active markets;

- Valuation methods and techniques used to determine the fair value of debt instruments not traded on active markets (including unlisted securities or securities with low liquidity), include:

  - Bid prices published by financial information services such as Bloomberg and Reuters, including market prices available on recent transactions;

  - Reference bid prices obtained from financial institutions operating as market-makers;

  - Internal valuation models that incorporate market data that would be used in setting the price of the financial instrument, reflecting market interest rates and volatility, as well as the liquidity and credit risk of the instrument.

- Unlisted equity instruments relating to venture capital operations are valued on the following basis:

  - Prices of significant transactions between independent entities over the last six months;

  - Multiples of comparable companies in terms of business sector, size and profitability;

  - Discounted cash flows, using discount rates appropriate to the risk of assets held.

The calculation of fair value incorporates discount factors to reflect the securities' lack of liquidity. In addition, if there is a right or contractual obligation to sell an asset, it will be valued at an amount between that resulting from the above mentioned valuation methods and the present value of the selling price of the asset, adjusted where applicable to reflect counterparty credit risk.

- Other unlisted equity instruments whose fair value cannot be reliably measured (e.g. no recent transactions) are measured at cost, less any impairment losses.

b) Financial liabilities

Financial liabilities are recognised on their trade date, at their fair value less the costs directly attributable to the transaction. Financial liabilities are classified in the following categories:

i) Financial liabilities at fair value through profit or loss

These comprise derivative financial instruments with negative fair value, as well as the short trading of fixed and variable income securities. These liabilities are measured at fair value, their gains or losses resulting from their subsequent measurement being recognised in the "Results from financial operations" heading.

ii) Other financial liabilities

This category includes resources of central banks and other credit institutions, customer resources, debt securities, subordinated liabilities and liabilities incurred for services received or the purchase of assets, recognised in "Other liabilities".

These financial liabilities are valued at amortised cost, interest, where applicable, being recognised in accordance with the effective interest method.

c) Derivatives and hedge accounting

The Group carries out derivative transactions as part of its activity, so as to provide for its customers' requirements and reduce its exposure to foreign exchange, interest rate and price fluctuations.

Derivatives are recognised at fair value at the trade date. Their respective notional values are also reflected in off-balance sheet accounts.

Derivatives are subsequently measured at their respective fair values, determined as follows:

- Based on prices obtained on active markets (e.g. futures traded on organised markets);

- Based on models incorporating valuation techniques accepted in the market, including discounted cash flows and option valuation models.

Embedded derivatives

Financial derivatives embedded in other financial instruments are separated from the host contracts and accounted for separately as derivatives under IAS 39, whenever:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract as defined in IAS 39; and

- The combined financial instrument is not measured at fair value, with the changes in fair value recognised in profit or loss.

The main impact of this procedure as regards the Group's operations, consists of the need to separate and measure at fair value the derivatives embedded in deposits and debt securities, namely those whose return/remuneration does not comprise interest (such as returns/remuneration indexed to share indices or prices, exchange rates, etc.). At the time of separation, the derivative is recognised at its fair value, the initial amount of the host contract corresponding to the difference between the total value of the combined instrument and the initial fair value of the derivative. Therefore, no profit or loss is recognised upon the initial recognition of the operation.

Hedging derivatives

These derivatives are contracted to hedge the Group's exposure to specific risks of its operations. The classification as a hedging derivative and the use of hedge accounting, as explained below, are subject to compliance with the IAS 39 requirements.

At 31 December 2008 and 2007 the Group only hedged the exposure to changes in fair value of recognised assets or liabilities, called "fair value hedges".

At the inception of a hedge relationship the Group prepares formal documentation that includes the following minimum aspects:

- Risk management objective and strategy for undertaking the hedge, in accordance with defined hedging policies;

- Description of the hedged risk(s);

- Identification and description of the hedged and hedging financial instruments;

- Method for assessing the hedge's effectiveness and frequency of that assessment.

Assessments of hedge effectiveness are performed and documented periodically, by comparing the changes in fair value of the hedging instrument and of the hedged item (part attributable to the hedged risk). According to IAS 39, the use of hedge accounting is allowed if actual results of the hedge fall within a range of 80% to 125%. Prospective effectiveness tests are also performed to estimate future effectiveness of the hedge.

Hedging derivatives are measured at fair value, with daily changes in fair value being recognised in the income statement for the year. If the hedge is regarded as effective, through the determination of an effectiveness rate of between 80% and 125%, the Group also records in the income statement for the year in the heading “Results from financial operations” the change in the fair value of the hedged item attributable to the hedged risk. In the case of instruments with an interest component (such as interest rate swaps), accrued interest for the period and realized cash flows are recognised in the net interest income headings “Interest and similar income” and “Interest and similar costs”.

Whenever a hedging relationship ceases to be effective for the application of hedge accounting defined by the Standard or if Caixa revokes the designation, hedge accounting is discontinued. In these cases, adjustments carrying amount of hedged items up to the date that hedge accounting ceases to be effective or the revoking of that designation is decided, are recognised in profit or loss up to the financial asset or liability’s maturity, based on the effective interest rate.

Caixa decided to revoke the hedge designation as from 1 October 2008 regarding a certain number of swaps which were hedging interest rate risk of liabilities issued. Gains from those swaps as from that date, were recorded in “Results from financial assets and liabilities held for trade – in derivatives – interest rate”.

Positive and negative revaluation of hedging derivatives is recognised in specific asset and liability headings, respectively.

Changes in fair value of hedged items are recognised in the balance sheet headings in which such assets and liabilities are recorded.

<u>Trading derivatives</u>

These include all derivatives that are not effective hedging instruments in accordance with IAS 39, namely:

- Derivatives contracted to hedge risks on assets or liabilities measured at fair value through profit or loss, thus rendering hedge accounting unnecessary;

- Derivatives contracted for hedging purposes that fail to meet the requirements for hedge accounting under IAS 39, due to difficulty in specifically identifying the hedged items, cases other than micro hedges or if the results of the effectiveness tests fall outside the range permitted by IAS 39;

- Derivatives contracted for trading purposes.

Trading derivatives are measured at fair value, with daily changes being recorded in profit or loss for the year in the heading "Results from financial operations", except for the part relating to accrued and settled interest, which is recognised in "Interest and similar income" or "Interest and similar costs". Derivatives with positive and negative fair value are recorded in the headings "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", respectively.

d) Impairment of financial assets

Financial assets at amortised cost

The Group periodically performs impairment tests on its financial assets measured at amortised cost, namely loans and advances to credit institutions, held-to-maturity investments and loans and advances to customers.

Evidence of impairment is assessed individually in the case of financial assets having significant exposure amounts and collectively in the case of homogenous assets which are not individually significant.

In accordance with IAS 39, the following events are considered to be signs of impairment of financial assets recorded at amortised cost:

- Failure to comply with contractual clauses, such as arrears of interest and principal;
- A record of defaults in the financial system;
- Existence of loan restructuring operations or respective negotiations, in progress;
- Difficulties in terms of the capacity of the shareholders and management, notably when major shareholders and key staff leave the company or when the shareholders are in dispute;
- Significant financial difficulties of the debtor or debt issuing entity;
- High probability of the debtor or debt issuing entity being declared bankrupt;
- Decrease of the debtor's competitive position;
- Historical record of collections suggesting that the nominal value will not be fully recovered.

Whenever evidence of impairment on individually analysed assets is identified, the possible impairment loss corresponds to the difference between the present value of the estimated future cash flows (i.e. recoverable value), discounted at the effective original interest rate of the asset, and the book value at the time of the analysis.

In the case of collateralized by shares, impairment is determined based on the estimated value of those shares in a period compatible with the maturity of the corresponding loans. Additional collateral received as well as the debtors' financial capacity is also considered for determining impairment.

Assets not specifically assessed for impairment are included in homogenous groups with similar risk characteristics (on the basis of counterpart and credit type) and are collectively assessed for impairment. Future cash flows are estimated based on historical information on defaults and recoveries on assets with similar characteristics.

Assets individually assessed on which no objective evidence of impairment has been identified are also subject to collective impairment assessments, as described in the preceding paragraph.

Impairment losses calculated on a collective basis include the time effect of discounting estimated cash flows receivable on each operation to the balance sheet date.

The impairment loss is recognised in the heading "Loan impairment net of reversals and recovery" and is recognised separately in the balance sheet as a deduction from the amount of the respective credit.

Write off of principal and interest

The Group periodically writes-off non-recoverable loans using the respective accumulated impairment loss after specific analysis by the bodies responsible for monitoring and recovering loans, and approval of the Boards of Directors of the various entities. Recoveries of credits written off are recognised as deductions from impairment losses in the income statement heading "Loan impairment net of reversals and recovery".

In accordance with current Group policy, interest on overdue loans without real guarantees is reversed three months after the due date of the operation or of the first overdue payment. Interest not recorded on these loans is only recognised in the year in which it is received.

Interest on overdue credit secured by mortgage or other real guarantee is not reversed whereas the accrued amount of outstanding principal and overdue interest is lower than the guarantee.

The recovery of interest written off is also recognised in the heading "Loan impairment net of reversals and recovery".

Available-for-sale financial assets

As mentioned in Note 2.7. a), available-for-sale financial assets are measured at fair value, with fair value changes being recognised directly in the equity heading “Fair value reserve”.

Whenever there is objective evidence of impairment, the accumulated losses recognised in reserves are transferred to the income statement heading “Other asset impairment net of reversals and recovery”.

In addition to the above mentioned signs of impairment of assets recognised at amortised cost, IAS 39 provides for the following objective evidence of impairment of equity instruments:

- Information regarding significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuing entity operates, indicating that the cost of the investment may not be fully recovered;

- A significant or prolonged decline in fair value below cost.

The Group performs impairment tests on available-for-sale financial assets at each balance sheet date.

A specific analysis of each investment is performed for this purpose. In regular market situations, one of the indicators to be considered refers to unrealised losses exceeds 20% of acquisition cost over more than 6 months. However, this indicator does not precludes the record of impairment in other situations, whenever as a result of a specific analysis a significant or prolonged decline in the market value bellow cost is identified..

In atypical situations of financial turmoil and extreme volatility of the stock market, as occurred in 2008, the Group analyses whether the decline in market prices evidences or not that the cost of investments may not be recoverable in the medium term. In this context, the following situations were considered as objective evidence of impairment:

- At the date of the financial statements, existence of unrealised losses exceeding 50% of the financial instrument’s acquisition cost, irrespective of the period along which this situation occurred;

  In addition, as a result of the specific analysis, impairment in some investments with losses below 50% was also identified and recorded;

- Existence of unrealised losses exceeding 30% of the financial instruments acquisition cost over a period of 9 months or more.

Impairment losses on equity instruments cannot be reversed. Any unrealised gains arising after the recognition of impairment losses are recognised in the "Fair value reserve". Subsequent additional losses are always considered impairment and therefore reflected in net income for the year.

The Group also performs periodic impairment tests on financial assets measured at cost, namely unlisted equity instruments whose fair value cannot be reliably measured. The recoverable value in this case corresponds to the best estimate of the future cash flows receivable from the asset, discounted at a rate that reflects the risk of holding the asset.

The amount of the impairment loss determined is recognised directly in profit or loss for the year. Impairment losses on such assets cannot be reversed.

2.8. Non-current assets held for sale and groups of assets and liabilities to be sold

IFRS 5 – "Non-current assets held for sale and discontinued operations" applies to single assets or groups of assets to be disposed of, by sale or other means together as a group, in a single transaction, and all liabilities directly associated with such assets, to be transferred in the transaction (referred to as "disposal groups").

Non-current assets or disposal groups are classified as held for sale whenever their book value is expected to be recovered by sale and not by continuing use. For an asset (or group of assets and liabilities) to be classified under this heading, the following requirements must be met:

- There must be a high probability of sale;
- The asset must be available for immediate sale in its present condition;
- The sale must be expected to occur within a year of classification of the asset in this heading.

Assets recognised in this heading are not amortised and are measured at the lower of cost or fair value less costs to sell. Fair value of these assets is determined based on appraisals by experts.

If book value exceeds fair value less costs to sell, impairment losses are recognised in the heading "Impairment of other assets, net of reversals and recovery".

Property and other assets received as settlement of defaulting loans are recorded at repossessed values by corresponding entry to "Other liabilities".

The amount in this heading is reversed when the respective legal proceedings have been completed, by credit to overdue loans. Assets are subsequently recorded in the following headings:

- where these assets are expected to be sold and are available for immediate sale they will be recorded in "Non-current assets held for sale";
- where the assets are available for immediate sale they are recorded in the "Other assets" heading.

Periodic appraisals of property received as settlement of defaulting loans are obtained. Impairment losses are recognised when the appraisal amount, deducted from the estimated costs to be incurred on the sale of the property, is lower than book value.

The amount of the sale of repossessed goods will be written off, when the corresponding gains or losses are recognised in the heading “Other operating costs”

At 31 December 2007 this heading included the assets and liabilities of Compal – Companhia Produtora de Conservas Alimentares, SA (“Compal”). As explained in Note 3, in the first quarter 2008, the Group signed up a sales contract for the sale of this equity participation. Accordingly, the assets and liabilities of Compal were recognised in the “Non-current assets held for sale” and “Non-current liabilities held for sale” headings.

In line with IFRS 5, costs and income of Compal in 2007 were recorded by their net value in the “Other operating income” heading.

2.9. Investment property

Investment property corresponds to property held by the Group with the purpose of obtaining income from rental and/or increase in value.

Investment properties are not depreciated and are measured at fair value, determined annually based on expert appraisals. Fair value changes are recognised in the income statement heading “Other net operating income”.

2.10. Other tangible assets

Other tangible assets are recognised at cost, less accumulated depreciation and impairment losses. The cost of repairs and maintenance and other expenses associated with their use are recognised in the income statement heading “Other administrative costs”.

Up to 1 January 2004 Caixa and some subsidiaries recorded revaluations of tangible assets under the terms of the applicable legislation. As permitted under IFRS 1, upon transition to IFRS, the book value of the assets, including the revaluations, was considered as deemed cost, as their book value on the revaluation dates corresponded approximately to cost or depreciated cost under IFRS, adjusted to reflect changes in price level indices. In respect of companies based in Portugal, 40% of the increase in depreciation resulting from these revaluations is not tax deductible, the respective deferred tax liability having been recorded.

Property for own use held by the Group’s insurance companies is stated at fair value, in accordance with the rules defined by the Chart of Accounts for Insurance Companies. On transition to IFRS, the book value of such property was considered to be its deemed cost, as permitted under IFRS 1.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which correspond to the periods over which the assets are expected to be available for use, which are:

	Years of useful life
Property for own use	50 - 100
Equipment:	
Furniture and materials	8
Machines and tools	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
Vehicles	4 - 6
Security equipment	4 - 10

Land is not depreciated.

The cost of leasehold improvements to property occupied by Group companies is capitalised under this heading and depreciated over an average period of 10 years.

Depreciation is recognised as a cost for the year.

Periodic tests are made to identify evidence of impairment of other tangible assets. Impairment losses are recognised in the income statement heading “Impairment of other assets net of reversals and recovery” whenever the net book value of tangible assets exceeds recoverable value. Impairment losses can be reversed with an impact on profit or loss if the recoverable value of an asset subsequently increases.

The Group periodically assesses the adequacy of the useful life of its tangible assets.

2.11. Finance leasing

Finance leasing operations are recorded as follows:

As lessee

Assets purchased under finance lease agreements are recorded at fair value in “Other tangible assets” and in liabilities and the corresponding depreciation is recognised.

Lease instalments are divided in accordance with the respective financial plan, under which the liability is reduced by principal repayment component of the instalments and the interest component is recognised in “Interest and similar costs”.

As lessor

Leased assets are recognised in the balance sheet as “Loans and advances to customers”, and are repaid in accordance with the financial plan of the corresponding contracts. Interest included in the instalments is recognised in the heading “Interest and similar income”.

2.12. Intangible assets

This heading comprises essentially the cost of acquiring, developing and preparing for use the software used in Group’s operations. Where the requirements of IAS 38 – “Intangible assets” are met, the internal costs incurred in developing software are capitalised as intangible assets. These costs consist exclusively of staff costs.

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised to the income statement on a systematic basis over the estimated useful life of the assets, which is normally between 3 and 6 years.

Software maintenance costs are recognised as a cost for the year in which they are incurred.

2.13. Income tax

Current tax

All Group companies are taxed individually, and those with head offices in Portugal, namely CGD, are subject to the regime set out in the Portuguese Corporate Income Tax Code (Código do IRC or “IRC”). The branches’ accounts are included in the head office accounts for tax purposes. In addition to being subject to IRC, the net income of branches is also subject to local taxes in the countries/territories in which they operate. Local taxes are deductible from the head office’s tax under article 85 of the Corporate Income Tax Code and Double Taxation Agreements entered into by Portugal.

Under article 33 of the Statute of Tax Benefits, the offshore subsidiaries of CGD and Caixa - Banco de Investimento, S.A. in the Autonomous Region of Madeira benefit from IRC exemption up to 31 December 2011. For the purposes of applying this exemption, 85% of the taxable income of the entity’s global activity is considered to result from operations outside the institutional scope of the Madeira Free Trade Area.

Income tax of foreign subsidiaries is calculated and recorded based on the regulations in force in the respective countries.

Current tax is calculated based on taxable income for the year, which differs from accounting income owing to adjustments to taxable income resulting from costs or income that are not considered for income tax purposes or that will be considered in future accounting periods.

Some of the most significant tax aspects for the Group activity in Portugal are stated bellow in detail.

Adjustments to the net income for the year

a. Income earned by non-resident entities benefiting from a more favourable tax regime

Under Article 60 of the IRC Code, income earned by non-resident entities benefiting from a clearly more favourable tax regime is imputed to Caixa, in proportion to its participation and independently of its distribution, provided that Caixa has a direct or indirect participating interest of at least 25%, or at least 10% if the non-resident company is directly or indirectly owned in more than 50% by resident shareholders.

A company is considered to benefit from a clearly more favourable regime (i) when it is resident in a territory listed in Ministerial Order 150/2004 of 13 February, or (ii) when it is not locally subject to income taxes identical or similar to IRC, or (iii) when the income tax effectively paid is equal to or less than 60% of the IRC that would have been paid if the company were resident in Portugal. In these cases, the corresponding net income is added to Caixa's taxable income for the year in which non-resident company's tax period ends. Imputed income is deductible from taxable income for the year in which profits are eventually distributed to Caixa. Caixa does not recognise deferred tax relative to this situation.

b. Provisions

In the calculation of taxable income for 2008 and 2007, both Caixa and the other Group entities subject to the supervision of the Bank of Portugal considered the following rules:

- Dispositions of article 35-A of the IRC Code (regulation approved by the 2007 State Budget Law) according to which provisions for specific credit risk and country risk in what concerns credits collateralized by real rights on property, are not tax deductible,
- Dispositions of no.1 of article 57 of the State Budget Law for 2007, according to which increases in provisions for specific credit risk and country risk up to the limit of the balance at 1 January 2007 should be added to income before income tax, as to credits collateralized by real rights on property;
- Dispositions of article 34 of the IRC Code according to which, as from 1 January 2003, provisions for general credit risks calculated under the terms of Notice 3/95 of the Bank of Portugal ceased to be tax deductible. In addition, in accordance with the terms of the legislation in force, whenever provisions for general credit risk are reversed, income for the year to be considered first, is the one related to the provisions that were accepted as tax cost in the year they were recorded.

c. Staff costs

CGD has considered as tax deductible up to the limit of 25% of the staff costs, costs recorded as remuneration, except costs with employees subject to the social security general contribution regime (to which the limit of 15% is applicable) and those recorded as contributions for the pensions funds. According to the understanding of the Secretary of State for Tax Affairs of 19 January 2006, on this matter, for the calculation of taxable income, the amount recorded in costs is tax deductible under the terms of the accounting regulations applicable, but with the limit of the contribution effectively paid to the pension fund in that same year or previous years.

The amounts recognised by CGD in 2008 and 2007 as a charge to equity in the non-consolidated accounts relating to the recognition of one-eighth and one-fifth, respectively, of the increase in the liabilities from employee benefits resulting from application of the Adjusted Accounting Standards plus other similar costs recognised during the year, do not exceed the limit of 25% of the payroll.

Therefore, considering that CGD's tax deductible costs in 2008 and 2007, are less than the amounts effectively paid to the pension fund (a condition required under the terms of the understanding of the Secretary of State for Tax Affairs), such amounts are considered to be tax deductible costs.

d. Settlement results

Article 86 of the IRC Code, introduced by the State Budget Law for 2005, establishes that the taxable income, net of deductions relative to international double taxation and tax benefits, may not be less than 60% of the amount which would be determined if the tax payer did not benefit from:

- The tax benefits referred to in no. 2 of article 86;
- The deduction of supplementary contributions to pension funds and similar to cover pension liabilities, as a result of applying international accounting standards, as determined by the Bank of Portugal;
- Deduction of tax losses transferred under corporate mergers.

CGD did not make any adjustment to taxable income for 2008 and 2007 as a result of applying this article.

Deferred tax

The total income tax cost recognised in the income statement includes current and deferred tax.

Deferred tax consists of the impact on the tax to be recoverable/payable in future periods resulting from temporary deductible or taxable differences between the book value of assets and liabilities and their tax basis, used to determine taxable income.

Deferred tax liabilities are normally recognised for all temporary taxable differences, whereas deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable income will be generated, allowing the use of the corresponding deductible tax differences or tax losses carried forward. In addition, deferred tax assets are not recognised where their recoverability may be questioned due to other situations, including issues regarding the interpretation of the tax legislation in force.

In addition, deferred taxes are not recognised in the following situations:

- Temporary differences arising from goodwill;
- Temporary differences arising from the initial recognition of assets and liabilities on transactions which do not affect accounting income or taxable income;
- Taxable tax differences relating to undistributed profits of subsidiaries and associates, to the extent that the Group is able to control their reversal and it is not likely to occur in the foreseeable future.

The main situations originating temporary differences in the CGD Group are provisions temporarily not tax deductible and employee benefits.

Deferred taxes are calculated at the tax rates expected to apply to the period in which the temporary differences reverse, based on tax rules that have been enacted or substantially enacted at the balance sheet date.

Income tax (current or deferred) is recorded in income statement for the year, except where the tax arises from transactions that have been recognised directly in equity (such as unrealised gains and losses on available-for-sale financial assets). In such cases the corresponding tax is also recognised as a charge to equity and does not affect income for the year.

2.14. Provisions and contingent liabilities

A provision is recorded whenever a present obligation (legal or constructive) exists as a result of a past event involving the probable future outflow of resources and this can be reliably determined. The amount of the provision comprises the best estimate of the amount to be paid to settle the liability as at the balance sheet date.

When the outflow of resources is not probable, a contingent liability exists. Contingent liabilities need only be disclosed, unless the probability of their payment is remote.

Provisions for other risks are to cover:

- The liability for guarantees provided and other off-balance sheet commitments determined based on a risk analysis of operations and the respective customers;
- Legal, tax and other contingencies resulting from the Group's activity.

2.15. Employee benefits

Liabilities for employee benefits are recognised in accordance with IAS 19 – Employee Benefits. The principal benefits granted by Caixa include retirement and survivor pensions, healthcare and other long term benefits.

Liability for pensions and healthcare

The CGD Group has several pension plans, including defined benefit plans and, in some cases, defined contribution plans. Caixa, Companhia de Seguros Fidelidade – Mundial, S.A. (Fidelidade-Mundial) and Império – Bonança, Companhia de Seguros, S.A. (Império-Bonança) are responsible for the payment of retirement, disability and survivor pensions to their employees, under the terms explained in Note 37. Other Group companies also have defined benefit plans, namely Banco Comercial do Atlântico, SA, Banco Caixa Geral and Banco Nacional Ultramarino (Macau).

In addition, healthcare for CGD's (Head Office) current and retired employees is provided by the Caixa Geral de Depósitos Social Services ("Social Services"), which is funded by contributions by CGD's head office and its employees. Caixa also has liabilities for contributions for SAMS (Healthcare) for employees of the former BNU that retired prior to the 23 July 2001 merger of BNU into CGD.

The liability for the defined benefit plans recognised on the balance sheet comprises the difference between the present value of the liability and the fair value of pension funds' assets, adjusted, where applicable, for deferred actuarial gains and losses. The total liability is determined annually by specialised actuaries, using the Unit Credit Projected method and other actuarial assumptions considered to be appropriate (Note 37). The discount rate used to discount the liability reflects market interest rates for high-quality corporate bonds denominated in the currencies in which the liabilities are to be paid and with maturities similar to the average settlement period of the liability.

Gains and losses resulting from differences between actuarial and financial assumptions and the effective amounts as regards the liability and expected income of the pension funds, as well as those resulting from changes in the actuarial assumptions, are deferred in an asset or liability heading ("corridor") up to the limit of 10% of the present value of the past service liability or the value of the pension funds (or, if applicable, the provisions recorded), whichever is greater, at the end of the current year. If the actuarial gains and losses exceed the limit of the "corridor", the excess is recognised in the income statement over the average period up to the normal retirement age of the employees covered by the plan.

The limits referred to in the preceding paragraph are calculated and applied separately for each defined benefit plan.

The Group does not usually assume any liability for defined contribution plans, other than its annual contribution and so no additional costs are recorded.

The net amount of the cost of retirement pensions and healthcare for the year, including current service cost and interest cost, less expected income, as well as amortisation of actuarial gains and losses, is recognised in the appropriate "Staff costs" heading.

The impact of the retirement of employees prior to their normal retirement age defined in the actuarial study is recognised directly in "Staff costs". In addition, Caixa has recorded a specific liability for the impact of the change to non-active status of employees with whom it has entered into suspension of labour agreements. This provision is also recorded as a charge to the income statement heading "Staff costs".

Other long term benefits

The Group also has other long term benefit liabilities in respect of its employees, including a liability for the payment of long service bonuses and death grants prior to normal retirement age. The death grants after the normal retirement age is covered by the Pensions Fund.

The liability for such benefits is also determined based on actuarial calculations. However, in accordance with IAS 19 actuarial gains and losses cannot be deferred, and so they are fully recognised in profit or loss for the period.

Short term benefits

Short term benefits, including productivity bonuses paid to employees are recognised on an accruals basis in "Staff costs" for the respective period.

2.16. Insurance

a) Insurance Contracts

Transactions relating to insurance contracts written and reinsurance contracts held by the Group are recorded in accordance with IFRS 4 – "Insurance contracts". This standard allows issuers of insurance contracts to maintain the accounting policies used prior to the adoption of IFRS, provided that certain minimum requirements, established by that standard, are complied with. These include the requirement of a test of the adequacy of recognised insurance liabilities, with reference to each balance sheet date. Consequently, insurance contracts written and reinsurance contracts held by the Group were recorded in accordance with the accounting policies established in the Chart of Accounts for Insurance Companies ("Plano de Contas para as Empresas de Seguros"- PCES), approved by Instituto de Seguros de Portugal (Portuguese Institute of Insurance – ISP) and other ISP standards, complemented by the changes arising from the introduction of IFRS 4. Contracts with a significant insurance risk are classified as insurance contracts and recorded in accordance with IFRS 4. Contracts not having a significant insurance risk are classified as investment contracts and recorded in accordance with IAS 39.

In addition, as permitted by IFRS 4, the Group did not change its accounting policies for investment contracts with profit sharing that include a discretionary participation feature and therefore continues to recognise premiums written as income and corresponding increases in liabilities as a cost.

An insurance or investment contract is considered to have a profit sharing that includes a discretionary participation feature when the respective contractual terms foresee, as a complement of the contract guarantees, the grant to the insurer of some additional benefits characterised by the following:

- The probability of comprising a significant part of the total benefits to be attributed under the contract; and

- When the amount or time of distribution are contractually contingent upon the issuer's discretion; and

- When they are dependent upon the performance of a determined group of contracts, realised or unrealised income on determined assets held by the issuer of the contract or result achieved by the entity responsible for the issue of the contract.

Potential capital gains, net of capital losses, resulting from the revaluation of assets allocated to insurance with profit sharing and which are expected to be attributed to the insured are recognised in the profit sharing provision.

Liabilities originated on insurance and investment contracts with profit sharing with a discretionary component are included in the liability adequacy tests performed by the group.

b) Recognition of income and costs

Premiums on non-life insurance, life insurance and investment contracts with discretionary profit sharing, are recognised as income when written, in the "Premiums, net of reinsurance " heading, in the income statement.

Premiums written on non-life insurance contracts and associated acquisition costs are recognised as income and cost on a *pro rata* basis over the term of the related risk periods, through changes in the provision for unearned premiums.

Insurance liabilities related to life insurance contracts and investment contracts with discretionary profit sharing are recorded in the "Life insurance mathematical provision" heading. This provision and the respective cost are recognised simultaneously with the income associated with premiums written.

c) Provision for unearned premiums and deferred acquisition costs

The provision for unearned premiums reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the balance sheet date and the end of the period to which the premium refers. It is calculated, for each contract in force, by the application of the *pro rata temporis* method to the respective gross premiums written.

Expenses incurred on the acquisition of insurance contracts, including commission paid to agents and others, and other expenses allocated to the acquisition function, are deferred and recorded in the income statement over the respective period and recognised as a deduction from the technical provisions for insurance contracts, in the "Provisions for unearned premiums" heading.

In accordance with ISP rules, deferred acquisition costs on each technical insurance business may not exceed 20% of the respective deferred premiums.

d) Provision for claims

This provision reflects the estimated amounts payable for claims, including claims that have been incurred but not reported (IBNR) and future administrative costs to be incurred on the settlement of claims under management and IBNR claims. With the exception of labour accident insurance, mathematical provisions and provisions for lifelong assistance, the provisions for claims recorded by the Group are not discounted.

Provision for labour accident insurance claims

The provision for labour accident insurance claims includes the mathematical provision, provision for temporary assistance expenses and provision for lifelong assistance expenses.

The mathematical provision for labour accident insurance reflects the liability for:

- Pensions payable on claims whose amounts have already been ratified by the Labour Court;
- Estimated pension liabilities regarding claims already incurred but awaiting a final settlement agreement or ruling, referred to as "defined pensions";
- Estimated pension liabilities regarding claims already incurred but where the respective clinical procedures have not been completed at the balance sheet date or pensions payable in respect of claims incurred but not reported, referred to as "presumed pensions".

The assumptions and technical bases used for calculating mathematical provisions for labour accident insurance, relating to ratified or defined pensions are set out below:

	Redeemable	Non Redeemable (*)
Mortality table	TD 88/90	TD 88/90 (Men) TV 88/90 (Women)
Discount rate	5.25%	4%
Management charges	2.40%	4%

(*) A single mortality table was used to calculate the mathematical provisions for Império-Bonança, assuming a proportion of sixty five per cent for men and thirty five per cent for women.

The estimated mathematical provision for presumed pensions on labour accident insurance is based on the historical development of variables that are relevant in the calculation of mathematical provisions.

In accordance with current legislation, the liability resulting from the annual increase in pensions is covered by FAT ("Fundo de Acidentes de Trabalho" - Labour Accident Fund). Insurance companies pay the pensions in full and are subsequently reimbursed for the share corresponding to FAT's liability. FAT is managed by the Portuguese Insurance Institute, the income of the fund consisting of contributions made by the insurance companies and labour accident insurance policyholders. A liability is recorded for future contributions to FAT in respect of pension liabilities existing at the balance sheet date.

The provision for temporary assistance expenses recognises the liability for expenses on labour accident insurance claims, other than lifelong expenses. The calculation is based on actuarial models applied to run-off matrices on such expenses.

The provision for lifelong assistance expenses is calculated using the following technical bases:

Mortality table	35%*TV 88/90 + 65%*TD 88/90
Discount rate	4%
Inflation rate	2%
Management charges	2%

In-house historical information databases are used to calculate labour accident provisions.

Provision for motor insurance claims

The opening of a motor insurance claim automatically generates the recording of an initial average provision for each sub-claim, that affects the unit at risk and the relevant insurance coverage. The automatic provision is also dependent on the seriousness of bodily harm, if any. This provision may be revised, whenever the claims manager verifies its inadequacy.

Adjustments are made as a result of information received (specialised technical reports) during the claim settlement period, i.e. the available provision becomes a result of a specific analysis.

Provision for claims on other types of insurance

The provision for claims on other types of insurance is calculated on a case by case basis by the claims manager and revised whenever updated information is obtained from specialised technical reports.

The analysis of the adequacy of provisions for all types of insurance is assessed/validated, throughout the year by the responsible actuary, who produces a specific report at year-end.

This analysis is performed for the principal types of insurance business, representing more than 90% of the provision for claims, namely motor, labour accidents, personal accidents and health.

These estimates include direct liabilities to claimants (whether claims are reported or not) as well as future payments, notably contributions to FAT.

These estimates are based on payment triangles using deterministic chain ladder or average link-ratio models.

e) Provision for premium insufficiency

This is calculated for all non-life insurance and provides for situations in which premium income recognisable in future years, on contracts in force at the balance sheet date is less than the amount of claims payable and expenses allocated to the respective insurance business. This provision is calculated on the basis of claims, expenses, reinsurance coverage and income ratios in accordance with ISP rules.

f) Mathematical provision on life insurance

Reflects the present value of future payments to life insurance beneficiaries (net of future collections), calculated for each contract using actuarial methods in accordance with the respective technical bases.

As to life insurance contracts in which the investment risk is supported by the policyholder, this heading only comprises additional technical provisions eventually created to cover mortality risks, administrative costs or other costs (i.e. guaranteed instalments at maturity or redemption amounts).

The results of the liability adequacy test are compared with recorded mathematical provisions, plus a shadow reserve. If the result of the liability adequacy test is higher, the difference is recorded in the mathematical provisions in order to obtain the final amount of the liability. The liability adequacy test is described in Note 2.16. i).

g) Profit sharing provision

The profit sharing provision includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, to be or already attributed, provided that such amounts have not already been distributed.

The profit sharing provision to be attributed comprises the net amount of the fair value adjustments relating to investments allocated to life insurance with profit sharing, for the policyholder's or contract beneficiary's estimated part share. The estimated amounts to be attributed to the insured in the form of profit sharing for each modality or collection thereof is calculated on the basis of a consistently applied adequate plan, taking into consideration the profit sharing plan, maturity of the commitments, the allocated assets and other specific variables of the modality or modalities in question. In cases in which the profit sharing plan does not unequivocally define the percentage to be attributed, the historical percentages attributed over a period of not less than 3 years and the most recent information available to the company are taken into account.

This provision is set up as a charge to net income for the year, or, alternatively, the applicable part being directly recognised as a charge to the revaluation reserves for fair value adjustments on investments in subsidiary and associated companies and joint enterprises, available for sale financial assets and land and buildings for own use allocated to life insurance contracts with profit sharing.

During the course of the period of the duration of the contracts for each modality or collection of modalities, the balance on the provision for the corresponding profit sharing plan is fully offset against the negative fair value adjustments on investments and transfer to the profit sharing provision.

The profit sharing provision to be attributed includes the amounts payable to policyholders or contract beneficiaries, in the form of profit sharing, which have not, as yet, been distributed but which have already been attributed to them.

h) Portfolio stabilisation provision

The portfolio stabilisation provision is set up for annually renewable group insurance contracts, with death risk as the principal guaranteed cover, designed to provide for the heightened risk inherent to the increase of the average age of the insured group, whenever the tariff is based on a single rate, which, owing to contractual commitments is to be maintained over a certain period.

i) Liability adequacy tests

In accordance with IFRS 4, at the balance sheet date the Group performs adequacy tests of liabilities relating to contracts in force. These tests include estimates of the present value of future cash flows under its insurance contracts, including claim handling costs and cash flows resulting from embedded options and guarantees.

If the present value of the liabilities estimated in these tests exceeds the liabilities recorded in the financial statements, net of deferred acquisition costs and any related intangible assets, the entire deficiency is added to the liability and recorded as a loss in the income statement.

The methodology and main assumptions used in the liability adequacy tests are described below:

Life insurance

The liability adequacy test is performed by discounting, at the Euro Benchmark Curve market interest rate, future cash flows on claims, redemptions (including early redemptions), fees and management charges, less future cash flows from premiums.

These future cash flows are estimated for each contract using the companies' secondary technical bases, which are calculated based on an analysis of its historical data, as follows:

Mortality:

The distribution by age of insured persons at the beginning and end of the period and claims during the year is obtained from files extracted from the companies' databases. These data are used to calculate the number of persons exposed to risk at each age. The expected number of claims is determined by multiplying this value by the probability of death using a given mortality table. A comparison between the expected and the actual number of claims, results in the actual claims rate for the year as a percentage of the table. Mortality assumptions are based on an analysis of the amounts for the last five years.

Redemption:

The distributions by products of the mathematical provisions at the beginning and end of the year and of amounts redeemed are obtained from the companies' databases. These data are used to calculate the average mathematical provisions for each product and a division of the number of redemptions by this amount gives the annual redemption rate. An analysis of the amounts for the last five years enables the redemption assumption for each product to be determined.

Expenses:

Expenses are split into investment, administrative and claims-related expenses. To obtain unit costs, investment expenses are divided by the average amount of the mathematical provisions, administrative expenses by the average number of insured persons and claims expenses by the total number of claims for the year.

Yield:

Future yields of each product are determined based on the Euro Benchmark Curve market interest rate with a maturity equal to the duration of the respective liability plus the run off value of unrealised gains or losses.

These yields are used to project future profit sharing, for subsequent incorporation into mathematical provisions and then projected upon maturities, claims and future redemptions.

Non-life insurance

The responsible actuaries regularly assess the adequacy of the reserves using the analysis of the liabilities of the companies in terms of uncertainty, contract duration, type of claim and expenses incurred on claim settlements. A collection of micro or macroeconomic scenarios to verify the adequacy thereof is also applied.

j) Technical provisions for outwards reinsurance

These provisions are determined by applying the above described criteria for direct insurance, taking into account the percentages ceded, in addition to other clauses existing in the treaties in force.

k) Liability to subscribers of unit-linked products

Liabilities associated with unit-linked investment contracts issued by the Group are measured at fair value, determined based on the fair value of the assets in the investment portfolio allocated to each of the products, less corresponding management costs.

Investment portfolios allocated to unit-linked products comprise financial assets, including fixed-income securities, variable-income securities, derivatives and deposits in credit institutions, which are measured at fair value, the resulting unrealised gains and losses being recognised in profit or loss for the year.

l) Liabilities to subscribers of investment contracts

Liabilities to subscribers of regulated products, classified as investment contracts under IFRS 4, but which do not include profit sharing with a discretionary component are valued in accordance with the requirements of IAS 39 and recognised in the "customer resources" account heading.

m) Impairment of receivable balances relating to insurance and reinsurance contracts

At each balance sheet date, the Group assesses the existence of evidence of impairment on assets originated by insurance or reinsurance contracts, namely accounts receivable from policyholders, agents, inwards and outwards reinsurers, and technical provisions for outwards reinsurance.

If impairment losses are determined, the carrying amount of the respective assets is reduced with a corresponding charge to the income statement heading "Impairment of other assets, net of reversals and recovery".

n) Intangible assets arising from the acquisition of insurance contracts

The difference between the fair value of insurance contracts acquired under business combinations and their respective book value calculated in accordance with Group accounting policies that corresponds to the value in force of the insurance portfolio acquired, is detached from goodwill at the acquisition date and recognised separately as an intangible asset.

Value in force is amortised over the term of the contracts acquired and is subject to impairment tests on an annual basis.

o) Embedded derivatives in insurance contracts

In accordance with IFRS 4, options held by the contract beneficiaries for the early redemption of the contracts in force with a fixed amount or a fixed amount plus interest, are not separated from the host contract.

2.17. Commissions

As mentioned in Note 2.7., commissions on credit operations and other financial instruments, namely amounts charged or paid for originating such operations, are included in amortised cost or recognised over the course of the operation, using the effective interest method, in the heading "Interest and similar income".

Commissions and fees for services rendered are usually recognised as income during the period the service is rendered or in a single amount if resulting from single acts.

2.18. Issuance of equity instruments

Equity instruments issued are initially recognised at the fair value of the benefit received, net of the direct costs of issuance.

Preference shares issued by the Group are classified in accordance with IAS 32. Accordingly, where the payment of dividends and/or repayment of capital are at the exclusive discretion of the Group, the securities issued are considered to be equity instruments. Preference shares issued by subsidiaries complying with these requirements are recognised in the consolidated balance sheet heading “Minority interest”.

2.19. Securities and other items held under custody

Securities and other items held under custody, namely customers' securities, are recognised in off-balance sheet headings, at their nominal value.

2.20. Cash and cash equivalents

In preparing the cash flow statements, the Group included in the heading “Cash and cash equivalents”, the amounts in the balance sheet headings “Cash and cash equivalents at central banks” and “Cash balances at other credit institutions”.

2.21. Critical accounting estimates and key judgemental matters in applying accounting policies

In applying the above mentioned accounting policies, the Boards of Directors of Caixa and Group companies must make estimates. The estimates with the greatest impact on the Group's consolidated financial statements include those set out below.

Determination of impairment loss on financial assets

Impairment losses on loans are determined in accordance with the methodology defined in Note 2.7. d). Impairment of assets analysed individually is therefore determined based on a specific assessment by Caixa, considering its knowledge of the customer’s situation and the guarantees securing the operations.

Impairment of assets assessed on a collective basis is determined based on historical parameters for types of comparable operations, considering default and recovery estimates.

Caixa considers that the impairment determined using this methodology enables the risks on its loan portfolio to be adequately recognised, taking into account the requirements of IAS 39.

Determination of impairment loss on available-for-sale financial assets

As defined in Note 2.7. a) iv) unrealised osses resulting from the measurement of these assets are recognised against “Fair value reserves”. Whenever there is objective evidence of impairment, accumulated capital losses recognised in “Fair value reserves” must be transferred to cost for the period.

In the case of equity instruments determination of impairment losses it involves some subjectivity. Impairment on those assets will be determined, by the Group through a specific analysis at each balance date, considering the objective evidence defined in IAS 39 (see Note 2.7 d)). As a general criterion, impairment should be determined whenever the amount invested by Caixa is unlikely to be fully recovered in view of the dimension of the calculated unrealised loss.

In the case of debt instruments classified in this category, the capital losses are transferred from the “Fair value reserve” heading to the income statement, whenever there is evidence that contractual cash flows may not be collected, namely for financial difficulties of the issuer, impairment of other financial liabilities, or a significant downgrade of the issuer’s rating.

Measurement of financial instruments not traded on active markets

As required by IAS 39, Caixa measures all financial instruments at fair value except for those carried at amortised cost. The valuation models and techniques described in Note 2.7 are used to value financial instruments not traded on liquid markets. The valuations obtained correspond to the best estimate of the fair value of the instruments at the balance sheet date. As mentioned in Note 2.7., in order to ensure adequate segregation of functions, these financial instruments are valued by a body that is independent of the trading function.

Employee benefits

As explained in Note 2.15. above, the Group’s liability for post-employment benefits and other long term benefits granted to its employees is determined on an actuarial basis. The actuarial calculations are based on financial and actuarial assumptions including, among others, mortality, disability, salary and pension growth, return on assets and discount rate. The assumptions used are the best estimates of the Group and its actuaries of the future evolution of the respective variables.

Impairment of goodwill

As mentioned in Note 2.4. above, the Group performs impairment tests of goodwill at least annually. These tests are performed based on estimates of future cash flows to be generated by each unit tested, discounted at appropriate rates.

The projections include a broad range of assumptions on the evolution of the future operations of the units, which may or not occur. Such assumptions, however, reflect the Group's best estimate as at the balance sheet date.

Determination of liabilities for insurance contracts

The Group's liability for insurance contracts is determined using the methodologies and assumptions described in Note 2.16. above. The liability reflects a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, past claims experience and other methods accepted in the sector.

Given the nature of the insurance operations, determination of provisions for claims and other liabilities under insurance contracts is highly subjective and the actual amounts to be paid in the future may be significantly different from the estimates.

However, the Group considers that the liability for insurance contracts recorded in the consolidated financial statements at 31 December 2006 reflects, on an adequate and conservative basis, the best estimate at that date of the amounts to be paid by the Group.

Determination of income tax

Income tax (current and deferred) is determined for group companies based on the rules established in the tax legislation in force in the countries in which they operate. In several cases, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. Although the amounts recorded in such cases represent the best understanding of the responsible bodies of Caixa and CGD Group companies, regarding the appropriate tax treatment for their operations, they may be questioned by the tax authorities.

3. GROUP COMPANIES AND TRANSACTIONS DURING THE PERIOD

The Group's structure in terms of its principal subsidiaries, by operating sector, and the financial data taken from their statutory non-consolidated financial statements, except when expressly indicated, are summarised below:

		2008			2007	
Activity/Entity	Head office	% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Bandeirantes, SGPS, S.A.	Madeira	100.00	15	(4)	19	(4)
Caixa - Gestão de Activos, SGPS, S.A.	Lisbon	100.00	31 100	7 467	29 370	6 319
Caixa - Participações, SGPS, S.A.	Lisbon	100.00	32 894	2 524	35 294	5 183
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	99.68	64 671	1 393	97 818	641
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00	1 419 337	99 563	1 081 528	94 153
Caixaweb, SGPS, S.A.	Lisbon	100.00	6 723	127	10 187	198
Gerbanca, SGPS, S.A.	Lisbon	100.00	41 770	12 602	52 466	23 290
Império - Bonança, SGPS, S.A.	Lisbon	-	-	-	372 382	40
Parbanca, SGPS, SA	Madeira	100.00	13 240	5 631	1 498	5 858
Parcaixa SGPS, S.A.	Lisbon	51.00	1 000 000	-	-	-
Banking						
Banco Caixa Geral, S.A. (b)	Vigo	99.75	419 405	10 744	408 618	10 849
Banco Comercial do Atlântico, S.A.R.L.	Praia	59.17	28 452	8 847	22 697	5 891
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.00	52 871	14 645	64 197	17 780
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00	38 734	(1 096)	21 691	(3 524)
Banco Interatlântico, S.A.R.L.	Praia	27.00	9 484	1 927	8 291	1 514
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00	200 523	35 821	153 912	32 095
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.68	190 438	30 242	220 122	37 042
Caixa Geral de Depósitos - Subsidiária Offshore de Macau	Macau	100.00	32 553	13 953	13 570	1 352
CGD - North America	Delaware	100.00	1	-	1	-
CGD - Representação de Bancos, S.A.	São Paulo	100.00	371	-	243	(68)
Mercantile Lisbon Bank Holdings, Ltd. (b)	Johannesbourg	91.75	95 990	32 141	81 181	16 478
Insurance						
Cares - Companhia de Seguros, S.A. (b)	Lisbon	100.00	10 610	431	13 894	3 531
Companhia de Seguros Fidelidade - Mundial S.A.	Lisbon	100.00	726 449	14 387	1 009 582	126 096
Companhia Portuguesa de Resseguros, S.A.	Lisbon	100.00	20 978	769	19 286	841
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	Praia	65.30	5 297	776	5 057	643
Império - Bonança - Companhia de Seguros, S.A.	Lisbon	100.00	203 536	27 000	215 429	31 265
Multicare - Seguros de Saúde, S.A.	Lisbon	100.00	26 153	1 669	26 210	1 007
Via Directa - Companhia de Seguros, S.A.	Lisbon	100.00	29 433	416	30 958	2 082
Specialised Credit						
Caixa Leasing e Factoring - Instituição Financeira de Crédito, S.A.	Lisbon	51.00	126 624	4 788	121 939	10 608
CREDIP - Instituição Financeira de Crédito, S.A.	Lisbon	80.00	10 618	461	10 157	157
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00	35 450	4 298	34 095	7 908
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00	5 978	1 025	5 153	897
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00	8 876	5 227	7 649	4 642
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	52.69	3 260	93	3 167	(27)
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.68	24 746	(2 739)	27 485	(416)
Property						
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00	2 723	482	3 586	1 345
Fidelidade Mundial - SGII, S.A.	Lisbon	100.00	25 115	1 236	23 817	2 094
Other Financial Entities						
CGD Finance	Cayman	100.00	221	(40)	261	14
Caixa Geral Finance (c)	Cayman	.01	634 494	34 493	600 117	29 932

(To be continued)

Activity/Entity	Head office	2008 % Effective participating interest	2008 Equity (a)	2008 Net income	2007 Equity (a)	2007 Net income
Other Companies						
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00	1 756	22	1 734	8
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00	(276)	72	(84)	13
Compal - Companhia Produtora de Conservas Alimentares, S.A.	Lisbon	-	-	-	116 657	(7 062)
Culturgest - Gestão de Espaços Culturais, S.A.	Lisbon	100.00	(4 175)	(29)	(3 486)	(3 470)
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	Lisbon	100.00	240	13	227	16
EPS - Gestão de Sistemas de Saúde, S.A.	Lisbon	100.00	2 165	37	2 129	1 003
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	100.00	687	(1 267)	(1 029)	(2 128)
Cetra - Centro Técnico de Reparação Automóvel, S.A.	Lisbon	100.00	1 012	66	1 892	233
GEP - Gestão de Peritagens Automóveis, S.A.	Lisbon	100.00	99	(4)	103	(26)
HPP - Hospitais Privados de Portugal, SGPS, S.A. (b)	Lisbon	75.00	25 016	(11 256)	34 582	1 028
HPP International Ireland, Ltd.	Dublin	100.00	30 970	(30)	31 000	(0)
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100.00	5 699	3 784	1 914	914
Servicomercial - Consultoria e Informática, Lda.	Lisbon	-	-	-	3 584	67
Portal Executivo - Sociedade de Serviços, Consultoria e Informação em Gestão, S.A.	Lisbon	-	-	-	(1 428)	(54)
Wolfpart, SGPS, S.A.	Lisbon	100.00	1 668	(927)	2 594	1 390
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris					
Sogrupo - Serviços Administrativos, ACE	Lisbon					
Sogrupo - Sistemas de Informação, ACE	Lisbon					
Sogrupo IV - Gestão de Imóveis, ACE	Lisbon					
Special Purpose Entities and Investment Funds						
Fundo Nostrum Consumer Finance, FTC	Lisbon		110 227	(2 297)	223 540	1 079
Fundo Nostrum Mortgage 2003-1	Lisbon		582 413	(1 046)	650 247	(1)
Nostrum Mortgages PLC	Dublin		8 163	(6 800)	15 008	9 105
Nostrum Consumer Finance PLC	Dublin		1 416	(1 487)	2 973	(1 619)
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	100.00	165 730	(16 229)	181 959	(6 236)
Fundo de Capital de Risco - Energias Renováveis - Caixa Capital	Lisbon	90.71	48 449	(4 651)	53 100	1 708
Fundo de Investimento Imobiliário Fechado Saudeinvest	Lisbon	98.90	83 188	(1 040)	84 927	(1 134)
Fundo de Investimento Imobiliário Fechado Bonança 1	Lisbon	100.00	15 203	(19)	15 222	477
Companies Recorded by the Proportional Method						
Esegur - Empresa de Segurança, S.A.	Lisbon	50.00	9 738	2 115	10 344	3 415

(a) Equity includes net income for the year.
(b) Data taken from consolidated financial statements.
(c) Share capital comprises 1 000 ordinary shares of EUR 1and 600 000 non-voting preference shares of EUR 1 000 each.

Financial data on 31 December 2008 was taken from the provisional financial statements subject to changes before the respective approval by the Shareholder's General Meeting.

Movements in the group's subsidiaries, in 2008 and 2007, were as follows:

Sumol+Compal, SA ex-Compal – Companhia Produtora de Conservas Alimentares, SA ("Compal")

On 31 December 2007 CGD Group through Caixa Desenvolvimento, SGPS, SA, had an 80% equity participation in the share capital of Compal – Companhia Portuguesa de Conservas Alimentares, SA.

Still in 2007, the Group made contacts with Sumolis – Companhia Industrial de Frutas e Bebidas, , SA ("Sumolis") in view of the sale of the equity participation held in Compal. A contract for the sale of this equity participation was signed during the first quarter 2008. As a result, the equity participation held in this company was recorded on 31 December 2007 in compliance with IFRS 5 – "Non-current assets held for sale and discontinued operations" (Note 12).

The following developments occurred, in 2008:

- The declaration of non-opposition to the sale of Compal was decided by the Competition Authority on 14 August 2008. Caixa Desenvolvimento sold shares corresponding to 29.9% of Compal's share capital by EUR 42 426 thousand, including supplementary capital contributions of EUR 34 385 thousand.
- In December 2008, the merger project between Compal and Sumol+Compal, Gestão de Marcas, SA was approved by the Shareholders General Meeting. The merger deed was signed on 23 December 2008 taking

effect on 31 December 2008. As agreed, Caixa Desenvolvimento and Fundo de Capital de Risco Grupo CGD – Caixa Capital sold shares for the amount of EUR 11 975 thousand, including supplementary capital contributions of EUR 9 430 thousand, corresponding to 5.0225% and 3.1775% of Compal share capital.

- After the merger, Sumol+Compal, SA issued 20 619 055 new shares. This share capital increase was fully subscribed and paid in by Caixa Desenvolvimento and Fundo de capital de Risco Grupo CGD – Caixa Capital through the delivery of the remaining shares of Compal. The shares were issued at a nominal value of EUR 1 each and a global issue premium of EUR 34 375 thousand.

As a result of these operations, the Group recorded capital gains of EUR 19 052 thousand of which EUR 9 816 thousand were recorded in "Other operating income "(Note 34) and EUR 9 236 thousand in "Results from financial operations" headings (Note 33).

On 31 December 2008, the Group's equity participation in Sumol+Compal represents 20.6% of share capital and is recorded in the "Investments in associates" heading (Note 16) for EUR 54 994 thousand, an amount ascribed to the shares received in the referred to share capital increase. Caixa Desenvolvimento has an option for the sale of shares which can be exercised within a period of forty three months after the merger operation's approval by the Competition Authority.

Parcaixa, SGPS, SA

Caixa Leasing e Factoring – Instituição Financeira de Crédito, SA (CLF)

On 23 December 2008, Caixa sold to Parpública – Participações Públicas, SGPS, SA (Parpública) 2 000 000 shares of Caixa Leasing e Factoring – Instituição Financeira de Crédito, SA (CLF) for EUR 150 000 thousand, representing its total share capital (Note 19).

On the same date, Parcaixa, SGPS (Parcaixa) was incorporated with a share capital of EUR 1 000 000 thousand, represented by 1 000 000 000 shares, fully subscribed by Caixa Geral de Depósitos, SA and Parpública in the proportion of 51% and 49%, respectively. The share capital of Parcaixa was realised by Caixa and Parpública with the delivery of the following assets:

- Caixa Geral de Depósitos, SA – in cash	510 000

- Parpública	
. In cash	131 666
. ADP – Águas de Portugal, SGPS, SA – Delivery of 17 511 000 shares representing 19% of share capital	178 944
. Caixa Leasing e Factoring – Instituição Financeira de Crédito, SA – Delivery of 2 000 000 shares, representing total share capital	150 000
. Sagesecur – Sociedade de Estudos, Desenvolvimento e Participação em Projectos, SA – Delivery of 877 500 shares with nominal value of EUR 5 each and representing 19.5% of the share capital	2 150
. Sagesecur – Sociedade de Estudos, Desenvolvimento e Participação em Projectos, SA – Grant of credit rights representing 19.5% of shareholders loans ceded by Parpública to this company	27 240
	---------
	490 000
	----------
	1 000 000
	========

No result was recognised in the Group consolidated financial statements regarding this operation.

Caixa Geral de Depósitos – Subsidiária Offshore de Macau (Macau Offshore Branch)

In 2008 Macau Offshore Branch increased again its share capital, by 51 million patacas, through the issue of fifty one thousand new shares with a nominal value of one thousand patacas each fully subscribed for and paid up by CGD. As a result, share capital increased to 171 million patacas.

Culturgest – Gestão de Espaços Culturais, S.A. (Culturgest)

In 2007, Caixa Geral de Depósitos acquired 10 000 shares of Culturgest - Gestão de Espaços Culturais, SA from Fundação Luso-Americana para o Desenvolvimento (FLAD). This operation resulted in the total control of CGD Group in Culturgest.

On 2 October 2007 the Fundação Caixa Geral de Depósitos – Culturgest, recognised by resolution of the Secretary of State of the Minister Presidency of 24 January 2008, was created. Its activity, attributed by means of its articles of association replaced, *de jure* and *de facto,* the functions performed so far by Culturgest. As a result, the shareholders meeting of May 2008 decided the dissolution of Culturgest and appointed a liquidating commission.

Caixatec – Tecnologias de Comunicação, SA
Portal Executivo – Sociedade de Serviços, Consultoria e Informação de Gestão, S.A. (Portal Executivo) (in liquidation)

In 2007 continued the re-organisation of the presence of CGD Group in the WEB. The merger of Caixaweb – Serviços Técnicos e de Consultoria, SA with Imoportal was made on 1 January 2007, the resulting company being named Caixatec – Tecnologias de Comunicação, SA. This company became exclusively dedicated to the development of the portal associated with the Group's business activities.

The shareholders General Meeting of 11 December 2008 approved the annual Report as at 30 September 2008 and decided the liquidation of Portal Executivo.

Servicomercial – Consultoria e Informática, Lda

The shareholders General Meeting of 28 March 2008 approved the dissolution and immediate liquidation of Servicomercial. As a result the company's global assets, were transferred to Império Bonança, SGPS, SA, owner of Servicomercial's total share capital.

Império Bonança, SGPS, SA

In 2008 the merger deed of Império Bonança, SGPS, SA in Caixa Seguros e Saúde, SGPS, SA was signed up. As a result, Império Bonança, SGPS, SA was liquidated, all the assets and liabilities being transferred to Caixa Seguros e Saúde, SGPS, SA.

Banco Caixa Geral – Brasil (former Banco Financial Português)

In 2008, in order to resume its activity in the Brazilian financial market, Caixa Geral de Depósitos, SA requested permission to Banco Central do Brasil (Brazilian Central Bank) to start the liquidation process of Banco Financial Português, CGD's Brazilian subsidiary, and transform it into a business corporation under Brazilian law under the name of Banco Caixa Geral – Brasil, SA. This decision was ratified by presidential decree of the President of the Federal Republic of Brazil dated 27 May 2008.

As a result of the cession of the liquidation process, the amounts owed to CGD by former Banco Financial Português in a total of 21 671 078 Reais (BRL) were used to cover accumulated losses in previous years.

Still in 2008, the following developments occurred:

- On 27 October 2008, CGD ceded to Caixa Participações, SGPS, SA 1 000 shares of Banco Caixa Geral – Brasil, at the respective nominal value of BRL 370 each.
- The shareholders General Meeting decided a share capital increase of BRL 86 million, fully subscribed and paid up by Caixa Geral de Depósitos, SA.

Wolfpart, SGPS, S.A. (Wolfpart)

In 2007, Wolfpart increased its share capital by EUR 1 250 thousand through the issue of 250 000 new shares with nominal value of EUR 5 each fully subscribed for and paid up by Caixa. This share capital increase was geared to finance the acquisition of 25% of the participating units of the Closed Investment Fund Beirafundo.

Still during 2007, CGD made to Wolfpart shareholders' loans of EUR 6 926 thousand to finance the acquisition of 25% of the share capital of its associates "Torre Ocidente, Imobiliária, SA" and "Torre Oriente, Imobiliária, SA" for the total amount of EUR 2 990 thousand and EUR 3 938 thousand, respectively (Note 16).

In September 2007 and as a result of the merger of Resortpart, SA and Vale de Lobo, SGPS, SA into the "Vale de Lobo, Resort Turístico de Luxo, SA" company, Wolfpart had a 25% participating interest in this later company (Note 16).

Credip – IFIC, SA

Credip – Instituição Financeira de Crédito, SA was incorporated in 2007 with a share capital of EUR 10 000 thousand, through the issue of 2 000 000 shares fully subscribed for and paid up at par by Caixa Geral de Depósitos, SA and Parpública – Participações Públicas, SGPS, SA representing 80% and 20% respectively. This company has the purpose of granting loans to the financing the construction of public infrastructures.

Companhia Portuguesa de Resseguros, SA

In 2007, Companhia de Seguros Fidelidade-Mundial, SA and Império Bonança – Companhia de Seguros, SA acquired 70% of the share capital of Companhia Portuguesa de Resseguros, SA for EUR 7 500 thousand. As a result, the Group held the total company's share capital.

HPP – Hospitais Privados de Portugal, SGPS, SA

Caixa Geral de Depósitos acquired in 2007, through Caixa Seguros, a 10% participating interest in the biggest health private agent in the Iberian space - USP Hospitales Group. The investment of Caixa Seguros in the USP Hospitales Group was made through the companies HPP International – LUX, Sarl and HPP International Ireland Limited. Within a joint venture agreement, USP Hospitales Group got a 25% participating interest in the share capital of HPP – Hospitais Privados de Portugal, SGPS, SA, the holding indirectly held by Caixa Seguros for the health area.

Under the terms of this agreement, on 5 June 2007, HPP – Hospitais de Portugal, SGPS, SA made a share capital increase of EUR 1 833 333 fully subscribed by USP Hospitales, through the issue of 1 833 333 new shares with the nominal value of EUR 1 each, representing 25% of HPP's share capital and a issue premium of EUR 8.27 per share in the total amount of EUR 15 168 thousand.

Multicare – Seguros de Saúde, SA

Multicare – Seguros de Saúde, SA was founded in the first half 2007, in view of the company's insurance and reinsurance activities in the health sector. The share capital in the amount of EUR 18 000 thousand was fully subscribed for and paid up by Caixa Seguros, SGPS, SA.

Caixa Ireland Limited and Caixa Investments Ireland

In 2007, Caixa – Banco de Investimento, SA liquidated its subsidiaries Caixa Ireland Limited and Caixa Investments Ireland. Caixa Ireland Limited was a company based in Ireland that was acquired by the bank in 1996. Its assets particularly comprised the equity participation of Caixa Investments Ireland. Caixa Investments Ireland was a company based in Ireland whose purpose was the investment in securities.

Banco Comercial e de Investimento SARL

During 2007, Parbanca, SGPS, SA reinforced its equity participation in Banco Comercial e de Investimento, SARL (BCI) through the acquisition of 2 892 857 shares with the nominal value of MZN 10 000 for the total amount of EUR 10 085 thousand (at foreign exchange rate of the date of the transaction). As a result of this operation, the Group increased its participation to 51%.

On 31 January 2007, SCI Imobiliária and BCI Leasing merged with BCI Fomento, companies under Mozambique law, already BCI affiliates.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This heading comprises the following:

	2008	2007
Cash	555 586	536 356
Demand deposits in central banks		
- Principal	1 340 629	1 386 952
- Accrued interest	1 606	2 197
	1 897 821	1 925 505

The demand deposits at the Bank of Portugal are to comply with the legal requirements for minimum cash reserves of the European Central Banks System (ECBS). These deposits earn interest, and correspond to 2% of the deposits and debt securities with terms of up to two years, except for deposits and debt securities of entities subject to the minimum cash reserve requirements of the ECBS.

The funds deposited at central banks by Caixa and the Group banks at 31 December 2008 and 2007, complied with the minimum limits defined by the regulations in force in the countries in which they operate.

5. CASH BALANCES AT OTHER CREDIT INSTITUTIONS

This heading comprises the following:

	2008	2007
Cheques for collection		
- Portugal	236 840	236 860
- Abroad	14 477	16 781
	251 317	253 641
Demand deposits		
- Portugal	74 448	72 434
- Abroad	288 988	626 523
	363 435	698 957
Accrued interest	40	62
	614 793	952 660

“Cheques for collection” correspond to cheques of customers of other banks sent for settlement. These amounts are collected on the first days of the subsequent year.

6. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This heading comprises the following:

	2008	2007
Interbank Money Market	1 240 442	20 576
Term deposits		
- Portugal	244 018	158 958
- Abroad	1 354 352	2 124 657
Loans		
- Portugal	1 097 409	423 505
- Abroad	614 541	1 058 105
Other applications		
- Portugal	110 371	204 782
- Abroad	925 703	746 506
Purchase operations with repurchase agreement	61 098	28 830
	5 647 934	4 765 918
Accrued interest	15 839	26 088
Deferred income	(2 563)	(1 006)
	5 661 210	4 791 000
Impairment (Note 39)	(106 381)	(1 337)
	5 554 828	4 789 664

On 31 December 2008, loans and advances to credit institutions in Portugal include EUR 1 455 159 thousand of deposits in Banco Português de Negócios, SA, an entity nationalised under the terms of Law 62-A/2008 of 11 November.

In 2008, the Group recorded impairment of EUR 40 593 thousand for applications in banks based in Iceland. Impairment was also recorded on applications in a North-American bank which, on 31 December 2008, amounted to EUR 64 669 thousand. There are other outstanding balances with this entity recorded in the "Other assets" heading to which an impairment of EUR 39 557 thousand was recognised (Note 19).

The changes in impairment of loans and advances to credit institutions in 2008 and 2007 are presented in Note 39.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These headings comprise the following:

	2008			2007		
	Held for trading	At fair value through profit or loss	Total	Held for trading	At fair value through profit or loss	Total
Debt instruments						
- Public issuers:						
. Public debt securities	264 221	-	264 221	395 678	1 237	396 915
. Treasury bills	302 560	-	302 560	87 585	-	87 585
. Bonds of other public issuers:						
Domestic	2 921	-	2 921	2 464	-	2 464
Foreign	355 936	29 980	385 916	870 469	34 700	905 169
- Issued by international financial organisations	-	7	7	71 355	80 586	151 941
- Other issuers:						
. Bonds and other securities:						
Issued by residents	219 382	55 877	275 258	578 524	1 176 889	1 755 413
Issued by non-residents	247 111	252 477	499 588	887 273	215 764	1 103 037
	1 392 131	338 342	1 730 472	2 893 348	1 509 176	4 402 524
Equity instruments						
Issued by residents	38 678	53 078	91 757	52 097	56 113	108 210
Issued by non-residents	38 651	-	38 651	44 377	-	44 377
	77 329	53 078	130 408	96 474	56 113	152 587
Other financial instruments						
- Trust fund units						
Issued by residents	51 292	426 854	478 146	332 687	542 395	875 082
Issued by non-residents	44 499	-	44 499	500 769	-	500 769
- Other						
Issued by non-residents	-	96 509	96 509	-	26 850	26 850
	95 791	523 363	619 154	833 456	569 245	1 402 701
Loans and receivables	-	7 217	7 217	-	11 418	11 418
Derivatives with positive fair value (Note 10)						
- Swaps	1 279 298	-	1 279 298	347 663	-	347 663
- Futures and other forward operations	20 813	-	20 813	4 448	-	4 448
- Options	925 679	-	925 679	492 733	-	492 733
- Caps and floors	83 163	-	83 163	25 847	-	25 847
- Other	10 935	-	10 935	1 982	-	1 982
	2 319 887	-	2 319 887	872 673	-	872 673
	3 885 139	922 000	4 807 139	4 695 951	2 145 952	6 841 903

Financial assets held for trading and other financial assets at fair value through profit or loss at 31 December 2008 include participating units in unit trust and property funds managed by Group entities, in the amounts of EUR 272 527 thousand and EUR 78 852 thousand, respectively (EUR 655 372 thousand and EUR 61 656 thousand, respectively on 31 December 2007). The unit trust funds comprise the following:

	2008	2007
Shares funds	117 075	297 074
Funds of funds	47 442	185 914
Bonds funds	6 382	26 551
Treasury funds	-	7 069
Other	101 628	138 764
	272 527	**655 372**

On 31 December 2008 and 2007 the "Debt instruments" heading comprises securities given as collateral in the amount of EUR 492 063 thousand and EUR 768 846 thousand, respectively. In Note 23 these securities are recognised at nominal value.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This heading comprises the following:

	2008	2007
Debt instruments		
- Public debt	171 736	108 740
- Other public issuers	3 054 611	3 266 949
- International financial organisations	275 574	260 339
- Other issuers	8 523 541	7 392 133
	12 025 462	11 028 161
Equity instruments		
- Measured at fair value	2 690 868	3 345 222
- Measured at historical cost	198 984	97 551
	2 889 852	3 442 773
Other instruments	1 703 910	1 083 494
	16 619 224	15 554 428
Impairment (Note 39)		
- Equity instruments	(650 234)	(173 735)
- Debt instruments	(52 666)	(9 593)
- Other instruments	(4 924)	-
	(707 824)	(183 328)
	15 911 400	15 371 099

The "Other instruments" heading at 31 December 2008 included participating units in unit trust and property funds managed by Group entities in the amounts of EUR 926 841 thousand and EUR 155 717 thousand, respectively (EUR 699 069 thousand and EUR 72 331 thousand, respectively, at 31 December 2007). The unit trust funds comprise the following:

	2008	2007
Shares funds	51 554	91 407
Bonds funds	229 221	161 864
Treasury funds	254 839	359 487
Funds of funds	189 813	702
Other	201 414	85 609
	926 841	**699 069**

On 31 December 2008 the "Debt instruments" heading comprises securities given as collateral to several entities in the amount of EUR 735 022 thousand. In Note 23 these securities are recognised at their nominal value.

On 31 December 2008 impairment of debt instruments includes EUR 28 471 thousand relative to bonds issued by banks based on Iceland. It also includes impairment of EUR 9 148 thousand to cover estimated losses in debt instruments issued by a North-American bank.

The equity instruments heading includes the following investments:

	2008						
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Effective participating interest (%)
Measured at fair value							
EDP – Energias de Portugal, S.A.	502 229	8 027	-	510 256	-	510 256	5.23
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	404 206	18 810	-	423 015	(262 227)	160 788	14.02
Portugal Telecom, S.A.	334 285	58 336	-	392 621	-	392 621	7.28
Banco Comercial Português, S.A.	335 577	19 068	-	354 645	(210 205)	144 440	3.78
Instituto da Habitação e da Reabilitação Urbana, I.P.	91 877	-	-	91 877	-	91 877	52.49
Redes Energéticas Nacionais, SGPS, S.A.	86 608	11	-	86 619	-	86 619	5.08
Galp Energia, SGPS, S.A.	70 537	140	-	70 678	-	70 678	1.21
La Seda Barcelona, S.A.	-	-	51 979	51 979	(36 575)	15 404	7.35
Brisa - Auto-Estradas de Portugal, S.A.	48 159	2 002	-	50 161	-	50 161	1.60
Finpro, SGPS, S.A.	-	-	37 428	37 428	-	37 428	17.17
EDP - Energias Renováveis, S.A.	14 981	4 415	11 026	30 423	-	30 423	0.74
SICAR NovEnergia II	-	-	39 510	39 510	-	39 510	23.70
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	14 000	14 000	-	14 000	23.90
Martifer, SGPS, S.A.	-	2 349	6 296	8 645	(3 743)	4 903	2.49
Foreign entities' shares	1 348	483 988	2 475	487 811	(94 459)	393 352	
Other	17	18 180	23 004	41 201	(21 100)	20 101	
	1 889 824	615 326	185 718	2 690 868	(628 309)	2 062 559	
Measured at historical cost							
Águas de Portugal, S.A.	153 003	-	-	153 003	-	153 003	19.00
VAA - Vista Alegre Atlantis, S.A.	15 863	-	-	15 863	(15 863)	-	14.07
Other	26 650	251	3 217	30 118	(6 062)	24 056	
	195 516	251	3 217	198 984	(21 925)	177 059	
	2 085 340	615 577	188 935	2 889 852	(650 234)	2 239 618	

	2007						
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Effective participating interest (%)
Measured at fair value							
EDP – Energias de Portugal, S.A.	829 731	12 707	-	842 438	-	842 438	5.15
Portugal Telecom, S.A.	491 791	85 643	-	577 434	-	577 434	5.73
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A. *	407 911	23 935	-	431 846	(19 160)	412 686	13.98
Banco Comercial Português, S.A.	353 064	51 775	-	404 839	(110 255)	294 584	2.20
Galp Energia, SGPS, S.A.	152 499	11 112	-	163 611	-	163 611	1.07
Instituto da Habitação e da Reabilitação Urbana, I.P.	91 877	-	-	91 877	-	91 877	52.49
La Seda Barcelona, S.A.	-	-	77 925	77 925	-	77 925	7.35
Finpro, SGPS, S.A.	-	-	31 842	31 842	-	31 842	17.17
SICAR NovEnergia II	-	-	31 622	31 622	(891)	30 731	23.61
Imolgere, Imobiliária e Serviços, S.A.	-	-	14 000	14 000	-	14 000	23.90
Martifer, SGPS, S.A.	-	2 363	4 911	7 274	-	7 274	0.53
Brisa - Auto-Estradas de Portugal, S.A.	-	3 853	-	3 853	-	3 853	0.06
Banco Espírito Santo, S.A.	-	3 312	-	3 312	-	3 312	0.04
Sonae, SGPS, S.A.	-	2 068	-	2 068	-	2 068	0.05
Foreign entities' shares	-	623 083	2 855	625 938	(1 700)	624 238	
Other	-	17 452	17 891	35 343	(19 603)	15 740	
	2 326 873	837 303	181 046	3 345 222	(151 609)	3 193 613	
Measured at historical cost							
Fundo Margueira Capital	47 438	-	-	47 438	-	47 438	21.13
VAA - Vista Alegre Atlantis, S.A.	15 863	-	-	15 863	(15 863)	-	14.07
Other	25 322	3 255	5 673	34 250	(6 263)	27 987	
	88 623	3 255	5 673	97 551	(22 126)	75 425	
	2 415 496	840 558	186 719	3 442 773	(173 735)	3 269 038	

The following criteria were used to prepare the above tables:

- The “Insurance” column includes securities held by Caixa Seguros e Saúde and Garantia;

- The “Investment banking and venture capital” column includes the securities held by Caixa - Banco de Investimento and the Group’s venture capital area, including consolidated venture capital funds (Note 3);

- Securities held by the remaining entities were allocated to “Banking” activity.

Impairment of equity instruments recorded by the Group as a charge to net income for the year 2008 comprises the following (Note 39):

Zon – Serviços de Comunicações e Multimédia, SGPS, SA	262 222
Banco Comercial Português, SA	219 986
La Seda Barcelona, SA	36 575
Other	113 871
	632 654

On 31 December 2008 the fair value reserve of available-for-sale financial assets comprises the following:

Fair value reserve	
Debt instruments	(517 038)
Equity instruments – positive fair value	32 458
Equity instruments – negative fair value	
. Unrealised loss lower than 20% of acquisition cost	(7 476)
. Unrealised loss between 20% and 30% of acquisition cost	(352 637)
. Unrealised loss between 30% and 40% of acquisition cost	(40 354)
. Unrealised loss between 40% and 50% of acquisition cost	(128 834)
	(496 843)
Other instruments	(181 555)
Effect of instruments allocated to life insurance with profit Sharing portfolios	69 733
Total of unrealised gains and losses	(1 125 704)
Deferred tax reserve	252 400
	(873 304)

Changes in main equity instruments recorded as "Available-for-sale financial assets" in 2008 and 2007 were as follows:

EDP – Energias de Portugal, S.A. (EDP)

In 2007, CGD acquired 140 752 993 shares for EUR 592 206 thousand. Also in 2007 Caixa sold 129 752 993 shares for EUR 538 821 thousand. As a consequence the Group recorded a capital gain of EUR 175 623 thousand (Note 33).

In 2008, CGD acquired 37 752 139 shares for EUR 153 375 thousand. Also in 2008 Caixa sold 37 018 441 shares for EUR 150 671 thousand. As a result, the Group recorded a capital gain of EUR 22 904 thousand (Note 33).

Banco Comercial Português, S.A. (BCP)

During 2007 Caixa acquired 115 523 410 shares of BCP for EUR 355 098 thousand and sold 97 004 825 shares for EUR 126 397 thousand. As a consequence of these operations the Group recognised a capital gain of EUR 52 739 thousand (Note 33).

In 2008 CGD acquired 96 570 846 shares for EUR 143 696 thousand. Also in 2008, CGD sold 25 894 321 shares for EUR 41 825 thousand. As a consequence of these operations the Group recognised a capital loss of EUR 16 365 thousand (Note 33).

<u>*ZON – Serviços de Telecomunicações e Multimedia, SGPS, SA (former PT Multimedia)*</u>

In May 2007 CGD acquired 30 575 090 shares of PT Multimedia for EUR 370 264 thousand. In July 2007, CGD sold 3 500 000 shares for EUR 42 000 thousand recording a capital gain of EUR 1 295 thousand (Note 33).

On 7 November 2007 took place the spin-off of Pt Multimedia – Serviços de Telecomunicações e Multimedia, SGPS, SA following the approval of Portugal Telecom, SGPS, SA's General Meeting. As a result of this operation, Portugal Telecom distributed to its shareholders the shares held in PT Multimedia.

As a consequence, Caixa received 9 696 316 shares of PT Multimedia to which, part of the acquisition cost of Portugal Telecom's shares was attributed, which produced no effect on the income for the year.

During January 2008, PT Multimedia changed its name to ZON – Serviços de Telecomunicações e Multimedia, SGPS, SA.

In 2008, CGD acquired 3 277 400 shares for EUR 19 037 thousand. Also in 2008 CGD sold 3 173 371 shares for EUR 19 209 thousand recording a capital loss of EUR 13 648 thousand (Note 33).

<u>*Galp Energia, SGPS, S.A. (Galp)*</u>

In 2008 CGD acquired 14 359 466 shares for EUR 218 668 thousand. Also in 2008 CGD sold 12 827 822 shares for EUR 193 789 thousand recording a capital gain of EUR 51 508 thousand (Note 33).

<u>*Brisa Auto-Estradas de Portugal, SA (Brisa)*</u>

In 2008, CGD acquired 9 000 shares of Brisa for EUR 63 000 thousand.

<u>*EDP Energias Renováveis, SA*</u>

In June 2008, Caixa – Banco de Investimento and FCR Energias Renováveis acquired 1 263 962 and 600 000 shares of EDP Renováveis, SA, respectively for EUR 14 912 thousand within the Initial Public Offering (IPO) made on Euronext Lisboa at EUR 8 each. Until the end of 2008 the referred to entities acquired also through stock exchange operations 340 000 shares for EUR 2 630 thousand.

In October 2008 Caixa acquired to employees 2 988 806 shares of EDP Energias Renováveis which were recorded at EUR 5.31 each, corresponding to the listing price of the shares at the date of acquisition.

<u>*Fundo Margueira Capital*</u>

In June 2008 the Instituto de Gestão de Tesouraria e do Crédito Público, IP (Treasury Management and Public Credit Institute) amortised in full the participating units of Fundo de Investimento Imobiliário Margueira Capital (Property Fund). CGD had 9 510 441 participating units of the fund subscribed at EUR 4.99 each. The participating units benefited from a guarantee from the State relative to the total amount of the primary investment which totalled EUR 47 400 thousand.

La Seda Barcelona, S.A.

In 2007 the Group increased its position in La Seda Barcelona (listed on the Madrid stock exchange) having acquired 24 466 468 shares for EUR 48 878 thousand.

In September 2008, the Group sold 28 181 290 shares of La Seda Barcelona through a stock exchange operation. Also in the same month the Group acquired identical number of shares for EUR 19 798 thousand recording a capital loss of EUR 31 056 thousand (Note 33).

SICAR NovEnergia II and Fundo Novenergia 2010

During 2007, FCR Energias Renováveis delievered its 20.06% equity participation held in Fundo Novenergia 2010 and received 270 trust fund units of SICAR NovEnergia II for the amount of EUR 13 500 thousand and EUR 753 thousand in cash. As a result, the Group recorded a capital gain of EUR 88 thousand. Still in 2007, the Fundo de Capital de Risco Grupo CGD – Caixa Capital subscribed for 330 shares of SICAR for EUR 16 500 thousand.

In 2008 the Fundo de Capital de Risco Grupo CGD – Caixa Capital subscribed for and paid in 82 shares of SICAR Novenergia II for EUR 5 000 thousand.

Euronext N.V./New York Stock Exchange

On 4 April 2007, Euronext N.V. merged with New York Stock Exchange (NYSE). As a result, a new company was founded under the name of NYSE Euronext.

As a consequence of this operation, CGD traded the shares held in Euronext N.V. for shares of NYSE Euronext which were subsequently sold.

This produced a net capital gain of EUR 25 037 thousand (Note 33).

Cimpor, SGPS, S.A. (Cimpor)

During the 2nd half 2007, CGD sold its equity participation in Cimpor for EUR 81 343 thousand recognising a capital gain of EUR 16 722 thousand (Note 33).

A. Silva & Silva – Imobiliário e Serviços, SA

In April 2007, Caixa Desenvolvimento and Caixa Capital participated in the share capital increase of Holgere – Gestão de Serviços, SA through the subscription of 3 814 714 shares for EUR 14 000 thousand. In addition, shareholders' loans were granted in the amount of EUR 14 000 thousand. On 7 December 2007, this affiliate changed its name to Imolgere – Imobiliário e Serviços, SA. In 2008 this name changed again to A. Silva & Silva – Imobiliário e Serviços, SA.

Martifer, SGPS, SA

In June 2007 FCR Energias Renováveis acquired 26 400 shares of Martifer, SGPS, SA under the terms of the public take-over bid taking place on the Lisbon Stock Exchange at EUR 8 per share. FCR Energias Renováveis reinforced its equity participation through the acquisition on the stock Exchange of 576 188 shares for EUR 4 844 thousand.

In 2008 FCR Energias Renováveis acquired 349 020 shares for EUR 1 241 thousand.

Finpro, SGPS, SA

On 20April 2007, the Fundo de Capital de Risco Grupo CGD – Caixa Capital took part in the share capital increase of Finpro, SGPS, SA subscribing 3 434 293 shares for EUR 17 171 thousand. Of the total amount of share capital only EUR 5 151 was paid up. The remaining will be paid up within a five year term. As a result of this operation, the equity participation of the Fundo in the share capital of Finpro, SGPS, SA increased to 17.17%.

On 1 July 2008 CGD reclassified securities from the “Financial assets held for trade” category to “Available-for-sale financial assets” under the terms of the amendment to IAS 39 approved on 13 October 2008. Owing to the financial turmoil experienced in 2008, CGD no longer had the expectation to sell these securities in the short term which caused the transfer between categories.

The impact of the reclassification of those securities on net income for the year and on the fair value reserve is as follows:

Book value of securities reclassified on 1 July 2008	1 001 797
Book value of securities reclassified on 31 December 2008	873 101
Capital gains / (losses) associated with the change in the securities' fair value after the date of reclassification, of which:	
Unrealised net capital losses recognised in the fair value reserve	(98 231)
Capital gains / (losses) recorded in net income for the year	39 524

The values presented do not reflect tax effect.

“Capital gains / (losses) recorded in net income for the year” comprise results of the disposal of securities after the date of reclassification and foreign exchange valuation.

9. UNIT-LINKED PRODUCTS

The “Unit-linked investments” correspond to assets managed by the Group’s insurance companies whose risk is borne by the policyholders. Therefore these assets are stated at fair value, the liability to the policyholders being reflected in the heading “Liability to subscribers of unit-linked products”. Investments recorded in this heading at 31 December 2008 and 2007 comprise the following:

	2008	2007
Unit-linked investments:		
- Debt instruments	507 146	596 751
- Equity instruments	31 111	5 543
- Other	1 189	41 180
Derivatives		
- Positive fair value	5 736	3 295
Loans and advances to credit institutions	75 304	130 346
	620 486	777 115
Liability to subscribers of unit-linked products	620 486	777 115

10. DERIVATIVES

Caixa carries out derivative operations in the normal course of its business to meet the specific needs of its customers and in order to hedge its exposure to foreign exchange, interest rate and stock market fluctuations.

Caixa controls the risk of its derivatives operations through operation approval procedures, definition of exposure limits by product and counterparty and by monitoring the daily evolution of the respective results.

At 31 December 2008 and 2007 these operations were valued in accordance with the criteria explained in Note 2.7. c). The notional and book values of these operations on the above mentioned dates were as follows:

	2008							
	Notional value			Book value				
	Tradring derivatives	Hedging derivatives	Total	Assets held for trading (Note 7)	Liabilities held for trading	Hedging derivatives Assets	Hedging derivatives Liabilities	Total
Forward foreign exchange transactions								
Foreign exchange				15 448	(8 227)	-	-	7 222
Purchase	463 998	-	463 998					
Sale	430 983	-	430 983					
NDF's (No Deliverable Forward)				1 945	(3 734)	-	-	(1 789)
Purchase	55 267	-	55 267					
Sale	56 601	-	56 601					
FRA (forward rate agreements)	55 000	-	55 000	227	(7)	-	-	219
Swaps								
Currency swaps				34 063	(183 238)	-	-	(149 176)
Purchase	3 214 901	-	3 214 901					
Sale	3 366 653	-	3 366 653					
Interest rate swaps and cross currency interest rate swaps				1 202 097	(907 663)	184 050	(421 854)	56 629
Purchase	58 535 618	5 185 927	63 721 545					
Sale	58 527 132	5 265 513	63 792 645					
Loan swaps				8 221	(48 278)	-	-	(40 057)
Purchase	695 862	-	695 862					
Sale	695 862	-	695 862					
Shares and indexes				34 917	(176)	-	-	34 742
Purchase	99 892	-	99 892					
Sale	99 892	-	99 892					
Futures								
Currency				-	-	-	-	-
Long positions	152 148	-	152 148					
Short positions	(30 610)	-	(30 610)					
Interest rate				3 193	-	-	-	3 193
Long positions	487 373	-	487 373					
Short positions	215 863	-	215 863					
Shares and indexes				-	-	-	-	-
Long positions	-	-	-					
Short positions	9 604	-	9 604					
Other				-	-	-	-	-
. Traded on behalf of customers								
Long positions	(96 384)	-	(96 384)					
Short positions	179 832	-	179 832					
Options								
Currency				12 974	(10 441)	-	-	2 533
Purchase	25 000	-	25 000					
Sale	1 865	-	1 865					
Shares and indexes				912 704	(910 185)	-	-	2 521
Purchase	1 188	-	1 188					
Sale	-	-	-					
Interest rates (Caps & Floors)				83 163	(77 403)	-	-	5 759
Purchase	973 682	-	973 682					
Sale	991 610	-	991 610					
Other				8 914	(4 372)	-	-	4 542
Purchase	10 709	-	10 709					
Sale	21 418	-	21 418					
Other				2 021	(10 670)			(8 650)
	129 240 959	10 451 440	139 692 399	2 319 887	(2 164 394)	184 050	(421 854)	(82 310)

The heading "Liabilities held for trading" at 31 December 2008, includes EUR 49 562 thousand relating to the short selling of fixed interest securities.

	2007							
	Notional value			Book value				
	Tradring derivatives	Hedging derivatives	Total	Assets held for trading (Note 7)	Liabilities held for trading	Hedging derivatives Assets	Hedging derivatives Liabilities	Total
Forward foreign exchange transactions								
Foreign exchange				718	(10 132)	-	-	(9 414)
Purchase	155 451	-	155 451					
Sale	294 258	-	294 258					
NDF's (No Deliverable Forward)				2 544	(2 384)	-	-	160
Purchase	35 520	-	35 520					
Sale	35 520	-	35 520					
FRA (forward rate agreements)	305 800	-	305 800	602	(418)	-	-	184
Swaps								
Currency swaps				5 425	(303 916)	-	-	(298 491)
Purchase	5 254 972	-	5 254 972					
Sale	5 387 320	-	5 387 320					
Interest rate swaps and cross currency interest rate swaps				340 625	(256 746)	125 590	(814 412)	(604 943)
Purchase	42 404 436	6 730 402	49 134 838					
Sale	42 389 164	6 899 932	49 289 096					
Loan swaps				1 613	(8 507)	-	-	(6 894)
Purchase	1 068 182	-	1 068 182					
Sale	1 068 182	-	1 068 182					
Shares and indexes				-	(2 244)	-	-	(2 244)
Purchase	21 349	-	21 349					
Sale	21 349	-	21 349					
Futures								
Currency				-	-	-	-	-
Long positions	108 413	-	108 413					
Short positions	5 577	-	5 577					
Interest rate				584	-	-	-	584
Long positions	159 877	-	159 877					
Short positions	433 328	-	433 328					
Shares and indexes				-	-	-	-	-
Long positions	12 070	-	12 070					
Short positions	8 716	-	8 716					
Other								
. Traded on behalf of customers				-	-	-	-	-
Long positions	30 061	-	30 061					
Short positions	38 340	-	38 340					
Options								
Currency				14 131	(17 954)	-	-	(3 823)
Purchase	48 586	-	48 586					
Sale	13 586	-	13 586					
Shares and indexes				478 602	(562 601)	-	-	(83 999)
Purchase	3 719	-	3 719					
Sale	3 719	-	3 719					
Interest rates (Caps & Floors)				25 847	(14 013)	-	-	11 834
Purchase	473 033	-	473 033					
Sale	581 256	-	581 256					
Other	-	-	-	1 982	(14 841)	-	-	(12 859)
	100 361 784	13 630 334	113 992 118	872 673	(1 193 756)	125 590	(814 412)	(1 009 905)

The Group's derivative transactions at 31 December 2008 and 2007, by residual terms to maturity, are as follows:

	2008					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Foreign exchange						
Purchase	339 114	39 385	30 005	-	55 494	463 998
Sale	311 261	40 921	28 441	-	50 360	430 983
NDF's (No Deliverable Forward)						
Purchase	43 074	2 707	2 749	6 737	-	55 267
Sale	43 218	2 971	3 018	7 394	-	56 601
FRA (forward rate agreements)	20 000	-	35 000	-	-	55 000
Swaps						
Currency swaps						
Purchase	3 008 014	182 796	24 091	-	-	3 214 901
Sale	3 127 588	213 517	25 548	-	-	3 366 653
Interest rate swaps and cross currency interest rate swaps						
Purchase	6 557 686	4 111 243	6 068 747	38 807 832	8 176 038	63 721 546
Sale	6 570 673	4 102 757	6 140 700	38 826 609	8 151 907	63 792 646
Loan swaps						
Purchase	25 000	-	-	556 044	114 818	695 862
Sale	25 000	-	-	556 044	114 818	695 862
Shares and indexes						
Purchase	20 000	-	-	79 892	-	99 892
Sale	20 000	-	-	79 892	-	99 892
Futures						
Currency						
Long positions	120 447	21 007	10 694	-	-	152 148
Short positions	(29 675)	(914)	(21)	-	-	(30 610)
Interest rate						
Long positions	-	-	487 373	-	-	487 373
Short positions	195 863	-	20 000	-	-	215 863
Shares and indexes						
Long positions	-	-	-	-	-	-
Short positions	9 604	-	-	-	-	9 604
Other						
. Traded on behalf of customers						
Long positions	(42 668)	(26 074)	(27 642)	-	-	(96 384)
Short positions	55 395	53 616	70 821	-	-	179 832
Options (Currency and shares and indexes)						
Purchase	88	26 100	-	-	-	26 188
Sale	1 865	-	-	-	-	1 865
Interest rates (Caps & Floors)						
Purchase	25 000	0	218 300	652 559	77 824	973 682
Sale	34 200		218 300	642 844	96 266	991 610
Other						
Purchase	1 269	2 300	6 426	714	-	10 709
Sale	2 538	4 601	12 851	1 428	-	21 418
	20 484 554	8 776 934	13 375 400	80 217 986	16 837 525	139 692 399

	2007					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Foreign exchange						
Purchase	41 510	34 109	37 390	-	42 442	155 451
Sale	76 478	41 399	126 021	-	50 360	294 258
NDF's (No Deliverable Forward)						
Purchase	35 520	-	-	-	-	35 520
Sale	35 520	-	-	-	-	35 520
FRA (forward rate agreements)	-	-	305 800	-	-	305 800
Swaps						
Currency swaps						
Purchase	4 435 889	769 467	49 616	-	-	5 254 972
Sale	4 529 226	805 355	52 739	-	-	5 387 320
Interest rate swaps and cross currency interest rate swaps						
Purchase	6 598 097	3 738 191	6 580 140	25 415 307	6 803 103	49 134 838
Sale	6 554 718	3 741 501	6 622 132	25 471 730	6 899 015	49 289 096
Loan swaps						
Purchase	-	-	70 474	487 503	510 205	1 068 182
Sale	-	-	70 474	487 503	510 205	1 068 182
Shares and indexes						
Purchase	-	-	-	21 349	-	21 349
Sale	-	-	-	21 349	-	21 349
Futures						
Currency						
Long positions	84 278	-	24 135	-	-	108 413
Short positions	257	5 320	-	-	-	5 577
Interest rate						
Long positions	167 500	(7 623)	-	-	-	159 877
Short positions	323 465	31 000	78 863	-	-	433 328
Shares and indexes						
Long positions	12 070	-	-	-	-	12 070
Short positions	8 716	-	-	-	-	8 716
Other						
. Traded on behalf of customers						
Long positions	23 207	-	6 854	-	-	30 061
Short positions	35 256	-	3 084	-	-	38 340
Options (Currency and shares and indexes)						
Purchase	3 719	13 586	-	35 000	-	52 305
Sale	3 719	13 586	-	-	-	17 305
Interest rates (Caps & Floors)						
Purchase	-	-	-	318 033	155 000	473 033
Sale	85 794	-	-	310 784	184 678	581 256
	23 054 939	9 185 891	14 027 722	52 568 558	15 155 008	113 992 118

The Group's derivative transactions at 31 December 2008 and 2007, by type of counterparty, are as follows:

	2008		2007	
	Notional value	Book value	Notional value	Book value
Foreign forward exchange transactions				
Foreign exchange				
Financial institutions	56 155	77	112 841	-
Customers	838 826	7 144	336 868	(9 414)
	894 981	7 222	449 709	(9 414)
NDF's (Non Deliverable Forward)				
Financial institutions	41 582	1 945	35 520	(79)
Customers	70 285	(3 734)	35 520	239
	111 868	(1 789)	71 040	160
FRA (forward rate agreements)				
Financial institutions	55 000	219	305 800	184
Swaps				
Currency swaps				
Financial institutions	6 581 554	(149 176)	10 642 292	(298 491)
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	118 609 542	(133 397)	94 249 170	(585 457)
Customers	8 904 649	190 026	4 174 764	(19 486)
	127 514 191	56 629	98 423 934	(604 943)
Loan swaps				
Financial institutions	1 391 724	(40 057)	2 136 364	(6 894)
Shares and indexes				
Financial institutions	199 783	34 742	42 698	(2 244)
Futures				
Currency				
Financial institutions	121 538	-	113 990	-
Interest rate				
Financial institutions	66 237	-	107 800	-
Stock exchange	636 998	3 193	485 406	584
	703 235	3 193	593 206	584
Shares and indexes				
Stock exchange	9 604	-	20 786	-
Other				
Stock exchange	83 448	-	68 400	-
Options (Shares and indexes)				
Financial institutions	25 000	379 783	62 172	453 393
Customers	3 053	(374 729)	7 438	(541 215)
	28 053	5 054	69 610	(87 822)
Caps & Floors				
Financial institutions	189 200	(39 332)	130 000	2 454
Customers	1 776 093	45 091	924 289	9 380
	1 965 293	5 759	1 054 289	11 834
Other options				
Financial institutions	32 128	4 542	-	-
Other				
Financial institutions	-	-	-	(9 387)
Customers	-	(8 650)	-	1 377
Stock exchange	-	-	-	(4 849)
	-	(8 650)	-	(12 859)
	139 692 399	**(82 310)**	**113 992 118**	**(1 009 905)**

11. LOANS AND ADVANCES TO CUSTOMERS

This heading comprises the following:

	2008	2007
Domestic and foreign loans		
Loans	52 196 484	46 938 700
Current account loans	4 996 221	5 068 098
Other	8 149 540	7 928 927
Other loans and amounts receivable - securitised		
. Commercial Paper	3 471 212	2 702 044
. Other	1 270 024	-
Property leasing operations	1 632 129	1 382 446
Discounts and other loans secured by bills	1 090 780	1 055 447
Purchase operations with repurchased agreement	5 698	5 427
Equipment leasing operations	1 163 645	890 791
Loans taken – factoring	608 018	392 738
Overdrafts	462 066	376 092
	75 045 817	66 740 713
Adjustment to assets under hedging operations	1 558	902
Accrued interest	600 808	460 962
Deferred income, commissions and other cost and income associated with amortised cost	(58 117)	(54 082)
	75 590 066	67 148 496
Overdue loans and interest	1 842 232	1 424 653
	77 432 298	68 573 149
Impairment (Note 39)	(2 121 086)	(1 728 849)
	75 311 211	66 844 300

The “Domestic and foreign – other loans” heading at 31 December 2008 and 2007 includes EUR 73 338 thousand and EUR 72 321 thousand, respectively, relating to mortgage and personal loans granted by CGD to its employees.

The “Loans” heading at 31 December 2008 and 2007 includes mortgage loans and consumer finance ceded by Caixa in securitisation operations, which were recorded in the balance sheet due to consolidation of the special purpose entities (SPEs) created for those operations. The changes in these loans in 2008 and 2007 were as follows:

	Mortgage	Consumer	Total
Balances at 31 December 2006	725 102	368 231	1 093 333
Payments	(79 667)	(161 074)	(240 741)
Write-offs	-	-	-
Other	(24)	(80)	(104)
Balances at 31 December 2007	645 411	207 077	852 488
Payments	(64 585)	(99 075)	(163 660)
Other	378	(2 959)	(2 581)
Balances at 31 December 2008	581 204	105 043	686 247

These loans serve as collateral for the securities issued by the SPEs in these operations, which amounted to EUR 694 586 thousand and EUR 879 264 thousand, respectively, at 31 December 2008 and 2007 (Note 22).

The heading "Loans" at 31 December 2008 and 2007 includes mortgage loans given as collateral in the issue of covered bonds with a book value of EUR 6 335 883 thousand EUR 7 074 463 thousand, respectively (Note 22).

At 31 December 2008 and 2007 the aging of "Overdue loans and interest", was as follows:

	2008	2007
Up to three months	297 457	171 262
Three to six months	122 335	81 398
Six months to one year	190 495	199 127
One to three years	584 904	400 744
Over three years	647 040	572 121
	1 842 232	1 424 653

During 2007, CGD sold for EUR 34 250 thousand a number of credits with nominal value of outstanding principal in the amount of EUR 115 733 thousand, which was fully written-off at the date of the contract. The amount received was recorded as a deduction to impairment losses for the year (Note 39).

Loans and advances to customers at 31 December 2008 and 2007, by business activity, are made up as follows:

	2008								
	Central and local government and State companies			Companies and individuals			Total		
	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total
Companies									
Agriculture, cattle breeding, hunting and forestry	81	3 500	3 581	299 781	11 930	311 711	299 861	15 430	315 292
Fishing	17	-	17	57 423	1 080	58 503	57 441	1 080	58 521
Mining industries									
Energy products	13 932	-	13 932	328 819	248	329 067	342 751	248	342 999
Mining industries except for energy products	-	-	-	126 265	2 294	128 559	126 265	2 294	128 559
Manufacturing industries									
Food, beverages and tobacco	160	1	161	829 922	28 562	858 484	830 082	28 563	858 645
Textiles	-	-	-	373 394	14 646	388 040	373 394	14 646	388 040
Leather and by-products	-	-	-	52 593	3 114	55 706	52 593	3 114	55 706
Wood and cork	-	-	-	227 723	9 245	236 969	227 723	9 245	236 969
Pulp, paper, printing and publishing	127	-	127	250 046	3 936	253 982	250 173	3 936	254 109
Coal, oil products and nuclear fuel	-	-	-	18 576	0	18 576	18 576	0	18 576
Chemical products and synthetic or artificial fibres	-	-	-	374 113	3 084	377 198	374 113	3 084	377 198
Rubber and plastic goods	-	-	-	152 189	2 246	154 435	152 189	2 246	154 435
Non-metallic mineral products	-	-	-	290 463	6 275	296 738	290 463	6 275	296 738
Basic metallurgy industries and metallic products	12 557	-	12 557	465 843	27 929	493 772	478 400	27 929	506 329
Machinery and equipment	7 232	-	7 232	144 412	6 707	151 119	151 643	6 707	158 351
Electrical and optical equipment	-	-	-	110 076	3 878	113 954	110 076	3 878	113 954
Transport equipment	12 535	-	12 535	78 135	836	78 971	90 670	836	91 506
Miscellaneous manufacturing industries	-	0	0	176 807	8 546	185 353	176 807	8 546	185 353
Electricity, water and gas	130 282	-	130 282	1 142 056	2 122	1 144 178	1 272 338	2 122	1 274 460
Building	88 650	-	88 650	5 710 664	287 032	5 997 696	5 799 314	287 032	6 086 347
Wholesale / retail trade and repair of cars, motorcycles and personal and							3 732 514	96 865	3 829 380
domestic goods	219	-	219	3 732 295	96 865	3 829 161			
Restaurants and hotels	151	-	151	999 620	18 149	1 017 768	999 770	18 149	1 017 919
Transports, warehousing and communications	87 386	-	87 386	1 748 061	22 973	1 771 035	1 835 447	22 973	1 858 420
Financial activities									
Financial intermediation excluding insurance and pension funds	-	-	-	1 078 039	2 334	1 080 372	1 078 039	2 334	1 080 372
Insurance, pension funds and supplementary social security activities	-	-	-	5 975	93	6 068	5 975	93	6 068
Other financial intermediation activities	370 858	-	370 858	1 379 555	2 215	1 381 770	1 750 413	2 215	1 752 628
Real estate activities, rental and services provided to companies									
Real estate activities	2 273	-	2 273	4 227 772	115 580	4 343 351	4 230 045	115 580	4 345 625
Other activities	481 297	2 194	483 490	7 029 552	22 539	7 052 091	7 510 848	24 733	7 535 581
Public administration, defence and mandatory social security contributions	3 059 733	138 498	3 198 231	78 817	5 160	83 976	3 138 550	143 658	3 282 208
Education	1 617	10	1 628	173 057	2 405	175 462	174 674	2 415	177 089
Healthcare and welfare	9 264	897	10 161	325 696	5 761	331 457	334 960	6 658	341 618
Other activities and social and personal services	45 584	94	45 678	1 197 214	25 524	1 222 738	1 242 797	25 618	1 268 415
Families with domestic employees	-	-	-	994	39	1 033	994	39	1 033
International entities and other institutions	14 614	160	14 774	241 331	6 775	248 105	255 945	6 935	262 880
	4 338 569	145 355	4 483 924	33 427 276	750 121	34 177 397	37 765 845	895 476	38 661 321
Individual									
Housing	-	-	-	34 574 541	786 414	35 360 956	34 574 541	786 414	35 360 956
Other	-	-	-	3 249 679	160 342	3 410 021	3 249 679	160 342	3 410 021
	-	-	-	37 824 220	946 757	38 770 977	37 824 220	946 757	38 770 977
	4 338 569	145 355	4 483 924	71 251 496	1 696 878	72 948 374	75 590 066	1 842 232	77 432 298

	2007								
	Central and local government and State companies			Companies and individuals			Total		
	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total
Companies									
Agriculture, cattle breeding, hunting and forestry	268	3 309	3 577	199 807	7 333	207 140	200 075	10 642	210 717
Fishing	-	-	-	40 924	1 704	42 628	40 924	1 704	42 628
Mining industries									
Energy products	12 811	-	12 811	37 041	1	37 042	49 852	1	49 853
Mining industries except for energy products	-	-	-	128 645	1 367	130 012	128 645	1 367	130 012
Manufacturing industries									
Food, beverages and tobacco	143	-	143	496 320	9 771	506 091	496 463	9 771	506 234
Textiles	592	-	592	342 504	12 688	355 192	343 096	12 688	355 784
Leather and by-products	-	-	-	33 290	3 541	36 831	33 290	3 541	36 831
Wood and cork	-	-	-	171 727	3 961	175 688	171 727	3 961	175 688
Pulp, paper, printing and publishing	178	-	178	146 422	2 155	148 577	146 600	2 155	148 755
Coal, oil products and nuclear fuel	-	-	-	15 191	55	15 246	15 191	55	15 246
Chemical products and synthetic or artificial fibres	58	-	58	153 511	1 708	155 219	153 569	1 708	155 277
Rubber and plastic goods	-	-	-	139 640	1 243	140 883	139 640	1 243	140 883
Non-metallic mineral products	-	-	-	283 061	10 605	293 666	283 061	10 605	293 666
Basic metallurgy industries and metallic products	950	-	950	278 780	3 731	282 511	279 730	3 731	283 461
Machinery and equipment	5 828	-	5 828	100 048	6 530	106 578	105 876	6 530	112 406
Electrical and optical equipment	-	-	-	130 235	2 362	132 597	130 235	2 362	132 597
Transport equipment	15 240	-	15 240	51 732	612	52 344	66 972	612	67 584
Miscellaneous manufacturing industries	-	-	-	228 832	8 883	237 715	228 832	8 883	237 715
Electricity, water and gas	51 125	-	51 125	1 379 577	1 871	1 381 448	1 430 702	1 871	1 432 573
Building	74 239	180	74 419	4 557 674	112 362	4 670 036	4 631 913	112 542	4 744 455
Wholesale / retail trade and repair of cars, motorcycles and personal and					53 490	2 969 483	2 916 013	53 490	2 969 503
domestic goods	20	-	20	2 915 993					
Restaurants and hotels	-	-	-	749 908	13 348	763 256	749 908	13 348	763 256
Transports, warehousing and communications	139 988	24	140 012	1 318 869	16 545	1 335 414	1 458 857	16 569	1 475 426
Financial activities									
Financial intermediation excluding insurance and pension funds	-	-	-	879 352	1 199	880 551	879 352	1 199	880 551
Insurance, pension funds and supplementary social security activities	-	-	-	26 333	78	26 411	26 333	78	26 411
Other financial intermediation activities	299 519	-	299 519	1 297 064	144	1 297 208	1 596 583	144	1 596 727
Real estate activities, rental and services provided to companies									
Real estate activities	1 353	3	1 356	3 721 956	57 288	3 779 244	3 723 309	57 291	3 780 600
Other activities	34 936	140	35 076	5 168 858	27 680	5 196 538	5 203 794	27 820	5 231 614
Public administration, defence and mandatory social security contributions	2 367 610	29 145	2 396 755	98 873	290	99 163	2 466 483	29 435	2 495 918
Education	107 871	97 335	205 206	109 510	1 509	111 019	217 381	98 844	316 225
Healthcare and welfare	5 911	3 580	9 491	529 588	1 884	531 472	535 499	5 464	540 963
Other activities and social and personal services	83 478	49 905	133 383	1 072 301	29 885	1 102 186	1 155 779	79 790	1 235 569
Families with domestic employees	551	1 071	1 622	19 299	620	19 919	19 850	1 691	21 541
International entities and other institutions	-	-	-	3 631	5 167	8 798	3 631	5 167	8 798
	3 202 669	184 692	3 387 361	26 826 496	401 610	27 228 106	30 029 165	586 302	30 615 467
Individual									
Housing	-	-	-	32 066 125	713 961	32 780 086	32 066 125	713 961	32 780 086
Other	-	-	-	5 053 206	124 390	5 177 596	5 053 206	124 390	5 177 596
	-	-	-	37 119 331	838 351	37 957 682	37 119 331	838 351	37 957 682
	3 202 669	184 692	3 387 361	63 945 827	1 239 961	65 185 788	67 148 496	1 424 653	68 573 149

12. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2008 and 2007, these headings comprised the following:

	2008	2007
ASSETS		
Subsidiaries	319	400 438
Property and equipment	200 895	114 557
	201 214	514 996
Impairment (Note 39)	(28 124)	(60 024)
	173 090	454 972
LIABILITIES		
Subsidiaries	-	283 781

In preparing the consolidated financial statements for 2007, Compal – Companhia Produtora de Conservas Alimentares, SA was reclassified in the "Non-current assets held for sale" heading in accordance with IFRS 5, since a sales agreement has been signed with Sumolis – Companhia Industrial de Frutas e Bebidas, SA.

Accordingly, by the end of 2007, Compal - Companhia Produtora de Conservas Alimentares, SA ceased to be recorded by the full consolidation method and was recognised as a discontinued operation in line with Note 2.8. The sale of Compal was carried out during 2008 (Note 3).

The book value of the main asset and liabilities of Compal at 31 December 2007 is as follows:

Non-current assets held for sale	
Tangible and intangible assets	330 542
Inventories	22 676
Customers	39 380
Cash	382
Other assets	7 458
	---------
	400 438
	======
Non-current liabilities held for sale	
Banking loans	(254 433)
Trade and other third party liabilities	(12 944)
Other liabilities	(16 404)

	(283 781)
	=======

The book value of the main income statement of headings of Compal for 2007 is detailed as follows:

	2007
Sales and services	172 987
Cost of goods for sale	(74 845)
External charges for services	(58 583)
Staff costs	(17 747)
Interest and other financial charges	(15 457)
Amortisations	(9 730)
Other	(3 687)

Other net operating income (Note 34)	(7 062)
	=======

As explained in Note 2.8, the Group records in this heading, property and other assets obtained in the recovery of credit, except for those that do not meet the conditions established in IFRS 5 which are recorded in “Other assets”.

The changes in theses assets during 2008 and 2007 were as follows:

	2008										
	Balance at 31.12.2007					Transfers of other assets				Balance at 31.12.2008	
	Gross value	Accumulated impairment	Adjustments	Sales and wrtite-offs	Transfers of tangible assets (Note 14)	Gross value	Accumulated impairment	Impairment (Note 39)	Other entries	Gross value	Accumulated impairment
Non-current assets held for sale											
Property	112 286	(18 700)	99 242	(33 370)	(1 805)	22 404	(1 501)	(1 288)	4 990	198 815	(26 410)
Other	2 270	(1 324)	2 192	(1 512)	-	-	-	(2 577)	(7 835)	2 080	(1 714)
	114 557	(20 024)	101 434	(34 882)	(1 805)	22 404	(1 501)	(3 865)	(2 845)	200 895	(28 124)
Other assets (Note 19)											
Assets received as payment for loans	86 164	(12 160)	38 992	(10 225)	2 906	(22 404)	1 501	(1 971)	2 988	95 444	(9 653)
	200 720	(32 184)	140 426	(45 107)	1 101	-	-	(5 836)	143	296 339	(37 777)

	2007											
	Balance at 31.12.2006			Sales and write-offs			Transfers				Balance at 31.12.2007	
	Gross value	Accumulated impairment	Adjustments	Gross value	Accumulated impairment	Transfers of tangible assets (Note 14)	Gross value	Accumulated impairment	Impairment (Note 39)	Other entries	Gross value	Accumulated impairment (Note 39)
Non-current assets held for sale												
Property	93 305	(15 995)	16 932	(33 392)	1 079	4 639	31 019	(322)	(3 462)	(217)	112 286	(18 700)
Other	2 277	(1 323)	986	(928)	440	-	-	-	(441)	(64)	2 270	(1 324)
	95 582	(17 318)	17 918	(34 320)	1 519	4 639	31 019	(322)	(3 903)	(281)	114 557	(20 024)
Other assets (Not 19)												
Assets received as payment for loans	107 398	(20 083)	19 927	(9 376)	166	-	(31 019)	3 134	4 623	(767)	86 164	(12 160)
	202 980	(37 401)	37 845	(43 696)	1 685	4 639	-	2 812	720	(1 047)	200 720	(32 184)

The column “Transfers of assets” in 2008 and 2007 basically corresponds to transfers made by Caixa related to property now complying with IFRS 5.

In 2008 and 2007, net capital gains in non-current assets held for sale amounted to EUR 10 769 thousand and EUR 10 273 thousand, respectively (Note 34).

13. INVESTMENT PROPERTY

The changes in the heading “Investment property” in 2007 and 2008 were as follows:

Balances at 31 December 2006	339 535
Acquisitions	56 238
Revaluations	17 879
Sales	(3 311)

Balances at 31 December 2007	410 341

Acquisitions	678
Revaluations	4 516
Sales	(5 405)
Transfers for tangible assets	(88 768)

Balances at 31 December 2008	321 362
	=======

14. OTHER TANGIBLE ASSETS

The changes in this heading in 2008 and 2007 were as follows:

	Balance at 31.12.2007		2008							
	Gross value	Accumulated depreciation and impairment losses	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses reversed in the year (Note 39)	Sales and write-offs	Net book value in 2008
Premises for own use										
Land	170 059	-	127	79	54	(1 395)	-	-	(14 924)	154 000
Buildings	865 632	(303 637)	2 626	(539)	161	(2 408)	(16 532)	5 929	(43 638)	507 593
Leasehold improvements	95 551	(54 041)	6 247	(291)	12 010	(326)	(7 934)	-	(2)	51 213
Other premises	-	-	80	-	-	-	-	-	-	80
Equipment						-				
Fittings and office equipment	100 845	(81 568)	7 625	(49)	(1 131)	(469)	(5 525)	-	(99)	19 628
Machinery and tools	35 627	(26 884)	1 424	(34)	8	(417)	(2 417)	-	(506)	6 801
Computer equipment	151 032	(134 334)	14 103	(68)	1 252	3 399	(11 776)	-	(70)	23 537
Indoor facilities	311 070	(250 740)	6 582	(7)	19 062	(152)	(18 486)	248	(8 846)	58 730
Transport material	8 711	(4 809)	1 713	(47)	37	(159)	(776)	-	(744)	3 926
Safety/security equipment	22 745	(18 509)	2 414	2	1 091	754	(1 933)	-	(2)	6 563
Other equipment	26 075	(20 699)	2 915	(127)	3	464	(2 271)	(153)	(65)	6 141
Assets under finance lease	65 751	(31 657)	29 796	(11)	(112)	9 009	(14 807)	-	(647)	57 320
Other tangible assets	17 184	(11 862)	3 774	-	-	(2)	(1 294)	-	-	7 800
Tangible assets in progress	45 594	-	51 505	(22)	(32 433)	74 535	-	-	(563)	138 617
	1 915 877	(938 741)	130 929	(1 114)	0	82 834	(83 752)	6 024	(70 107)	1 041 949

	Balance at 31.12.2006		2007								
	Gross value	Accumulated depreciation and impairment losses	Acquisition / (sale) of subsidiaries	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses reversed in the year (Note 39)	Sales and write-offs	Net book value in 2007
Premises for own use											
Land	170 013	-	(2 544)	3 891	(85)	34	5 806	-	-	(7 056)	170 059
Buildings	927 641	(307 359)	(17 315)	11 458	(2 427)	1 302	(9 385)	(17 430)	1 305	(25 796)	561 995
Leasehold improvements	95 686	(55 298)	-	5 133	(241)	3 151	1 955	(8 166)	-	(711)	41 510
Equipment											
Fittings and office equipment	99 190	(80 558)	(3)	7 721	(22)	62	(1 315)	(5 635)	-	(164)	19 276
Machinery and tools	34 448	(25 705)	(460)	2 462	(52)	739	91	(2 775)	-	(5)	8 743
Computer equipment	157 809	(140 829)	(25)	21 896	(283)	931	1 380	(9 875)	-	(14 306)	16 698
Indoor facilities	305 662	(240 978)	3	11 702	(11)	5 476	(3 276)	(16 751)	325	(1 823)	60 329
Transport material	8 797	(5 331)	(38)	1 652	(23)	627	37	(1 351)	-	(467)	3 902
Safety/security equipment	21 229	(16 902)	(0)	1 827	(14)	14	(21)	(1 894)	-	(1)	4 237
Other equipment	102 519	(69 560)	(26 395)	3 405	(54)	102	76	(2 043)	46	(2 720)	5 376
Assets under finance lease	56 466	(26 722)	-	18 120	-	(340)	17	(11 019)	-	(2 428)	34 094
Other tangible assets	17 733	(13 316)	(319)	1 784	-	-	177	(717)	-	(20)	5 322
Tangible assets in progress	23 281	-	(2 115)	45 653	(21)	(12 096)	(1 761)	-	-	(7 345)	45 595
	2 020 474	(982 558)	(49 213)	136 704	(3 232)	1	(6 218)	(77 655)	1 676	(62 843)	977 136

Accumulated impairment of other tangible assets at 31 December 2008 and 2007 amounted EUR 19 172 thousand and EUR 16 783 thousand, respectively (Note 39).

In 2008 CGD sold for EUR 120 838 thousand to the Caixa Geral de Depósitos Pensions Fund property whose book value at that date, net of accumulated depreciation and impairment amounted to EUR 61 855 thousand (Note 34).

In 2008 and 2007, the column "Other transfers and adjustments" includes EUR 1 101 thousand and EUR 4 639 thousand relating to the reclassification of premises for own use to "Non-current assets held for sale".

The changes in "Acquisition/(sale) of subsidiaries" in 2007 refer essentially to Compal (Note 3). At 31 December 2007 this subsidiary was recognised in the "Non-current assets and liabilities held for sale" heading, as referred to in Note 12.

15. INTANGIBLE ASSETS

The changes in this heading in 2008 and 2007 were as follows:

	2008								
	Balance at 31.12.2007		Acquisition /						Net
	Gross book value	Accumulated amortisation	sale of subsidiaries	Additions	Net disposals	Transfers and adjustments	Exchange differences	Amortisation for the year	book value in 2008
Goodwill - Império Bonança	150 700	-	(3 993)	-	-	-	-	-	146 707
Value-in-force - Império Bonança (Note 2.16 n))	46 386	(11 597)	-	-	-	-	-	(3 866)	30 924
Computer software	512 544	(358 522)	-	15 439	(147)	40 829	(142)	(71 224)	138 778
Other intangible assets	20 017	(6 519)	(416)	272	-	(1 163)	660	(131)	12 720
Intangible assets in progress	58 168	-	-	49 585	(471)	(40 209)	(386)	-	66 686
	787 815	(376 637)	(4 409)	65 296	(618)	(543)	132	(75 220)	395 815

	2007								
	Balance at 31.12.2006		Acquisition /						Net
	Gross book value	Accumulated amortisation	sale of subsidiaries	Additions	Net disposals	Transfers and adjustments	Exchange differences	Amortisation for the year	book value in 2007
Goodwill - Império Bonança	150 700	-	-	-	-	-	-	-	150 700
Value-in-force - Império Bonança (Note 2.16 n))	46 386	(7 732)	-	-	-	-	-	(3 866)	34 789
Computer software	463 504	(303 189)	(23)	30 676	(2 427)	27 991	(104)	(62 401)	154 027
Other intangible assets	303 694	(59 782)	(243 522)	12 172	(192)	(51)	-	1 176	13 495
Intangible assets in progress	46 191	-	-	40 694	-	(28 717)	-	-	58 168
	1 010 475	(370 703)	(243 546)	83 541	(2 619)	(777)	(104)	(65 091)	411 178

Intangible assets in progress at 31 December 2008 and 2007 refer essentially to costs incurred with the development of computer software, which had not yet started operating on those dates.

The column “Acquisition/sale of subsidiaries” in 2007 refers to Compal and result from its classification as non-current asset held for sale at 31 December 2007 (Note 12).

The heading “Other intangible assets” at 31 December 2006 includes a net balance before impairment of EUR 281 143 thousand corresponding to the brands of Compal, of which EUR 265 328 thousand results from the allocation of goodwill arising from the acquisition.

At 31 December 2008 and 2007, accumulated impairment of intangible assets amounted to EUR 957 thousand and EUR 913 thousand, respectively (Note 39).

Costs with research and development activities

In 2008 and 2007 CGD had costs with the development of research, development and innovation projects amounting to EUR 8 200 thousand and EUR 16 400 thousand, respectively.

16. INVESTMENTS IN ASSOCIATES

This heading includes the following:

	2008		2007	
	Effective participating interest (%)	Net book value	Effective participating interest (%)	Net book value
Sumol + Compal, S.A. (Note 3)	20.62	54 994	-	-
SIBS - Sociedade Interbancária de Serviços, S.A.	21.60	14 013	21.60	13 988
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	2 686	27.00	2 688
Prado - Cartolinas da Lousã, S.A.	38.14	2 479	38.14	2 548
Locarent - Companhia Portuguesa Aluguer de Viaturas, S.A.	45.00	2 350	45.00	1 877
Prado Karton - Companhia do Cartão, S.A.	38.14	1 828	38.14	2 150
Torre Oriente, Imobiliária, S.A.	25.00	1 728	25.00	2 685
Companhia de Papel do Prado, S.A.	38.14	1 302	38.14	1 307
Torre Ocidente, Imobiliária, S.A.	25.00	35	25.00	1 849
REN - Redes Energéticas Nacionais, SGPS, S.A.	-	-	20.00	193 068
ADP - Águas de Portugal, SGPS, S.A.	-	-	20.37	89 304
SCI Imobiliária	-	-	45.10	119
Other		5 392		5 134
		86 807		316 718

Financial provisional data of the principal associated companies at 31 December 2008 and 2007 is as follows:

Business sector/Entity	Registered office	2008 Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	46 873	36 923	9 950	641	4 072
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	7 862	7 724	138	(124)	(81)
Torre Oriente, Imobiliária, S.A.	Lisbon	38 260	31 347	6 913	948	57 259
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	404 118	409 869	(5 751)	(3 740)	n.a.
Other						
Companhia de Papel do Prado, S.A.	Tomar	4 400	987	3 413	(3)	4
Locarent - Companhia Portuguesa Aluguer de Viaturas, S.A.	Lisbon	320 322	315 101	5 222	1 051	94 542
Prado - Cartolinas da Lousã, S.A.	Lousã	16 164	9 666	6 498	625	185
Prado Karton - Companhia do Cartão, S.A.	Tomar	14 336	9 545	4 791	(906)	17
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	n.a.	n.a.	64 881	8 011	n.a.
Sumol + Compal, S.A. (Note 3)	Lisbon	n.a.	n.a.	266 702	n.a.	n.a.

(a) Equity includes net income for the year and excludes minority interest.
n.a. - Not available

Business sector/Entity	Registered office	2007 Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	35 779	25 842	9 937	512	3 164
Property						
Resortpart	Lisbon	420 675	423 638	(2 963)	(10 409)	47 020
Torre Oriente Imobiliária	Lisbon	12 186	1 446	10 740	(566)	804
Torre Ocidente Imobiliária	Lisbon	7 574	38	7 536	(66)	62
Other						
ADP - Águas de Portugal, SGPS, S.A.	Lisbon	n.a.	n.a.	438 411	2 467	n.a.
Companhia de Papel do Prado, S.A.	Tomar	4 410	983	3 427	178	181
Prado - Cartolinas da Lousã, S.A.	Lousã	14 579	7 899	6 680	847	21 086
Prado Karton - Companhia do Cartão, S.A.	Tomar	15 695	10 057	5 638	(297)	17 583
REN - Redes Energéticas Nacionais, SGPS, S.A.	Lisbon	3 969 533	2 963 206	1 006 327	145 150	615 966
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	122 348	57 459	64 889	8 694	141 539
Locarent	Lisbon	291 074	286 903	4 171	1 107	72 839

(a) Equity includes net income for the year and excludes minority interest.
n.a. - Not available

The main entries in the “investments in associates” heading were as follows:

REN – Redes Energéticas Nacionais, SGPS, SA (REN)

In 2008 CGD sold to Parpública – Participações Públicas, SGPS, SA (Parpública) shares representing 15% of the share capital of REN – Redes Energéticas Nacionais, SGPS, SA. The total price of the transaction was EUR 236 395 thousand corresponding to EUR 2.95 per share. As a result of this operation, a capital gain of EUR 83 498 thousand was recognised (Note 33).

On 31 December 2008 and as a consequence of this sale, the Group had shares representing 5% of the share capital of REN, which were recorded in the "Available-for-sale financial assets" heading (Note 8).

ADP – Águas de Portugal, SGPS, SA

In September 2008, CGD sold to Parpública for EUR 141 270 thousand shares representing 15% of the share capital of ADP – Águas de Portugal, SGPS, SA. As a result, a capital gain of EUR 72 401 thousand was recognised (Note 33).

In December 2008, CGD sold to Parpública the remaining stake held in ADP, corresponding to 5.374% of the respective share capital for EUR 50 612 thousand. The amount of the sale was settled at the beginning of 2009 (Note 19). The Group did not recognise any profit as a result of this operation.

As referred to in Note 3 and in the scope of the share capital of Parcaixa, SGPS, SA, Parpública transferred to that entity 19% of the share capital of ADP. On 31 December 2008, the equity participation held by the Group in ADP was recorded in the "Available-for-sale financial assets" heading (Note 8).

17. INCOME TAX

Income tax assets and liabilities at 31 December 2008 and 2007 were as follows:

	2008	2007
Current tax assets		
Income tax recoverable	37 059	4 583
Other	3 999	25 131
	41 058	29 714
Current tax liabilities		
Income tax payable	(147 463)	(182 065)
Other	(1 114)	(42)
	(148 577)	(182 106)
Deferred tax assets	1 066 937	683 058
Deferred tax liabilities	(64 435)	(153 065)
	1 002 502	529 994

The changes in deferred tax in 2008 and 2007 were as follows:

	2008					
	Balance at 31.12.2007	Change in: Equity	Change in: Profit or loss	Transfer to current tax	Other	Balance at 31.12.2008
Impairment and adjustments to property and tangible and intangible assets	12 902	-	4 298	-	31 484	48 684
Provisions and impairment temporarily not tax deductible	345 241	-	150 716	(5 508)	14 672	505 121
Measurement of derivatives	1 553	-	(467)	-	(264)	822
Measurement of available-for-sale assets	(27 891)	281 970	-	-	(1 679)	252 400
Measurement of securities	71 570	-	(15 383)	-	(13 999)	42 188
Tax loss carry forward	3 755	-	15 467	-	(1 058)	18 164
Employee benefits	117 161	-	1 265	-	1 886	120 312
Commissions	43 489	-	(1)	-	3	43 491
Legal revaluation of other tangible assets	(8 662)	-	1 434	-	(2)	(7 230)
Pluriannual costs	(5 064)	-	9 429	-	-	4 365
Other	(24 060)	-	(571)	-	(1 184)	(25 815)
	529 994	281 970	166 187	(5 508)	29 859	1 002 502

	2007						
	Balance at 31.12.2006	Acquisition / sale of subsidiaries	Change in: Equity	Change in: Profit or loss	Transfer to current tax	Other	Balance at 31.12.2007
Impairment and adjustments to property and tangible and intangible assets	12 093	(178)	-	(333)	-	1 320	12 902
Provisions and impairment temporarily not tax deductible	208 246	-	-	148 109	(8 385)	(2 729)	345 241
Measurement of derivatives	75 259	-	-	(73 832)	-	126	1 553
Measurement of available-for-sale assets	(86 995)	-	59 326	(827)	-	605	(27 891)
Measurement of securities	28 592	-	-	43 721	-	(743)	71 570
Tax loss carry forward	6 938	(586)	-	(2 275)	-	(322)	3 755
Employee benefits	110 742	-	-	6 419	-	-	117 161
Commissions	20 532	-	-	22 788	-	169	43 489
Legal revaluation of other tangible assets	(7 454)	30	-	396	-	(1 634)	(8 662)
Pluriannual costs	(3 143)	-	-	(1 921)	-	-	(5 064)
Tax loans	2 532	(2 532)	-	-	-	-	-
Other	(19 623)	-	-	(4 596)	-	159	(24 060)
	347 719	(3 266)	59 326	137 649	(8 385)	(3 049)	529 994

Income tax for the year, as well as the tax burden measured by the ratio of income tax to pre-tax income are as follows:

	2008	2007
Current tax		
For the year	354 075	309 557
Prior year adjustments (net)	(31 195)	5 605
	322 880	315 163
Deferred tax	(166 187)	(137 649)
Total income tax	156 693	177 514
Consolidated income before tax and minority interest	661 860	1 075 124
Tax charge	23.67%	16.51%

The heading “Prior year adjustments” in 2008 and 2007 is as follows:

	2008	2007
Tax adjustments from 2000 to 2003		
Tax exemption on capital gains of Banco Itaú (Note 23)	-	15 130
Additional liquidations	6 573	5 944
Excess of estimated tax for 2007 and 2006	(34 558)	(16 842)
Other	(3 210)	1 374
	(31 195)	5 605

Reconciliation between the nominal rate and effective tax rate for 2008 and 2007 is as follows:

	2008		2007	
	Rate	Tax	Rate	Tax
Income before income tax		661 860		1 075 124
Tax at the nominal rate	26.29%	174 003	26.28%	282 543
Madeira Offshore Financial Branch (Note 2.13)	(0.66%)	(4 392)	(0.48%)	(5 200)
Investments recorded in accordance with the equity method	(0.45%)	(2 964)	(0.08%)	(828)
Impact of companies with tax rates different from the nominal rate in Portugal	(0.05%)	(347)	(0.78%)	(8 400)
Definitive differences to be deducted:				
Dividends from available-for-sale equity instruments	(4.24%)	(28 042)	(2.30%)	(24 718)
Non tax deductible provisions	(2.88%)	(19 040)	(0.09%)	(960)
Tax exempted capital gains	(1.94%)	(12 861)	(3.67%)	(39 473)
Tax loss on corporate groupings	(0.07%)	(465)	(0.06%)	(621)
Other	(0.08%)	(518)	(0.37%)	(3 992)
Impairment on available-for-sale financial assets	11.79%	78 066	-	-
Other definitive difference to be added	0.21%	1 387	0.61%	6 556
Tax benefits:				
New job creation	(0.12%)	(809)	(0.17%)	(1 789)
Dividends from privatised shares	(0.09%)	(596)	(0.64%)	(6 872)
Other	(0.01%)	(78)	-	-
Autonomous taxation	0.40%	2 634	0.14%	1 531
Deduction of tax losses not offset by deferred tax	(1.53%)	(10 148)	(0.37%)	(3 942)
Record in the year of deferred tax previously not recognised - Mercantile	(2.03%)	(13 446)	-	-
Record in the year of deferred tax previously not recognised - Banco Caixa Geral	-	-	(2.84%)	(30 487)
Other	0.52%	3 413	0.80%	8 562
	25.05%	165 798	15.99%	171 909
Tax adjustments relative to prior years				
Adjustment to the taxable income from 2000 to 2003 (capital gains on the sale of investments)	-	-	1.41%	15 150
Excess of tax estimate relative to 2007 and 2006, net of deferred tax	(1.64%)	(10 832)	(1.50%)	(16 099)
Other	0.26%	1 727	0.61%	6 554
	(1.38%)	(9 105)	0.52%	5 605
	23.67%	156 693	16.51%	177 514

In 2007 Banco Caixa Geral recognised deferred tax assets of EUR 30 487 thousand relative to events of previous years which have not been recorded because they did not comply with IAS 12.

In 2008 Mercantile recognised deferred tax assets of EUR 13 446 thousand relative to tax losses of previous years which have not been recorded because they did not comply with IAS 12.

In 2008, CGD's nominal tax rate considering the municipal surcharge (derrama) applicable to its operations was 26.29%. The tax authorities may normally review the tax situation during a defined period, which in Portugal is four years (six years for the years reporting tax losses). This review can result in possible corrections to taxable income of prior years (2005 to 2008 in the case of companies based in Portugal), as a result of different interpretations of the law. Given the nature of possible corrections that may be made, they cannot be quantified at present. However, Caixa's Board of Directors believes that any corrections relating to the above years will not have a significant effect on the consolidated financial statements.

18. TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

This heading is made up as follows as at 31 December 2008 and 2007:

	2008	2007
Caixa Seguros		
Life insurance:		
Mathematical provision	4 767	5 174
Provision for claims:		
Reported claims	16 880	15 949
Unreported claims (IBNR)	5 013	6 061
	21 893	22 010
Profit sharing provision	-	48
Total life insurance	26 660	27 232
Non-life insurance:		
Provision for unearned premiums	40 655	37 481
Provision for claims:		
Reported claims	178 171	158 507
Unreported claims (IBNR)	8 304	8 196
	186 475	166 703
Other technical provisions		
Provision for ageing	-	485
Total non-life insurance	227 130	204 669
Adjustments	(16 241)	-
Sub-total Caixa Seguros	237 549	231 901
Other	2 639	2 395
	240 188	234 296

The provision for unearned premiums for outwards reinsurance at 31 December 2008 and 2007 is made up as follows:

	2008			2007		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Labour accident	-	-	-	11	-	11
Personal and passenger accident	7 819	(3 846)	3 973	7 512	(2 277)	5 235
Health	5 826	(3 709)	2 117	1 802	-	1 802
Fire and other damage	30 120	(5 085)	25 035	24 707	(3 280)	21 427
Motor	-	-	-	237	-	237
Marine, air and transport	5 446	(551)	4 895	5 979	(277)	5 702
General third party liability	3 245	(196)	3 049	2 364	(102)	2 262
Credit and guarantees	96	(2)	94	97	-	97
Legal protection	11	-	11	-	-	-
Assistance	107	-	107	27	-	27
Miscellaneous	1 669	(295)	1 374	872	(191)	681
	54 339	(13 684)	40 655	43 608	(6 127)	37 481

The provision for outwards reinsurance claims at 31 December 2008 and 2007 is made up as follows:

	2008			2007		
	Reported	Unreported	Total	Reported	Unreported	Total
Life insurance:	16 880	5 013	21 893	15 949	6 061	22 010
Non-life insurance:						
Labour accident	3 250	3	3 253	3 182	3	3 185
Personal and passenger accident	3 880	384	4 264	3 588	394	3 982
Health	130	-	130	76	21	97
Fire and other damage	63 986	4 821	68 807	64 769	4 225	68 994
Motor	24 902	88	24 990	26 594	270	26 864
Marine, air and transport	42 742	404	43 146	38 454	591	39 045
General third party liability	23 682	719	24 401	18 911	1 991	20 902
Credit and guarantees	42	3	45	19	8	27
Legal protection	-	213	213	-	213	213
Miscellaneous	15 557	1 669	17 226	2 914	480	3 394
	178 171	8 304	186 475	158 507	8 196	166 703
	195 051	13 317	208 368	174 456	14 257	188 713

Changes in the technical provisions for outwards reinsurance for 2008 and 2007 are summarised in Note 24.

19. OTHER ASSETS

This heading comprises the following:

	2008	2007
Other assets		
Assets received as settlement of defaulting loans (Note 12)	95 444	86 164
Debt certificates of the Territory of Macau	243 042	190 026
Other	19 318	19 310
Debtors and other applications		
Premiums receivable - Insurance	151 474	176 393
Other debtors	436 259	276 516
Amount receivable from the sale of CLF (Note 3)	150 000	-
Amount receivable from the sale of ADP (Note 16)	50 612	-
Central and local government	23 204	26 853
Shareholders' loans	228 261	157 835
Debtors - futures contracts	17 904	16 098
Grants receivable from		
The State	11 167	17 761
Other entities	18 581	23 132
Amount receivable from the sale of assets received as settlement of defaulting loans	1 865	1 203
Other	589 615	941 704
Liability for pensions and other benefits		
Excess coverage of liabilities		
Caixa Seguros e Saúde (Note 37)	3 145	9 798
Actuarial gains and losses:		
CGD (Note 37)	227 651	222 123
Caixa Seguros e Saúde	12 750	11 984
Other	(1 703)	(466)
Income receivable	29 728	31 992
Deferred costs		
Rent	6 197	3 150
Other	23 081	23 493
Deferred income	(1 926)	(491)
Asset operations pending settlement	479 148	360 286
Stock exchange operations	166 221	-
	2 981 038	2 594 864
Impairment		
- Assets received as payment (Notes 12 and 39)	(9 653)	(12 160)
- Other assets (Note 39)	(180 251)	(174 202)
	(189 904)	(186 362)
	2 791 134	2 408 502

The changes in impairment of debtors and other applications in 2008 and 2007 are presented in Note 39.

On 31 December 2008 the “Debtors and other applications – other debtors” heading includes amounts receivable from a North-American bank relative to which an impairment of EUR 39 557 thousand was recognised (Note 6).

The amounts recorded in the “Assets received as settlement of defaulting loans” heading correspond mainly to property and equipment received in payment of defaulting loans granted. Impairment corresponds to the estimated loss on the sale of these assets (including the costs to be incurred up to the respective sale). Assets received as settlement of defaulting loans in which the sale is highly probable and are available for immediate sale, are classified in the “Non-current assets held for sale” heading (Note 12).

On 31 December 2008 the amounts receivable for the sale of CLF and ADP result from the sale from CGD to Parpública of the equity participation in these entities, as referred to in detail in Notes 3 and 16. These balances were fully settled on 13 January 2009.

On 31 December 2008 the "Debtors and other applications – other debtors" heading includes EUR 165 371 thousand relative to collateral accounts in several financial institutions relating to interest rate swaps contracts (IRS) with these entities.

Under the terms of the contract to issue notes entered into between Banco Nacional Ultramarino, SA (Macau) and the Territory of Macau, the bank has undertaken to provide the Territory with foreign currency corresponding to the countervalue of the notes in circulation, and in return, receives a promissory note for an equivalent amount to cover the liability resulting from the currency issue (Note 26). The amounts to be provided by BNU to the Territory are reconciled on a monthly basis during the first fifteen days of each month, based on the average daily balance of the preceding month. The promissory note of the Macau Government at 31 December 2008 and 2007 amounted to EUR 243 042 thousand and EUR 190 026 thousand, respectively. No interest is received on the promissory note, remuneration for the functions entrusted to Banco Nacional Ultramarino, SA (Macau) being obtained by means of a permanent non interest-bearing deposit.

At 31 December 2008 and 2007 shareholders' loans granted were made up as follows:

	2008	2007
Locarent – Companhia Portuguesa de Aluguer de Viaturas	160 500	118 500
Sagesecur – Estudo, Desenvolvimento e Participações em Projectos, SA	27 242	-
Other	40 519	39 335
	228 261	157 835

The shareholders' loans granted to Locarent were made up as follows:

- Shareholders' loan of EUR 58 500 thousand to be repaid during 2009. This loan bears interest at a 3 month Euribor rate. Interest is paid quarterly at the end of period on 1 March, June, September and December each year. On 31 December 2008 the annual interest rate in force was 4.769%.

- Shareholders' loan of EUR 60 000 thousand. The operation maturity is on 1 December 2009 and bears interest at a 3 month Euribor rate. Interest is paid quarterly at the end of period on 1 February, May, August and November each year. On 31 December 2008 the annual interest rate in force was 5.544%.

- In 2008 shareholders' loans were granted in the amount of EUR 50 000 thousand, of which on 31 December 2008 only EUR 42 000 thousand were used. This operation matures on 1 April 2011 and bears interest at a 3 month Euribor rate. Interest is paid quarterly at the end of period on 1 January, 1 April, 1 July and 1 October each year. On 31 December 2008 the annual interest rate in force was 5.987%.

On 31 December 2008 this heading includes the ceding to Parcaixa of the credit rights over 19.5% of the shareholders' loans granted by Parpública to Sagesecur, in the scope of the carrying out of its share capital, as referred to in Note 3.

20. RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This heading comprises the following:

	2008	2007
Resources of central banks		
Deposits and other resources		
Of domestic credit institutions	458	18 687
Of foreign credit institutions	38 763	293 911
Very short term resources		
Of foreign credit institutions	107 782	-
Loans		
Of foreign credit institutions	500 000	83 672
Other resources	-	3
Accrued interest	2 220	1 231
	649 223	397 504
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	605 652	291 953
Of foreign credit institutions	3 367 714	5 199 344
Interbank Money Market resources	363 826	732 000
Very short term resources		
Of domestic credit institutions	83 033	90 597
Of foreign credit institutions	1 158 432	1 514 874
Loans		
Of domestic credit institutions	85 000	135 000
Of foreign credit institutions	382 256	370 186
Resources of international financial entities	192 231	5 276
Sales operations with repurchase agreement	32 958	42 564
Accrued interest	31 954	61 939
Charges with deferred cost	(431)	-
	6 302 625	8 443 732
	6 951 849	8 841 237

21. CUSTOMER RESOURCES

This heading comprises the following:

	2008	2007
Savings deposits	5 968 702	7 450 158
Other debts		
Repayable on demand	17 178 710	18 409 430
Term		
Deposits	31 217 574	23 726 512
Fixed rate products - insurance	4 472 692	3 124 303
Mandatory deposits	633 493	681 463
Other resources:		
Cheques and orders payable	86 779	225 760
Loans	60 667	52 834
Sales operations with repurchase agreement	21 285	34 282
Other	47 532	48 344
	36 540 022	27 893 499
Accrued interest	437 242	306 223
Deferred costs net of deferred income	4 581	(4 048)
Adjustments to liabilities under hedging operations	7 720	(6 684)
Commissions associated with amortised cost (deferred)	(9 222)	(9 811)
	440 321	285 680
	60 127 756	54 038 767

The “Fixed rate products – insurance” heading corresponds to life insurance products classified as investment contracts (Note 2.16.) which, in a similar way to the customer deposits in the banking activity, are recorded in accordance with IAS 39.

22. DEBT SECURITIES

This heading comprises:

	2008	2007
Bonds issued:		
Bonds issued under the EMTN Programme		
. Remuneration indexed to interest rates	3 324 656	2 419 078
. Fixed interest rate	201 784	430 449
. Remuneration indexed to shares/indexes	1 828 527	1 781 992
. Remuneration indexed to exchange rates	259 161	232 424
	5 614 127	4 863 942
Covered bonds	5 784 586	5 316 167
Other cash bonds		
. Remuneration indexed to interest rates	1 314 110	349 006
. Remuneration indexed to shares/indexes	31 120	141 690
. Fixed interest rate		
Increasing interest rate products	29 906	267 798
Other	482 539	59 991
	13 256 388	10 998 595
Other:		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
. Commercial Paper	4 086 249	3 904 457
. Certificates of Deposit	1 654 440	495 767
	5 740 689	4 400 224
Issues under the US Commercial Paper Programme		
. Commercial Paper	337 048	144 127
Other certificates of deposit in:		
. US Dollars	215 564	414 443
. Mozambican Meticais	-	7 016
Securities issued under securitisation operations (Note 11):		
. Mortgage loans	584 533	652 190
. Consumer credit	110 053	227 074
Other liabilities	-	-
	6 987 888	5 845 074
Adjustments to liabilities under hedging operations	(299 381)	(624 309)
Deferred costs net of income	(165 039)	(167 004)
Accrued interest	149 242	178 512
	19 929 097	16 230 868

On 31 December 2008 the heading "Bonds issued – other cash bonds – remuneration indexed to interest rates" includes EUR 1 250 000 thousand relative to a bond issue made by CGD under the collateral given by the Portuguese State under the terms of Law 60-A/2008 of 20 October and Administrative Ruling 1 210-A/2008 of 23 October. This issue falls due on 12 December 2011 and pays interest at a fixed interest rate of 3.875%.

To diversify its funding sources, CGD uses to the following specific programmes:

(i) Euro Commercial Paper and Certificates of Deposit (ECP)

Under the "EUR 5 000 000 000 Euro Commercial Paper and Certificates of Deposit" programme, CGD (directly or through the France and London Branches) is able to issue certificates of deposit (CD) and Notes with maximum maturity of five years and one year, respectively, in Euros, US dollars, Pounds, Japanese yens or any other currency the parties agree to. These issues may bear interest at fixed or variable rates, or be indexed to the performance of indexes or shares.

At 31 December 2008 and 2007, debt securities issued under the Euro Commercial Paper and Certificates of Deposit programmes were in the following foreign currencies:

	2008	2007
Euros	3 316 295	2 022 182
Pounds sterling	1 451 438	1 444 058
US dollars	875 548	666 191
Swiss francs	83 502	125 098
Hong-Kong dollars	13 907	17 422
Canadian dollars	-	4 845
Australian dollars	-	14 322
Japanese yen	-	106 106
	5 740 689	4 400 224

(ii) US Commercial Paper

Under this programme CGD North America Finance LLC may issue Notes up to a total of two billion US dollars. The Notes have a maximum maturity of one year and a minimum amount of 250 000 US dollars. The Notes may be issued at a discount or at par. All the issues are guaranteed by CGD.

(iii) Euro Medium Term Notes (EMTN)

Under this programme the CGD Group, through CGD (directly or through the France, London and Madeira Branches) and CGD Finance, may issue debt securities up to a maximum of EUR 10 000 000 000. The France Branch guarantees all the issues of CGD Finance.

Bonds may be issued in any currency with minimum maturities of one month and 5 years for subordinated and unsubordinated bonds, respectively. Maximum maturities for these operations are not defined.

These securities may be issued at a discount and bear interest at fixed or variable rates or indexed to the performance of indexes or shares.

(iv) Covered bonds

In November 2006, CGD started a programme for the direct issue of covered bonds up to the maximum amount of EUR 15 000 000 thousand. The bonds are backed by a mortgage loan portfolio that must always comply with the minimum conditions required by the applicable regulation for this kind of assets, namely Decree Law 59/2006, Notices 5, 6, 7 and 8 and Instruction 13 of the Bank of Portugal.

The issues can be made in any currency with a minimum term of 2 years and a maximum term of 50 years. The bonds can be remunerated at fixed or variable interest rates or be indexed to the performance of indexes and shares.

These bonds endow their holders a special credit privilege – over any other creditors – over a portfolio of that is segregated in the balance sheet of the issuing entity and guarantee the liabilities the bond holders having access to it, in case of insolvency.

Assets eligible for the constitution of an autonomous portfolio comprise mortgage bonds for housing or commercial purposes located in a member State of the EU or loans on central governments or regional and local authorities of one of the EU member States, as well as loans with the express and legally binding guarantee of those entities. In the case of mortgage loans, the amount cannot exceed 80% of the mortgaged assets given as collateral in the case of housing property (60% for other property).

In addition and in accordance with the issue conditions defined under the terms of the programme, during the issue course, the following criteria must be complied with:

- The total nominal value of mortgage bonds in circulation cannot exceed 95% of the total value of mortgage loans and other assets related to the bonds;
- The average maturity of the mortgage bonds issued cannot exceed, for all issues, the average life of associated mortgage loans;
- The total amount of accrued interest on the mortgage bonds cannot exceed, for all issues, the amount of interest receivable from the borrowers of mortgage loans related to the bonds;
- The present value of the mortgage bonds cannot exceed the present value of the related assets, the relationship being maintained for parallel shifts of 200 b.p. of the yield curve.

The autonomous portfolio may also include assets in substitution, up to a maximum of 20 % of its value, namely deposits at the Bank of Portugal or eligible securities under the Eurosystem credit operations, among others defined by law.

On 31 December 2008 and 2007 the nominal value of covered bonds issued by Caixa was EUR 5 870 000 thousand and EUR 5 350 000 thousand, respectively with the following characteristics:

Designation	Nominal	Date of issue	Date of redemption	Interest payment	Remuneration	Rating Moodys	Interest rate at 31.12.2008	Interest rate at 31.12.2007
Hipotecárias Series 1 2006/2016 1st tranche	2 000 000	06/12/2006	06/12/2016	Annually, on 6 December	Fixed rate	AAA	3.875%	3.875%
Hipotecárias Series 2 2007/2015	900 000	30/03/2007	30/09/2015	Half yearly, on 30 March and 30 September	6 month Euribor rate + 0.04%	AAA	5.355%	4.799%
Hipotecárias Series 3 2007/2012	2 000 000	28/06/2007	28/06/2012	Annually, on 28 June	Fixed rate	AAA	4.625%	4.625%
Hipotecárias Series 4 2007/2022	250 000	28/06/2007	28/06/2022	Quarterly, on 28 March, June, September and December	3 month Euribor rate + 0.05%	AAA	3.041%	4.740%
Hipotecárias Series 5 2007/2015	200 000	20/12/2007	20/12/2015	Half yearly, on 20 June and 20 December	6 month Euribor rate + 0.10%	AAA	3.302%	4.892%
	5 350 000							
Hipotecárias Series 6 2008/2016	200 000	27/02/2008	29/02/2016	Half yearly, on 27 August and 27 December	6 month Euribor rate + 0.16%	AAA	3.22%	-
Hipotecárias Series 7 2008/2016	150 000	31/03/2008	15/03/2016	Quarterly, on 15 March, June, September and December	3 month Euribor rate + 0.012%	AAA	3.29%	-
Hipotecárias Series 1 2006/2016 2nd tranche	150 000	09/09/2008	06/12/2016	Annually, on 6 December	Fixed rate	AAA	3.88%	-
Hipotecárias Series 8 2008/2038	20 000	01/10/2008	01/10/2038	Annually, on 1 October	Fixed rate	AAA	5.38%	-
	5 870 000							

The autonomous assets which back the issues exclusively comprise mortgage loans originated in Portugal. At 31 December 2008 and 2007 their book value was EUR 6 335 883 thousand and EUR 7 074 463 thousand (Note 11), respectively. Moody’s awarded these covered bonds an AAA rating.

At 31 December 2008 and 2007 the bonds issued, by type of remuneration and residual term to maturity, were as follows:

	2008						
	EMTN Programme Type of asset or underlying index used to calculate the remuneration						
	Shares / Indexes	Exchange rate	Interest rate	Sub-total	Covered bonds	Other bonds	Total
Up to one year	131 137	4 000	982 846	1 117 983	-	178 665	1 296 648
One to five years	1 540 215	-	2 211 733	3 751 947	1 972 165	1 674 891	7 399 003
Five to ten years	149 797	7 928	153 797	311 522	3 542 420	4 119	3 858 061
Over ten years	7 378	247 233	178 064	432 675	270 000	-	702 675
	1 828 527	259 161	3 526 440	5 614 127	5 784 586	1 857 675	13 256 388

	2007						
	EMTN Programme Type of asset or underlying index used to calculate the remuneration						
	Shares / Indexes	Exchange rate	Interest rate	Sub-total	Covered bonds	Other bonds	Total
Up to one year	195 437	186 891	1 079 925	1 462 253	-	488 772	1 951 025
One to five years	1 278 184	17 036	1 618 968	2 914 188	-	329 713	3 243 901
Five to ten years	303 371	3 032	105 421	411 824	5 066 167	-	5 477 991
Over ten years	5 000	25 465	45 213	75 678	250 000	-	325 678
	1 781 992	232 424	2 849 527	4 863 942	5 316 167	818 485	10 998 595

Derivatives have been contracted for the majority of issues under the EMTN Programme under which their amounts in foreign currencies are transformed into Euro and the respective interest is transformed to 3 or 6 month Euribor rates plus or minus a spread.

23. PROVISIONS AND CONTINGENT LIABILITIES

Provisions

The changes in the provisions for employee benefits and provisions for other risks in 2008 and 2007 were as follows:

	2008						
	Balances at 31.12.2007	Additions	Reversals	Write-offs	Exchange differences	Other	Balances at 31.12.2008
Provision for employee benefits (Note 37)	531 625	8 958	(6 856)	(31 569)	(550)	4 278	505 886
Provision for litigation	24 422	2 612	(5 570)	(66)	(750)	1 113	21 761
Provision for guarantees and other commitments	67 671	32 213	(5 781)	-	5	-	94 108
Provision for other risks and charges	312 844	245 013	(401 216)	(26 939)	(357)	(9 041)	120 304
	404 937	279 838	(412 567)	(27 005)	(1 102)	(7 928)	236 173
	936 562	288 796	(419 423)	(58 574)	(1 652)	(3 650)	742 059

	2007							
	Balances at 31.12.2006	Acquisition / (sale) of subsidiaries	Additions	Reversals	Write-offs	Exchange differences	Other	Balances at 31.12.2007
Provision for employee benefits (Note 37)	495 870	-	15 462	(1 030)	(19 307)	(200)	40 830	531 625
Provision for litigation	29 590	(453)	5 038	(529)	(2 180)	51	(7 095)	24 422
Provision for guarantees and other commitments	58 915	-	13 978	(5 070)	-	(234)	82	67 671
Provision for other risks and charges	380 008	476	85 929	(40 973)	(123 915)	(63)	11 382	312 844
	468 513	23	104 945	(46 572)	(126 095)	(246)	4 369	404 937
	964 383	23	120 407	(47 602)	(145 402)	(446)	45 199	936 562

The breakdown and changes in the provision for employee benefits are shown in Note 37.

The provision for litigation corresponds to the best estimate of the Group as to the amounts to be spent on their resolution, based on estimates of the Legal Department and lawyers that accompany the processes.

At 31 December 2006 the heading "Provision for other risks and charges" included EUR 120 253 thousand to cover for the possible taxation of capital gains realised on the sale of Caixa's participation in Banco Itaú in 2000 and 2001. In December 2007, Caixa was notified of additional tax and interest delay payments for the years 2000, 2001 and 2003 in the amount of EUR 145 422 thousand. As a result of this situation, Caixa made the respective payment and used in full the amount the provision for other risks and charges. The difference between the value effectively paid and the recorded cost in 2006, in the amount of EUR 15 130 thousand, was reflected in the "Current tax – prior year adjustments" heading (Note 17).

The heading "Acquisition of subsidiaries" in 2007 reflects, essentially, the incorporation of Companhia Portuguesa de Resseguros in the accounts of Caixa Seguros. The "Sale of subsidiaries" in 2007, refers to the reclassification of Compal as a non-current asset held for sale (Note 12).

Contingent liabilities and commitments

The contingent liabilities relating to the banking activity, which are reflected in off-balance sheet headings, are made up as follows:

	2008	2007
Contingent liabilities		
Guarantees and sureties	3 913 718	3 261 798
Assets given as collateral	2 022 253	1 441 161
Stand by letters of credit	80 500	196 442
Open documentary credits	171 479	158 136
Acceptances and endorsements	1 171	1 064
Transactions with recourse	259	333
Other contingent liabilities	4 315	35 256
	6 193 695	5 094 189
Commitments		
Revocable commitments	14 780 739	22 287 517
Irrevocable lines of credit	2 703 038	2 292 549
Other irrevocable commitments	1 946 877	2 002 169
Securities subscribed for	1 930 705	1 874 407
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	151 985	150 845
Investors' indemnity system	9 601	9 601
Term operations	24 796	55 341
Forward deposit agreements		
Receivable	1 564 782	1 464 348
To be created	410 733	341 989
Other	118 613	108 240
	23 641 869	30 587 006
Deposit and custody of securities	49 838 643	60 352 283

Assets given as collateral cannot be used freely by the Group in its operations and are recorded at their nominal value. At 31 December 2008 and 2007 these assets corresponded to the following situations:

	2008	2007
Consigned resources		
. European Development Bank	802 500	802 500
Bank of Portugal	933 372	438 416
Royal Bank of Scotland	8 000	15 000
Investors’ Indemnity System (futures)	16 071	3 319
Other	17	220
	1 759 960	1 259 455

At 31 December 2008 and 2007, assets given as collateral correspond to debt instruments, except for guarantees given to the European Development Bank which include loans granted by Caixa in the amount of EUR 692 500 thousand.

In addition, CGD gave securities in the amount of EUR 178 378 thousand as collateral for term commitments relating to annual contributions to the Deposit Guarantee Fund and Investors’ Indemnity System.

The Deposit Guarantee Fund (DGF) is to guarantee deposits of customers, in accordance with limits established in the General Regime of Credit Institutions. Regular annual contributions are made for this purpose. The annual contribution to the DGF for 2008 and 2007, in accordance with the applicable regulations, was EUR 11 431 thousand and EUR 11 328 thousand, respectively. Part of this commitment, in the amounts of EUR 1 140 thousand and EUR 1 699 thousand, respectively, was assumed through an irrevocable commitment to pay the contributions when required to do so by the Fund. These amounts are not charged to costs. The total amount the commitments assumed since 1996 is EUR 151 985 thousand and EUR 150 845 thousand, respectively.

24. TECHNICAL PROVISION FOR INSURANCE CONTRACTS

At 31 December 2008 and 2007 this heading is made up as follows:

	2008	2007
Caixa Seguros		
Direct insurance and inwards reinsurance:		
Life insurance:		
Mathematical provision:		
Insurance contracts	262 819	236 561
Insurance contracts with discretionary profit sharing	4 295 409	4 763 259
	4 558 228	4 999 820
Provision for profit sharing	33 225	52 616
Provision for unearned premiums	4 610	-
Provision for claims:		
Reported claims	160 777	126 642
Unreported claims (IBNR)	26 397	46 768
	187 174	173 410
Other technical provisions		
Provision for commitments to rate	4 804	-
Portfolio stabilisation provision	13 112	-
	17 916	-
Total life insurance	4 801 153	5 225 846
Non-life insurance:		
Provision for unearned premiums	338 967	361 082
Provision for claims:		
Reported claims	1 909 347	1 940 107
Unreported claims (IBNR)	117 192	127 607
	2 026 539	2 067 714
Provision for risks in progress	17 091	11 782
Other technical provisions		
Provision for profit sharing	269	269
Total non-life insurance	2 382 866	2 440 847
Total life and non-life insurance	7 184 019	7 666 693
Garantia	8 331	7 209
Total	7 192 350	7 673 902

The mathematical provision for life insurance and provision for profit sharing in direct insurance and inwards reinsurance at 31 December 2008 and 2007 are made up as follows:

	2008			2007		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
Insurance contracts:						
Individual c/ Participação nos Resultados	4 712	-	4 712	4 851	-	4 851
Seguro de Dependência	88	-	88	78	-	78
Educação Segura 3.5%	-	-	-	17	-	17
Protecção Sénior	260	-	260	259	-	259
Educação Garantida	274	-	274	236	-	236
LUX-Imperio	233	-	233	-	-	-
Individual c/ Participação nos Resultados	10 220	8 933	19 153	14 781	8 369	23 150
Vida Individual - Leve +	-	-	-	30	-	30
Hipoteca Futura	5 740	-	5 740	3 779	-	3 779
Capital Vida 4%	4 836	160	4 996	5 051	75	5 126
Rendas Individual 4%	13 362	2 354	15 716	14 736	232	14 968
Grupo s/ Participação nos Resultados	73 437	-	73 437	40 601	52	40 653
Grupo c/ Participação nos Resultados	29 811	11 002	40 813	27 718	8 375	36 093
Rendas	119 846	1 061	120 907	124 424	935	125 359
	262 819	23 510	286 329	236 561	18 038	254 599
Investment contracts with discretionary profit sharing:						
Top Reforma 4% - Ind.	86 889	34	86 923	94 409	87	94 496
Seg Poupança 1stS 4%	1 165	-	1 165	50 760	-	50 760
Seg Poupança 2ndS 2.75%	10 787	216	11 003	14 707	42	14 749
Seg Poupança 3rd / 4thS 3.5%	45 004	579	45 583	51 545	11	51 556
Garantia Crescente 2.75% - Bco	386	-	386	1 567	52	1 619
Super Garantia 2.75% (Med)	10 127	-	10 127	13 958	43	14 001
PIR 4%	25 980	7 002	32 982	41 622	3 296	44 918
Postal Poup Invest 3.25%	11 833	-	11 833	12 197	-	12 197
Postal Poup Futuro 3%	8 097	-	8 097	10 778	28	10 806
Seg Poupança 5thS 2.75%	758 525	126	758 651	928 051	7 483	935 534
Seg Poupança 6thS 2.25%	146 593	32	146 625	158 952	2 300	161 252
Postal Poup Futuro Series B	2 743	-	2 743	2 801	16	2 817
Postal Poupança Segura	22 841	-	22 841	13 393	1	13 394
F.Poupança 7thS 2%	168 585	1	168 586	180 287	3 210	183 497
Caixa Seguro 4.5%	98 437	-	98 437	100 925	-	100 925
Caixa Seguro 4.25%	96 708	-	96 708	101 713	-	101 713
Caixa Seguro Liquidez 2%	215 133	-	215 133	143 359	-	143 359
Caixa Seguro 4.4%	47 372	-	47 372	48 993	-	48 993
Postal 4.10%	16 136	74	16 210	17 222	-	17 222
Seg.Poupança 9th Series	19 675	-	19 675	-	-	-
Poupança/PoupaInveste	1 783	-	1 783	-	-	-
Top Reforma 4% Grupo	6 615	3	6 618	6 249	1	6 250
Top Reforma 2.75% Grupo	7 518	151	7 669	7 034	135	7 169
Complementos Reforma	4 241	122	4 363	4 761	22	4 783
Jubilacion BCG (ESP)	1 757	-	1 757	-	-	-
PPR/E Fidelidade 4%	192 148	27	192 175	206 367	27	206 394
PPR/E Rendimento1st/2nd S 3.5%	228 200	184	228 384	263 932	184	264 116
PPR (Clássico) 4%	55 479	118	55 597	62 888	534	63 422
Multiplano PPR/E 3%	12 387	-	12 387	14 128	40	14 168
PPR/E MC Series A 3%	35 449	-	35 449	44 062	141	44 203
Postal PPR/E Series A 3.25%	10 616	-	10 616	15 169	-	15 169
PPR/E Rend. 3rdS 2.75%	520 188	-	520 188	671 851	6 493	678 344
PPR/E MC Series B 2.75%	265 042	10	265 052	271 635	2 592	274 227
Postal PPR/E Series B 2.75%	24 148	-	24 148	34 073	298	34 371
PPR/E Capital Garantido	5 319	1	5 320	5 158	275	5 433
PPR/E Rend. 4th S 2.25%	176 682	-	176 682	177 965	2 459	180 424
PPR/E Investimento Garantido 1th Series	46 546	3	46 549	40 791	142	40 933
PPR/E Capital Mais FRN	74 287	-	74 287	75 235	-	75 235
PPR - Leve Duo	41 288	-	41 288	31 163	397	31 560
Postal PPR 4.10%	6 507	-	6 507	5 862	-	5 862
Postal PPR/E Series E	1 220	-	1 220	-	-	-
Epargne Libre (FRF) 3	241 325	-	241 325	246 143	1 763	247 906
Epargne Libre Plus (FRF)	14 464	-	14 464	1 738	-	1 738
Poupança Reforma Individual	88 243	267	88 510	140 378	371	140 749
Plano Império Investimento	-	75	75	533	22	555
Poupinveste	-	-	-	3	-	3
PUR	30 975	2	30 977	33 675	217	33 892
PUR 3.25%	24 897	7	24 904	29 904	7	29 911
PUR 2.4%	16 841	83	16 924	19 001	345	19 346
Conta Poupança Reforma 3%	19 442	104	19 546	-	-	-
Poupaunverste 2nd Series	4 093	-	4 093	4 582	-	4 582
Grupo Capitalização	3 605	15	3 620	3 499	53	3 552
PoupaInveste Empresas	137	-	137	119	(5)	114
PUR 3.25% - Grupo	1 158	-	1 158	1 273	7	1 280
PUR 2.4% - Grupo	286	31	317	303	42	345
PPR	87 801	215	88 016	116 282	272	116 554
PPR	35 863	1	35 864	37 567	1	37 568
PPR 3%	51 756	86	51 842	36 150	196	36 346
Império Bonança PPR/E 412	84 700	55	84 755	78 068	55	78 123
Império Bonança PPR/E 413	29 822	4	29 826	37 814	498	38 312
Império Bonança PPR/E Ganha Mais	9 577	14	9 591	9 905	193	10 098
PPR Ganha +	25 315	24	25 339	26 498	204	26 702
PPR Ganha + 3rd Series	5 558	-	5 558	3 548	-	3 548
Operações de capitalização	-	-	-	1 264	-	1 264
IB PPR Leve Duo	74	1	75	-	-	-
IB - Luxemburgo	9 041	48	9 089	9 450	28	9 478
	4 295 409	9 715	4 305 124	4 763 259	34 578	4 797 837
	4 558 228	33 225	4 591 453	4 999 820	52 616	5 052 436

Changes in mathematical provision and provision for profit sharing in direct insurance and inwards reinsurance and mathematical provision for outwards reinsurance in 2008 and 2007 are as follows:

	2008			
	Opening balance	Liabilities originated in period and interest paid	Profit sharing	Closing balance
Direct insurance and inwards reinsurance:				
Mathematical provision:				
- Insurance contracts	236 561	20 701	6 784	262 819
- Investment contracts with profit sharing having a discretionary component	4 763 259	(447 179)	31 615	4 295 409
	4 999 820	(426 478)	38 399	4 558 228
Provision for profit sharing:				
- Insurance contracts	18 038	5 345	(2 000)	23 510
- Investment contracts with profit sharing having a discretionary component	34 578	(32 003)	(31 615)	9 715
	52 616	(26 658)	(33 615)	33 225
	5 052 436	(453 136)	4 784	4 591 453
Outwards reinsurance:				
Mathematical provision (Note 18):				
- Insurance contracts	(5 167)	406	-	(4 760)
- Investment contracts with profit sharing having a discretionary component	(7)	-	-	(7)
	(5 174)	406	-	(4 767)
	5 047 262	(452 730)	4 784	4 586 686

	2007			
	Opening balance	Liabilities originated in period and interest paid	Profit sharing	Closing balance
Direct insurance and inwards reinsurance:				
Mathematical provision:				
- Insurance contracts	250 967	(17 567)	3 161	236 561
- Investment contracts with profit sharing having a discretionary component	4 928 270	(187 508)	22 497	4 763 259
	5 179 237	(205 075)	25 658	4 999 820
Provision for profit sharing:				
- Insurance contracts	17 323	8 805	(8 090)	18 038
- Investment contracts with profit sharing having a discretionary component	24 676	41 494	(31 592)	34 578
	41 999	50 299	(39 682)	52 616
	5 221 236	(154 776)	(14 024)	5 052 436
Outwards reinsurance:				
Mathematical provision:				
- Insurance contracts	(4 820)	(347)	-	(5 167)
- Investment contracts with profit sharing having a discretionary component	-	(7)	-	(7)
	(4 820)	(354)	-	(5 174)
	5 216 416	(155 130)	(14 024)	5 047 262

The provision for unearned premiums on direct insurance and inwards reinsurance at 31 December 2008 and 2007 is made up as follows:

	2008			2007		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Labour accident	18 933	(3 132)	15 801	19 154	(3 108)	16 046
Personal and passenger accidents	17 579	(2 271)	15 308	15 307	(2 299)	13 008
Health	31 266	(4 653)	26 613	32 570	(4 482)	28 088
Fire and other damage	87 752	(15 491)	72 261	88 715	(15 842)	72 873
Motor	221 737	(36 758)	184 979	246 831	(42 335)	204 496
Marine, air and transport	7 546	(671)	6 875	8 272	(530)	7 742
General third party liability	11 656	(1 645)	10 011	10 413	(1 597)	8 816
Credit and guarantees	299	(57)	242	313	(61)	252
Legal protection	1 386	(270)	1 116	3 312	(434)	2 878
Assistance	4 728	(691)	4 037	5 816	(700)	5 116
Miscellaneous	2 068	(344)	1 724	2 067	(300)	1 767
	404 950	(65 983)	338 967	432 770	(71 688)	361 082

Changes in provisions for unearned premiums and deferred acquisition costs for direct insurance and outwards reinsurance in 2008 and 2007 are as follows:

	2008			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Provision for unearned premiums:				
Labour accident	19 154	(228)	7	18 933
Personal and passenger accidents	15 307	2 235	37	17 579
Health	32 570	(1 307)	3	31 266
Fire and other damage	88 715	(1 179)	216	87 752
Motor	246 831	(25 094)	-	221 737
Marine, air and transport	8 272	(726)	-	7 546
General third party liability	10 413	1 200	43	11 656
Credit and guarantees	313	(14)	-	299
Legal protection	3 312	(1 926)	-	1 386
Assistance	5 816	(1 088)	-	4 728
Miscellaneous	2 067	1	-	2 068
	432 770	(28 126)	306	404 950
Deferred acquisition costs:				
Labour accident	(3 108)	(24)	-	(3 132)
Personal and passenger accidents	(2 299)	28	-	(2 271)
Health	(4 482)	(171)	-	(4 653)
Fire and other damage	(15 842)	351	-	(15 491)
Motor	(42 335)	5 577	-	(36 758)
Marine, air and transport	(530)	(141)	-	(671)
General third party liability	(1 597)	(48)	-	(1 645)
Credit and guarantees	(61)	4	-	(57)
Legal protection	(434)	164	-	(270)
Assistance	(700)	9	-	(691)
Miscellaneous	(300)	(44)	-	(344)
	(71 688)	5 705	-	(65 983)
	361 082	(22 421)	306	338 967
Outwards reinsurance (Note 18):				
Provision for unearned premiums:				
Labour accident	11	(11)	-	-
Personal and passenger accidents	7 512	295	12	7 819
Health	1 802	4 024	-	5 826
Fire and other damage	24 707	5 349	64	30 120
Motor	237	(237)	-	-
Marine, air and transport	5 979	(533)	-	5 446
General third party liability	2 364	881	-	3 245
Credit and guarantees	97	(1)	-	96
Legal protection	-	11	-	11
Assistance	27	80	-	107
Miscellaneous	872	797	-	1 669
	43 608	10 655	76	54 339
Deferred acquisition costs:				
Personal and passenger accidents	(2 277)	(1 569)	-	(3 846)
Health	-	(3 709)	-	(3 709)
Fire and other damage	(3 280)	(1 805)	-	(5 085)
Marine, air and transport	(277)	(274)	-	(551)
General third party liability	(102)	(94)	-	(196)
Credit and guarantees	-	(2)	-	(2)
Miscellaneous	(191)	(104)	-	(295)
	(6 127)	(7 557)	-	(13 684)
	37 481	3 098	76	40 655

	2007			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Provision for unearned premiums:				
Labour accident	20 167	(1 022)	9	19 154
Personal and passenger accidents	14 455	797	55	15 307
Health	24 331	8 234	5	32 570
Fire and other damage	88 698	(205)	222	88 715
Motor	270 190	(23 359)	-	246 831
Marine, air and transport	7 341	931	-	8 272
General third party liability	10 580	(235)	68	10 413
Credit and guarantees	318	(5)	-	313
Legal protection	3 339	(27)	-	3 312
Assistance	5 005	811	-	5 816
Miscellaneous	2 098	(31)	-	2 067
	446 522	(14 111)	359	432 770
Deferred acquisition costs:				
Labour accident	(3 451)	343	-	(3 108)
Personal and passenger accidents	(2 600)	301	-	(2 299)
Health	(2 577)	(1 905)	-	(4 482)
Fire and other damage	(15 477)	(365)	-	(15 842)
Motor	(50 566)	8 231	-	(42 335)
Marine, air and transport	(649)	119	-	(530)
General third party liability	(1 874)	277	-	(1 597)
Credit and guarantees	(59)	(2)	-	(61)
Legal protection	(535)	101	-	(434)
Assistance	(520)	(180)	-	(700)
Miscellaneous	(276)	(24)	-	(300)
	(78 584)	6 896	-	(71 688)
	367 938	(7 215)	359	361 082
Outwards reinsurance:				
Provision for unearned premiums:				
Labour accident	34	(23)	-	11
Personal and passenger accidents	3 440	4 068	4	7 512
Health	964	838	-	1 802
Fire and other damage	22 909	1 715	83	24 707
Motor	217	20	-	237
Marine, air and transport	4 526	1 453	-	5 979
General third party liability	2 186	178	-	2 364
Credit and guarantees	61	36	-	97
Legal protection	104	(104)	-	-
Assistance	301	(274)	-	27
Miscellaneous	897	(25)	-	872
	35 639	7 882	87	43 608
Deferred acquisition costs:				
Labour accident	-	-	-	-
Personal and passenger accidents	-	(2 277)	-	(2 277)
Health	-	-	-	-
Fire and other damage	(2 931)	(349)	-	(3 280)
Motor	-	-	-	-
Marine, air and transport	7	(284)	-	(277)
General third party liability	(42)	(60)	-	(102)
Credit and guarantees	-	-	-	-
Legal protection	-	-	-	-
Assistance	-	-	-	-
Miscellaneous	(194)	3	-	(191)
	(3 160)	(2 967)	-	(6 127)
	32 479	4 915	87	37 481

The provision for claims for direct insurance and inwards reinsurance at 31 December 2008 and 2007 comprises the following:

	2008			2007		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance:	160 777	26 397	187 174	126 642	46 768	173 410
Non-life insurance:						
Labour accident:						
Mathematical provision	499 413	1 672	501 085	498 993	13 620	512 613
Provision for lifelong assistance	134 483	96	134 579	121 716	5 529	127 245
Provision for temporary assistance	141 851	23 476	165 327	122 064	4 668	126 732
	775 747	25 244	800 991	742 773	23 817	766 590
Other insurance:						
Personal and passenger accidents	15 227	3 225	18 452	14 866	2 609	17 475
Health	31 677	12 618	44 295	28 241	20 117	48 358
Fire and other damage	106 122	16 399	122 521	112 599	13 825	126 424
Motor	796 875	41 326	838 201	874 340	48 561	922 901
Marine, air and transport	53 849	2 052	55 901	53 295	1 491	54 786
General third party liability	90 606	13 674	104 280	95 315	14 067	109 382
Credit and guarantees	481	25	506	512	36	548
Legal protection	7 148	299	7 447	4 212	2 243	6 455
Assistance	12 784	24	12 808	8 812	121	8 933
Miscellaneous	18 831	2 306	21 137	5 142	720	5 862
	1 133 600	91 948	1 225 548	1 197 334	103 790	1 301 124
	1 909 347	117 192	2 026 539	1 940 107	127 607	2 067 714
	2 070 124	143 589	2 213 713	2 066 749	174 375	2 241 124

The changes in provisions for direct insurance and inwards reinsurance and outwards reinsurance claims during 2008 and 2007 were as follows:

	2008				
	Opening balance	Liabilities originated in period	Claims	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:					
Provision for claims					
Life insurance	173 410	1 479 353	(1 465 410)	(24)	187 174
Non-life insurance					
Labour accident	766 590	162 142	(124 902)	(1)	800 991
Other insurance:					
Personal and passenger accidents	17 475	23 539	(22 561)	(1)	18 452
Health	48 358	139 161	(142 906)	(6)	44 295
Fire and other damage	126 424	115 166	(119 046)	(23)	122 521
Motor	922 901	305 394	(396 900)	-	838 201
Marine, air and transport	54 786	9 772	(8 657)	-	55 901
General third party liability	109 382	16 677	(17 006)	-	104 280
Credit and guarantees	548	(410)	44	-	506
Legal protection	6 455	1 639	(647)	-	7 447
Assistance	8 933	33 892	(30 017)	-	12 808
Miscellaneous	5 862	33 169	(17 881)	-	21 137
	1 301 124	677 999	(755 577)	(30)	1 225 548
	2 067 714	840 141	(880 479)	(31)	2 026 539
	2 241 124	2 319 494	(2 345 889)	(55)	2 213 713
Outwards reinsurance (Note 18):					
Provision for claims					
Life insurance	22 010	9 619	(9 736)	-	21 893
Non-life insurance					
Labour accident	3 185	2 564	(2 496)	-	3 253
Other insurance:					
Personal and passenger accidents	3 982	3 439	(3 157)	-	4 264
Health	97	199	(166)	-	130
Fire and other damage	68 994	53 912	(54 109)	10	68 807
Motor	26 864	2 182	(4 056)	-	24 990
Marine, air and transport	39 045	8 792	(4 691)	-	43 146
General third party liability	20 902	8 004	(4 505)	-	24 401
Credit and guarantees	27	91	(73)	-	45
Legal protection	213	-	-	-	213
Assistance	-	-	-	-	-
Miscellaneous	3 394	22 425	(8 593)	-	17 226
	163 518	99 044	(79 350)	10	183 222
	166 703	101 608	(81 846)	10	186 475
	188 713	111 227	(91 582)	10	208 368

	2007					
	Opening balance	Acquisition / sale of subsidiaries	Liabilities originated in period	Claims	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:						
Provision for claims						
Life insurance	168 368	-	1 135 329	(1 130 249)	(38)	173 410
Non-life insurance:						
Labour accident	713 064	317	199 217	(146 003)	(5)	766 590
Other insurance:						
Personal and passenger accidents	15 449	25	14 342	(12 334)	(7)	17 475
Health	41 159	-	169 030	(161 824)	(7)	48 358
Fire and other damage	140 102	653	88 565	(102 894)	(2)	126 424
Motor	956 349	242	369 943	(403 633)	-	922 901
Marine, air and transport	52 737	76	9 930	(7 957)	-	54 786
General third party liability	109 093	5 108	7 543	(12 362)	-	109 382
Credit and guarantees	1 213	14	(718)	39	-	548
Legal protection	5 532	-	1 655	(732)	-	6 455
Assistance	8 086	-	28 927	(28 080)	-	8 933
Miscellaneous	4 306	43	9 638	(8 125)	-	5 862
	1 334 026	6 161	698 855	(737 902)	(16)	1 301 124
	2 047 090	6 478	898 072	(883 905)	(21)	2 067 714
	2 215 458	6 478	2 033 401	(2 014 154)	(59)	2 241 124
Outwards reinsurance:						
Provision for claims						
Life insurance	20 475	-	9 978	(8 443)	-	22 010
Non-life insurance:						
Labour accident	1 552	-	1 633	-	-	3 185
Other insurance:						
Personal and passenger accidents	2 093	-	3 167	(1 278)	-	3 982
Health	101	-	41 187	(41 191)	-	97
Fire and other damage	77 316	-	28 179	(36 501)	-	68 994
Motor	32 835	-	(623)	(5 348)	-	26 864
Marine, air and transport	38 897	-	5 429	(5 281)	-	39 045
General third party liability	21 180	-	3 054	(3 332)	-	20 902
Credit and guarantees	401	-	(287)	(87)	-	27
Legal protection	213	-	-	-	-	213
Miscellaneous	3 408	-	3 706	(3 720)	-	3 394
	176 444	-	83 812	(96 738)	-	163 518
	177 996	-	85 445	(96 738)	-	166 703
	198 471	-	95 423	(105 181)	-	188 713

The changes in the provision for risks in progress of direct insurance and inwards reinsurance during 2008 and 2007 were as follows:

	2008			
	Opening balance	Appropriations in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Labour accident	-	4 095	-	4 095
Personal and passenger accidents	45	(45)	-	-
Health	6 464	(1 550)	9	4 923
Fire and other damage	1 576	3 714	38	5 328
Motor	1 352	(988)	-	364
Marine, air and transport	63	4	-	67
General third party liability	1 566	(891)	-	675
Credit and guarantees	55	(55)	-	-
Legal protection	1	-	-	1
Assistance	-	258	-	258
Miscellaneous	660	720	-	1 380
	11 782	5 262	47	17 091

	2007			
	Opening balance	Appropriations in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Labour accident	32	(33)	1	-
Personal and passenger accidents	324	(279)	-	45
Health	7 348	(895)	10	6 463
Fire and other damage	1 571	(40)	44	1 575
Motor	5 003	(3 649)	-	1 354
Marine, air and transport	208	(145)	-	63
General third party liability	1 888	(323)	-	1 565
Credit and guarantees	-	55	-	55
Legal protection	96	(95)	-	1
Assistance	361	(361)	-	-
Miscellaneous	190	471	-	661
	17 021	(5 294)	55	11 782

25. OTHER SUBORDINATED LIABILITIES

This heading comprises the following:

	2008	2007
CGD Finance - EUR 400 000 000 6.25 percent Notes due 2009	396 455	400 000
CGD Finance - EUR 10 000 000 Floating Rate Subordinated Notes due 2010	10 000	10 000
CGD Finance - EUR 200 000 000 Floating Rate Subordinated Notes due 2011	28 710	25 169
CGD Finance - EUR 110 000 000 Floating Rate Undated Subordinated Notes	104 786	105 314
CGD Finance - USD 265 000 000 Floating Rate Subordinated Notes due 2016	196 037	180 015
CGD (France Branch) - EUR 110 000 000 Floating Rate Undated Subordinated Notes	106 506	110 000
CGD (France Branch) - EUR 250 000 000 Floating Rate Undated Subordinated Notes	250 000	250 000
CGD (France Branch) - EUR 21 000 000 Floating Rate Undated Subordinated Notes	21 000	21 000
CGD (France Branch) - EUR 55 000 000 Fixed Rate Note Due 2017	55 000	55 000
CGD (France Branch) - EUR 40 000 000 Fixed Rate Note Due 2016	200 000	200 000
CGD (France Branch) - EUR 2 000 000 Index Linked to Floating Rate Note Due 2016 (5 issues)	10 000	10 000
CGD (France Branch) - JPY 15 000 000 000 Fixed Rate Subordinated Notes Due 2036	118 915	90 948
Subordinated Cash Bonds - CGD 2007/2017 – 1st issue	400 000	400 000
Subordinated Cash Bonds - CGD 2007/2017 – 2nd issue	81 595	81 595
Subordinated Cash Bonds CGD 2008/2018 - 1st issue	369 045	-
Subordinated Cash Bonds – CGD 2007/2012	100 000	100 000
Subordinated Cash Bonds - Renda Mais 2005/2015	98 519	102 069
Subordinated Cash Bonds - CGD 2006/2016	91 056	99 987
Subordinated Cash Bonds Fixed to Floater 27 Dec 2017	125 000	125 000
Subordinated Cash Bonds Floating Rate Notes Dec 2017	120 000	120 000
Subordinated Cash Bonds Floating Rate	50 000	50 000
Subordinated Cash Bonds BNU/98	-	40 726
Cash Bonds Fixed to Floating Rate Notes Dec 2017 (3 issues)	18 000	18 000
Cash Bonds Fund Linked to Floating Rate Notes Dec 2017	6 000	6 000
Cash Bonds Equity Linked to Floating Rate Notes Dec 2017	6 000	6 000
Schuldshein Loan “Caja Madrid”	35 927	33 965
Caixa Geral de Depósitos - EUR 100 000 000 5.980% 20 year lower tier	100 000	-
Subordinated loan BCI	2 860	-
	3 101 411	2 640 788
Interest payable	32 449	27 072
Deferred expenses net of profits	32 091	5 237
Value adjustment of liabilities subject to hedging operations	(21 191)	(5 722)
	3 144 759	2 667 375

The conditions of the principal issues are as follows:

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 31.12.2008	Nominal interest rate at 31.12.2007	Early redemption clause
CGD Finance	396 455	12.10.1999	12.10.2009	12 October each year	Fixed rate	6.25%	6.25%	N/A
CGD Finance - €10 000 000 Floating Rate Subordinated Notes	10 000	27.07.2000	27.07.2010	Quarterly, on 27 January, April, July and October	3 month Euribor rate + 0.6%	5.52%	5.21%	N/A
CGD Finance - €200 000 000 Floating Rate Subordinated Notes	28 710	03.12.2001	03.12.2011	Quarterly, on 3 March, June, September and December	3 month Euribor rate + 0.65%	4.47%	5.49%	From 3 December 2011 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate + 1.15%
CGD Finance - €110 000 000 Floating Rate Subordinated Notes	104 786	18.12.2002	Perpetual	Quarterly, on 18 March, June, September and December	3 month Euribor rate + 1.3%	4.50%	6.18%	From 18 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate + 2.80%
CGD Finance - USD 265 000 000 Floating Rate Subordinated Notes	196 037	06.12.2006	20.12.2016	Quarterly, on 20 March, June, September and December. First payment on 20 March 2007.	3 month Libor rate + 0.25%	3.38%	5.13%	From 20 December 2016 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Libor rate + 0.75%
CGD (France Branch) - € 110 000 000 Floating Rate Undated Subordinated Notes	106 506	18.12.2002	Perpetual	Quarterly, on 18 March, June, September and December	3 month Euribor rate + 1.30%	4.50%	6.18%	From 18 December 2012. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate + 2.80%
CGD (France Branch) - € 250 000 000 Floating Rate Subordinated Notes	250 000	27.04.2005	27.04.2015	Quarterly, on 27 January, April, July and October	3 month Euribor rate + 0.25%	5.17%	4.86%	From 27 April 2010 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate + 0.75%
CGD (France Branch) - € 21 000 000 Floating Rate Subordinated Notes	21 000	14.07.2005	28.06.2016	Half yearly, on 28 June and December	6 month Euribor rate + 0.22%	3.28%	4.93%	N/A
CGD (France Branch) - € 55 000 000 Floating rate Note Due 2017	55 000	17.12.2007	17.12.2017	Quarterly, on 17 March, June, September and December	3 month Euribor rate + 1.08%	4.32%	6.03%	From 12 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate + 1.58%
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2007. From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December	15.5% (1st coupon) fixed rate; 3 month Euribor rate + 0.65%	4.03%	5.60%	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2008. From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December	16.5% (1st coupon) fixed rate; 3 month Euribor rate + 0.65%	4.03%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2009. From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December	18% (1st coupon) fixed rate; 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 31.12.2008	Nominal interest rate at 31.12.2007	Early redemption clause
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December. On 14 June 2010, a variable remuneration indexed to the performance of a funds basket will be paid	3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December. On 13 June 2011 a variable remuneration indexed to the performance of a funds basket will be paid	3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
CGD (France Branch) - € 2 000 000 Index Linked to Floating Rate Note Due 2016 (5 issues of equal amount, global amount of € 10 000 000)	10 000	07.08.2006	08.08.2016	Quarterly, on 8 February, May, August and November	3 month Euribor rate + 0.62%	5.21%	4.19%	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
CGD (France Branch) - JPY 15 000 000 000 Fixed Rate Subordinated Notes Due 2036	118 915	30.11.2006	15.12.2036	Half yearly	Fixed rate	2.88%	2.88%	N/A
Subordinated Cash Bonds - CGD 2007/2017 - 1st issue	400 000	12.11.2007	13.11.2017	Yearly	1st year: 4.90%; increasing 0.10% each year up to the 5th year; switch option each year for a 12 month Euribor rate	5.00%	4.90%	From 12 November 2011 onwards. If there is no early redemption, after this date the applicable interest rate will be 5.80%.
Subordinated Cash Bonds - CGD 2007/2017 - 2nd issue	81 595	12.11.2007	13.11.2017	Yearly	1st year: 5.00%; increasing 0.10% each year up to the 3rd year; in the 4th and 5th years remuneration will be indexed to indices	5.10%	5.00%	From 12 November 2011 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate + 0.70%
Subordinated Cash Bonds - CGD 2008/2018 - 1st issue	369 045	03.11.2008	05.11.2018	Yearly	1st year: 6.25%; 2nd year: 6.40% or switch remuneration; 3rd year: 6.55% or switch remuneration; 4th year: 6.70% or switch remuneration; 5th year: 7.00% or switch remuneration	6.25%	-	With prior authorisation of the Bank of Portugal, the issuer may redeem the loan early, in full or in part with reduction from the nominal value on the dates of the payment of coupons, from the 5th year onwards
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2008. From 30 July 2012 onwards up to the date of redemption, quarterly on 30 January, April, July and October	21% (1st coupon) fixed rate; 3 month Euribor rate + 0.65%	5.61%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2009. From 30 July 2012 onwards up to the date of redemption, quarterly on 30 January, April, July and October	21.5% (1st coupon) fixed rate; 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2010. From 30 July 2012 onwards up to the date of redemption, quarterly on 30 January, April, July and October	22% (1st coupon) fixed rate;3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 de Julho de 2011. From 30 July 2012 onwards up to the date of redemption, quarterly on 30 January, April, July and October	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2012. From 30 July 2012 onwards up to the date of redemption, quarterly on 30 January, April, July and October	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 31.12.2008	Nominal interest rate at 31.12.2007	Early redemption clause
Subordinated Cash Bonds - Renda Mais 2005/2015	98 519	29.06.2005	03.07.2015	Half yearly on 3 January and July	6 month Euribor rates + 0.25%	5.40%	4.57%	From 3 July 2010 onwards. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate + 0.75%
Subordinated Cash Bonds - Renda Mais 2006/2016	91 056	28.12.2006	28.12.2016	Yearly	1st year: 4.10%, increasing 0.10% each year up to the 5th year	4.30%	4.20%	N/A
Subordinated Cash Bonds Fixed to Floater 27 Dec 2017	125 000	27.12.2007	27.12.2017	Yearly up to 27 December 2012. From this date onwards, quarterly on 27 March, June, September and December	5. 733% (up to 2012) fixed rate; 3 month Euribor rate + 1.70%	5.73%	5.73%	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Subordinated Cash Bonds Floating Rate Notes Dec 2017	120 000	17.12.2007	17.12.2017	Quarterly on 17 March, June, September and December	3 month Euribor rate + 1.08%	4.32%	6.03%	From 12 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate + 1.58%
Subordinated Cash Bonds Floating Rate	50 000	28.12.2007	28.12.2017	Quarterly, on 28 March, June, September and December	3 month Euribor rate + 1.08%	4.07%	4.69%	From 28 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate + 1.58%
Cash Bonds Fixed to Floating Rate Notes Dec 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2008. From 3 December 2012 onwards up to redemption date, quarterly on 3 March, June, September and Dcember	22.5% (1st coupon) fixed rate; 3 month Euribor rate + 0.85%	22.50%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Cash Bonds Fixed to Floating Rate Notes Dec 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2009. From 3 December 2012 onwards up to redemption date, quarterly on 3 March, June, September and December	23% (1st coupon) fixed rate; 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Cash Bonds Fixed to Floating Rate Notes Dec 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2010. From 3 December 2012 onwards up to redemption date, quarterly on 3 March, June, September and December	23.5% (1st coupon) fixed rate; 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Cash Bonds Fund Linked to Floating Rate Notes Dec 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2011. From 3 December 2012 onwards up to redemption date, quarterly on 3 March, June, September and December	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Cash Bonds Equity Linked to Floating Rate Notes Dec 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2010. From 3 December 2012 onwards up to redemption date, quarterly on 3 March, June, September and December	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Schuldschein Loan "Caja Madrid" de USD 50 000 000	35 927	18.08.2005	18.08.2015	Quarterly, on 18 February, May, August and November	Fixed rate	5.15%	5.15%	For the last five years, Caixa with prior authorisation from the Bank of Portugal may redeem the loan early
Caixa Geral de Depósitos - € 100 000 000 5.980% 20 year lower tier	100 000	03.03.2008	03.03.2028	Yearly	Fixed rate	5.98%	-	N/A
Subordinated loans BPI	2 860	30.07.2008	30.07.2018	Quarterly, on 30 January, April, July and October	3 month Euribor rate + 3.00%	7.86%	-	Principal redemption term is 10 years. BCI will pay to CGD the entire amount of principal on 30 June 2018

26. OTHER LIABILITIES

This heading comprises the following:

	2008	2007
Creditors		
Consigned resources	1 802 839	1 755 154
Suppliers of finance leasing assets	27 987	34 261
Other suppliers	67 276	80 190
Resources - collateral account	96 581	37 830
Resources - subscription account	9 111	16 849
Resources - secured account	1 109	879
Other creditors:		
Creditors for direct insurance and reinsurance	247 071	324 411
Creditors for factoring ceded	33 749	42 922
Caixa Geral de Aposentações	16 218	176 852
Creditors for futures contracts	19 211	3 170
Creditors for operations on securities	754	1 538
Other	533 946	723 649
Other liabilities:		
Notes in circulation - Macau (Note 19)	251 514	198 410
Withholding taxes	69 193	61 522
Social Security contributions	11 696	16 384
Other taxes payable	24 719	15 970
Collections on behalf of third parties	2 296	1 718
Other	19 388	25 187
Accrued costs:		
Interest and similar costs	12 831	20 790
Staff costs		
Long service bonus - CGD (Note 37)	40 925	39 279
Other	173 911	164 840
General administrative costs	44 122	14 655
Other accrued costs	45 114	61 997
Deferred income:		
Other	80 783	97 541
Liabilities pending settlement	380 112	292 768
Stock exchange operations	6 312	10 955
	4 018 766	4 219 721

At 31 December 2008 and 2007 accrued staff costs included EUR 40 000 thousand relating to productivity bonuses payable to CGD’s employees.

At 31 December 2008 the “Resources – collateral account” heading includes EUR 65 430 thousand relating to deposits in CGD from several financial institutions in the scope of interest rate swap contracts.

At 31 December 2008, the conditions of the consigned resources were as follows:

Operation	Counterparty	Balance at 31.12.2008	Starting date	Maturity
Mid-Cap I revisable rate	European Investment Bank	100 000	29/11/2007	15/12/2022
KFW 300 Mio	KFW - Kreditanstalt für Wiederaufbau	300 000	07/04/2004	17/03/2014
KFW 250 Mio	KFW - Kreditanstalt für Wiederaufbau	250 000	22/11/2004	22/11/2013
CGD - Empréstimo Global XIII	European Investment Bank	75 000	12/10/2006	15/09/2026
CGD - Empréstimo Global XII	European Investment Bank	200 000	19/11/2004	15/09/2024
CGD Reabilitação Urbana	European Investment Bank	151 660	11/12/2003	15/12/2023
CGD Empréstimo Global XI	European Investment Bank	200 000	25/06/2003	15/06/2023
CGD Empréstimo Global X	European Investment Bank	186 667	21/11/2002	15/09/2022
CGD/BNU Global Loan IX	European Investment Bank	150 000	27/10/2000	15/09/2012
Framework Loan Agreement	CEB - Council of Europe Development Bank	100 000	11/12/2002	23/06/2014
Projecto Municipal Infra EG - III	European Investment Bank	3 609	18/04/1995	15/03/2010
Projecto Municipal Infra EG - III - B	European Investment Bank	9 110	14/11/1997	15/09/2012
CEB Pré-Escolar	CEB - Council of Europe Development Bank	55 776	07/04/2005	25/10/2012
Infraestruturas Municipais II	KFW - Kreditanstalt für Wiederaufbau	18 769	30/01/1991	31/12/2010
Operations carried out by BCI Moçambique		1 848		
Other		401		
		1 802 839		

At 31 December 2008 and 2007, CGD's consigned resources bore interest at the annual average rate of 4.46% and 4.24%, respectively.

27. SHARE CAPITAL

At 31 December 2008 CGD's share capital, made up of 700 000 000 shares of EUR 5 each, is totally held by the Portuguese State.

At 1 August 2008 CGD increased its share capital by EUR 400 000 thousand through the issue of 80 000 000 shares of EUR 5 each totally paid up in cash, as a result of a unanimous written deliberation of the shareholder.

The Shareholder's General Meeting held in April 2008 decided to distribute a dividend of EUR 0.49 per share out of net income for 2007 to the State, corresponding to a total of EUR 340 000 thousand. The remainder was transferred to the legal reserve (EUR 133 227 thousand), other reserves (EUR 137 865 thousand) and EUR 55 044 thousand to cover the negative balance of retained earnings.

At 31 December August 2007 CGD increased its share capital by EUR 150 000 thousand through the issue of 30 000 000 shares of EUR 5 each totally paid up in cash, as a result of a unanimous written deliberation of the shareholder.

The Shareholder's General Meeting held in April 2007 decided to distribute a dividend of EUR 0.44 per share out of net income for 2006 to the State, corresponding to a total of EUR 260 000 thousand. The remainder was transferred to the legal reserve (EUR 107 918 thousand), other reserves (EUR 117 488 thousand) and EUR 54 157 thousand to cover the negative balance of retained earnings.

28. RESERVES, RETAINED EARNINGS AND NET INCOME

At 31 December 2008 and 2007 this heading comprises the following:

	2008	2007
Fair value reserve, net of deferred tax	(873 304)	381 177
Other reserves and retained earnings		
- Legal reserve - CGD	708 391	575 164
- Other reserves	755 743	238 043
- Retained earnings	(222 265)	(309 383)
	1 241 869	503 824
Net income attributable to the shareholder of CGD	459 023	856 311
	827 588	1 741 312

In accordance with CGD's Articles of Association a minimum of 20% of annual net income must be transferred to the legal reserve. This reserve can only be used to cover accumulated losses or for capital increases.

The "Other reserves and retained earnings" heading includes the CGD's legal reserve amounting to EUR 708 391 thousand at 31 December 2008, and the legal reserves, free reserves and legal revaluation reserves of its subsidiaries and associates. The legal revaluation reserve can only be used to cover accumulated losses or for capital increases. CGD's reserves which are not distributable for this reason amounted to EUR 208 998 thousand at 31 December 2008, and were recorded in compliance with the following legislation:

	2008	2007
Tangible fixed assets:		
Decree-Law 219/82, of 2 June	31 515	32 157
Decree-Law 399 - G/84, of 28 December	18 850	19 469
Decree-Law 118 - B/86, of 27 May	27 017	28 439
Decree-Law 111/88, of 2 April	11 082	15 325
Decree-Law 49/91, of 25 January	31 270	39 836
Decree-Law 264/92, of 24 November	34 861	41 897
Decree-Law 31/98, of 11 February	53 680	61 181
Financial fixed assets	723	723
	208 998	241 027

In 2008 CGD transferred EUR 32 029 thousand to retained earnings relative to the balance of positive revaluations carried out in the scope of the joint sale of property to Fundo de Pensões do Pessoal da CGD.

The "Fair value reserve" reflects unrealised gains and losses in available-for-sale financial assets, net of the corresponding tax effect.

The currency translation reserve, which reflects the effect of translating the foreign currency financial statements of subsidiaries, is included in "Other reserves".

The net contribution of subsidiaries and branches to CGD's net income was determined as follows:

		2008	2007
Caixa Geral de Depósitos, S.A.			
Caixa Geral de Depósitos		461 017	605 909
New York Branch		(60 052)	895
London Branch		18 493	9 803
Madeira Offshore Financial Branch		17 018	8 516
Spain Branch		(10 195)	(2 843)
Cayman Branch		4 593	2 265
Timor Branch		2 766	854
Luxembourg Branch		449	421
France Branch		277	6 235
Monaco Branch		140	236
Zhuhai Branch		53	99
		434 560	632 393
Dividends received by CGD		(150 031)	(77 115)
	(A)	284 529	555 278
Contribution of subsidiaries to net income:			
Banco Nacional Ultramarino, S.A. (Macau)		38 104	36 281
Mercantile Bank Holdings, Ltd.		31 936	15 696
Caixa – Banco de Investimento, S.A. (a)		18 275	34 259
Banco Caixa Geral, S.A. (a)		15 934	10 813
CGD Macau		13 953	1 356
Caixa Seguros e Saúde, SGPS, S.A.(a)		12 347	162 447
Fundo de Capital de Risco – Grupo CGD		(12 043)	1 932
Banco Comercial e de Investimentos, S.A.R.L.		7 370	5 202
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.		5 227	4 642
Nostrum Mortgages (Fund and Plc)		(5 108)	6 886
Caixa Leasing e Factoring – IFIC, S.A.		4 594	10 608
Banco Comercial do Atlântico, S.A.		4 484	5 991
Caixagest - Técnicas de Gestão de Fundos, S.A.		4 298	7 908
Esegur – Empresa de Segurança, S.A.		1 058	1 708
Nostrum Consumer (Fund and Plc)		(392)	1 118
Other		3 906	(1 752)
	(B)	143 942	305 096
Contribution of associates to net income:			
REN – Rede Eléctrica Nacional, S.A.		26 963	7 528
SIBS – Sociedade Interbancária de Serviços, S.A.		1 730	1 816
Other		1 859	(13 407)
	(C)	30 552	(4 063)
Consolidated net income attributable to the shareholder of CGD		459 023	856 311

(a) Data taken from the consolidated financial statements

29. MINORITY INTEREST

Third party investments in subsidiary companies, by entity, are made up as follows:

	2008	2007
Caixa Geral Finance	600 000	600 749
Parcaixa, SGPS, S.A. (Note 3)	478 437	-
Banco Comercial e de Investimentos, S.A.R.L	26 129	20 275
Fundo de Investimento Imobiliário Fechado Saudeinvest	14 825	15 055
Banco Comercial do Altlântico, S.A.R.L.	8 664	7 187
Mercantile Bank Holdings, Ltd.	7 918	6 696
FCR Energias Renováveis - Caixa Capital	4 206	4 455
Banco Interatlântico, S.A.R.L.	2 572	2 121
Credip, IFIC, S.A.	2 124	2 031
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1 233	1 184
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	1 207	947
Banco Caixa Geral, S.A	1 044	1 005
Compal (Note 3)	-	23 331
Other	8 192	14 749
	1 156 550	699 785

Caixa Geral Finance is a company based on the Cayman Islands, with share capital of EUR 1 000. On 28 June 2004 the company issued non-voting preference shares totalling EUR 250 000 thousand. If it is decided to pay dividends, a quarterly dividend calculated on the basis of annual interest corresponding to the 3 month Euribor rate plus 0.8% up to 28 June 2014 and 1.8% as from that date, will be paid to the preference shareholders. Caixa Geral Finance may redeem the preference shares, in part or in full, as from 28 June 2014, at EUR 1 000 per share (nominal value), plus the dividend accrued since the last payment.

On 30 September 2005 Caixa Geral Finance issued non-voting preference shares totalling EUR 350,000 thousand. If it is decided to pay dividends, a quarterly dividend calculated on the basis of annual interest corresponding to the 3 month Euribor rate plus 0.77% up to 30 September 2015 and 1.77% as from that date, will be paid to the preference shareholders. Caixa Geral Finance may redeem the preference shares, in part or in full, as from 30 September 2015, at EUR 50 per share (nominal value), plus the dividend accrued since the last payment.

The proportion of consolidated net income attributable to minority shareholders for 2008 and 2007 is as follows:

	2008	2007
Caixa Geral Finance	34 493	29 932
Banco Comercial e de Investimentos, S.A.R.L.	7 087	6 749
Mercantile Bank Holdings, Ltd.	2 871	1 411
Banco Comercial do Atlântico, S.A.R.L.	2 927	3 776
Banco Interatlântico, S.A.R.L.	678	619
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	420	363
Other	(2 332)	(1 551)
	46 143	41 299

30. INTEREST AND SIMILAR INCOME AND COSTS

These headings are made up as follows:

	2008	2007
Interest and similar income		
Interest on loans and advances to domestic credit institutions	50 487	51 046
Interest on loans and advances to foreign credit institutions	166 811	193 886
Interest on domestic credit	3 544 598	2 860 677
Interest on foreign credit	356 962	306 778
Interest on overdue credit	57 001	59 039
Interest on financial assets held for trading		
- Derivatives	2 017 114	1 415 027
- Securities	89 859	165 071
Interest on financial assets at fair value through profit or loss	95 023	107 692
Interest on available-for-sale financial assets	303 576	98 683
Interest on hedging derivatives	288 556	242 624
Interest on held-to-maturity instruments	1	4
Interest on debtors and other applications	15 464	15 083
Interest on cash equivalents	57 224	47 226
Interest on loans and other amounts receivable	146 613	82 980
Other interest and similar income	10 186	137 890
Commissions received relating to amortised cost	82 496	86 899
Other	43 569	39 516
	7 325 539	5 910 121
Interest and similar costs		
Interest on deposits of		
- Central and local government	125 647	82 639
- Other residents	922 469	648 315
- Emigrants	80 197	63 255
- Other non-residents	147 773	130 913
- Fixed rate products - insurance	139 405	105 684
- Other	1 382	4 458
Interest on resources of foreign credit institutions	206 849	333 872
Interest on resources of domestic credit institutions	35 452	30 782
Interest on swaps	2 051 055	1 433 274
Interest on other trading liabilities	2 195	4 535
Interest on unsubordinated debt securities	864 649	608 873
Interest on hedging derivatives	365 252	282 025
Interest on subordinated liabilities	138 304	98 094
Other interest and similar costs	107 446	100 958
Commissions paid relating to amortised cost	16 455	13 841
Other	39 852	29 518
	5 244 381	3 971 036

31. INCOME FROM EQUITY INSTRUMENTS

This heading comprises the following:

	2008	2007
Portugal Telecom, SGPS, S.A.	47 550	34 290
EDP - Energias de Portugal, S.A.	25 497	19 208
ZON	21 807	10 267
Galp Energia, SGPS, S.A.	3 767	4 483
Unicre - Cartão Internacional de Crédito, S.A.	1 848	1 795
Cimpor	1 707	2 862
Fundo Margueira	1 139	1 902
Banco Comercial Português, S.A.	-	7 933
Other	16 936	10 156
	120 252	92 896

32. INCOME AND COSTS FROM SERVICES AND COMMISSIONS

These headings comprise the following:

	2008	**2007**
Income from services rendered and commissions:		
Payment means	184 528	160 124
Operations carried out on behalf of third parties	121 671	101 792
Credit operations	69 938	52 862
Assets management	61 681	80 711
Guarantees given	42 332	31 677
Operations on financial instruments	34 079	46 016
Mounting of operations	18 461	17 783
	532 690	490 965
Cost of services and commissions:		
Payment means	65 891	56 024
Services rendered by third parties	19 350	11 480
Operations on financial instruments	15 241	17 458
Other	13 427	11 085
	113 909	96 047

33. RESULTS FROM FINANCIAL OPERATIONS

This heading comprises the following:

	2008	2007
Result of foreign exchange operations:		
Revaluation of foreign exchange position	(9 227)	138 360
Result of financial assets and liabilities held for trading:		
Securities:		
Debt instruments	(18 436)	(169 984)
Equity instruments	(101 893)	(517)
Other	(36 931)	(6 559)
	(157 260)	(177 060)
Derivatives:		
Currency	(3 293)	(90 572)
Interest rate	119 890	(3 375)
Shares	145 514	(39 423)
Credit	(39 880)	(11 037)
Other	18 552	(4 743)
	240 783	(149 150)
	83 522	(326 210)
Result of other financial assets at fair value through profit or loss		
Debt instruments	12 668	(32 905)
Equity instruments	(98)	2 030
Other	(18 914)	11 084
Loans and other amounts receivable	-	(789)
	(6 345)	(20 579)
Result of available-for-sale financial assets:		
Debt instruments	2 236	(2 333)
Equity instruments (Note 8)		
REN (Note 16)	83 498	-
ADP - Águas de Portugal, SGPS S.A (Note 16)	72 401	-
Galp Energia	51 508	-
La Seda	(31 056)	-
EDP - Energias de Portugal, S.A.	22 904	175 623
Banco Comercial Português, S.A.	(16 365)	52 739
ZON	(13 648)	1 295
Compal (Note 3)	9 236	-
Euronext	-	25 037
Cimpor	-	16 722
Other	(11 877)	12 130
	166 601	283 546
Other securities	12 119	(11 139)
	180 956	270 074
Result of hedging operations:		
Interest rate swaps	324 244	(527 367)
Options	-	(55)
Value adjustments of hedged assets and liabilities	(327 097)	550 280
	(2 853)	22 857
Other	505	(167)
	246 559	84 336

34. OTHER NET OPERATING INCOME

This heading comprises the following:

	2008	2007
Other operating income:		
Rendering of miscellaneous services	40 680	33 015
Expense reimbursement	6 171	8 186
Gains on subsidiaries and associates	11 752	-
Operating lease instalments	2 605	7 185
Gains on non-financial assets:		
- Non-current assets held for sale (Note 12)	11 212	10 844
- Other tangible assets	63 931	3 832
- Investment property	10 161	8 163
- Other	795	913
Secondment of employees to Caixa Geral de Aposentações	12 376	13 006
Sale of cheques	12 338	14 791
Compal (Note 3)	9 816	-
Other	93 150	76 692
	274 985	176 627
Other operating costs:		
Donations and subscriptions	8 905	9 674
Losses on non-financial assets:		
- Non-current assets held for sale (Note 12)	443	571
- Other tangible assets	427	974
- Other	2 317	580
Other taxes	19 858	16 515
Contribution to the Deposit Guarantee Fund	11 287	10 628
Fines and penalties	1 083	1 205
Result on discontinued operations - Compal (Note 12)	-	7 062
Other	51 201	40 587
	95 521	87 795
	179 464	88 832

The heading "Gains on non-financial assets – Investment property" for 2008 includes EUR 58 983 thousand relative to capital gains on the sale of property to Fundo de Pensões do Pessoal da CGD (Note 14).

35. TECHNICAL MARGIN ON INSURANCE OPERATIONS

35.1. PREMIUMS, NET OF REINSURANCE

This caption for the years 2008 and 2007 is made up as follows:

	2008	2007
Caixa Seguros		
Direct insurance and inwards reinsurance		
Gross premiums written		
- Life insurance	1 002 465	967 319
- Non-life insurance	1 359 745	1 433 673
Outwards reinsurance premiums	(185 323)	(183 452)
	2 176 887	2 217 540
Other	36 818	25 226
	2 213 705	2 242 766

Earned premiums, net of reinsurance, issued by Caixa Seguros, are made up as follows:

	2008			2007		
	Direct insurance and inwards reinsurance	Outwards reinsurance	Net	Direct insurance and inwards reinsurance	Outwards reinsurance	Net
Life insurance:						
- Insurance contacts						
. Without profit sharing	158 047	(19 067)	138 980	114 621	(18 522)	96 099
. With profit sharing	59 052	(1 568)	57 484	59 224	(2 746)	56 478
- Investment contracts with discretionary profit sharing	785 366	(1)	785 365	793 474	(4)	793 470
	1 002 465	(20 636)	981 829	967 319	(21 272)	946 047
Non-life insurance:						
Gross premiums written						
Labour accident	222 711	(1 150)	221 561	235 754	(1 218)	234 536
Personal and passenger accidents	52 971	(14 886)	38 085	47 590	(10 989)	36 601
Health	170 759	(3 118)	167 641	167 262	(4 127)	163 135
Fire and other damage	236 825	(97 285)	139 540	234 793	(95 485)	139 308
Motor	572 763	(2 454)	570 309	633 057	(1 596)	631 461
Marine, air and transport	34 762	(26 849)	7 913	38 137	(29 149)	8 988
General third party liability	34 833	(10 543)	24 290	34 349	(9 862)	24 487
Credit and guarantees	681	(194)	487	570	(82)	488
Legal protection	4 725	(70)	4 655	7 430	-	7 430
Assistance	11 956	(71)	11 885	21 914	(1 761)	20 153
Miscellaneous	16 759	(8 067)	8 692	12 817	(7 911)	4 906
	1 359 745	(164 687)	1 195 058	1 433 673	(162 180)	1 271 493
Total premiums, net of reinsurance	2 362 210	(185 323)	2 176 887	2 400 992	(183 452)	2 217 540
Change in provision for unearned premiums						
Labour accident	221	(12)	209	1 013	(23)	990
Personal and passenger accidents	(2 272)	307	(1 965)	(852)	4 072	3 220
Health	1 304	315	1 619	(8 239)	838	(7 401)
Fire and other damage	963	3 828	4 791	(17)	1 798	1 781
Motor	25 094	(237)	24 857	23 359	20	23 379
Marine, air and transport	726	(811)	(85)	(931)	1 453	522
General third party liability	(1 243)	859	(384)	167	178	345
Credit and guarantees	14	(3)	11	5	36	41
Legal protection	1 924	13	1 937	27	(104)	(77)
Assistance	1 120	77	1 197	(811)	(274)	(1 085)
Miscellaneous	(1)	737	736	32	(25)	7
	27 850	5 073	32 923	13 753	7 969	21 722
Premiums earned:						
Labour accident	222 932	(1 162)	221 770	236 767	(1 240)	235 527
Personal and passenger accidents	50 699	(14 579)	36 120	46 738	(6 918)	39 820
Health	172 063	(2 803)	169 260	159 023	(3 290)	155 733
Fire and other damage	237 788	(93 457)	144 331	234 776	(93 687)	141 089
Motor	597 857	(2 691)	595 166	656 416	(1 576)	654 840
Marine, air and transport	35 488	(27 660)	7 828	37 205	(27 696)	9 509
General third party liability	33 590	(9 684)	23 906	34 517	(9 683)	24 834
Credit and guarantees	695	(197)	498	576	(46)	530
Legal protection	6 649	(57)	6 592	7 457	(104)	7 353
Assistance	13 076	6	13 082	21 103	(2 035)	19 068
Miscellaneous	16 758	(7 330)	9 428	12 849	(7 936)	4 913
	1 387 595	(159 614)	1 227 981	1 447 427	(154 211)	1 293 216
Total	2 390 060	(180 250)	2 209 810	2 414 746	(175 483)	2 239 263

The changes in the provision for unearned premiums are recorded in the “Cost of claims – change in other technical provisions” heading (Note 35.3).

35.2 RESULT OF INVESTMENTS RELATING TO INSURANCE CONTRACTS

This caption for 2008 and 2007 is made up as follows:

	2008			2007		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Interest	172 960	65 674	238 634	154 677	65 142	219 819
Dividends	20 679	6 659	27 338	22 685	7 722	30 407
Net realised capital gains and losses	4 353	8 728	13 081	21 992	18 588	40 580
Net unrealised capital gains and losses	(47 886)	(23 986)	(71 872)	-	-	-
Other	526	19 385	19 911	235	19 786	20 021
	150 632	76 460	227 092	199 589	111 238	310 827

35.3 COST OF CLAIMS, NET OF REINSURANCE

Following is a breakdown of this heading for the years 2008 and 2007:

	2008			2007		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Caixa Seguros						
Direct insurance and inwards reinsurance						
Claims paid	1 465 410	880 480	2 345 890	1 130 249	883 905	2 014 154
Change in provision for claims	13 951	(42 074)	(28 123)	40 825	25 426	66 251
	1 479 361	838 406	2 317 767	1 171 074	909 331	2 080 405
Provision for profit sharing	12 449	95	12 544	52 258	94	52 352
Change in other technical provisions	(420 377)	5 309	(415 068)	(166 392)	(5 239)	(171 631)
	1 071 433	843 810	1 915 243	1 056 940	904 186	1 961 126
Balance of outwards reinsurance	(9 242)	(102 336)	(111 578)	(10 337)	(84 653)	(94 990)
Sub-total Caixa Seguros	1 062 191	741 474	1 803 665	1 046 603	819 533	1 866 136
Other	-	1 917	1 917	-	2 312	2 312
	1 062 191	743 391	1 805 582	1 046 603	821 845	1 868 448

The cost of claims relating to Caixa Seguros non-life insurance operations, by type of insurance, is made up as follows:

	2008					
	Claims paid	Change in provision for claims	Sub-total	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Labour accident	124 902	36 181	161 083	4 095	-	165 178
Personal and passenger accidents	22 561	1 019	23 580	(45)	28	23 563
Health	142 906	(1 852)	141 054	(1 542)	-	139 512
Fire and other damage	119 046	(4 329)	114 717	3 752	-	118 469
Motor	396 900	(93 434)	303 466	(988)	-	302 478
Marine, air and transport	8 657	1 080	9 737	4	-	9 741
General third party liability	17 006	(794)	16 212	(891)	-	15 321
Credit and guarantees	(44)	(402)	(446)	(55)	-	(501)
Legal protection	647	1 001	1 648	-	-	1 648
Assistance	30 017	3 874	33 891	258	67	34 216
Miscellaneous	17 882	15 582	33 463	721	-	34 183
	880 480	(42 074)	838 405	5 309	95	843 810
Outwards reinsurance:						
Labour accident	(2 496)	(67)	(2 563)	-	-	(2 563)
Personal and passenger accidents	(3 157)	(278)	(3 435)	-	-	(3 435)
Health	(166)	(2 956)	(3 122)	485	-	(2 637)
Fire and other damage	(54 109)	856	(53 253)	-	-	(53 253)
Motor	(4 056)	3 030	(1 026)	-	-	(1 026)
Marine, air and transport	(4 691)	(4 194)	(8 885)	-	-	(8 885)
General third party liability	(4 505)	(3 527)	(8 032)	-	-	(8 032)
Credit and guarantees	(73)	(6)	(79)	-	-	(79)
Legal protection	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	(8 593)	(13 833)	(22 426)	-	-	(22 426)
	(81 846)	(20 975)	(102 821)	485	-	(102 336)
Net:						
Labour accident	122 406	36 114	158 520	4 095	-	162 615
Personal and passenger accidents	19 404	741	20 145	(45)	28	20 128
Health	142 740	(4 808)	137 932	(1 057)	-	136 875
Fire and other damage	64 937	(3 473)	61 464	3 752	-	65 216
Motor	392 844	(90 404)	302 440	(988)	-	301 452
Marine, air and transport	3 966	(3 114)	852	4	-	856
General third party liability	12 501	(4 321)	8 180	(891)	-	7 289
Credit and guarantees	(117)	(408)	(525)	(55)	-	(580)
Legal protection	647	1 001	1 648	-	-	1 648
Assistance	30 017	3 874	33 891	258	67	34 216
Miscellaneous	9 289	1 749	11 037	721	-	11 757
	798 634	(63 049)	735 584	5 794	95	741 474

	2007					
	Claims paid	Change in provision for claims	Sub-total	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Labour accident	146 003	54 877	200 880	(32)	-	200 848
Personal and passenger accidents	12 334	1 990	14 324	(279)	86	14 131
Health	161 824	7 781	169 605	(885)	-	168 720
Fire and other damage	102 894	(15 157)	87 737	4	-	87 741
Motor	403 633	(25 287)	378 346	(3 649)	-	374 697
Marine, air and transport	7 957	2 090	10 047	(145)	-	9 902
General third party liability	12 362	(3 410)	8 952	(323)	-	8 629
Credit and guarantees	(39)	(825)	(864)	55	-	(809)
Legal protection	732	914	1 646	(95)	8	1 559
Assistance	28 080	831	28 911	(361)	-	28 550
Miscellaneous	8 125	1 622	9 747	471	-	10 218
	883 905	25 426	909 331	(5 239)	94	904 186
Outwards reinsurance:						
Labour accident	-	(1 633)	(1 633)	-	-	(1 633)
Personal and passenger accidents	(1 278)	(1 888)	(3 166)	-	-	(3 166)
Health	(41 190)	3	(41 187)	-	-	(41 187)
Fire and other damage	(36 501)	8 429	(28 072)	-	-	(28 072)
Motor	(5 347)	5 971	624	-	-	624
Marine, air and transport	(5 280)	(91)	(5 371)	-	-	(5 371)
General third party liability	(3 332)	804	(2 528)	-	-	(2 528)
Credit and guarantees	(87)	472	385	-	-	385
Legal protection	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	(3 721)	16	(3 705)	-	-	(3 705)
	(96 736)	12 083	(84 653)	-	-	(84 653)
Net:						
Labour accident	146 003	53 244	199 247	(32)	-	199 215
Personal and passenger accidents	11 056	102	11 158	(279)	86	10 965
Health	120 634	7 784	128 418	(885)	-	127 533
Fire and other damage	66 393	(6 728)	59 665	4	-	59 669
Motor	398 286	(19 316)	378 970	(3 649)	-	375 321
Marine, air and transport	2 677	1 999	4 676	(145)	-	4 531
General third party liability	9 030	(2 606)	6 424	(323)	-	6 101
Credit and guarantees	(126)	(353)	(479)	55	-	(424)
Legal protection	732	914	1 646	(95)	8	1 559
Assistance	28 080	831	28 911	(361)	-	28 550
Miscellaneous	4 404	1 638	6 042	471	-	6 513
	787 169	37 509	824 678	(5 239)	94	819 533

Information on the development of the cost of claims for insurance products in which the amount and timing of the payments are uncertain and where this uncertainty is usually not eliminated within a year, is set out in the following tables:

Type of insurance: **Labour accident**

Accumulated amounts									
Accounting year	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Total**
2001	161 384	-	-	-	-	-	-	-	161 384
2002	189 831	130 420	-	-	-	-	-	-	320 251
2003	199 621	142 655	142 469	-	-	-	-	-	484 745
2004	201 435	153 668	143 255	197 014	-	-	-	-	695 372
2005	207 368	161 276	155 076	182 114	172 376	-	-	-	878 210
2006	213 686	162 666	160 052	195 728	193 813	171 468	-	-	1 097 413
2007	216 086	171 215	164 710	199 531	193 324	186 491	179 194	-	1 310 551
2008	**215 044**	**175 879**	**169 013**	**199 393**	**195 103**	**189 002**	**179 290**	**190 399**	**1 513 123**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	202 572
- Claims from previous years	6 931
- Costs charged to claims settlement	(51 403)
- Costs with claims of inwards reinsurance	2 984
	161 084

Accumulated payments made to-date

2008	**158 224**	**147 904**	**153 945**	**153 515**	**154 213**	**143 579**	**108 309**	**73 076**	**1 092 765**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2008	**38 936**	**45 601**	**44 637**	**74 938**	**44 184**	**46 262**	**67 087**	**118 652**	**480 297**

Provision for claims prior to 2001	304 849
Total direct insurance	785 146
Provision for claims of inwards reinsurance	15 845
Total	**800 991**

Type of insurance: Fire and other damage

Accumulated amounts / Accounting year	2001	2002	2003	2004	2005	2006	2007	2008	Total
2001	145 524	-	-	-	-	-	-	-	145 524
2002	148 552	80 450	-	-	-	-	-	-	229 002
2003	148 756	85 868	82 113	-	-	-	-	-	316 737
2004	146 306	87 491	82 036	111 921	-	-	-	-	427 754
2005	145 862	87 737	85 556	112 070	94 631	-	-	-	525 856
2006	145 851	85 815	83 938	110 019	96 767	84 220	-	-	606 610
2007	147 755	89 740	80 636	111 927	103 217	88 676	86 044	-	707 995
2008	**146 858**	**90 471**	**80 935**	**110 549**	**102 111**	**83 468**	**87 971**	**132 778**	**835 141**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	127 145
- Claims from previous years	(1 392)
- Costs charged to claims settlement	(10 996)
- Costs with claims of inwards reinsurance	(40)
	114 717

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**139 571**	**92 434**	**79 722**	**109 301**	**75 060**	**95 472**	**75 784**	**84 015**	**751 359**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**4 359**	**3 874**	**5 394**	**5 867**	**10 184**	**9 612**	**12 208**	**50 121**	**101 619**

Provision for claims prior to 2001	14 134
Total direct insurance	115 753
Provision for claims of inwards reinsurance	6 768
Total	**122 521**

Type of insurance: Motor

Accumulated amounts / Accounting year	2001	2002	2003	2004	2005	2006	2007	2008	Total
2001	563 211	-	-	-	-	-	-	-	563 211
2002	580 703	576 632	-	-	-	-	-	-	1 157 335
2003	624 281	600 484	550 502	-	-	-	-	-	1 775 267
2004	640 082	630 630	564 933	554 251	-	-	-	-	2 389 896
2005	637 346	643 504	579 156	536 454	498 157	-	-	-	2 894 617
2006	638 812	641 486	587 860	543 465	491 652	438 945	-	-	3 342 220
2007	652 577	605 102	583 395	548 256	492 711	431 929	417 514	-	3 731 484
2008	**607 099**	**642 737**	**579 115**	**533 898**	**483 104**	**425 696**	**399 699**	**407 495**	**4 078 843**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	347 358
- Claims from previous years	(7 067)
- Costs charged to claims settlement	(47 064)
- Costs with claims of inwards reinsurance	10 239
	303 466

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**598 530**	**578 733**	**519 052**	**459 725**	**409 255**	**363 270**	**292 175**	**221 074**	**3 441 814**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**45 886**	**69 729**	**71 850**	**85 480**	**74 789**	**79 957**	**108 776**	**195 751**	**732 218**

Provision for claims prior to 2001	80 554
Total direct insurance	812 772
Provision for claims of inwards reinsurance	25 429
Total	**838 201**

Type of insurance: Marine and transport

Accumulated amounts									
Accounting year	2001	2002	2003	2004	2005	2006	2007	2008	Total
2001	4 336	-	-	-	-	-	-	-	4 336
2002	4 840	4 371	-	-	-	-	-	-	9 211
2003	4 927	4 168	2 546	-	-	-	-	-	11 641
2004	4 729	3 290	2 439	2 514	-	-	-	-	12 972
2005	4 650	3 385	2 527	2 739	3 810	-	-	-	17 111
2006	4 637	3 347	2 307	2 408	3 878	2 329	-	-	18 906
2007	4 641	3 054	2 019	2 577	3 871	2 658	3 654	-	22 474
2008	**4 353**	**2 406**	**1 992**	**2 864**	**3 904**	**2 501**	**3 852**	**2 148**	**24 020**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	1 546
- Claims from previous years	(268)
- Costs charged to claims settlement	161
- Costs with claims of inwards reinsurance	(30)
	1 409

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**4 142**	**3 072**	**2 961**	**2 543**	**3 610**	**2 042**	**3 117**	**671**	**22 158**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**53**	**49**	**183**	**505**	**441**	**459**	**735**	**1 477**	**3 902**

Provision for claims prior to 2001	563
Total direct insurance	4 465
Provision for claims of inwards reinsurance	719
Total	**5 184**

Type of insurance: Air

Accumulated amounts									
Accounting year	2001	2002	2003	2004	2005	2006	2007	2008	Total
2001	1 080	-	-	-	-	-	-	-	1 080
2002	1 269	686	-	-	-	-	-	-	1 955
2003	1 316	719	607	-	-	-	-	-	2 642
2004	1 216	672	1 111	3 117	-	-	-	-	6 116
2005	1 065	667	4 379	2 735	2 506	-	-	-	11 352
2006	999	562	4 368	22 813	2 369	883	-	-	31 994
2007	999	432	4 244	23 807	2 250	985	454	-	33 171
2008	**870**	**563**	**4 546**	**29 010**	**2 249**	**1 037**	**446**	**457**	**39 178**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	6 008
- Claims from previous years	(834)
- Costs charged to claims settlement	27
- Costs with claims of inwards reinsurance	11
	5 212

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**1 101**	**1 023**	**4 885**	**3 131**	**1 573**	**960**	**334**	**129**	**13 136**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**2**	**0**	**302**	**26 138**	**872**	**94**	**113**	**332**	**27 853**

Provision for claims prior to 2001	12 098
Total direct insurance	39 951
Provision for claims of inwards reinsurance	3 646
Total	**43 597**

Type of insurance: Transport of goods

Accumulated amounts									
Accounting year	2001	2002	2003	2004	2005	2006	2007	2008	Total
2001	7 026	-	-	-	-	-	-	-	7 026
2002	8 954	6 685	-	-	-	-	-	-	15 639
2003	8 901	8 118	4 893	-	-	-	-	-	21 912
2004	8 762	7 030	4 320	4 796	-	-	-	-	24 908
2005	8 455	6 876	4 536	5 039	4 272	-	-	-	29 178
2006	8 580	6 737	4 620	4 934	4 865	3 979	-	-	33 715
2007	8 702	5 474	4 527	4 999	4 623	4 597	5 643	-	38 565
2008	**7 603**	**6 415**	**4 419**	**4 785**	**4 683**	**4 899**	**5 452**	**4 524**	**42 780**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	4 211
- Claims from previous years	(1 564)
- Costs charged to claims settlement	447
- Costs with claims of inwards reinsurance	22
	3 116

Accumulated payments made to-date

2008	**8 163**	**6 960**	**5 210**	**4 853**	**4 160**	**3 760**	**4 731**	**1 365**	**39 202**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2008	**132**	**203**	**285**	**211**	**567**	**1 142**	**736**	**3 161**	**6 437**

Provision for claims prior to 2001	474
Total direct insurance	6 911
Provision for claims of inwards reinsurance	209
Total	**7 120**

Type of insurance: General third party liability

Accumulated amounts									
Accounting year	2001	2002	2003	2004	2005	2006	2007	2008	Total
2001	13 397	-	-	-	-	-	-	-	13 397
2002	15 961	12 802	-	-	-	-	-	-	28 763
2003	18 674	19 174	11 948	-	-	-	-	-	49 796
2004	21 878	17 817	28 066	13 042	-	-	-	-	80 803
2005	22 198	19 145	32 492	16 643	13 576	-	-	-	104 054
2006	18 762	19 753	21 360	16 073	14 563	13 613	-	-	104 124
2007	18 758	18 891	21 729	17 622	14 401	16 350	9 615	-	117 366
2008	**18 821**	**18 602**	**21 721**	**18 092**	**13 507**	**17 811**	**14 104**	**10 805**	**133 463**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	16 097
- Claims from previous years	(582)
- Costs charged to claims settlement	(1 063)
- Costs with claims of inwards reinsurance	1 761
	16 213

Accumulated payments made to-date

2008	**17 037**	**14 368**	**13 796**	**15 153**	**8 749**	**11 350**	**8 091**	**3 337**	**91 881**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2008	**5 744**	**5 014**	**7 635**	**5 011**	**6 078**	**6 619**	**6 318**	**8 070**	**50 489**

Provision for claims prior to 2001	17 468
Total direct insurance	67 957
Provision for claims of inwards reinsurance	36 323
Total	**104 280**

Type of insurance: Miscellaneous financial losses

Accumulated amounts — Accounting year	2001	2002	2003	2004	2005	2006	2007	2008	Total
2001	1 960	-	-	-	-	-	-	-	1 960
2002	2 062	2 207	-	-	-	-	-	-	4 269
2003	2 096	2 294	4 783	-	-	-	-	-	9 173
2004	2 159	2 385	4 340	7 095	-	-	-	-	15 979
2005	2 111	2 470	4 593	7 533	2 926	-	-	-	19 633
2006	2 014	2 438	4 424	7 328	4 189	5 079	-	-	25 472
2007	2 019	2 450	4 346	7 796	4 173	6 005	8 953	-	35 742
2008	**2 016**	**2 451**	**4 352**	**7 738**	**4 216**	**6 192**	**9 745**	**32 351**	**69 061**

Cost of claims recorded in 2008:

- Claims from 2001 to 2008	33 318
- Claims from previous years	(1 318)
- Costs charged to claims settlement	657
- Costs with claims of inwards reinsurance	862
	33 519

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**2 014**	**2 296**	**5 328**	**8 015**	**4 135**	**5 248**	**8 233**	**14 626**	**49 895**

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	2008	Total
2008	**66**	**3**	**7**	**2**	**94**	**945**	**1 537**	**17 750**	**20 404**

Provision for claims prior to 2001	81
Total direct insurance	20 485
Provision for claims of inwards reinsurance	644
Total	**21 129**

The change in provision for claims in the heading "Cost of claims net of reinsurance" in the income statement has, as its main corresponding entry, the provision for claims included in the liability heading "Technical provisions of insurance contracts". However, some operations are recognised in other balance sheet items, namely through reimbursements of claims reflected in other assets. Therefore, the changes in provisions for claims in the balance sheet and income statement do not coincide.

The cost of life insurance claims of Caixa Seguros for 2008 and 2007, by type of insurance, is made up as follows:

	2008					
	Claims paid	Change in provision for claims	Sub-total	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
- Insurance contracts						
without profit sharing	43 002	10 307	53 310	30 161	-	83 471
with profit sharing	36 556	3 896	40 453	(2 676)	7 720	45 496
- Investment contracts with						
discretionary profit sharing	1 385 852	(252)	1 385 599	(447 862)	4 728	942 466
	1 465 410	13 951	1 479 361	(420 377)	12 448	1 071 433
Outwards reinsurance:						
- Insurance contracts						
without profit sharing	(6 858)	670	(6 188)	113	-	(6 076)
with profit sharing	(2 878)	(585)	(3 463)	288	-	(3 176)
- Investment contracts with						
discretionary profit sharing	-	2	2	7	-	9
	(9 736)	87	(9 649)	407	-	(9 242)
Net:						
- Insurance contracts						
without profit sharing	36 144	10 977	47 121	30 274	-	77 395
with profit sharing	33 678	3 311	36 989	(2 389)	7 720	42 321
- Investment contracts with						
discretionary profit sharing	1 385 852	(250)	1 385 602	(447 855)	4 728	942 475
	1 455 674	14 038	1 469 712	(419 969)	12 448	1 062 191

	2007					
	Claims paid	Change in provision for claims	Sub-total	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
- Insurance contracts						
without profit sharing	32 537	203	32 740	5 161	-	37 901
with profit sharing	35 570	17 969	53 539	(8 267)	5 852	51 124
- Investment contracts with						
discretionary profit sharing	1 062 142	22 653	1 084 795	(163 286)	46 406	967 915
	1 130 249	40 825	1 171 074	(166 392)	52 258	1 056 940
Outwards reinsurance:						
- Insurance contracts						
without profit sharing	(5 647)	281	(5 366)	(506)	-	(5 872)
with profit sharing	(2 796)	(1 818)	(4 614)	159	-	(4 455)
- Investment contracts with						
discretionary profit sharing	-	(3)	(3)	(7)	-	(10)
	(8 443)	(1 540)	(9 983)	(354)	-	(10 337)
Net:						
- Insurance contracts						
without profit sharing	26 890	484	27 374	4 655	-	32 029
with profit sharing	32 774	16 151	48 925	(8 108)	5 852	46 669
- Investment contracts with						
discretionary profit sharing	1 062 142	22 650	1 084 792	(163 293)	46 406	967 905
	1 121 806	39 285	1 161 091	(166 746)	52 258	1 046 603

35.4 COMMISIONS AND OTHER INCOME AND COSTS RELATING TO INSURANCE OPERATIONS

This heading for the years 2008 and 2007 is made up as follows:

	2008			2007		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Technical income:						
Commissions:						
Outwards reinsurance	11 578	27 017	38 595	4 258	25 814	30 072
Co-insurance management charges	129	1 115	1 244	224	996	1 220
Pensions Funds management charges	74	-	74	66	-	66
Other technical income						
Other technical income	-	2 250	2 250	15	1 084	1 099
	11 781	30 382	42 163	4 563	27 894	32 457
Technical costs:						
Commissions:						
Direct insurance operations:						
- Mediation and brokerage charge	(6 946)	(119 118)	(126 064)	(1 267)	(129 020)	(130 287)
- Collection charges	(113)	(10 250)	(10 363)	(128)	(10 802)	(10 930)
- Other	(1 277)	(7 763)	(9 040)	-	-	-
Inwards reinsurance operations	-	(12 112)	(12 112)	-	(7 548)	(7 548)
Co-insurance management charges	(7)	(676)	(683)	(18)	(602)	(620)
Other technical costs						
Provision for premiums receivable	(490)	5 938	5 448	(326)	5 227	4 901
Taxes specific to the insurance business	(1 252)	(9 734)	(10 986)	(1 083)	(24 542)	(25 625)
Other	(12)	(2)	(14)	(22)	(31)	(53)
	(10 097)	(153 717)	(163 814)	(2 844)	(167 318)	(170 162)
Other	-	-	1 392	-	-	1 805
	1 684	(123 335)	(120 259)	1 719	(139 424)	(135 900)

36. STAFF COSTS

This heading is made up as follows:

	2008	2007
Remuneration of the management and supervisory bodies	14 026	12 230
Remuneration of the staff	720 533	693 946
Provision for suspension of labour agreements (Note 37)	140	1 725
	734 699	707 901
Other charges relating to remuneration	64 106	60 042
Healthcare - CGD		
- Normal cost (Note 37)	30 948	28 156
- Contributions relating to current staff	29 532	29 129
- Amortisation of deviations exceeding the corridor (Note 37)	4 684	4 012
Pension liability - CGD (Note 37)		
- Normal cost	69 654	61 504
- Retirements before the normal retirement age (Note 37)	1 247	143
Other pension costs		
Caixa Seguros		
- Normal cost	1 399	2 547
- Other	237	4 487
Other	8 182	5 056
Other mandatory social charges	22 213	18 328
	232 201	213 404
Other staff costs	36 910	20 911
	1 003 810	942 217

The heading "Remuneration of the staff" for 2008 and 2007 includes EUR 40 000 thousand relating to the provision for profit participation by CGD's employees.

The average number of employees of Caixa and subsidiaries in 2008 and 2007, by function, was as follows:

	31.12.2008			31.12.2007		
	Banking	Insurance	Group	Banking	Insurance	Group
Senior management	313	208	521	285	230	515
Management	2 720	544	3 264	2 399	836	3 235
Technical staff	3 764	1 504	5 268	3 810	1 293	5 103
Administrative staff	7 629	2 042	9 671	7 236	1 759	8 995
Auxiliary	1 282	341	1 623	1 183	299	1 482
	15 707	4 639	20 345	14 913	4 417	19 330
Number of employees at the end of the year	16 168	4 629	20 797	16 034	4 456	20 490

These numbers at 31 December 2008 and 2007 do not include staff employed by the Support Department of Caixa Geral de Aposentações (295 in 2008 and 299 in 2007), those assigned to CGD's Social Services (72 in 2008 and 2007) and those on secondment abroad (78 in 2008 and 82 in 2007).

37. RETIREMENT PENSIONS AND OTHER LONG TERM BENEFITS

37.1 Retirement pensions and post retirement death grants

Liabilities for CGD employees

In accordance with article 39 of Decree-Law 48 953 of 5 April 1969 and Decree-Law 161/92 of 1 August, CGD was responsible for the payment of retirement pensions for sickness, disability and old age and survivors' pensions to employees hired as from 1 January 1992. Caixa Geral de Aposentações ("CGA") was responsible for the payment of survivors' pensions to employees hired prior to 1 January1992. For this purpose 2.5% of the remuneration of these employees is discounted and paid to CGA.

In addition, in accordance with the Vertical Labour Collective Agreement in force for the banking sector, the former BNU had the commitment to grant pensions to its employees for early retirement and retirement due to age, disability and survivors' pensions. These payments comprised a percentage, which increased in line with the number of years of employment, applied to wage scales negotiated annually with the bank employees' unions. In 2001, following the merger of BNU into CGD, BNU's pension liability was transferred to CGD. Therefore, the former employees of BNU in service at the date of the merger became covered by the pension and benefits plan in force in CGD. As regards retired personnel and pensioners of BNU at the date of the merger, the pension plan in force on the date of their retirement remains applicable.

Under Decree Laws 240-A/2004 of 29 December and 241-A/2004 of 30 December, on 30 November 2004 the full amount of the retirement pension liability of Caixa's employees, relating to time of service up to 31 December 2000, totalling EUR 2 510 043 thousand, was transferred to CGA. This transfer also included the liability for death grants after normal retirement age, in respect of the above mentioned time of service.

Accordingly, Caixa's pensions liability at 31 December 2008 and 2007 is as follows:

- Liability relating to current employees for time of service after 31 December 2000;
- In the case of employees retired between 1 January 2001 and 31 December 2008 the part of the liability corresponding to the time of service in that period;
- Liability for retirement pensions and respective survivors' pensions of former BNU employees, already under payment at the date of the merger;
- Liability for death grants relating to the period of service after 31 December 2000.

Pension payments are based on the number of years of service of the employees and their respective remuneration on their retirement date, and are updated in line with the wages paid to current employees.

Caixa set up a pension fund in December 1991, to which it makes the necessary contributions to cover its pension liability. Under the regime applicable to Caixa, employees contribute the following percentages of their remuneration to the pension fund:

-	Employees hired prior to 1 January 1992	7.5%
-	Employees hired after 1 January 1992	10.0%

The full amount contributed by the employees hired after 1 January 1992 is paid to the pension fund, as the fund is responsible for the respective survivors' pension regime.

The transfer of liabilities to CGA implied the transfer of an equivalent amount of assets from the pension fund.

Liability relating to employees of Companhia de Seguros Fidelidade – Mundial, S.A. and Império Bonança – Companhia de Seguros, S.A.

In compliance with the terms of the collective labour agreement in force for the insurance sector, Fidelidade - Mundial and Império Bonança have assumed the commitment to grant their employees hired prior to June 1995 supplementary pensions to those granted by the Social Security. These supplementary pensions vary based on the employee's remuneration, social security contributions and, in case of disability, the seniority in the insurance business.

In addition, Império Bonança:

- undertook between 1999 and 2005, to grant employees, who are in early retirement, the payment of a life pension corresponding to the difference between 80% of the last remuneration and the amount paid by the Social Security services.
- undertook the commitment to extend the benefits included in the collective labour agreement to the employees hired up to June 2005 and, on the other hand, to grant to the beneficiaries of the Pension Fund, the additional benefits guaranteed under the supplementary plan in force in the Millenniumbcp Group, of which the company was a member up to 31 January 2005. The liability relating to the supplementary plan is covered by the respective pension fund.

Determination of liabilities

Actuarial calculations have been made by specialised entities to determine the liability for retirement pensions under payment and for past services of current employees as at 31 December 2008 and 2007.

The assumptions and technical bases used in respect of CGD and the Group insurance companies were as follows:

	2008		2007	
	CGD	Caixa Seguros	CGD	Caixa Seguros
Actuarial method	Projected Unit Credit		Projected Unit Credit	
Mortality table				
. Men	TV 73/77		TV 73/77	
. Women	TV 88/90		TV 88/90	
Disability table	EKV 80		EKV 80	
Discount rate	5.75%	5.75%	5.00%	4.75%
Yield of funds assets	5.25%	4.55%	5.25%	4.75%
Salary growth rate	3.50%	3.00%	3.00%	3.00%
Pension growth rate	2.50%	1.00%	2.50%	1.00%
Turnover rate:				
. Under 30 years old	5%	n/a	5%	n/a
. Between 30 and 40 years old	1%	n/a	1%	n/a
. Older than 40 years	0%	n/a	0%	n/a

In the studies relating to CGD, for 2008 and 2007, the normal retirement age was considered to be 60 years of age.

Following is a comparison between the actuarial and financial assumptions used to determine CGD's pension costs for 2008 and 2007 and the actual amounts:

	2008		2007	
	Assumptions	Actual	Assumptions	Actual
Yield of fund assets	5.25%	-6.97%	5.25%	4.96%
Salary growth rate	3.50%	3.69%	3.00%	4.77%
Pension growth rate	2.50%	2.65%	2.50%	2.77%

The Group's past service liability in accordance with the actuarial calculations and the funds and provisions available to cover them at 31 December 2008 and 2007 are as follows:

	2008				2007			
	CGD	Caixa Seguros	Other	Total	CGD	Caixa Seguros	Other	Total
Past service liability:								
Current employees	746 831	38 586	21 074	806 491	717 616	36 217	19 817	773 650
Retired and early retired employees	390 350	198 879	15 557	604 786	388 813	212 317	14 423	615 553
	1 137 181	237 464	36 631	1 411 277	1 106 429	248 534	34 240	1 389 203
Autonomous pension funds	1 137 181	143 123	667	1 280 972	1 106 441	156 415	710	1 263 566
Mathematical provisions	-	72 969	-	72 969	-	75 009	-	75 009
Provision for pensions and similar charges	-	24 517	39 305	63 822	-	26 908	38 018	64 926
	1 137 181	240 609	39 972	1 417 762	1 106 441	258 332	38 728	1 403 501
Difference	-	3 145	3 341	6 486	12	9 798	4 488	14 298
Funding level	100.00%	101.32%	109.12%	100.46%	100.00%	103.94%	113.11%	101.03%

In accordance with Bank of Portugal Notice 4/2005 of 28 February, financial entities with head office in Portugal must fully fund their liability for retired and early retired personnel and a minimum of 95% of their past service liability for current employees. Caixa's liability at 31 December 2008 and 2007 was fully funded.

The future service liability for CGD's current employees at 31 December 2008 and 2007 totalled EUR 1 105 522 thousand and EUR 1 277 645 thousand, respectively.

At 31 December 2008, the provision for pension and similar costs under the heading "Other entities" include EUR 1 500 thousand relating to healthcare charges.

The number of beneficiaries of CGD and CGD Group insurance companies in Portugal in 2008 and 2008 was as follows:

	2008		2007	
	CGD	Caixa Seguros	CGD	Caixa Seguros
Current employees	10 539	2 608	10 909	2 708
Retired and early retired employees	3 772	2 810	3 460	2 826
	14 311	5 418	14 369	5 534

The changes in the pension funds, mathematical provisions and provision for pensions and similar costs in 2008 and 2007 were as follows:

	CGD	Caixa Seguros	Other	Total
Balances at 31 December 2006	955 302	261 521	39 703	1 256 526
Contributions paid				
Regular contributions				
By employees	26 838	-	160	26 998
By the entity	61 006	11 109	325	72 440
Extraordinary contributions	38 297	-	-	38 297
Change in provisions for pensions and similar charges	-	(953)	2 408	1 455
Change in mathematical provisions	-	(2 924)	-	(2 924)
Pensions paid	(23 499)	(16 059)	(958)	(40 516)
Net income of the pension fund	48 497	5 643	270	54 410
Other changes	-	(5)	(3 180)	(3 185)
Balances at 31 December 2007	1 106 441	258 332	38 728	1 403 501
Contributions paid				
Regular contributions				
By employees	27 053	-	174	27 227
By the entity	69 168	7 039	282	76 489
Extraordinary contributions	39 458	-	-	39 458
Change in provisions for pensions and similar charges	-	(1 802)	4 113	2 310
Change in mathematical provisions	-	(15 239)	(1 123)	(16 362)
Pensions paid	(25 447)	(3 335)	(43)	(28 825)
Net income of the pension fund	(79 493)	(2 040)	-	(81 533)
Other changes	-	(2 345)	(2 159)	(4 504)
Balances at 31 December 2008	1 137 181	240 609	39 972	1 417 762

At 31 December 2008 and 2007 CGD's pension fund was managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, SA..

At 31 December 2008 and 2007 CGD's pension fund had property leased to Group companies in the amount of EUR 200 275 thousand and EUR 70 911 thousand, respectively of which EUR 120 838 thousand relating to sales by CGD to the Pension Fund during 2008 (Note 14). CGD's pension fund also has securities and trust funds units managed by Group companies in the amount of EUR 274 031 thousand and EUR 87 805 thousand, respectively.

The change in the difference between the Group's past service liability and respective coverage, and the corresponding impact in the financial statements as at 31 December 2008 and 2007 are as follows:

	CGD	Caixa Seguros	Other	Total
Situation at 31 December 2006	-	3 007	5 493	8 500
Current service cost	(69 422)	(1 558)	(194)	(71 174)
Interest cost	(44 801)	(8 800)	(83)	(53 684)
Expected return on plan assets	52 719	7 811	155	60 685
Normal cost for the year (Note 36)	(61 504)	(2 547)	(122)	(64 173)
Increase in liabilities due to early retirements (Note 36)	(143)	(828)	(903)	(1 874)
Changes with impact on profit or loss	(61 504)	(3 375)	(1 025)	(66 047)
Liability	(33 422)	2 933	133	(30 356)
Income	(4 222)	(3 876)	124	(7 974)
Actuarial gains and losses	(37 644)	(943)	257	(38 330)
Contributions made	99 303	11 109	325	110 737
Other	-	-	(563)	(563)
Situation at 31 December 2007	155	9 798	4 487	14 297
Current service cost	(75 696)	(1 420)	(160)	(77 276)
Interest cost	(54 651)	(7 094)	(40)	(61 785)
Expected return on plan assets	60 693	7 115	34	67 842
Normal cost for the year (Note 36)	(69 654)	(1 399)	(165)	(71 218)
Increase in liabilities due to early retirements (Note 36)	(1 247)	-	1 077	(170)
Changes with impact on profit or loss	(70 901)	(1 399)	912	(71 388)
Liability	102 449	512	449	103 409
Income	(140 186)	(12 188)	(36)	(152 410)
Actuarial gains and losses	(37 738)	(11 676)	413	(49 001)
Contributions made	108 626	7 039	282	115 947
Other	-	(617)	(2 753)	(3 370)
Situation at 31 December 2008	-	3 145	3 341	6 486

Actuarial gains and losses relating to CGD's liability in 2008 and 2007 were as follows:

	2008	2007
Change in the discount rate (from 4.75% to 5% in 2007 and from 5% to 5.75% in 2008)	157 315	49 122
Change in pension growth rate (from 2% to 2.5%)	-	(57 805)
Change in the salary growth rate (from 3% to 3.5%)	(34 473)	-
Other actuarial gains and losses	(20 393)	(24 739)
	----------	-----------
	102 449	(33 422)
	======	======

Healthcare

Caixa Geral de Depósitos' Social Services is responsible for providing healthcare to the current employees and pensioners of CGD's head office. CGD makes an annual payment to the Social Services corresponding to 8.95% of salaries and pensions paid. Caixa also has a liability for contributions to SAMS (Healthcare services) relating to the employees of the former BNU that retired up to 23 July 2001.

The past service liability for healthcare was determined based on actuarial calculations made by specialised entities, using actuarial assumptions similar to those mentioned above relating to the calculation of pension liabilities.

The past service liability at 31 December 2008 and 2007, in the amount of EUR 427 832 thousand and EUR 443 888 thousand respectively, is recognised in the heading “Provisions”.

Império Bonança also assumed the commitment to provide lifelong healthcare benefits to its employees who were beneficiaries of the former BCP pension fund. This liability is covered by provisions of EUR 24 517 thousand and EUR 26 908 thousand respectively, at 31 December 2008 and 2007.

Other long term benefits

Caixa pays a bonus to all employees completing ten, twenty and thirty years of effective service, in the year of completion, corresponding to one, two or three months’ salary, respectively. It also pays a bonus to employees when they pass to a situation of retirement, in the amount corresponding to the proportion of what they would have received if they continued to work, until they complied with the requirements of the following level. The corresponding liability at 31 December 2008 and 2007 amounted to EUR 40 925 thousand and EUR 39 279 thousand, respectively, and was recognised in the heading “Other liabilities” (Note 26).

Caixa also calculates the amount of its liability relating to death grants prior to normal retirement age. At 31 December 2008 and 2007, the corresponding liability amounted to EUR 2 059 thousand and EUR 2 053 thousand, respectively, recorded in the “Provisions” heading.

The France branch also pays long term benefits to its employees. The corresponding liability at 31 December 2008 and 2007 amounted to EUR 1 500 thousand.

Deferred actuarial gains and losses

The changes in deferred actuarial gains and losses and deferred costs relating to the introduction of IFRS in 2008 and 2007 in respect of CGD, are as follows:

	Corridor		Above the corridor		
	Pensions	Healthcare	Pensions	Healthcare	Total (Note 19)
Balances at 31 December 2006	67 954	41 920	-	64 074	173 948
Actuarial gains and losses for the year	37 644	2 469	-	12 074	52 187
Amortisation (Note 36)	-	-	-	(4 012)	(4 012)
Balances at 31 December 2007	105 598	44 389	-	72 136	222 123
Actuarial gains and losses for the year	8 120	(1 606)	29 618	(25 920)	10 212
Amortisation (Note 36)	-	-	-	(4 684)	(4 684)
Balances at 31 December 2008	113 718	42 783	29 618	41 532	227 651

Actuarial gains and losses above the corridor are being amortised over a period of approximately 16 years up to the retirement of current employees.

Provisions

The provisions for employee benefits at 31 December 2008 and 2007 are made up as follows:

	2008	2007
CGD		
. Provision for post-employment healthcare	427 832	443 888
. Provision for labour suspension agreements	5 042	5 182
. Provision for death grant liability	2 059	2 053
. France branch liability	1 500	1 500
	-----------	-----------
	436 433	452 623
Provision for pension and other liabilities		
. Banco Comercial do Atlântico, S.A.	38 268	36 828
. Other	1 037	1 190
Provision for post-employment healthcare		
. Caixa Seguros (Império – Bonança)	24 517	26 908
. Other	3 593	2 745
Other	2 039	11 331
	-----------	-----------
	505 886	531 625
	======	======

Caixa recorded a specific provision for the impact of the change to inactive status of employees with whom it has entered into labour suspension agreements.

The changes in provisions for employee benefits in 2007 and 2006 are as follows (Note 23):

	2008	2007
Balance at the beginning of the year	531 625	495 870
	-----------	-----------
Provisions recognised as a charge to staff costs:		
. Healthcare – CGD (Note 36)	30 948	28 156
. Labour suspension agreements (Note 36)	(140)	1 725
Actuarial gain and loss on post-employment healthcare liability:	(27 526)	14 543
Other	996	(3 594)
	-----------	-----------
	4 278	40 830
	-----------	-----------
Net increase recorded by corresponding entry to “Provisions”	2 102	14 432
Utilisation:		
. Payments to “SAMS” and CGD’s Social Services	(19 478)	(18 006)
. Other	(12 091)	(1 301)
Other	(550)	(200)
	-----------	-----------
Balance at the end of the year	505 886	531 625
	======	======

38. OTHER ADMINISTRATIVE COSTS

This heading comprises the following:

	2008	2007
Specialised services		
- Computer services	102 624	101 259
- Studies and consultancy	11 464	28 155
- Contracts and service fees	10 157	30 104
- Cleaning	11 006	9 630
- Safety and security	7 100	7 043
- Information services	7 661	7 242
- Other	183 839	138 220
Rent	80 450	77 043
Advertising and publications	68 329	66 126
Communications and postage	56 437	55 042
Maintenance and repairs	47 748	49 858
Water, energy and fuel	23 420	21 767
Travel, lodging and representation expenses	20 524	18 224
Transport of cash and other values	14 143	13 010
Standard forms and office supplies	10 844	11 323
Other	20 145	16 688
	675 890	650 733

39. ASSET IMPAIRMENT

The changes in impairment in 2008 and 2007 were as follows:

	2008								
	Balance at 31.12.2007	Acquisition / (sale) of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2008	Recovery of credit, interest and expenses
Impairment of loans and advances to customers (Note 11)	1 728 849	86	1 051 969	(551 270)	(108 135)	1 520	(1 932)	2 121 086	(53 144)
Impairment of loans and advances to credit institutions (Note 6)	1 337	-	109 153	(8 303)	-	3 484	711	106 381	-
Impairment of available-for-sale financial assets (Note 8)									
Equity instruments	173 735	-	632 654	-	(170 915)	86	14 674	650 234	
Debt instruments	9 593	-	42 725	-	-	644	(296)	52 666	
Other	-	-	4 924	-	-	-	-	4 924	
Impairment of other tangible assets (Note 14)	16 783	-	1 732	(7 756)	(256)	-	8 670	19 172	-
Impairment of intangible assets	913	957	-	-	-	-	(913)	957	
Impairment of non-current assets held for sale									
Subsidiaries	40 000	-	-	(40 000)	-	-	-	-	
Property and equipment	20 024	-	12 393	(8 528)	(691)	(1)	4 927	28 124	
Impairment of other assets (Notes 12 and 19)									-
Assets received in payment of loans granted (Notes 12 and 19)	12 160	-	1 971	-	-	-	(4 478)	9 653	
Other assets (Note 19)	174 202	27	46 387	(13 258)	(1 403)	(46)	(25 478)	180 431	
	448 747	984	851 939	(77 846)	(173 265)	4 167	(2 183)	1 052 543	-
	2 177 596	1 070	1 903 908	(629 116)	(281 400)	5 687	(4 115)	3 173 629	(53 144)

	2007								
	Balance at 31.12.2006	Acquisition / (sale) of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2007	Recovery of credit, interest and expenses
Impairment of loans and advances to customers (Note 11)	1 556 149	(1 431)	739 491	(398 216)	(164 163)	(7 586)	4 605	1 728 849	(91 836)
Impairment of loans and advances to credit institutions (Note 6)	2 355	-	7 567	(6 058)	-	-	(2 527)	1 337	-
Impairment of available-for-sale financial assets									
Equity instruments	276 409	(53)	-	-	(110 679)	(203)	8 261	173 735	-
Debt instruments	14 024	-	4 317	(242)	-	(298)	(8 208)	9 593	-
Impairment of other tangible assets (Note 14)	18 533	-	-	(1 676)	(225)	-	151	16 783	-
Impairment of intangible assets	44 709	-	-	(43 750)	-	-	(46)	913	-
Impairment of non-current assets held for sale									
Subsidiaries	-	-	40 000	-	-	-	-	40 000	-
Property and equipment	17 318	-	5 073	(1 170)	(1 519)	-	322	20 024	-
Impairment of other assets (Notes 12 and 19)									
Assets received in payment of loans granted (Notes 12 and 19)	20 083	-	-	(4 623)	(3 300)	-	-	12 160	-
Other assets (Note 19)	161 690	(3 537)	27 053	(6 807)	1 186	-	(5 383)	174 202	-
Impairment in associates	569	-	2 593	(2 878)	(414)	(24)	154	-	-
	555 690	(3 590)	86 603	(67 204)	(114 951)	(525)	(7 276)	448 747	-
	2 111 839	(5 021)	826 094	(465 420)	(279 114)	(8 111)	(2 671)	2 177 596	(91 836)

In 2007, the “Recovery of credits, interest and expenses” includes EUR 34 250 thousand relative to the sale by Caixa of a number of credits which have been written-off (Note 11).

40. SEGMENT REPORTING

In compliance with IAS 14 and with a view to determine the requirements of own funds to cover for operating risk, using the standard method under the terms of Notice 9/2007, of 18/04/2007 of the Bank of Portugal, the Group adopted the following business segments:

- Insurance business: includes the operations of the Caixa Seguros Group insurance companies and Garantia – Companhia de Seguros de Cabo Verde, SA. This business segment was divided into life and non-life insurance;
- Corporate finance: includes the activities relating to acquisitions, mergers, restructuring, privatisations, subscription and placement of securities (primary market), securitisation, preparation and organisation of syndicated loans (merchant banking – loan placement), investment management, financial analysis of markets and companies and advisory services;
- Trading and sales: comprises banking activity relating to the management of the securities portfolio, management of issued debt instruments, money and foreign exchange markets operations, repo and security loan operations and wholesale brokerage. Loans and advances to other credit institutions and derivative instruments are also included in this segment;
- Retail banking: comprises banking operations with individuals, businessmen and micro-companies. This segment also includes consumer finance, mortgage lending, credit cards and deposits taken from private customers;
- Commercial banking: includes the granting of loans and taking of resources from large companies and SMEs. This segment also includes loans, current accounts, investment project financing, discounting bills, venture capital, factoring, equipment and property leasing, syndicated loans underwriting, as well as loans to the Government sector;
- Investment Fund Management: includes activities relating to the management of open or closed unit trust and property funds and discretionary wealth management funds;
- Other: includes all segments not covered by the above business lines.

The results for 2008 and 2007, distributed by business segment and geographic market, are as follows:

Business segment

	2008								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Insurance (Life)	Non-life insurance	Other	Total
Net interest income	205 600	1 314 210	478 006	375	78 705	(6 843)	201	10 904	2 081 158
Income from equity instruments	22 066	278	84 192	-	163	2 011	137	11 405	120 252
Income from services rendered and commissions	32 408	146 332	67 618	45 521	32 518	4 235	238	203 820	532 690
Cost of services and commissions	(10 443)	(28 053)	(7 082)	(2 294)	(3 884)	(452)	(833)	(60 868)	(113 909)
Results from financial operations	213 409	35 612	(1 211)	(40)	959	(605)	(294)	(1 273)	246 559
Other net operating income	(1 840)	46 543	23 499	24	4 841	(30)	(346)	106 771	179 464
Premiums net of reinsurance	-	-	-	-	-	982 224	1 231 481	-	2 213 705
Results of investments relating to insurance contracts	-	-	-	-	-	150 633	76 459	-	227 092
Claims costs net of reinsurance	-	-	-	-	-	(1 062 192)	(743 389)	-	(1 805 582)
Commissions and other income and costs relating to insurance contracts	-	-	-	-	-	1 689	(121 338)	(610)	(120 259)
Net operating income from banking and insurance operations	461 200	1 514 922	645 023	43 587	113 303	70 669	442 317	270 150	3 561 170
Other costs and income									(3 102 146)
Net income attributable to the shareholder of CGD									459 023
Cash balances and loans and advances to credit institutions (net)	7 171 134	650 812	156 051	6	1 112	7 601	6 689	74 038	8 067 442
Investments in securities and derivatives (net)	11 120 496	42 364	171 646	9 314	65 642	7 953 223	1 439 723	720 679	21 523 088
Loans and advances to customers (net)	3 615	38 483 431	36 234 579	-	572 676	3 163	3 511	10 236	75 311 211
Technical provision for outwards reinsurance	-	-	-	-	-	26 712	229 717	(16 241)	240 188
Total net assets	18 295 245	39 176 607	36 562 276	9 320	639 430	7 990 698	1 679 641	6 706 864	111 060 082
Resources of central banks and credit institutions	6 702 782	69 750	160 795	-	9 943	-	-	8 577	6 951 849
Customer resources	232 127	45 153 241	10 261 840	-	5 806	4 472 692	-	2 048	60 127 756
Debt securities	19 228 837	700 260	-	-	-	-	-	-	19 929 097
Technical provision for insurance contracts	-	-	-	-	-	4 801 206	2 391 144	-	7 192 350
Liability to subscribers of unit-linked products	-	-	-	-	-	620 486	-	-	620 486

	2007								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Insurance (Life)	Non-life insurance	Other	Total
Net interest income	312 321	1 296 767	235 436	299	50 493	28 564	504	14 702	1 939 085
Income from equity instruments	11 557	332	72 217	-	92	-	-	8 698	92 896
Income from services rendered and commissions	25 902	192 053	66 534	61 424	31 195	1 140	200	112 517	490 964
Cost of services and commissions	(11 737)	(45 341)	(821)	(3 703)	(140)	(552)	(410)	(33 342)	(96 046)
Results from financial operations	78 493	1 168	(158)	142	422	(1 149)	(4 764)	10 183	84 336
Other net operating income	(1 387)	21 063	3 352	(62)	(60)	581	25 513	39 833	88 832
Premiums net of reinsurance	-	-	-	-	-	946 074	1 296 692	-	2 242 766
Results of investments relating to insurance contracts	-	-	-	-	-	208 064	102 763	-	310 827
Claims costs net of reinsurance	-	-	-	-	-	(1 046 928)	(821 520)	-	(1 868 448)
Commissions and other income and costs relating to insurance contracts	-	(5)	-	-	-	(13 280)	(122 615)	-	(135 900)
Net operating income from banking and insurance operations	415 149	1 466 037	376 559	58 099	82 002	122 514	476 362	152 591	3 149 313
Other costs and income									(2 293 002)
Net income attributable to the shareholder of CGD									856 311
Cash balances and loans and advances to credit institutions (net)	6 547 933	675 325	330 696	3	-	55 552	12 077	46 243	7 667 829
Investments in securities and derivatives (net)	12 191 440	62 177	198 188	12 749	30 487	8 002 372	2 022 837	595 469	23 115 720
Loans and advances to customers (net)	91 522	36 847 917	29 458 229	2 004	428 422	3 692	3 658	8 856	66 844 299
Technical provision for outwards reinsurance	-	-	-	-	-	27 285	207 011		234 296
Total net assets	18 830 895	37 585 418	29 987 114	14 757	458 909	8 088 900	2 245 584	6 342 187	103 553 764
Resources of central banks and credit institutions	8 522 397	98 045	212 324	-	2	-	-	8 468	8 841 236
Customer resources	212 793	40 152 669	10 541 127	-	5 587	3 124 303	-	2 288	54 038 767
Debt securities	16 222 804	704	7 360	-	-	-	-		16 230 868
Technical provision for insurance contracts	-	-	-	-	-	5 246 155	2 427 747		7 673 902
Liability to subscribers of unit-linked products	-	-	-	-	-	777 115	-		777 115

Geographic Markets

	2008								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Interest and similar income	8 742 417	1 787 265	191 605	1 439 038	-	171 951	154 694	(5 161 431)	7 325 539
Interest and similar costs	(7 112 575)	(1 576 600)	(169 404)	(1 387 492)	-	(122 546)	(64 891)	5 189 127	(5 244 381)
Income from equity instruments	210 914	21 916	-	-	-	137	993	(113 708)	120 252
Income from services rendered and commissions	494 393	61 225	1 047	2 985	-	18 215	34 227	(79 402)	532 690
Cost of services and commissions	(117 324)	(20 234)	(142)	(277)	-	(8 746)	(8 500)	41 314	(113 909)
Results from financial operations	202 253	(18 805)	(3 117)	(319)	2 023	23 159	15 939	25 426	246 559
Other net operating income	416 337	(3 705)	(1 089)	(457)	229	6 714	5 159	(243 724)	179 464
Premiums net of reinsurance	2 210 127	-	-	-	-	-	3 578	-	2 213 705
Results of investments relating to insurance contracts	250 917	-	-	-	-	-	-	(23 825)	227 092
Claims cost net of reinsurance	(1 803 666)	-	-	-	-	-	(1 916)	-	(1 805 582)
Commissions and other income and cost relating to insurance contracts	(149 655)	-	-	-	-	-	1 392	28 004	(120 259)
Net income from banking and insurance operations	3 344 138	251 062	18 900	53 478	2 252	88 884	140 675	(338 219)	3 561 170
Other costs and income									(3 102 147)
Net income attributable to the shareholder of CGD									459 023
Cash balances and loans and advances to credit institutions (net)	20 029 361	17 643 115	1 223 508	1 663 255	18	2 706 928	495 609	(35 694 352)	8 067 442
Investments in securities and derivatives (net)	21 855 805	2 965 478	671 322	541 953	40 383	59 201	275 368	(4 886 422)	21 523 088
Loans and advances to customers (net)	61 874 411	9 801 441	973 405	680 299	-	1 160 189	970 288	(148 822)	75 311 211
Technical provision for outwards reinsurance	237 549	-	-	-	-	-	2 639	-	240 188
Total net assets	112 783 498	31 414 862	2 917 973	3 951 818	44 314	4 200 770	1 893 530	(46 146 683)	111 060 082
Resources of central banks and credit institutions	25 403 795	12 556 330	1 184 332	1 682 349	-	288 959	76 601	(34 240 517)	6 951 849
Customer resources	51 669 172	3 905 825	1 264 354	50 740	-	3 384 005	1 445 176	(1 591 516)	60 127 756
Liability to subscribers of unit-linked products	620 486	-	-	-	-	-	-	-	620 486
Debt securities	11 475 967	10 376 939	423 474	583 126	-	-	4 661	(2 935 070)	19 929 097
Technical provision for insurance contracts	7 184 019	-	-	-	-	-	8 331	-	7 192 350

	2007								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Interest and similar income	6 858 368	1 508 622	1 447	597 760	459	187 967	134 847	(3 379 349)	5 910 121
Interest and similar costs	(5 274 516)	(1 353 848)	(474)	(559 020)	-	(139 387)	(56 627)	3 412 836	(3 971 036)
Income from equity instruments	198 328	11 536	-	-	-	92	786	(117 846)	92 896
Income from services rendered and commissions	475 537	50 421	288	2 587	-	14 921	29 451	(82 240)	490 965
Cost of services and commissions	(114 960)	(23 668)	(100)	(60)	-	(6 346)	(3 831)	52 918	(96 047)
Results from financial operations	79 977	36 105	-	281	45	7 154	11 912	(51 138)	84 336
Other net operating income	225 528	(4 202)	(21)	(595)	5	6 385	5 035	(143 303)	88 832
Premiums net of reinsurance	2 239 262	-	-	-	-	-	3 505	(1)	2 242 766
Results of investments relating to insurance contracts	348 671	-	-	-	-	-	-	(37 844)	310 827
Claims cost net of reinsurance	(1 866 136)	-	-	-	-	-	(2 312)	-	(1 868 448)
Commissions and other income and cost relating to insurance operations	(160 239)	-	-	-	-	-	1 806	22 533	(135 900)
Net operating income from banking and insurance operations	3 009 820	224 966	1 140	40 953	509	70 786	124 572	(323 434)	3 149 312
Other costs and income									(2 293 001)
Net income attributable to the shareholder of CGD									856 311
Cash balances and loans and advances to credit institutions (net)	19 035 211	16 942 960	14 345	2 255 190	2 510	2 870 780	551 584	(34 004 751)	7 667 829
Investments in securities and derivatives (net)	22 363 212	3 093 703	564	497 844	-	41 304	281 480	(3 162 388)	23 115 719
Loans and advances to customers (net)	56 251 033	8 759 465	16 404	496 287	-	804 875	780 752	(264 516)	66 844 300
Technical provision for outwards reinsurance	231 901	-	-	-	-	-	2 395	-	234 296
Total net assets	105 712 519	29 582 161	31 701	4 326 633	20 972	3 941 914	1 708 377	(41 770 513)	103 553 764
Resources of central banks and credit institutions	28 015 312	11 628 405	2	2 000 794	-	291 091	23 588	(33 117 955)	8 841 237
Customer resources	46 810 097	3 368 363	25 818	102 805	-	3 255 773	1 417 000	(941 089)	54 038 767
Liability to subscribers of unit-linked products	777 115	-	-	-	-	-	-	-	777 115
Debt securities	7 788 961	9 996 868	-	587 042	-	-	9 629	(2 151 632)	16 230 868
Technical provision for insurance contracts	7 666 693	-	-	-	-	-	7 209	-	7 673 902

The column “Other” includes the balances between Group companies reversed in consolidation.

41. RELATED PARTIES

Associated companies, the management boards of Group companies’ and other entities controlled by the Portuguese State are considered as related parties of the Group.

The Group’s financial statements at 31 December 2008 and 2007 include the following balances and transactions with related parties, excluding management boards:

	2008			2007		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:						
Bonds and trading derivatives	736 760	-	27 032	689 363	-	21 836
Loans and advances to customers	41 243	31 578	740 332	-	58 715	853 151
Provisions for loans / Impairment	-	7	8 190	-	1	7 849
Other assets	21 152	18 581	232 408	31 149	23 884	173 400
Liabilities:						
Customer resources	147 825	1 072 780	27 805	1 991	2 232 896	21 519
Other liabilities	918	-	2 094	1 209	529	2 387
Guarantees given	-	1 634	9 373	399	3 705	17 320
Income:						
Interest and similar income	23 009	1 176	34 621	23 334	2 661	64 643
Gains from financial operations	37 146	-	5 583	8 771	-	75
Income from services rendered and commissions	-	187	202	-	378	349
Insurance premiums	-	-	5 523	-	2 456	2 798
Other operating income	-	-	477	298	-	619
Costs:						
Interest and similar costs	83	4 424	7 101	1 250	47 410	3 695
Losses from financial operations	19 615	-	2 220	10 592	-	517
Commissions	-	-	52	-	15	172
Other operating costs	4	-	5 876	3	2 483	2 550

Transactions with related parties are generally made based on market values on the respective dates.

At 31 December 2008 and 2007 the column “Other Portuguese State entities” does not include balances with Local Government.

During 2008 CGD sold to Parpública equity participations held in CLF, ADP and REN as specified in Notes 3 and 16. As a result of these operations, a capital gain of EUR 155 899 thousand was recognised. Also in 2008 CGD sold to CGD’s Pension Fund some property for EUR 120 838 thousand. The book value of this property at that date was EUR 61 855 thousand, net of accumulated depreciation and impairment. The result of this operation was recognised in the “Other operating income – other tangible assets” heading (Note 34).

Management Boards

In 2008 costs incurred with remuneration and other benefits of the Boards of Directors of Caixa and Group companies amounted to EUR 19 058 thousand (EUR 16 609 thousand in 2007).

Loans granted to members of the Boards of Directors at 31 December 2008 and 2007 totalled EUR 712 thousand and EUR 2 762 thousand, respectively.

42. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Management policies on financial risks pertaining to the Group’s activity

In 2001 CGD adopted a centralised risk management model. This encompasses the assessment and control of all the Group’s credit, market and liquidity risks, based on the principle of the segregation of functions between the commercial and risk areas.

Credit Risk

CGD’s approach to credit risk involves the follow up of a certain number of indicators, which includes the breakdown by product, customer segment, maturity terms, exposure level in the financial system, business activity and geographical area. The amounts of great exposures are also analysed along with the maximum limits established by the supervisory authorities.

Under the scope of the International Accounting Rules, CGD calculates each month the amount of provisions for impairment for each credit sub-portfolio through the breakdown of the portfolio by homogenous risk segments and the use of probabilities of default (PD), and migration and loss given default calculated each year based on historical information.

Risk monitoring is made on a regular basis along with the control of risk limits.

As to credit granted to companies, besides the regular follow-up of the portfolio, a deeper analysis to all customers is carried out by a credit expert team in the perspective of economic Group, with an exposure higher than one million euro.

The analysis is focused on the customer credit risk and operations object to proposal, separating functions with the commercial area which is responsible for the presentation of the proposal comprising the operations’ conditions. CGD’s Risk Management Department (DGR) has the power to propose the necessary conditions to mitigate the risk, making the operation acceptable for the defined exposure of CGD portfolio.

This analysis is based not only on the rating risk awarded by the rating agencies but also on the weighting of quantitative and qualitative criteria. This analysis also includes the market and the economy which the entities are involved in, as well as other aspects that may mitigate the credit risk.

In addition, a risk monitoring model for short term limits is currently in force which, using a set of indicators and an internal rating model will enable a global limit for the customer, as well as a sub-limit for the financial credit. Limits are further managed by the commercial area and DGR will just monitor and review them, at least yearly, whenever the activity and the relationship with the customer so requires.

Market risk

The CGD Group’s market risk management rules established for each portfolio or business unit include market risk limits, and exposure limits regarding credit risk, market and liquidity risk, required level of return, types of instruments authorised and maximum loss levels allowed.

Trading functions and risk control functions are completely segregated.

Risk hedging operations are decided by portfolio managers or business unit managers, based on risk limits and authorised instruments, in which the risk management area collaborates on assessing the impact of hedging the total risk incurred or changing the authorised market risk levels, if deemed advisable under the circumstances.

The market risk measurement used for all types of market risk is Value at Risk (VaR) (interest rates, shares, exchange rates, volatility), using the historical simulation method, in which the confidence levels used in the simulation depend on the objectives of retaining the portfolio. In addition, other market risk measurements, such as sensitivity to price changes of the underlying assets (basis point value (bpv), for interest rates) and other sensitivity indicators commonly used for option portfolios (greeks). Stress testing assessments have also been developed to assess the impact on results of extreme changes in risk factors.

VaR measurement is subject to daily theoretical and real backtesting analyses with the calculation of theoretical backtesting amounts, real backtesting calculations being made monthly. The number of exceptions obtained, namely the number of times theoretical or real losses exceed VaR, enable the accuracy of the method used to be assessed and any necessary adjustments to be made.

The market risk management rules establish for each portfolio, in terms of composition, some limits as to assets and risk levels. Credit limits are defined for credit exposure (concentration by name, business sector, rating and country), market exposure (total maximum risk level by risk factor and maturity term) and liquidity exposure (number of minimum price quotations required, limit of maximum authorised percentage in the portfolio of each issue, shares portfolio composition based in its inclusion in authorised indexes). Control and profitability analysis are produced monthly for credit risk assessment according to the rules in force and the market risk following the approach of in-house models.

Exchange risk

Exchange risk is controlled and assessed on a daily, individual basis for domestic operations and for each branch and subsidiary, and fortnightly, on a consolidated basis, for the Group as a whole. VaR amounts and limits are calculated, as well the exposure (total and by currency).

Liquidity risk

The liquidity and interest rate risk management policies in CGD’s balance sheet are defined by the Asset-Liability Committee (ALCO). The liquidity risk area of DGR controls and monitors the management of this kind of risks.

The asset-liability management committee is a delegate body of the board of directors responsible for the ALM process which meets regularly, making decisions involving risks sectors, the performance of portfolios and the financing and capital policies. The ALCO enables an area of quick disclosure of management information transverse to the Group.

The liquidity risk measurement is focused on the analysis of residual maturity terms of the different assets and liabilities included in the balance sheet showing for each gap the volumes of cash inflows and cash outflows as well as the respective liquidity gaps.

The liquidity gaps are calculated monthly and must comply with three ratios (two short term and one long term ratios), fixed by ALCO. Accordingly, the structural liquidity concept is used which, according to the studies and models developed in-house and based on the depositors behaviour, translates the approximate distribution of deposits (sight and savings) by the different buckets.

In the case of sight deposits, 82% of their balance (core deposits) is considered in the bucket over 10 years, the remainder non-core deposits being allocated to the bucket up to 12 months, under the seasonability studies and minimum balance observed. In turn, term and savings deposits are distributed by the different buckets in accordance with a model to estimate the expected average life and temporal distribution of those deposits output.

In the case of securities investments, 85% of their balance is considered in the bucket up to 1 month and the remainder 15% are distributed according to the weight of the balances in the structure of the residual terms of initial maturity. Shares and other variable-yield securities presenting adequate liquidity are globally considered in the bucket up to 1 month.

To avoid high negative values in the liquidity gaps of short term intervals, Caixa is ensuring a permanent and efficient treasury management. To face higher maturities, particularly associated with the significant growth of mortgage loans, Caixa continued to make use of resource-taking instruments in domestic in foreign markets, namely through the issue of covered bonds and Euro Medium Term Notes.

During the year, Caixa continued its resource-taking policy of different types of resources whose terms were better adequate to the existing mismatches between borrowing and lending terms and, simultaneously, to ensure greater stability of customer resources both through the launch of savings structured products and debt issues.

The risk measurement methodology used in CGD involves the grouping of sensitive assets and liabilities into fixed time intervals, by interest repricing dates. Assets and liabilities cash flows in addition to the corresponding interest rate risk gap are calculated for such intervals.

The analysis of the interest rate risk behaviour involves the monthly calculation of sensitive assets and liabilities scenarios as well as the respective duration gap. This calculation enables the measurement of the mismatch level between average time the cash inflows are generated and the cash outflows required.

To monitor the effect of the referred to gaps on net interest income, a regular monthly forecast of sensitive assets and liabilities scenarios is produced. It includes relevant banking activity behaviour and trends, evolution of different market rates and expectations reflected in the yield curve.

Under the terms of an ALCO resolution, several directives on the interest rate risk in the balance sheet and banking portfolio were approved, including the fixing of limits on certain significant variables in terms of exposure to this type of risk. These directives have been designed to allow CGD to manage the return/risk trade-off in balance sheet management terms, ensuring that it is in a position to establish expedient exposure and control the results of its policies and positions.

The limits fixed are calculated monthly for the accumulated 12 months gap and the duration gap and quarterly for the economic value at risk indicator (which translates the changes in the economic value of the bank's capital, resulting from changes in interest rate levels) and for the earnings at risk indicator (which translates the changes in the bank’s forecast net interest income, resulting from changes in interest rate levels and the evolution of loans and advances and investment balances).

The interest rate risk in the banking portfolio is also calculated on consolidated operations every six months and encompasses all balance sheet and off-balance sheet elements not included in the trading portfolio.

The assessment and measurement of this type of risk is based on the accumulated impact on instruments sensitive to interest rates, resulting from a parallel movement of +/- 200 b.p. on the yield curve (as in Bank of Portugal Instruction 19/05). Under the terms of an ALCO resolution, the impact on own funds and on net interest income is calculated quarterly for internal management purposes with guidelines limits having been defined for its value.

The following comprises the disclosures on the principal types of risks pertaining to CGD’s operations as required under IAS 7.

Credit Risk

Maximum exposure to credit risk

At 31 December 2008 and 2007 maximum exposure to credit risk is broken down as follows:

	2008	2007
Trading securities		
Public debt	925 638	1 356 196
Private debt	466 493	1 537 152
	1 392 131	2 893 348
Financial assets at fair value as against results		
Public debt	29 980	35 937
Private debt	308 362	1 473 239
	338 342	1 509 176
Assets held for sale		
Public debt	3 501 920	3 636 010
Private debt	8 470 876	7 382 558
	11 972 796	11 018 568
	13 703 269	15 421 092
Derivatives	2 503 937	998 263
Loans and advances to credit institutions	5 554 828	4 789 664
Loans and advances to customers	75 311 211	66 844 296
Other debtors	1 683 361	1 396 730
Other operations pending settlement	479 148	360 286
	85 532 485	74 389 239
Other commitments		
Personal/institutional guarantees given		
Guarantees and sureties	3 819 610	3 194 127
Stand-by letters of credit	80 500	196 442
Open documentary credits	171 479	158 136
Other personal guarantees and other contingent liabilities	5 745	36 653
Forward deposits agreements	410 733	341 989
Irrevocable lines of credit	2 703 038	2 292 549
Other irrevocable commitments	1 946 877	2 002 169
Credit Default Swaps	695 862	1 068 182
	9 833 844	9 290 247
Maximum exposure to credit risk	**109 069 598**	**99 100 578**

Credit quality of loans and advances to credit institutions

The following table presents the distribution of the balance sheet value of loans and advances to credit institutions at 31 December 2008 and 2007 by the Standard & Poor's rating or similar and by country and counterparty:

	2008						
	Portugal	European Union	North America	Brazil	Asia	Other	Total
AAA	-	43 851	-	-	-	41	43 892
AA- to AA+	-	498 805	106 002	-	5 103	60 330	670 240
A- to A+	296 581	1 578 272	28 398	-	40 438	17 790	1 961 479
Lower than A-	1 577 191	60 930	7 185	32 127	55 433	70 241	1 803 107
No Rating	656 440	161 018	2 974	-	94 776	82 254	997 462
CGD Group companies	1 394	-	-	-	-	77 254	78 648
	2 531 606	2 342 876	144 560	32 127	195 749	307 909	5 554 828

	2007						
	Portugal	European Union	North America	Brazil	Asia	Other	Total
AAA	-	10 041	-	-	-	38	10 079
AA- to AA+	206 101	1 020 888	329 368	-	221 242	173 787	1 951 386
A- to A+	173 747	1 500 438	117 985	-	46 961	10 342	1 849 474
Lower than A-	340	83 821	67 939	356 273	27 624	125 499	661 496
No Rating	118 923	107 317	3 505	2 729	8 244	76 510	317 228
	499 110	2 722 506	518 798	359 002	304 070	386 176	4 789 664

Credit quality of debt securities

The following table presents the distribution of the balance sheet value of debt securities net of impairment (except overdue securities) at 31 December 2008 and 2007 by the Standard & Poor's rating or similar, by guarantee or issuer and by their respective geographical region:

	2008				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets held for trade					
AAA	25 846	324 638	33 448	2 322	386 254
AA- to AA+	753 662	58 706	2 024	11 296	825 688
A- to A+	8 731	98 870	7 761	9 305	124 668
Lower than A-	844	14 227	-	29 254	44 325
No Rating	-	67	-	11 129	11 196
	789 083	496 509	43 232	63 306	1 392 131
Issued by:					
Corporates	-	2 312	-	1 555	3 867
Government and local authorities	569 702	314 203	38 821	29 254	951 979
Financial institutions	219 382	179 993	4 412	32 498	436 285
	789 084	496 508	43 232	63 307	1 392 131
Financial assets at fair value through profit or loss (Fair Value Option)					
AAA	-	117 506	-	-	117 506
AA- to AA+	973	6 753	-	-	7 726
A- to A+	6 075	9 889	-	-	15 964
Lower than A-	37 197	15 558	-	2 365	55 120
No Rating	19 168	103 936	-	18 921	142 025
	63 413	253 642	-	21 286	338 342
Issued by:					
Corporates	43 273	113 825	-	-	157 097
Government and local authorities	973	117 247	-	-	118 221
Financial institutions	-	22 570	-	2 365	24 935
Other issuers	19 168	-	-	18 922	38 090
	63 413	253 642	-	21 287	338 342
Available-for-sale financial assets (net of impairment)					
AAA	96 588	2 367 047	174 974	141 451	2 780 060
AA- to AA+	433 063	1 823 313	116 570	317 918	2 690 864
A- to A+	255 298	4 327 461	223 350	420 200	5 226 309
Lower than A-	41 399	708 755	14 602	300 907	1 065 663
No Rating	38 990	54 462	71 384	45 065	209 901
	865 338	9 281 036	600 880	1 225 542	11 972 796
Issued by:					
Corporates	159 415	1 222 007	215 674	143 273	1 740 369
Government and local authorities	220 392	2 688 891	2 140	145 157	3 056 581
Financial institutions	469 201	5 359 426	383 066	837 341	7 098 748
Other issuers	16 331	10 712	-	99 771	129 893
	865 338	9 281 036	600 880	1 225 542	11 972 796

	2007				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets held for trade					
AAA	29 919	871 221	5 015	-	906 154
AA- to AA+	707 553	188 048	-	-	895 601
A- to A+	56 318	425 924	10 799	15 052	508 092
Lower than A-	22 566	179 617	-	11 820	214 004
No Rating	255 168	92 692	-	21 637	369 497
	1 071 523	1 757 502	15 814	48 509	2 893 348
Issued by:					
Corporates	152 523	-	-	-	152 523
Government and local authorities	535 234	884 955	10 799	-	1 430 987
Financial institutions	128 599	872 547	5 015	48 509	1 054 670
Other issuers	255 168	-	-	-	255 168
	1 071 523	1 757 502	15 814	48 509	2 893 348
Financial assets at fair value through profit or loss (Fair Value Option)					
AAA	4 012	146 635	2 495	-	153 143
AA- to AA+	2 227	22 578	-	-	24 805
A- to A+	473 971	75 951	-	9 976	559 897
Lower than A-	624 408	22 628	-	-	647 036
No Rating	96 817	0	-	27 478	124 295
	1 201 435	267 793	2 495	37 453	1 509 176
Issued by:					
Corporates	878 387	48 886	-	-	927 273
Government and local authorities	2 227	116 673	2 495	-	121 395
Financial institutions	312 941	102 235	-	9 976	425 151
Other issuers	7 880	-	-	27 478	35 358
	1 201 435	267 793	2 495	37 453	1 509 176
Available-for-sale financial assets (net of impairment)					
AAA	8 332	2 645 812	184 280	67 759	2 906 184
AA- to AA+	32 096	1 729 181	156 366	150 009	2 067 653
A- to A+	69 595	4 288 688	109 155	366 403	4 833 842
Lower than A-	23 979	360 083	89 938	63 858	537 858
No Rating	-	260 702	59 116	353 213	673 031
	134 003	9 284 466	598 856	1 001 243	11 018 568
Issued by:					
Corporates	-	853 758	50 801	14 107	918 666
Government and local authorities	40 428	2 952 715	147 852	56 728	3 197 722
Financial institutions	93 574	5 117 462	341 087	722 555	6 274 679
Other issuers	-	360 531	59 116	207 855	627 502
	134 003	9 284 466	598 856	1 001 244	11 018 568

Exposure to credit risk affected by the financial turmoil

On 31 December 2008, the Group portfolios of available-for-sale financial assets and financial assets at fair value through profit or loss include securities, particularly affected by the financial turmoil which characterised the financial markets during the year, and comprise the following:

Type	Rating	Seniority level of the tranche held	Geographical area of the issuer	31.12.2008 Book value (net of impairment)	Accumulated impairment	Fair value reserve
Available-for-sale financial assets						
Commercial mortgage-backed securities						
	AAA	Senior	European Union	38 204	-	(1 042)
	AA- to AA+	Mezzanine	European Union	16 177	-	(4 132)
	A- to A+	Mezzanine	North America	1 308	(3 722)	-
				55 689	(3 722)	(5 174)
Residential mortgage-backed securities						
	AAA	Senior	European Union	177 813	-	(10 583)
			North America	5 238	-	(6)
			Other	13 291	-	615
	AA- to AA+	Senior	European Union	157	-	(2 375)
	AA- to AA+	Mezzanine	European Union	25 516	-	(5 187)
	A- to A+	Senior	European Union	160	-	(44)
	A- to A+	Mezzanine	European Union	19 342	-	(3 667)
	Lower than A-	Mezzanine	European Union	35 292	-	(13 970)
			North America	784	(8 199)	-
	Lower than A-	Senior	European Union	385	-	(31)
				277 979	(8 199)	(35 217)
Asset-backed securities						
	AAA	Senior	North America	83	-	(18)
			European Union	3 415	-	(181)
	AA- to AA+	Senior	European Union	234	-	(20)
	A- to A+	Senior	North America	2 407	-	(1 189)
			European Union	37	-	(65)
	Lower than A-	Senior	European Union	16	-	(85)
				6 191	-	(1 408)
Collateralised Loan obligations						
	AAA	Senior	European Union	11 555	-	(1 842)
			Other	31 479	-	(7 421)
	A- to A+	Mezzanine	European Union	11 157	-	(960)
	Lower than A-	Mezzanine	European Union	20 274	-	(24 710)
	No rating	Mezzanine	European Union	6 604	-	(6 565)
				81 069	-	(41 497)
Other financial instruments	CCC	Senior	Other	16 042	(28 471)	-
Financial assets at fair value through profit or loss						
Other financial instruments	Lower than A-	Senior	European Union	52 253	-	-
				489 223	(40 393)	(83 297)

In the preparation of the table above the securities whose change in fair value directly affected the Group results for the year were considered.

In 2008, the changes in these securities were as follows:

Type	Rating	Seniority level of the tranche held	Geographical area of the issuer	Net book value at 31.12.2007	Amortisations	Acquisitions	Impact in results for the year: Capital gains / (losses) recognised against results	Impact in results for the year: Impairment for the year	Change in the fair value reserve	Net book value at 31.12.2008
Available-for-sale financial assets										
Commercial mortgage-backed securities										
	AAA	Senior	European Union	40 628	-	-	(1 382)	-	(1 042)	38 204
	AA- to AA+	Mezzanine	European Union	26 968	-	-	(6 659)	-	(4 132)	16 177
	A- to A+	Mezzanine	North America	4 287	-	-	743	(3 722)	-	1 308
Residential mortgage-backed securities										
	AAA	Senior	European Union	164 700	(17 035)	51 995	(11 263)	-	(10 583)	177 813
			North America	5 015	-	-	229	-	(6)	5 238
			Other	-	-	13 571	(895)	-	615	13 291
	AA- to AA+	Senior	European Union	199	-	-	6	-	(48)	157
		Mezzanine	European Union	28 199	-	4 554	(2 050)	-	(5 187)	25 516
	A- to A+	Mezzanine	European Union	189	-	-	15	-	(44)	160
		Senior	European Union	25 023	-	-	(2 014)	-	(3 667)	19 342
	Lower than A-	Mezzanine	European Union	56 262	-	-	(7 000)	-	(13 970)	35 292
			North America	4 479	-	-	4 504	(8 199)	-	784
		Senior	European Union	403	-	-	13	-	(31)	385
Asset-backed securities										
	AAA	Senior	European Union	97	-		4	-	(18)	83
			North America	3 392	-	-	204	-	(181)	3 415
	AA- to AA+	Senior	European Union	294	-	-	(41)	-	(20)	234
	A- to A+	Senior	North America	3 448	-	-	148	-	(1 189)	2 407
			European Union	92	-	-	10	-	(65)	37
	Lower than A-	Senior	European Union	78	-	-	23	-	(85)	16
Collateralised Loan obligations										
	AAA	Senior	European Union	22 515	(9 293)	-	175	-	(1 842)	11 555
			Other	34 466	-	-	4 434	-	(7 421)	31 479
	A- to A+	Mezzanine	European Union	13 076	-	-	(959)	-	(960)	11 157
	Lower than A-	Mezzanine	European Union	49 689	-	-	(4 705)	-	(24 710)	20 274
	No rating	Mezzanine	European Union	14 387	-	-	(1 218)	-	(6 565)	6 604
Other financial instruments										
	CCC	Senior	Other	29 561	-	13 982	1 503	(28 471)	(532)	16 042
				527 449	(26 329)	84 102	(26 175)	(40 393)	(81 684)	436 970
Financial assets at fair value through profit or loss										
Other financial instruments	Lower than A-	Senior	European Union	40 212	-	26 038	(13 997)	-	-	52 253
				567 660	(26 329)	110 140	(40 172)	(40 393)	(81 684)	489 223

The "Capital gains / (losses) recognised against results" heading includes accrued interest and the result of foreign exchange revaluation.

Quality of loans and advances to customers

The amount of gross loans and advances to customers at 31 December 2008 and 2007 comprises the following:

2008

	Loans with collective analysis						
	Performing loans	Non-performing loans	Default loans	Loans with impairment specific analysis	Other balances	Total	*Fair value of collateral of default operations or with individual impairment*
Corporate loans							
Collective analysis							
Due for payment	9 783 630	531 968	236 098	-	1 603 577	12 155 273	
Overdue	27 011	29 978	341 791	-	46 760	445 540	
Individual analysis							
Due for payment	23 145 762	239 590	19 375	3 036 951	-	26 441 677	
Overdue	116 451	25 971	49 948	342 489	-	534 859	
	33 072 854	827 506	647 212	3 379 440	1 650 338	39 577 350	*2 616 536*
Mortgage loans							
Due for payment	32 356 819	822 644	1 099 464	-	270 115	34 549 042	
Overdue	9 706	8 269	733 072	-	15 836	766 883	
	32 366 525	830 912	1 832 536	-	285 951	35 315 925	*2 433 918*
Consumer loans							
Due for payment	1 332 093	59 809	31 910	-	186 810	1 610 622	
Overdue	1 350	5 650	49 175	-	8 616	64 792	
	1 333 443	65 459	81 085	-	195 426	1 675 413	*36 463*
Other loans							
Due for payment	119 206	6 015	2 556	-	161 426	289 203	
Overdue	1 055	2 850	14 376	-	11 878	30 158	
	120 260	8 865	16 932	-	173 304	319 361	
Total loans due for payment	66 737 510	1 660 026	1 389 403	3 036 951	2 221 928	75 045 817	
Total overdue loans	155 573	72 717	1 188 362	342 489	83 091	1 842 232	
Total loans	66 893 083	1 732 743	2 577 765	3 379 440	2 305 019	76 888 050	

2007

	Loans with collective analysis						
	Performing loans	Non-performing loans	Default loans	Loans with impairment specific analysis	Other balances	Total	*Fair value of collateral of default operations or with individual impairment*
Corporate loans							
Collective analysis							
Due for payment	7 402 901	1 025 026	234 557	-	619 551	9 282 034	
Overdue	2 325	13 738	271 701	-	30 874	318 638	
Individual analysis							
Due for payment	20 701 604	488 008	140 946	1 252 870	-	22 583 428	
Overdue	4 972	685	13 984	264 623	-	284 265	
	28 111 803	1 527 456	661 189	1 517 493	650 425	32 468 366	*1 934 064*
Mortgage loans							
Due for payment	31 058 599	817 443	663 279	-	249 760	32 789 081	
Overdue	4 307	5 818	680 064	-	24 737	714 926	
	31 062 906	823 261	1 343 343	-	274 497	33 504 007	*1 745 792*
Consumer loans							
Due for payment	1 719 130	40 959	39 305	-	16 548	1 815 941	
Overdue	438	3 559	44 311	-	2 479	50 786	
	1 719 568	44 517	83 616	-	19 026	1 866 728	*35 950*
Other loans							
Due for payment	104 491	945	1 898	-	162 894	270 228	
Overdue	349	2 385	14 854	-	38 449	56 037	
	104 841	3 330	16 752	-	201 343	326 266	
Total loans due for payment	60 986 725	2 372 380	1 079 985	1 252 870	1 048 752	66 740 713	
Total overdue loans	12 391	26 185	1 024 915	264 623	96 538	1 424 653	
Total loans	60 999 117	2 398 565	2 104 901	1 517 493	1 145 291	68 165 366	

In the preparation of the tables above, the following classifications were considered:

- "Performing loans"- loans with no overdue instalments or balances less than 30 days overdue;
- "Non-performing loans" – loans with overdue balances between 30 and 90 days;
- "Default loans" – loans with overdue balances over 90 days. Concerning corporate loans, if the customer presents, at least, one operation with instalments more than 90 days overdue, the total exposure of the Group will be reclassified in this category.

The column “Other balances” includes the following amounts:

- gross book value of loans granted by Group entities not included in the analysis in the scope of the impairment model developed by the Group.
- gross book value of consumer loans to CGD’s employees (head office).

Overdue loans with no impairment within the scope of the individual analysis that are included in the table above in “Loans with individual impairment – Collective analysis” at 31 December 2008 and 2007 comprise the following:

2008				
Live credit	Overdue loans	Total	Attributed impairment - collective analysis -	Fair value of collateral
512 956	83 196	596 151	(9 301)	340 707

2007				
Live credit	Overdue loans	Total	Attributed impairment - collective analysis -	Fair value of collateral
865 409	14 078	879 487	(25 392)	1 081 779

Book value at 31 December 2008 and 2007 was EUR 572 792 thousand and EUR 448 493 thousand, respectively, net of impairment pertaining to:

- loans granted to customers that in the course of the year presented instalments over 90 days overdue, and relative to which the intervention of CGD structure bodies, responsible for the recovery of non-performing loans, was requested; or
- corporate loans with book value over EUR 100 thousand identified by the respective Commercial Departments responsible for the follow up of these operations which were object to negotiation in these periods.

Liquidity risk

Liquidity risk corresponds to the risk of CGD having difficulty in obtaining sufficient funds to meet its commitments. Liquidity risk may, for example, be reflected in Caixa’s inability to rapidly sell a financial asset at close to its fair value.

In compliance with the requirements of IFRS 7, the residual contractual periods to maturity of financial instruments at 31 December 2008 and 2007 are as follows:

	2008							
	Residual periods to maturity							
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years
Assets								
Cash and cash equivalents at central banks	1 899 590	-	-	-	-	-	-	-
Cash balances at other credit institutions	614 752	-	-	-	-	-	-	-
Loans and advances to credit institutions	4 143 923	489 621	388 016	256 296	254 181	107 826	-	-
Securities								
Trading	56 352	64 833	244 927	72 105	456 656	201 624	498 050	91 319
Other	206 902	273 370	350 648	842 317	4 750 316	3 038 358	2 408 398	1 559 445
Investments associated to unit-linked products	-	-	-	-	-	-	-	-
Loans and advances to customers (gross)	5 351 208	4 916 020	6 110 475	6 153 225	19 191 455	14 585 013	20 684 879	27 364 540
Investments to be held up to maturity	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
	12 272 728	5 743 844	7 094 067	7 323 942	24 652 608	17 932 821	23 591 327	29 015 304
Liabilities								
Resources of central banks	(4 703 007)	(1 895 030)	(154 267)	(136 365)	(67 550)	(3 858)	(25 947)	-
Customer resources	(27 789 816)	(9 522 413)	(12 623 245)	(5 815 566)	(3 180 513)	(1 176 512)	(823 638)	(151 520)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-
Debt securities	(4 389 512)	(2 023 952)	(762 783)	(1 069 216)	(6 736 527)	(3 766 424)	(4 658 677)	(783 356)
Financial liabilities at fair value through profit or loss	(7 287)	(49 562)	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Subordinated liabilities	(6 241)	(13 022)	(12 709)	(515 677)	(672 858)	(1 653 894)	(802 672)	(341 242)
Consigned resources	(51)	(44 961)	(30 231)	(74 905)	(291 039)	(711 753)	(745 383)	(419 871)
	(36 895 914)	(13 548 940)	(13 583 234)	(7 611 730)	(10 948 487)	(7 312 441)	(7 056 317)	(1 695 989)
Derivatives	(16 912)	(28 554)	(29 332)	(96 359)	(126 571)	(51 214)	(46 521)	(85 480)
Difference	(24 640 099)	(7 833 650)	(6 518 500)	(384 146)	13 577 551	10 569 167	16 488 489	27 233 835

	2007							
	Residual periods to maturity							
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years
Assets								
Cash and cash equivalents at central banks	1 922 286	6 726	-	-	-	-	-	-
Cash balances at other credit institutions	952 598	-	-	-	-	-	-	-
Loans and advances to credit institutions	3 233 218	608 347	243 226	305 853	276 097	204 676	-	-
Securities								
Trading	38 910	76 378	32 963	340 253	646 203	828 259	1 348 446	607 280
Other	167 570	344 338	389 677	815 095	4 690 229	4 054 831	3 644 344	1 690 046
Investments associated to unit-linked products	-	-	-	-	-	-	-	-
Loans and advances to customers (gross)	5 157 273	3 958 070	5 548 524	4 539 605	12 734 517	11 350 307	17 025 721	40 492 661
Investments to be held up to maturity	-	-	-	-	1	11	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
	11 471 854	4 993 859	6 214 389	6 000 806	18 347 047	16 438 084	22 018 512	42 789 987
Liabilities								
Resources of central banks	(6 496 056)	(1 526 728)	(675 043)	(113 092)	(98 062)	(2 219)	(64 881)	-
Customer resources	(28 166 576)	(8 564 111)	(10 048 356)	(3 056 211)	(2 731 576)	(1 323 568)	(635 935)	(244 270)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-
Debt securities	(2 681 248)	(1 686 666)	(1 056 705)	(2 008 348)	(3 020 468)	(4 384 543)	(4 494 118)	(800 510)
Financial liabilities at fair value through profit or loss	(3 347)	(1 333)	(113)	(3 473)	(4 856)	(2 295)	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Subordinated liabilities	(2 560)	(7 861)	(9 173)	(135 314)	(694 994)	(1 446 365)	(696 795)	(90 948)
Consigned resources	(44)	(44 375)	(30 637)	(69 312)	(292 322)	(471 697)	(1 028 737)	(455 561)
	(37 349 831)	(11 831 074)	(11 820 027)	(5 385 749)	(6 842 279)	(7 630 687)	(6 920 467)	(1 591 289)
Derivatives	(36 796)	(62 833)	(24 229)	(67 324)	(214 507)	(265)	(197 488)	(186 187)
Difference	(25 914 772)	(6 900 048)	(5 629 867)	547 732	11 290 261	8 807 131	14 900 556	41 012 511

The table above comprises the estimated cash flows relative to principal and interest. Therefore they cannot be compared with the accounting balances at 31 December 2008 and 2007.

The following tables show the information relative to structural liquidity risk of CGD at 31 December 2008 and 2007. The following adjustments have been considered to prepare the said tables:

- Term and savings deposits (CGD head office) – estimated terms other than residual periods to maturity were determined based on which the respective reclassification of categories previously considered, took place;
- Customer sight deposits – reclassification of core deposits (stable amount of sight deposits considering a broad historical horizon) from “up to 1 month” to “over 10 years”;
- Securities portfolio - reclassification of debt securities and shares considered of high liquidity for the “up to 1 month” maturity period, except securities given as collateral to the European Investment Bank, which were reclassified as “Unspecified”;
- Mortgage loans – the distribution of capital flows took into account the expectations relative to early repayment of contracts, based on the analysis of the historical information from November 2004 onwards.

In addition, the amounts presented correspond to the capital balances not due and do not include estimated interest or accrued interest.

	2008									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1 896 215	-	-	-	-	-	-	-	-	1 896 215
Cash balances at other credit institutions	614 753	-	-	-	-	-	-	-	-	614 753
Loans and advances to credit institutions	4 133 731	480 555	378 343	247 212	223 019	105 726	-	-	7 480	5 576 066
Securities										
Trading	786 848	9 994	37 878	31 208	68 063	23 234	69 117	12 070	526 838	1 565 251
Other	2 332 399	165 694	258 775	655 519	3 480 050	2 185 071	1 457 178	798 103	5 500 612	16 833 400
Investments associated to unit-linked products	-	-	-	-	-	-	-	-	620 486	620 486
Loans and advances to customers (gross)	4 975 860	4 201 132	5 009 366	4 509 936	13 482 995	10 321 871	13 564 480	18 992 011	(11 833)	75 045 817
Investments to be held up to maturity	-	-	-	-	-	-	-	-	12	12
	14 739 806	4 857 375	5 684 362	5 443 875	17 254 127	12 635 901	15 090 775	19 802 184	6 643 596	102 152 001
Liabilities										
Resources of central banks	(4 687 660)	(1 869 176)	(150 455)	(128 233)	(65 000)	(2 777)	(23 892)	-	9 088	(6 918 104)
Customer resources	(6 514 610)	(5 267 836)	(6 892 998)	(7 919 602)	(11 039 383)	(5 662 871)	(4 066 900)	(12 639 019)	315 785	(59 687 435)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(620 486)	(620 486)
Debt securities	(4 343 789)	(1 929 273)	(605 493)	(789 607)	(5 897 761)	(3 238 789)	(4 152 205)	(682 675)	1 395 315	(20 244 275)
Financial liabilities at fair value through profit or loss	(7 287)	(49 562)	-	-	-	-	-	-	(2 157 106)	(2 213 954)
Subordinated liabilities	-	-	-	(400 000)	(434 002)	(1 495 362)	(571 927)	(218 915)	18 796	(3 101 411)
Consigned resources	(42)	(17 827)	(17 853)	(35 722)	(141 798)	(581 530)	(636 891)	(368 928)	(2 249)	(1 802 839)
	(15 553 387)	(9 133 673)	(7 666 799)	(9 273 164)	(17 577 943)	(10 981 330)	(9 451 816)	(13 909 537)	(1 040 856)	(94 588 505)
Difference	(813 581)	(4 276 298)	(1 982 437)	(3 829 289)	(323 817)	1 654 571	5 638 959	5 892 647	5 602 740	7 563 496

	2007									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1 923 308	-	-	-	-	-	-	-	-	1 923 308
Cash balances at other credit institutions	952 598	-	-	-	-	-	-	-	-	952 598
Loans and advances to credit institutions	3 217 995	588 562	230 267	285 741	244 847	194 172	-	-	619	4 762 203
Securities										
Trading	1 735 644	9 269	1 788	41 742	67 037	100 459	172 128	49 545	1 645 666	3 823 277
Other	3 656 787	203 515	213 349	530 608	2 897 152	2 182 023	2 144 929	991 998	4 696 689	17 517 051
Investments associated to unit-linked products	-	-	-	-	-	-	-	-	777 115	777 115
Loans and advances to customers (gross)	4 972 709	3 644 890	5 096 730	3 919 806	10 574 754	9 295 729	11 996 318	17 002 313	237 465	66 740 713
Investments to be held up to maturity	-	-	-	-	1	11	-	-	-	12
	16 459 040	4 446 234	5 542 134	4 777 898	13 783 791	11 772 394	14 313 375	18 043 856	7 357 554	96 496 277
Liabilities										
Resources of central banks	(6 455 453)	(1 493 273)	(651 515)	(105 313)	(91 125)	(1 419)	(62 923)	-	82 953	(8 778 067)
Customer resources	(5 928 218)	(3 692 520)	(3 385 690)	(5 947 803)	(10 548 088)	(5 974 604)	(4 129 706)	(14 179 699)	33 241	(53 753 087)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(777 115)	(777 115)
Debt securities	(2 626 639)	(1 599 050)	(895 179)	(1 797 748)	(2 319 202)	(3 788 609)	(3 879 257)	(646 116)	708 131	(16 843 669)
Financial liabilities at fair value through profit or loss	(3 347)	(1 333)	(113)	(3 473)	(4 856)	(2 295)	-	-	(1 178 338)	(1 193 756)
Subordinated liabilities	-	-	-	(49 880)	(514 891)	(1 317 079)	(679 965)	(90 948)	11 974	(2 640 788)
Consigned resources	(36)	(15 849)	(15 852)	(26 625)	(130 065)	(323 536)	(860 755)	(379 416)	(3 021)	(1 755 154)
	(15 013 693)	(6 802 025)	(4 948 348)	(7 930 842)	(13 608 227)	(11 407 542)	(9 612 606)	(15 296 179)	(1 122 174)	(85 741 636)
Difference	1 445 348	(2 355 791)	593 786	(3 152 944)	175 564	364 853	4 700 769	2 747 677	6 235 380	10 754 641

Interest Rate Risk

Interest rate risk corresponds to the risk of the fair value or cash flows associated with a determined financial instrument changing as a result of a change in market interest rates.

The development of nominal value of financial instruments with exposure to interest rate risk based on maturity or repricing dates at 31 December 2008 and 2007 is summarised in the following table:

	2008								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	703 553	1 192 662	-	-	-	-	-	-	1 896 215
Cash balances at other credit institutions	597 891	16 861	-	-	-	-	-	-	614 752
Loans and advances to credit institutions	2 737 602	1 882 232	703 665	105 135	56 762	41 932	1 725	47 013	5 576 066
Securities									
Trading	8 225	48 426	140 053	234 671	39 396	337 264	640 226	116 990	1 565 251
Other	493 723	1 391 607	4 091 575	561 618	905 031	2 288 636	3 207 218	3 893 993	16 833 400
Investments associated to unit-linked products	283	28 709	24 933	240 143	178 639	1 022	71 349	75 409	620 487
Loans and advances to customers (gross)	3 531 731	20 748 009	22 374 432	19 365 189	5 788 568	979 592	2 214 566	43 730	75 045 817
Investments to be held up to maturity (gross)	-	-	-	-	-	-	-	12	12
	8 073 009	25 308 506	27 334 658	20 506 756	6 968 396	3 648 446	6 135 084	4 177 147	102 152 001
Liabilities									
Resources of central banks and other credit institutions	(3 145 700)	(1 592 090)	(1 904 176)	(130 455)	(152 016)	-	(2 886)	9 218	(6 918 105)
Financial liabilities at fair value through profit or loss	(7 277)	(49 572)	-	-	-	-	-	(2 157 106)	(2 213 954)
Liabilities associated with unit-linked products	(283)	(28 709)	(24 933)	(240 143)	(178 639)	(1 022)	(71 349)	(75 409)	(620 487)
Customer resources	(18 493 871)	(9 234 598)	(9 904 757)	(12 368 886)	(5 305 373)	(2 995 786)	(1 699 950)	315 785	(59 687 436)
Debt securities	(868 841)	(4 185 934)	(6 333 741)	(2 968 819)	(443 348)	(3 179 581)	(3 659 325)	1 395 315	(20 244 274)
Subordinated liabilities	(104 891)	(260 000)	(660 987)	(21 000)	(430 000)	(99 987)	(1 543 342)	18 796	(3 101 411)
Consigned resources	-	(676)	(1 799 145)	(769)	-	-	-	(2 249)	(1 802 839)
	(22 620 863)	(15 351 579)	(20 627 739)	(15 730 072)	(6 509 376)	(6 276 376)	(6 976 852)	(495 650)	(94 588 506)
Derivatives									
Interest Rate Swaps (IRSs)	474 311	(1 740 708)	(4 224 576)	(5 573 167)	(52 682)	4 464 895	6 562 327	18 501	(71 100)
Interest rate futures	-	-	-	(267 784)	(20 000)	490 773	(173 837)	242 359	271 510
Forward Rate Agreements (FRAs)	-	-	-	-	(15 000)	-	-	70 000	55 000
Interest rate options	-	-	-	-	-	(7 715)	(18 442)	8 229	(17 928)
	474 311	(1 740 708)	(4 224 576)	(5 840 952)	(87 682)	4 947 953	6 370 048	339 089	237 482
Net exposure	(14 073 543)	8 216 219	2 482 343	(1 064 268)	371 338	2 320 023	5 528 280	4 020 586	7 800 977

	2007								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	840 000	1 083 308	-	-	-	-	-	-	1 923 308
Cash balances at other credit institutions	952 598	-	-	-	-	-	-	-	952 598
Loans and advances to credit institutions	2 506 251	924 960	941 889	202 841	87 867	12 368	2 461	83 566	4 762 203
Securities									
Trading	-	189 515	572 287	132 288	228 763	278 065	1 527 146	895 214	3 823 278
Other	444 962	1 209 596	3 607 506	1 218 079	680 652	1 585 546	3 948 372	4 822 338	17 517 051
Investments associated to unit-linked products	-	-	-	-	-	-	-	777 115	777 115
Loans and advances to customers (gross)	3 034 225	16 457 358	17 647 112	18 615 582	6 710 066	887 504	2 047 261	1 341 607	66 740 713
Investments to be held up to maturity (gross)	-	-	-	-	-	-	-	12	12
	7 778 035	19 864 736	22 768 795	20 168 789	7 707 347	2 763 483	7 525 240	7 919 852	96 496 277
Liabilities									
Resources of central banks and other credit institutions	(4 246 976)	(2 256 306)	(1 553 273)	(601 515)	(123 502)	(4 081)	(1 195)	8 781	(8 778 067)
Financial liabilities at fair value through profit or loss	(1 531)	(13 887)	-	-	-	-	-	(1 178 338)	(1 193 756)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	(777 115)	(777 115)
Customer resources	(20 173 193)	(7 947 737)	(8 348 955)	(9 729 683)	(2 974 838)	(2 535 476)	(2 068 855)	25 649	(53 753 087)
Debt securities	(1 044 742)	(2 600 818)	(4 469 704)	(3 175 291)	(895 384)	(1 441 083)	(3 924 730)	708 083	(16 843 669)
Subordinated liabilities	(104 891)	(260 000)	(645 497)	(70 880)	(30 000)	(400 000)	(1 141 494)	11 974	(2 640 788)
Consigned resources	-	(676)	(1 750 227)	(1 207)	-	-	-	(3 045)	(1 755 154)
	(25 571 334)	(13 079 424)	(16 767 656)	(13 578 575)	(4 023 724)	(4 380 640)	(7 136 274)	(1 204 011)	(85 741 637)
Derivatives (notional value)									
Interest Rate Swaps (IRSs)	1 551 572	(3 505 750)	(4 351 087)	(3 174 891)	446 326	2 357 045	6 462 161	60 365	(154 258)
Interest rate futures	-	-	(32 110)	(31 000)	(49 000)	207 000	(418 307)	49 966	(273 451)
Forward Rate Agreements (FRAs)	-	-	-	-	(305 800)	-	-	-	(305 800)
Interest rate options	-	-	-	-	-	-	(39 587)	(68 636)	(108 223)
	1 551 572	(3 505 750)	(4 383 197)	(3 205 891)	91 526	2 564 045	6 004 268	41 694	(841 732)
Net exposure	(16 241 726)	3 279 563	1 617 942	3 384 324	3 775 149	946 888	6 393 234	6 757 535	9 912 909

In producing the above table, minimum cash reserves were classified in the “7 days to1 month” column.

The tables above comprise the amounts of principal not due, excluding accrued interests and value adjustments.

Fair value

The following table includes a comparison between the fair value and book value of the principal assets and liabilities recognised at amortised cost at 31 December 2008 and 2007:

	2008				
	Balances analysed			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	1 879 523	1 879 678	155	18 298	1 897 821
Cash balances at other credit institutions	612 939	613 531	592	1 854	614 793
Loans and advances to credit institutions	5 426 409	5 431 342	4 933	128 419	5 554 828
Loans and advances to customers	73 874 860	74 694 648	819 789	1 436 351	75 311 211
	81 793 731	82 619 200	825 469	1 584 922	83 378 653
Liabilities					
Resources of central banks and other credit institutions	6 912 194	6 918 633	(6 439)	39 655	6 951 849
Customer resources	59 532 596	59 722 217	(189 621)	595 160	60 127 756
Debt securities	21 348 304	21 394 315	(46 011)	(1 419 207)	19 929 097
Subordinated liabilities	3 154 685	3 357 224	(202 539)	(9 926)	3 144 759
Consigned resources	1 809 909	1 826 506	(16 597)	2 249	1 812 158
	92 757 688	93 218 894	(461 206)	(792 069)	91 965 619

	2007				
	Balances analysed			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	1 917 349	1 917 583	234	8 156	1 925 505
Cash balances at other credit institutions	952 660	952 691	31	-	952 660
Loans and advances to credit institutions	4 674 639	4 678 757	4 118	115 025	4 789 664
Loans and advances to customers	65 743 013	66 019 136	276 123	1 101 286	66 844 300
	73 287 661	73 568 167	280 506	1 224 467	74 512 129
Liabilities					
Resources of central banks and other credit institutions	8 911 834	8 893 357	18 477	(70 597)	8 841 237
Customer resources	53 559 121	53 324 316	234 805	479 645	54 038 767
Debt securities	16 925 789	17 076 393	(150 604)	(694 920)	16 230 868
Subordinated liabilities	2 676 641	2 747 985	(71 344)	(9 267)	2 667 375
Consigned resources	1 752 111	1 763 282	(11 171)	3 043	1 755 154
	83 825 496	83 805 333	20 163	(292 095)	83 533 401

Fair value was determined using the following assumptions:

- The book value of amounts payable/receivable on demand corresponds to their fair value;
- Caixa determined the fair value of the remaining instruments using discounted cash flow models, taking into consideration the contractual terms of the operations and use of interest rates appropriate to the type of instrument, including:
  - . Market interest rates for applications and resources with other credit institutions;
  - . Interest rates charged on Caixa’s new loan operations at the balance sheet date, for comparable credit types;
  - . Yield curves incorporating Caixa’s risk spread, for liabilities issued for institutional investors, based on the type of instrument and respective maturity;
  - . Reference interest rates on retail product issues.
- The “Balances not analysed” column includes essentially:
  - . Overdue credit, net of impairment;
  - . Balances of entities not included in Caixa’s calculations.

The calculation of the fair value of financial instruments reflected in the financial statements at 31 December 2008 and 2007 can be summarised as follows:

	2008				
			Measurement techniques		
	Historical cost	Market quotation	Market inputs	Other measurement techniques	Total
Financial assets held for trading	-	1 151 449	229 842	183 960	1 565 251
Other financial assets at fair value through profit or loss	7 217	304 371	300 730	309 682	922 000
Available-for-sale financial assets	330 744	4 189 741	10 581 957	808 958	15 911 400
Financial liabilities held for trade (excluding derivatives)	-	(49 562)	-	-	(49 562)
Trading derivatives	-	3 193	152 302	-	155 495
Hedging derivatives	-	-	(237 804)	-	(237 804)
	337 961	5 599 192	11 027 027	1 302 600	18 266 780

	2007				
			Measurement techniques		
	Historical cost	Market quotation	Market inputs	Other measurement techniques	Total
Financial assets held for trading	-	2 125 649	1 660 685	36 945	3 823 278
Other financial assets at fair value through profit or loss	-	687 360	669 683	788 909	2 145 952
Available-for-sale financial assets	84 373	3 616 386	11 444 841	225 499	15 371 099
Trading derivatives	-	(1 531)	(310 980)	(8 572)	(321 083)
Hedging derivatives	-	-	(688 822)	-	(688 822)
	84 373	6 427 864	12 775 407	1 042 780	20 330 424

In producing the above table the following assumptions were used:

- Market quotations – this column comprises the financial instruments measured on the basis of active market quotation;
- Measurement techniques – market inputs – this column comprises financial instruments measured on the basis of in-house models using market inputs (interest rates, foreign exchange rates, risk ratings awarded by external entities, other);
- Other measurement techniques – this column comprises financial instruments measured on the basis of in-house models which include non-observable market parameters.

The column "Other measurement techniques", at 31 December 2008 and 2007 includes securities purchased during the last month of the respective year with a book value of EUR 32 110 thousand and EUR 102 814 thousand, respectively which are recorded at acquisition cost.

Market risk

The market risk corresponds to the change risk of the fair value or the cash flows of the financial instruments based on the changes of market prices including the following risks: foreign exchange, interest and price risks. The market risk is measured on the basis of the following methodologies:

- Value at Risk (VaR) relative to the following portfolios:
  - Trading portfolio - comprises securities and trading derivatives;
  - Investment portfolio – comprises the remainder securities of Caixa's own portfolio, except equity participation and securitised loans;
  - Treasury management – funding in the money market, derivatives associated with treasury management and debt issues with market risk exposure.

Reference should be made to the fact that the VaR analysis excludes financial instruments managed in the scope of the insurance activity. The risk management policies applicable to these financial instruments are referred to in Note 43.

- Sensitivity analysis to all financial instruments sensitive to interest rate risk recorded in the separate financial statements of CGD and in the following Group units:
  - Macau Offshore Branch;
  - Caixa – Banco de Investimento;
  - Debt issue vehicle.

VaR analysis – Market Risk

The VaR corresponds to an estimate of maximum potential loss for a certain assets portfolio in a given period of time at defined confidence level assuming normal market patterns.

The methodology used is the historical simulation, i.e. future events are totally explained by past events based on the following assumptions:

- period of time: 10 days;
- confidence level: 99%;
- price sample period: 720 calendar days;
- *decay factor* =1 which means that past observations all have the same weight.

For options, the theoretical price is calculated by the use of adequate models and applying the implicit volatility. Given the methodology used, calculation for correlations is not made; i.e. correlations are empirical.

At 31 December 2008 and 2007, VaR can be broken down as follows (amounts in thousand of Euro):

	2008			
	Dec-08	Max.	Min.	Dec-07
VaR by type of risk				
Interest rate	16 154	16 154	5 966	3 183
Foreign exchange rate	54 650	54 650	23 196	37 355
Price	23 336	25 587	17 474	21 208
Volatility	591	650	369	477
Diversification effect	(47 481)			(24 300)
	47 250			**36 769**

The diversification effect is calculated implicitly. Total VaR refers to the joint effect of interest rate, price, foreign exchange rate and volatility risks.

Sensitivity analysis – Interest rate

At 31 December 2008 and 2007, the impact in fair value of the sensitive financial instruments to the interest rate risk, excluding derivatives, resulting from parallel displacements in the interest rates curve from 50, 100 and 200 bps, respectively, can be verified in the following tables:

	2008					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	1 219	609	304	(304)	(608)	(1 216)
Cash balances at other credit institutions	5 339	2 856	1 523	(1 547)	(3 089)	(6 159)
Securities						
Trading	109 685	52 938	26 017	(25 147)	(49 461)	(95 735)
Other	538 415	256 935	125 675	(120 471)	(236 127)	(454 395)
Loans and advances to customers (gross)	514 766	252 889	125 421	(123 494)	(245 031)	(482 839)
Total sensitive assets	1 169 424	566 227	278 940	(270 963)	(534 316)	(1 040 344)
Resources of other credit institutions	(8 085)	(4 516)	(2 485)	2 547	5 088	10 158
Customer resources	(589 362)	(266 196)	(135 368)	134 044	264 909	517 882
Debt securities	(685 513)	(359 931)	(176 323)	169 338	332 143	639 857
Subordinated liabilities	(227 423)	(130 463)	(63 231)	59 595	115 899	219 831
Total sensitive liabilities	(1 510 383)	(761 106)	(377 407)	365 524	718 039	1 387 728
Total Profit / Loss	(340 959)	(194 879)	(98 467)	94 561	183 723	347 384

	2007					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	826	413	206	(206)	(413)	(825)
Cash balances at other credit institutions	6 641	3 320	1 661	(1 652)	(3 302)	(6 591)
Securities						
Trading	197 706	95 515	46 958	(45 425)	(89 380)	(173 112)
Other	455 721	216 781	105 818	(101 123)	(197 904)	(379 679)
Loans and advances to customers (gross)	736 011	328 472	136 705	(225 145)	(396 368)	(721 295)
Total sensitive assets	*1 396 906*	*644 502*	*291 349*	*(373 552)*	*(687 367)*	*(1 281 502)*
Resources of other credit institutions	(12 923)	(6 523)	(3 263)	3 258	6 511	13 004
Customer resources	(472 043)	(221 655)	(101 179)	129 449	240 082	436 591
Debt securities	(646 703)	(336 876)	(164 531)	157 260	307 765	590 332
Subordinated liabilities	(174 412)	(100 779)	(48 840)	46 051	89 587	170 045
Total sensitive liabilities	*(1 306 082)*	*(665 833)*	*(317 812)*	*336 018*	*643 945*	*1 209 972*
Total Profit / Loss	90 823	(21 332)	(26 464)	(37 534)	(43 422)	(71 530)

Reference should also be made to the fact that, at 31 December 2008 and 2007, the analysis presented in the table above excludes the effect on fair value of the parallel displacements in the interest rates curves for operations of Caixa Leasing e Factoring, IFIC, SA, Mercantile Bank, Banco Comercial do Atlântico, SA, Banco Comercial e de Investimento, SARL and Banco Interatlântico, SA.

The impact of a displacement of 50, 100 and 200 bps in the reference interest rates curves of sensitive assets and liabilities corresponds to the scenarios used in-house by the management bodies of Caixa Group in the follow up and monitoring of exposure to interest rate risk.

The following table presents the effect in the Group's estimated net interest income for 2009 and 2008, respectively, of the parallel displacement of the interest rates curve of 50, 100 and 200 bps that index the financial instruments sensitive to interest rates changes:

	Projection of net interest income - 2008					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Interest income	(1 196 585)	(598 478)	(299 311)	299 909	600 583	1 201 911
Interest cost	869 770	446 103	223 137	(223 140)	(440 703)	(892 586)
Net interest income	(326 815)	(152 376)	(76 175)	76 768	159 880	309 325

	Projection of net interest income - 2007					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Interest income	(1 251 640)	(626 520)	(313 541)	313 585	627 174	1 254 407
Interest cost	848 805	446 679	224 403	(224 981)	(450 129)	(900 449)
Net interest income	(402 835)	(179 840)	(89 138)	88 604	177 046	353 958

In the calculation of the impacts presented in the table above, it was considered that the assets and liabilities sensitive to interest rate in the reference dates of the calculation would be stable during 2009 and 2008, respectively, being renewed, whenever applicable, considering the market conditions in force at the referred to renewal dates and the average spread of the outstanding operations at 31 December 2008 and 2007.

In addition, it should me mentioned that the information of the tables above concerns a static scenario, with no alterations in the strategy and policies of the interest rate risk management that Caixa may adopt as a result of the changes in the reference interest rates.

Foreign exchange risk

Breakdown of financial instruments by currency

At 31 December 2008 and 2007 the financial instruments are broken down by currency as follows:

	2008											
	Currency											
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Other	*Book value of derivatives*	Total
Assets												
Cash and cash equivalents at central banks	1 556 944	17 944	123	467	10 777	151 097	60 980	9 466	87 678	2 346	-	1 897 821
Cash balances at other credit institutions	311 693	83 301	7 080	3 978	40 317	89 505	-	(96)	2 087	76 928	-	614 793
Loans and advances to credit institutions	2 981 762	1 840 736	53 878	2 085	106 307	245 699	12 713	27 730	69 195	321 104	-	5 661 210
Financial assets at fair value though profit or loss	2 213 444	206 206	2 982	1	-	1 356	-	20 438	-	42 825	2 319 887	4 807 139
Available-for-sale financial assets	15 564 358	735 437	30 976	-	33	19 187	86 631	1 350	159 818	21 434	-	16 619 224
Investments associated with unit-linked products	620 188	23	99	-	-	-	-	-	-	177	-	620 486
Investments held to maturity	12	-	-	-	-	-	-	-	-	-	-	12
Loans and advances to customers (gross)	73 862 940	1 394 715	313 675	13 118	287 167	740 751	193 741	267 289	349 511	9 391	-	77 432 298
Other assets												
Debtor for direct insurance and reinsurance	301 172	-	-	-	-	-	-	-	1 583	-	-	302 755
Other	3 458 813	27 995	124	17	245 937	-	9 280	22 439	15 910	3 425	-	3 783 940
Accumulated impairment	(2 924 953)	(133 292)	(4 076)	-	(18 797)	(1)	(17 652)	(6 141)	(20 284)	-	-	(3 125 196)
	97 946 373	4 173 065	404 861	19 666	671 741	1 247 594	345 693	342 475	665 498	477 630	2 319 887	108 614 482
Liabilities												
Resources of central banks and other credit institutions	(4 014 768)	(2 531 500)	(196 200)	(30 683)	(24 993)	(28 290)	(3 932)	(9 264)	(2 267)	(109 952)	-	(6 951 849)
Customer resources	(55 308 001)	(1 712 655)	(152 315)	(179 502)	(963 265)	(530 956)	(296 515)	(321 427)	(571 763)	(91 357)	-	(60 127 756)
Liabilities associated with unit-linked products	(620 486)	-	-	-	-	-	-	-	-	-	-	(620 486)
Debt securities	(16 259 075)	(1 446 235)	(1 673 810)	(433 000)	-	(13 503)	-	-	(4 234)	(99 240)	-	(19 929 097)
Financial liabilities at fair value through profit or loss	(49 562)	-	-	-	-	-	-	-	-	-	(2 164 392)	(2 213 954)
Subordinated liabilities	(2 790 488)	(235 203)	-	(119 068)	-	-	-	-	-	-	-	(3 144 759)
Other liabilities												
Creditors for direct insurance and reinsurance	(247 071)	-	-	-	-	-	-	-	-	-	-	(247 071)
Consigned resources	(1 800 968)	(76)	-	-	-	-	(1 772)	-	(23)	-	-	(1 802 839)
Other	(2 120 561)	(24 718)	(2 334)	-	(264 782)	-	(9 892)	(33 030)	(17 861)	(1 253)	-	(2 474 431)
	(83 210 980)	(5 950 387)	(2 024 659)	(762 253)	(1 253 040)	(572 749)	(312 111)	(363 721)	(596 148)	(301 802)	(2 164 392)	(97 512 242)
Derivatives (Notional)												
Currency swaps	(2 604 855)	1 204 119	1 319 345	-	-	78 807	-	-	-	(149 168)	-	(151 752)
Interest rate swaps	(1 305 697)	243 065	223 621	749 960	-	2 318	-	-	-	15 632	-	(71 100)
Futures	275 440	(3 930)	-	-	-	-	-	-	-	-	-	271 510
Caps & Floors	8 261	(12 574)	-	-	-	-	-	-	-	-	-	(4 313)
Forward foreign exchange transactions	19 979	109 226	820	51 849	-	237	-	(201)	-	(28 691)	-	153 218
	(3 606 872)	1 539 906	1 543 786	801 809	-	81 362	-	(201)	-	(162 227)	-	197 563
Net exposure	11 128 521	(237 416)	(76 012)	59 222	(581 299)	756 207	33 582	(21 447)	69 350	13 601	155 495	11 299 803

	2007										
	Currency										
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Mozambican Meticais	Cape Verde Escudo	South African Rand	Other	*Book value of derivatives*	Total
Assets											
Cash and cash equivalents at central banks	1 592 835	11 123	163	362	9 608	57 853	92 330	10 646	150 586	-	1 925 505
Cash balances at other credit institutions	365 590	437 450	5 248	47 857	36 046	1 293	1 475	231	57 469	-	952 660
Loans and advances to credit institutions	1 488 073	1 667 002	105 305	31 539	648 871	13 863	59 500	32 946	742 566	-	4 789 664
Financial assets at fair value though profit or loss	5 745 577	151 968	37 586	-	637	-	-	32 338	1 125	872 673	6 841 903
Available-for-sale financial assets	14 763 797	299 348	13 472	-	27 405	58 275	189 469	450	18 883	-	15 371 099
Investments associated with unit-linked products	777 115	-	-	-	-	-	-	-	-	-	777 115
Investments held to maturity	12	-	-	-	-	-	-	-	-	-	12
Loans and advances to customers (gross)	65 522 344	1 078 450	550 774	6 845	237 377	155 794	267 108	282 552	471 905	-	68 573 149
Other assets	-	-	-	-	-	-	-	-	-	-	
Debtor for direct insurance and reinsurance	295 736	-	-	-	-	-	2 055	-	-	-	297 790
Other	2 926 448	6 521	114	11 601	200 337	8 900	12 142	4 666	2 540	-	3 173 268
Accumulated impairment	(2 027 146)	(53 668)	(855)	(32)	(12 002)	(18 120)	(16 201)	(9 602)	(364)	-	(2 137 991)
	91 450 381	3 598 193	711 808	98 171	1 148 279	277 858	607 877	354 226	2 254 568	872 673	100 564 174
Liabilities											
Resources of central banks and other credit institutions	(3 743 044)	(4 221 149)	(375 686)	(102 717)	(8 349)	(269)	(1 869)	(2 914)	(385 240)	-	(8 841 237)
Customer resources	(49 387 835)	(1 707 550)	(82 755)	(101 526)	(845 322)	(234 269)	(546 834)	(373 032)	(759 644)	-	(54 038 767)
Liabilities associated with unit-linked products	(777 115)	-	-	-	-	-	-	-	-	-	(777 115)
Debt securities	(12 621 082)	(1 259 009)	(1 735 692)	(424 501)	-	(7 292)	-	-	(183 292)	-	(16 230 868)
Financial liabilities at fair value through profit or loss	(95 586)	-	-	-	-	-	-	-	-	(1 098 170)	(1 193 756)
Subordinated liabilities	(2 362 455)	(213 856)	-	(91 064)	-	-	-	-	-	-	(2 667 375)
Other liabilities	-	-	-	-	-	-	-	-	-	-	
Creditors for direct insurance and reinsurance	(324 411)	-	-	-	-	-	-	-	-	-	(324 411)
Consigned resources	(1 752 569)	(168)	-	-	-	(2 394)	(23)	-	-	-	(1 755 154)
Other	(3 253 014)	(30 077)	(2 884)	(0)	(216 518)	(6 722)	(7 499)	(7 257)	(5 188)	-	(3 529 159)
	(74 317 111)	(7 431 809)	(2 197 016)	(719 808)	(1 070 190)	(250 946)	(556 224)	(383 202)	(2 557 382)	(1 098 170)	(89 357 842)
Derivatives (Notional)											
Currency swaps	(4 554 201)	3 057 939	1 017 713	105 448	-	-	-	-	240 753	-	(132 348)
Interest rate swaps	(1 045 397)	62 156	290 448	508 701	-	-	-	15 272	14 563	-	(154 258)
Futures	(260 599)	30 435	2 273	43 918	-	-	-	-	8 432	-	(175 541)
Caps & Floors	(2 587)	-	-	(70 636)	-	-	-	-	-	-	(73 223)
Forward foreign exchange transactions	(24 714)	(136 124)	(10 281)	41 905	-	-	-	-	(9 594)	-	(138 807)
	(5 887 498)	3 014 406	1 300 152	629 337	-	-	-	15 272	254 154	-	(674 176)
Net exposure	11 245 772	(819 210)	(185 056)	7 700	78 089	26 912	51 653	(13 704)	(48 660)	(225 497)	10 532 156

VaR analysis - Foreign exchange risk

In order to ensure the control and assessment of foreign exchange risk, Caixa calculates values and limits in terms of Value at Risk (VaR) by total open position and open currency position .

At 31 December 2008 and 2007, VaR (at 10days with 99% confidence gap) by currency of CGD may be described in the following table:

	VaR			
	Banking		*Insurance*	
	2008	2007	2008	2007
Hong Kong dollar	55 253	17 713	-	-
Macau pataca	48 161	11 582	50	21
South African rand	16 774	4 952	-	-
US dollar	4 806	1 724	311	134
Mozambican meticais	1 294	964	-	-
Pound sterling	1 493	169	1 206	677
Japanese yen	69	125	-	-
Other currencies	5 148	3 690	1 224	763
Diversification effect	(116 270)	(33 492)	(990)	(955)
Total	**16 728**	**7 426**	**1 802**	**641**

The diversification effect is calculated implicitly.

Information relative to the insurance activity presented in the previous tables refers to Fidelidade Mundial.

43. DISCLOSURES ON INSURANCE RISKS

The following summarises the underwriting and risk management policy for the CGD Group's insurance business in Portugal, namely of the Caixa Seguros companies (Company).

43.1 RISK ACCEPTANCE

Risk acceptance and management is structured on three major levels, based on a model for delegating competencies.

Each level has specific methodologies and procedures, in accordance with its competencies, allowing interconnection and harmonisation between them.

The third level, specific to the commercial networks, includes the delegation of standard risk acceptance competencies, in accordance with a framework of written standards and procedures, based particularly on the following criteria:

- Standard clauses;
- Risks and activities with low or very low claim ratio track records;
- A homogenous, easy to identify risk area;

- Small amounts of insured capital, allowing high risk dilution, usually not exceeding the Companies' retention limits;
- Risks in respect of which accumulation both in terms of coverage and/or geographical dispersion is known and controllable.
- Premiums in accordance with the premium rate adjustable through small range delegated discount.

Available instruments include: standardised rates, simulators, risk acceptance and delegation of authority regulations, product manuals, standard insurance policies and insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The second level includes several multidisciplinary technical units that support the commercial networks, to which competencies to accept and analyse specific risks have been delegated.

Notwithstanding the fact that these risks are within a properly delimited framework, the risk acceptance units, when necessary, have additional instruments for assessing risks, namely risk analysis performed by specialised companies.

These instruments are aimed especially at assessing *in loco*, the deviations from the average standards of a specific risk, thus allowing the maximum expected losses and the weak and strong points of the proposing entity or object of the risk to be assessed. It also allows the specific assessment of certain coverage or limits on capital acceptance thus establishing an adequate, balanced contract between the parties.

The acceptance units have at their disposal technical and actuarial reports and analysis which enable them to have acknowledge of the development of the insurance products and risk behaviour.

The first risk acceptance level is the responsibility of the insurance product's Technical Areas which are responsible for the acceptance of risks which have not been delegated to the two above mentioned levels and for the technical management of the insurance product.

In certain pre-defined situations, the risk acceptance surpasses the technical unit. The Acceptance Committee or the Board of Directors will be then responsible for the risk acceptance.

The first risk acceptance level is provided with a multidisciplinary technical team which is highly specialised in terms of insurance activities and/or products, assisted by risk analysis and actuarial specialists. Whenever risk characteristics justify specialised analysis companies are involved.

Risk acceptance is based on stringent technical standards, designed to identify risks with high loss potential (seriousness and frequency) in order to achieve sustained portfolio growth and a balanced technical result, with the use of facultative reinsurance when the risks cannot be included in the

Treaties. All the risks not included in the reinsurance treaties are analysed with resource to the Facultative Reinsurance contract, whenever it is considered that risk can be accepted.

Whenever risks are not covered by reinsurance tariff handbooks on the company's automatic acceptance conditions, they are sent to the reinsurers' underwriting offices for the proposal of acceptance conditions relating to those risks.

43.2. TECHNICAL MANAGEMENT

Technical management of the various insurance products involves the definition of the insurance policies' prices and clauses, definition and control of the subscription policy and the control and monitoring of premiums, claims and technical results.

This management function is performed periodically. Reports are made with management indicators and information is also prepared for the reinsurance area, to facilitate the annual negotiation of reinsurance treaties.

43.3. RISK CONTROL MANAGEMENT INSTRUMENTS

Organisation's Internal Risks

In order to control and minimise the organisation's internal risk, the standards and procedures have been published, and are accessible and generally known, their application being adequately monitored by the competent areas.

Portfolio Profile Studies

Regular portfolio risk profile studies are performed on risk portfolios, by class of capital/liability assumed, by activity and type of coverage.

Regular studies are performed on claim behaviour based on the most dominant characteristics for the definition of risk.

This type of study allows a qualitative and quantitative analysis of claim rates on specific risk classes (insured capital amounts, insured objects, activities, coverage) to be made, so as to assess the existing delegation of authority and correction of any distortions, correlating the main pricing factors and changing current products or creating new ones.

Periodic Analysis of Portfolio Evolution

Evolution of the portfolio under management is monitored periodically, through specific analysis of insurance policy behaviour, both in terms of number of policies and new and cancelled premiums.

These studies also include analyses of claim behaviour, monitoring their respective frequency and rate. These analyses are made, not only by product groups, but mainly by Products under management.

In the specific case of car insurance, extensive and detailed diagnosis are performed on the portfolio evolution, trying to identify problems and causes in the business area, both in a commercial and technical perspectives. Proposals are developed as a result of those analyses. The presentation of diagnosis, discussion of the adjustment proposals and other issues relative to car insurance business are performed in frequent meetings designated War Rooms, where board members and officers responsible for the different departments involved in the that business area participate.

Portfolio Selection and Restructuring

The purpose of this function is to improve the profitability of the portfolio under management, both by restructuring risks with negative results (frequency and/or high claims rate), or by introducing changes to contractual terms (coverage, limits, premiums) as well as providing customer advisory services (recommendations for the implementation of prevention and security measures to improve risk quality).

This function also includes the assessment of the irregular features detected in contracts or claims which may lead to the implementation of measures that, depending on the seriousness of the irregularities, may result in the annulment of the contract or the policy holder portfolio.

Insurance Risk Concentrations

Regular studies on portfolio risk profile, by class of insured capital/assumed liability, activity, insured object and coverage, provide management information that enables the impact of possible changes in coverage, reinsurance treaties and retention policies to be estimated. In some cases, specific studies are developed to assess these impacts.

These studies also focus on specific coverage, geographical area, type of liability assumed or insured object, allowing the maximum risk limit per class to be determined and quantified, in addition to assessment of the impact on the portfolio, of catastrophic claim scenarios.

43.4 REINSURANCE POLICIES

Determining factors for limiting or transferring insured risk lie in the nature of the business and insured risk amounts. These can be differentiated between “mass insurance” (motor, labour and personal accident) and property insurance business (the different component parts of fire and other risks, engineering and machinery and marine risks, general third party liability and miscellaneous risks).

Compliance with subscription rules is associated with the available reinsurance cover in force, this being a determining factor for the acceptance or rejection of certain types of risk.

Risks involving high amounts of insured capital or serious situations are analysed previously and their acceptance is strictly dependent on and supported by the reinsurance area.

The company has based its reinsurance policy on the existence of proportional, non-proportional and facultative reinsurance treaties, and other types of reinsurance that may be necessary to obtain adequate reinsurance protection for accepted risks.

Reinsurance cover for the principal property insurance products, as well as respective retention, is based on the ratio between portfolio structure in terms of insured capital and respective premium volume for each product and on the statistical monitoring of profitability and retention/premiums ratio at the end of the year or cycle and the company's financial capacity to absorb frequent claims.

In determining retention per event, the fact that catastrophes do not occur frequently is taken into account. Retention reflects what is technically expected in terms of the impact of the same catastrophe on the company's capital and its absorption over a defined period, using a conservative scenario of a return period of 500 years, which is unusual with respect to markets subject to catastrophic risks.

As mentioned, risk retention is adapted to existing portfolios and is based on negotiated capacity and balance between premium ceding operations and that capacity.

As regards Fire and other risks, Engineering and Marine and Air insurance, the companies operate with proportional treaties.

Mass insurance risks (motor, personal and labour accident) are covered by an Excess of Loss treaty, which is more adequate to these types of risk and portfolios and to the company's financial capacity. The statistical evolution of claims and bids received for the different levels that this may have are taken into account in defining this priority.

The General third party liability product is also protected by an Excess of Loss reinsurance treaty.

The "Maximum cumulative risk" on retentions is protected by adequate Excess of Loss treaties for each situation.

The accumulations resulting from "Coverage of Earthquake and Natural Risk Phenomena", classified as "catastrophic" in terms of retentions, are reinsured using Excess of Loss treaties, their retention being determined by the company's financial capacity.

The selection criteria for reinsurers is based on their reliability and financial solvency, ability to provide services and monitoring of their performance in terms of payments/collections, ratings attributed by international rating agencies also being a determining factor.

43.5. ASSET AND LIABILITY MANAGEMENT (ALM) TECHNIQUES USED BY THE COMPANY.

The company functions differently depending on the type of product in question.

Asset and Liability Adequacy Procedures

Immunised Products

These are typically products with a fixed rate, defined at inception, that do not entitle the policyholders any type of profit-sharing. These products are covered by investments with similar maturity and payment dates so as to obtain a return on the investments that covers the company's margin and contracted interest payable to the clients.

Temporary mismatches may occur between assets and liabilities, usually due to early redemptions. For this reason the investment policy is restricted to highly liquid investments in "investment grade" rated securities admitted to listing on OECD markets.

Profit sharing products with guaranteed principal and income

The composition of the investment portfolio of these products depends of the applicable management strategy and definition of the individual product benchmarks.

The benchmarks are based on market interest rates, liability maturity and guaranteed return for clients. To minimise risk as the maturity of liabilities approaches, the relative weight of the investment in variable yield securities is gradually reduced and replaced by investment in fixed return securities.

A diversity of relevant information is considered for projecting future cash flows, namely that relating to current contracts, contract maturity dates, current liabilities capitalised by profit participation and guaranteed income rate.

Cash flows on investments in fixed income or fixed rate securities are projected using the assets rate or scenarios, in accordance the yield curve, depending on which is expected to be more in line with the expected future reality. Cash flow projections are not performed for equity securities, their current market value being used instead.

Policy for allocating investments to products

In the case of products with profit sharing and unit-linked products in which the investment risk is borne by the policyholder, the respective investment portfolios are placed in autonomous funds. An autonomous fund is managed for each product, with the purpose of ensuring independence of the respective portfolios and avoiding contamination resulting from placing the investments covering different products in a single portfolio.

Products without profit-sharing are recorded in globally managed portfolios as the performance of these portfolios does not affect income payable to the clients. However, despite the existence of greater management flexibility, a prudent approach of matching assets and liabilities has been adopted.

Assets are allocated to portfolios based on their market value, especially in the case of portfolios in which the policyholders are entitled to a share of its results. An autonomous fund associated with each portfolio is also set up in these cases.

For each type of asset, maximum exposure limits are also defined.

Type of asset	Maximum limit (% of global amount of the portfolio)
Fixed income – long rates	70%
Government	70%
Corporate	50%
Fixed income – short rates	100%
Absolute return	2%
Variable income	30%
Variable income (gross)	6%
(Private equity and other)	(20% of investment in variable income
Property	40%

In addition to the restrictions imposed under current legislation, the Companies' portfolio management also takes the following points into consideration:

I. The maximum exposure on securities which have not been admitted to trading on the stock exchange on other regulated markets of European Union member states, or in markets in OECD countries legally defined as equivalent, amounts to 15% of the total portfolio value and must always be expressly approved by the Board of Directors;

II. Foreign currency investments must be consistent with the respective liabilities in at least 95%;

III. Derivatives, Repos and Security Lending Operations - Derivatives may be used for hedging, trading, speculation or decreasing investment costs, in accordance with the legislation in force.

Repos and security lending operations are permitted under the conditions defined by current legislation, provided that they do not compromise the allocation limits defined for each of the respective asset classes. These operations require specific approval although general approval may be given for market derivatives.

Derivatives risk assessment models:

There is a generic model for assessing expected return/risk based on the composition of the asset classes. The expected portfolio returns are subject to a sensitivity analysis based on the volatility of their assets. This type of assessment is used for asset allocation decisions, in an endeavour to set up risk controlled portfolios to optimise return within the current market environment.

Risk assessment is performed internally by the Investment Department with the involvement, whenever necessary, of the Caixa's Risk Management Department. Various risks are monitored, namely:

- market risk;
- interest rate risk;
- credit risk by issuer and financial group;
- liquidity risk.

IV. Investment on fixed income assets

Bonds eligible for acquisition must comply with the following matrix which incorporates both residual terms to credit quality. No investment should be made in assets with a rating lower than BBB- or equivalent.

Retention assets	Corporate Debt	Sovereign Debt *	Limit per issuer
Up to 1 year	BBB-	BBB-	1%
1 - 5 years	A-	A-	3%
5 -15 years	AA-	A+	6%
15 -30 years	Non authorised	A+	
More than 30 years	Non authorised	AAA	

* there are no rating limits for the sovereign debt of the Eurozone countries.

Active management	Rating	Limit per issue	Limit per issuer
0 - 5 years 5 – 10 years	BBB- BBB-	1% 0.5%	 1%
0 - 5 years 5 – 15 years	A- A-	3% 2%	 3%
0 - 5 years 5 – 20 years	AA- AA-	5% 3%	 5%
0 - 5 years 5 – 30 years	AAA AAA	6% 3%	 6%

* there are no rating limits for the sovereign debt of the Eurozone countries.

Investment in other unspecified classes of assets must be specifically approved by the Board of Directors.

Current regulations also impose limitations on investments.

43.6. LIFE INSURANCE

There are three major types of life insurance contracts that fall within the scope of IFRS 4, in which the nature of the risk covered is as follows:

Risk Products

The greatest risk on these products is mortality, although a large number of contracts also cover disability risk. A significant part of these risks is transferred to reinsurance companies.

Profit sharing is typically based on the following type of technical/financial account:

(Premiums + Income – Claims – Management charges – Change in mathematical provision – Any existing negative balance from the preceding year) x Profit sharing coefficient

The discretionary nature of such profit sharing is associated with the use of the Fund for Future Payments to determine the income and the profit sharing coefficient, as only minimums are defined in profit sharing schemes.

Annuity Products

The greatest risk on these products is longevity.

Profit sharing is typically based on the following type of technical/financial account:

(Premiums + Income – Claims – Management charges – Change in mathematical provision – Any existing negative balance from the preceding year) x Percentage of profit sharing

The discretionary nature of such profit sharing is associated with the use of the Fund for Future Payments to determine the income and profit sharing coefficient, as only minimums are defined in profit sharing schemes.

Capitalisation Products

Interest risk rate is the principal risk factor in these products.

Profit sharing contracts only are covered by IFRS 4 and so income allocated to Policyholders has a fixed component and a variable component that depends on the profitability of a specific portfolio of assets partly dependent on the company’s discretion.

Profit sharing is typically based on the following type of technical/financial account:

(Percentage of income – Technical income – Management charges – Any existing negative balance from the preceding year) x Percentage of profit sharing

The discretionary nature of such profit sharing is associated with the use of the Fund for Future Payments to determine income, profit-sharing coefficient, percentage of income and management charges, as only minimums are defined in profit-sharing schemes.

The following table presents a forecast of cash inflows and outflows for each of these product types (PS – profit sharing), over the next three years.

Fidelidade - Mundial

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2009	130 815	71 591	-	5 353	40 304	852 538
2010	55 316	33 929	-	5 304	37 546	684 792
2011	47 637	31 208	-	5 231	34 501	880 427

Império - Bonança

Year	Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow
2009	-	11 234	28 923	103 097
2010	-	10 788	26 075	91 822
2011	-	10 342	23 309	67 436

The following table shows the change in these cash inflows and outflows resulting from a 5% increase in expected early redemptions.

Fidelidade - Mundial

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2009	127 585	70 184	-	5 353	39 236	997 697
2010	51 183	31 744	-	5 304	34 679	746 101
2011	41 703	27 637	-	5 231	30 244	851 530

Império - Bonança

Year	Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow
2009	-	11 234	28 186	121 431
2010	-	10 788	24 040	105 408
2011	-	10 342	20 329	79 344

The following table shows the estimated change in liabilities recorded in the balance sheet at 31 December 2008, as a result of changes in some of the assumptions used.

Fidelidade - Mundial

Assumption	Change in assumption	Change in liability
Mortality rate	+ 25%*	15 097
Asset yield rate	+ 0.5%	1 324
Inflation rate	+ 1%	562
Redemption rate	+ 5%	(2 912)

* in terms of Annuities, the change of the mortality rate was negative.

Império – Bonança

Assumption	Change in assumption	Change in liability
Mortality rate	+ 25%*	9 391
Asset yield rate	+ 0.5%	-
Inflation rate	+ 1%	22
Redemption rate	+ 5%	(695)

* in terms of Annuities, the change of the mortality rate was negative.

43.7. INTEREST RATE RISK

Interest rate risk management policy is based on a twofold approach. In the case of immunised portfolios and fixed-rate capitalisation insurance, coverage is adjusted to the liabilities assumed. In this case, the cash flow profile of the investment in assets and the outflow of liabilities on maturity, are matched. There is practically no active management of interest rate risk during the product's life.

Interest rate risk on benchmark management model portfolios is managed actively in accordance with target exposure levels, defined by benchmarks, using tactical underweight/overweight management based on the expectation of changes on the curve structure, in order to optimise the return on assets.

The following table shows that the exposure level to longer periods in quantitative terms is not significant.

Maturity Risk	Amount	Weight	Mod Dur
Fixed income	9 909 277 859	100%	
Fixed-rate bonds	5 862 053 312	59.2%	3.8
Maturity 1 - 3 years	3 562 097 210	60.8%	1.9
Maturity 4 - 5 years	1 208 145 528	20.6%	4.1
Maturity 6 - 7 years	188 510 530	3.2%	5.7
Maturity 8 - 10 years	304 803 243	5.2%	7.6
Maturity 11 - 19 years	269 296 056	4.6%	9.7
Maturity 20 - 29 years	329 200 746	5.6%	14.1
Variable-rate bonds	3 254 611 161	32.8%	0.3
Inflation-linked bonds	177 026 260	1.8%	4.0
Perpetual (fixed rate)	10 769 106	0.1%	
Non-performing	813 525	0.0%	
Bonds with maturity < 1 year	604 004 494	6.1%	0.6

For the purpose of risk monitoring, companies also use the services of CGD's risk control unit, which publishes its internal indicators.

This risk is also being monitored by supervisory bodies, a specific stress-test having been made on the asset portfolio during 2008 to quantify the impact of adverse shocks.

The use of derivatives for risk management purposes is currently limited to the occasional use of interest rate swaps in portfolios to reduce interest rate risk or in cases in which this instrument has been considered more efficient than the direct use of assets.

At 31 December 2008 Caixa Seguros had a portfolio of interest rate swap contracts to hedge financial risks on unit-linked products and fixed-rate life insurance products as follows:

Notional value	Currency	Linked products	Maturity	Rate granted	Rate taken
100 000	EUR	VANTAGEM DUPLA 2003	2013	Euribor_6M_360+0.450%	4.250%
4 000 000	EUR	VANTAGEM DUPLA 2003	2013	Euribor_6M_360+0.450%	4.710%
5 200 000	EUR	VANTAGEM DUPLA 2003	2013	Euribor_6M_360+0.450%	4.670%
3 100 000	EUR	MAIS VALOR 2004- 1st Series	2009	Euribor_6M_360+0.875%	4.500%
10 000 000	EUR	MAIS VALOR 2004- 1st Series	2009	Euribor_6M_360+0.875%	4.550%
13 293 000	EUR	MAIS VALOR 2004- 2nd Series	2009	Euribor_6M_360+0.875%	Euribor_6M_360+0.875%
14 373 348	EUR	Reforma PPR/E MAIS	2009	5.238%	5.207%
20 000 000	EUR	Caixa Seguro 4.5%	2012	8.024%	7.379%
5 000 000	EUR	Caixa Seguro 4.4% 55/25	2010	5.794%	5.331%
9 500 000	EUR	Garantido 4.14%	2009	4.110%	4.382%
2 300 000	EUR	PPR 4.28%	2013	Euribor_3M_360	3.880%
4 000 000	EUR	PPR 4.28%	2010	Euribor_3M_360	4.040%
11 000 000	EUR	K Investe	2012	4.000%	4.300%
12 000 000	EUR	Garantido 4%	2013	4.000%	4.300%
10 000 000	EUR	Postal 4%	2013	Euribor_3M_360	4.000%
20 000 000	EUR	Postal 4%	2010	Euribor_3M_360	3.760%
20 000 000	EUR	Postal 4%	2012	Euribor_3M_360	3.880%
45 000 000	EUR	Postal 4%	2010	4.733%	4.040%
15 000 000	EUR	Postal PPR 20%	2012	3.710%	3.923%
125 000 000	EUR	Caixa Seguro 2x4.15	2013	Euribor_3M_360	4.250%
17 500 000	EUR	Postal 12.2%	2013	3.910%	3.991%
76 500 000	EUR	Caixa Seguro Euro Campeão	2011	Euribor_3M_360	5.200%
50 000 000	EUR	Levexpert PPR Series A	2013	4.500%	4.781%
100 000 000	EUR	Caixa Seguro 4.6%	2013	4.600%	4.635%
9 000 000	EUR	Invest 2	2010	4.600%	4.631%
30 000 000	EUR	Postal Valorização Garantida	2010	4.400%	4.498%
15 000 000	EUR	Garantido 4.65%	2011	4.650%	4.758%
50 000 000	EUR	Levexpert PPR Series B	2011	Euribor_3M_360	Euribor_1Year_360-0.140%
16 000 000	EUR	Premium	2013	4.730%	5.01%
80 000 000	EUR	Pst Top Rent. CS Invest Mais	2013	Euribor_3M_360	5.14%
65 000 000	EUR	Pst Top Rent. CS Invest Mais	2013	Euribor_3M_360	Euribor_1Year_360-0.250%
10 000 000	EUR	Pst Top Rent. CS Invest Mais	2013	Euribor_3M_360	Euribor_1Year_360-0.190%
45 000 000	EUR	Levexpert PPR Series B	2013	Euribor_3M_360	3.81%
125 000 000	EUR	Caixa Seguro Duplo Invest	2009	Euribor_3M_360	4.04%

Risk management/counterparty analysis policy is based essentially on the selection table at the time the asset is purchased, disclosed in the “Asset separation requirements” item, designed to protect the policyholders through restrictions in the use of the company’s assets. The risk is, however, monitored continuously by analysing international rating agencies’ opinions/outlooks in order to prevent a downgrade of the rating of the securities held. On the other hand, the definition of internal limits by counterparty, not authorising the accumulation of risk, ensures good risk level dilution over time.

The following table describes the economic groups of exposure positions equal to or more than EUR 50 million.

Assets for counterparty risk

Economic group		Accumulated Capital	%
	Total	**9 909 277 859**	**100.0%**
Public debt – European Union		2 700 422 394	27.3%
	Italy	700 660 206	7.1%
	Germany	594 001 738	6.0%
	France	450 168 302	4.5%
	Greece	262 869 765	2.7%
	Belgium	252 595 704	2.5%
	Portugal	167 094 357	1.7%
	Spain	162 096 499	1.6%
	Austria	52 071 034	0.5%
	Other	58 864 790	0.6%
Caixa Geral de Depósitos, SA		1 530 709 096	15.4%
Banco Santander, SA		266 077 784	2.7%
Espírito Santo Financial Group		204 005 033	2.1%
Intesa Sanpaolo SpA		167 825 705	1.7%
General Electric, Co		154 353 799	1.6%
Banco Bilbao Vizcaya Argentaria		141 730 656	1.4%
DnB NOR ASA		139 060 297	1.4%
Fortis		132 217 946	1.3%
SNS Reaal		126 154 971	1.3%
ING Groep NV		124 492 791	1.3%
Anglo Irish Bank Corp PLC		96 985 323	1.0%
Danske Bank A/S		96 793 317	1.0%
Royal Bank of Scotland Group Plc		95 693 281	1.0%
Banco Comercial Português, SA		93 895 682	0.9%
UnitCredit SpA		93 121 956	0.9%
HBOS Plc		93 025 484	0.9%
European Investment Bank		91 543 650	0.9%
Carrefour, SA		85 225 949	0.9%
Bayerische Motoren Werke , AG		81 422 493	0.8%
Dexia, SA		80 766 831	0.8%
Australia & New Zealand Banking		80 627 962	0.8%
Volkswagen, AG		79 899 371	0.8%
France Telecom, SA		79 476 372	0.8%
BNP Paribas		74 467 361	0.8%
Nationwide Building Society		74 008 222	0.7%
Citigroup Inc		73 944 880	0.7%
Deutsche Telecom, AG		71 295 336	0.7%
Montepio Geral Associação Mutualista		66 759 538	0.7%
Caja de Ahorros y Monte de Pie		64 029 436	0.6%
St George Bank Ltd		61 224 052	0.6%
Credit Agricole, SA		60 974 631	0.6%
Enel SpA		60 371 018	0.6%
Gdf Suez		58 708 174	0.6%
Nordeutsche Landesbank Girozentrale		58 220 415	0.6%
Landesbank Baden-Wurttemberg		58 087 721	0.6%
Société Générale		56 695 171	0.6%
Deutsche Bank AG		54 471 775	0.5%
Skandinaviska Enskilda Banken		53 036 960	0.5%
UBS AG		51 864 337	0.5%
Other		2 075 591 587	20.9%

44. CAPITAL MANAGEMENT

Capital management objectives, in Caixa Geral de Depósitos, are in line with the following general principles:

- To comply with the legal requirements imposed upon CGD by the supervisory authorities i.e. the Bank of Portugal and the National Council of Financial Supervisors;

- To generate an adequate level of return for the company, creating value for its shareholder and return on capital employed;

- To sustain the development of operations that CGD is legally authorised to perform, maintaining a solid capital structure, capable of providing for the growth in operations and respective risks.
- To ensure the good name of both the institution and the group through the preservation of the reliability of the operations performed in the course of the activity

To achieve the above referred to objectives Caixa Geral de Depósitos plans its short and medium term capital requirements to finance its operations, particularly using its own and other resources. This planning is based on in-house estimates of growth in balance operations and the funding through other sources of finance primarily comprises the issue of subordinated debt comprising complementary own funds, subject to certain limits.

Current regulatory requirements are based on the “RGICSF” (General Credit Institutions and Financial Companies Regime), approved by Decree Law 298/92 of 31 December, in accordance with the wording of Decree Law 201/2002 of 26 September, which is central to Portuguese prudential regulations and which, to a large extent, reflects Community directives relating to the financial system. The referred to “RGICSF” comprises several regulatory domains influencing capital management, of which reference should be made to:

- The obligation for credit institutions to maintain a minimum amount of EUR 17.5 million in share capital;

- The requirement for own funds never to be less than the minimum share capital and for at least 10% of each year’s net profit to be appropriated to legal reserves up to the amount of the share capital;

- The application of preventive instruments, such as the requirement for a minimum solvency ratio of 8%, which, in practice, comprises the need for credit institutions to appropriate determined amounts of capital to provide for any unexpected losses;

- The imposition of limits on risk concentration on a single or group of customers, based on the introduction of percentages indexed to the amount of own funds, which, in consolidated terms, are around 20% for the Group proper and 25% for others. This measure was designed to favour portfolio diversification, owing to the risk of “contamination” which may exist within a specific group, in the event of any default by one or more entities belonging to the said group;

- Investment limits in other companies - other than credit institutions or insurance sector companies - which if considered separately should not exceed 15% of the investing institution's own funds and 60% of the said funds taking into account the qualified investments as a whole.

In addition to these requirements, there are other prudential rules to which the banks are subject and which, in conjunction with those already referred to, should be interpreted as an important complement to prudent management by institutions and which should, essentially, be based on internal assessment and control dispositions established by them, taking into account responsibilities to shareholders, depositors and other creditors. An example of these rules, are the guidelines that the Bank of Portugal regularly discloses to the financial system. These rules may assume a requirement or recommendation characteristic as in the case of the recent circular letter 83/08 of 12 November in which, the Bank of Portugal recommends the reinforcement of the credit institutions capitalisation levels to face the international framework of crisis and recession. This recommendation urges a minimum ratio of 8% basic own funds (Tier I) to be reached by 30 September 2009.

Most of the requirements and prudential limits are based on the own funds concept, which comprises the minimum amount of regulatory capital imposed by the regulator. Its regular, mandatory calculation was enacted, in 1992, by the Bank of Portugal's publication of Official Notice 12/92 of 22 December. This rule, in addition to the solvency ratio rule (Official Notice 1/93 of 19 May), derives from the approval of the first Basel Agreement, in 1998 and was complemented in 1996 by the Bank of Portugal's Official Notice 7/96 which, in addition to credit risk, added capital requirements for market and foreign exchange risks. Reference should also be made that, after the entering into force of IAS on 01/01/2005 two consolidation perimeters started to be considered – for accounts disclosure and prudential purposes. The main difference lays in the fact that the insurance sector was included in the consolidation perimeter for prudential purposes on the basis of the equity accounting method, whereas in the accounts disclosure the insurance companies are consolidated by the full accounting method. On the other hand, the funds are not subject to consolidation for prudential purposes. The same does not apply to the disclosure of the accounts.

This "Basel I" rule was replaced on 01 January 2008, by the "Basel II Capital Agreement" which comprises, besides the new methodologies for the calculation requirements of more risk sensitive minimum own funds (Pilar I), a set of requirements relative to self-evaluation and determining by the credit institutions of the internal capital level considered appropriate for their risk profile (Pilar II). The amount resulting from that calculation is the bank's economic capital. Although this capital is not the solution for all the contingencies of the crisis and recession that may occur, it is essential for softening the negative impacts on credit institutions, in unfavourable scenarios and frameworks as in the present situation. Therefore for the institutions, it is very important the planning of their internal capital in view of ensuring its adequacy on a permanent basis, to risks incurred in each moment in order to face unexpected losses and serving as a kind of guarantee if these losses occur. In line with this perspective, one may assert that the new capital adequacy structure required by the Basel II Agreement is an important vehicle for the improvement of assessment and risk management a credit institution is subject to. The credit risk models should consequently culminate in a closer approach between regulatory and economic capital and these models are expected to be used both for credit decisions and the calculation of own funds.

For the purpose of analysing and fulfilling the legal requirements imposed by the banking supervisory authorities, Caixa Geral de Depósitos has its own "Prudential Information" department which works in collaboration with diverse internal departments, particularly "Credit Risk", in addition to the different entities comprising the Group.

The following table provides information on CGD Group's regulatory capital at end 2007 and 2008. During (and prior to) the said years, the entities included in CGD's consolidation perimeter complied separately with the legal imperatives binding upon each of them, both in Portugal as in the respective countries in which they are based. Such entities particularly included Caixa Banco de Investimento and Caixa Leasing e Factoring-IFIC, in Portugal and Banco Caixa Geral (Spain), BNU Macau (Macau) and Mercantile Bank (South Africa) abroad.

(EUR million)

	31/12/2007 (1)	31/12/2008 (2)	Change (2)-(1)
A - BASIS OWN FUNDS (TIER I)	**3 767**	**4 664**	**897**
Share capital	3 100	3 500	400
Reserves and retained earnings	274	877	603
Net income for year	550	144	(406)
Minority shareholders' interests	707	1 134	427
Impacts of the adoption of IAS *(transitional regime)*	180	144	(36)
Deduction to basis own funds (*)	*(1 044)*	*(1 135)*	*(91)*
B - COMPLEMENTARY OWN FUNDS (TIER II)	**2 444**	**2 552**	**108**
Subordinated liabilities with unspecified maturity	220	215	(5)
Subordinated liabilities with specified maturity	2 054	2 561	507
Revaluation reserves	510	233	(277)
Other	(340)	(457)	(117)
C - DEDUCTIONS TO TOTAL BASIS OWN FUNDS	**(36)**	**(39)**	**(3)**
D - TOTAL ELIGIBLE OWN FUNDS (A+B+C)	**6 175**	**7 177**	**1 002**
E - WEIGHTED RISK POSITIONS	**61 015**	**66 851**	**5 836**

RATIOS	31/12/2007 (1)	31/12/2008 (2)	Change (2)-(1)
TIER I (A/E)	**6.2%**	**7.0%**	**0.8%**
CORE TIER I	**5.8%**	**6.8%**	**1.0%**
TIER II (B/E)	**4.0%**	**3.8%**	**-0.2%**
DEDUCTIONS (C/E)	**-0.1%**	**-0.1%**	**0.0%**
SOLVENCY RATIO (D/E)	**10.1%**	**10.7%**	**0.6%**

(*) Include deductions of investments in insurance companies and in credit institutions in which equity investment is ≥ 10%

The above table shows that the final amount of own funds is based on the sum of 3 major aggregates, whose respective amounts differ in several aspects from those recognised in the balance sheet and which translate the regulator's application of prudential filters, i.e.

(i) Basis own funds or Tier I which comprise the bank's more stable capital. The principal components and amounts considered in own funds are:

- Share capital, reserves (excluding revaluation reserves), minority shareholders' interests and retained earnings correspond, in full, to the prudential perimeter's accounting values;

- Net income for the year, which is included in own funds, net of dividends payable to the state only if it has been subject to certification by the Statutory Auditor;

- Transition impacts, comprising the costs of employee benefits on the introduction of the IAS (Healthcare Plan and other health-related costs) and whose deductions from own funds were deferred for 5 or 7 years. In 2008 these deferred periods were extended to 3 more years by the Official Notice 7/2008 of 14 October of the Bank of Portugal.

- Deductions from basis own funds, comprising various account headings, such as correction factors, whose recognition was considered necessary by the regulator, based on a prudential approach. These include contributions to pension funds still not recognised as a cost for the year, intangible assets and negative revaluation reserves of which unrealised losses classified as available-for-sale were excluded by the Bank of Portugal (Official Notice 6/2009 of 14 October). Until September 2007 these deductions also included part of deferred tax assets exceeding 10% of basis own funds. This limit was revoked by Official Notice 9/2008 of 28 October of the Bank of Portugal. In these deductions from basis own funds reference should be made to the amounts relating to positive differences resulting from the application of the equity accounting method, as well as the amount corresponding to 50% of the investment in the insurance sector (deducted in certain conditions from the exceeding part of the solvency margin, in the case there is one) and in the credit institutions where the equity participation is equal or more than 10%.

(ii) Complementary own funds or Tier II essentially comprise positive revaluation reserves on several assets and subordinated liabilities subject to the Bank of Portugal's prior approval. As from October 2008 unrealised gains on debt securities classified as available-for-sale, in accordance with the entry into force of the referred to Official Notice 6/2008 of 14 October of the Bank of Portugal, were excluded. The amount of such funds cannot exceed the amount of basis own funds and is broken down, as follows:

- Subordinated debt, of which debt with a fixed maturity date is considered in the Lower Tier II segment, only up to a limit of 50% of basis own funds as opposed to debt with an indeterminate maturity date which is fully classified in the Upper Tier II segment;

- Only 45% of the amount of the positive revaluation reserves, included in complementary own funds.

  As happened with the basis own funds, deduction from complementary own funds correspond to 50% of investments in credit institutions and insurance companies. In the former case, investments of 10% or more are deducted in full whereas investments of less than 10% will only be deductible in respect of the part by which the aggregate amount of the said investment exceeds 10% of the sum of basis and complementary own funds. In the case of insurance companies, the deductible amount may benefit from the surplus solvency margin determined for the insurance sector, making it possible to decrease the deduction from own funds;

(iii) Deductions from own funds refer to a series of deductions resulting from regulatory impositions, i.e.:

- Amounts related with property, for the repayment of loans made by CGD, in the institution's possession for more than four years;

- Any amounts exceeding the limits established for the purposes of major risks which, in the case of consolidated prudential elements, comprise 20% of own funds for exposure to Caixa Group companies and 25% for exposure to other groups;

- Any qualified investment surpluses (of more than 5%) in non-financial or non-insurance companies, whose separate amount is more than 15% of own funds or 60% for the aggregate amount of such investments.

Starting 1 January 2008, and in terms of capital requirements, the New Basel Capital Agreement entered into force which, in the case of Caixa, comprises the immediate application of the standard method for calculating credit risk requirements in compliance with Official Notice 5/2007 of the Bank of Portugal.

The adopted methodology is an improvement of Basel I and consists of attributing weighted factors to risk positions (assets and off-balance sheet items converted into credit equivalents) in accordance with the nature/type of counterparty and the existence of guarantees (real or personal).

Compared with Basel I, the main changes arise from the possibility of using ratings awarded by the external credit assessment institutions (ECAIs) to assess the weighting risk and the existence of a specific treatment for securitisation operations as ruled by Official Notice 7/2007 of the Bank of Portugal.

CGD has a strategic purpose to evolve to the internal rating method whose candidacy is currently in progress.

In terms of reporting to the Bank of Portugal, consolidated own funds must be officially sent to the Bank, half yearly, up to 60 days after the reference date. CGD, internally, however produces consolidated own funds reports every quarter. Reference should also be made to the fact that on 31/12/2008 the Bank of Portugal required the report on own funds and respective capital requirements every month, extraordinary and up until otherwise specified. For how long this notable effort from the credit institutions in reporting their solvency ratio in such a short period will be maintained, this is not predictable.

45. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal. In the event of discrepancies the Portuguese language version prevails.

CEBS Report

I.	BUSINESS MODEL	
1.	Description of business model (i.e. reasons for the development of activities/businesses and their respective contribution to the value creation process) and, if applicable, the changes made (e.g. as a result of the period of turmoil);	See Board of Directors' Report - Chapters: - Chairman's Statement - Strategy and Business Model see Corporate Governance Report
2.	Description of strategies and objectives (including strategies and objectives specifically related with securitisation operations and structured products);	See I.1 above. See Board of Directors' Report – Chapters: - Strategic Vision 2008-2010 - Financial Analysis – Balance Sheet Evolution (on securitisation operations and structured products) See Annex to the Consolidated Financial Statements: Notes 11 and 22 on securities issued under securitisation operations and structured products.
3.	Description of the importance of the activities performed and their respective contribution to the business (including a quantitative approach);	The Board of Directors' Report contains a detailed description of CGD Group's activity, its objectives and results, contribution to business, consequences of the turmoil in the Financial Statements, both in quantitative and qualitative terms. Particular note should be taken of the Chapters referred to in item I.1 above. See Notes 28 and 40 of the Annex to the Consolidated Financial Statements.
4.	Description of the type of activities performed, including a description of the instruments used, their operation and qualification criteria with which the products/investments must comply;	See items I.1 to I.3 above. See Board of Directors' Report – Chapter on Risk Management. See Note 2.7.of the Annex to the Consolidated Financial Statements.
5.	Description of the objective and amplitude of the institution's involvement (i.e. commitments and obligations assumed) for each activity performed;	See items I.1 to I.3 above.

II.	**RISKS AND RISK MANAGEMENT**	
6.	Description of the nature and amplitude of the risks incurred on activities performed and instruments used;	See Board of Directors' Report – Chapter on Risk Management. See Annex to the Consolidated Financial Statements: - Note 42: containing a detailed description of the financial risk management policies inherent to the group's activity, the monitoring thereof, maximum exposure to credit risk, credit quality, liquidity risk, interest rate risk, foreign exchange risk, market risk and VaR analyses and sensitivity to interest rate - Note 43: describing risk management for Insurance and Reinsurance Contracts
7.	Description of risk management practices relevant to the activities (particularly including liquidity risk in the present context), description of any fragilities/weaknesses identified and the corrective measures taken;	See II.6 above.
III.	**IMPACT OF PERIOD OF FINANCIAL TURMOIL IN RESULTS**	
8.	A qualitative and quantitative description of the results, particularly losses (when applicable) and impact of write-downs in results;	See Board of Directors' Report – Chapter: - Financial Analysis – Results and Profitability See Notes 6, 8 and 19 of the Annex to the Consolidated Financial Statements .
9.	Breakdown of write-downs/losses by types of products and instruments affected by the period of turmoil, namely: commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised debt obligations (CDO), asset-backed securities (ABS);	See Board of Directors' Report – Chapter: - Financial Analysis – Results and Profitability See Note 42 of the Annex to the Consolidated Financial Statements.
10.	Description of the reasons and factors responsible for the impact;	See Board of Directors' Report - Reference is made, in the various chapters, to the consequences of the turmoil in financial markets on the banking system and on CGD, in particular, namely in the following chapters: - Chairman's Statement - Macroeconomic background - Financial Analysis See items III.8 and III.9 above.

11.	Comparison of i) impacts between (relevant) periods and ii) financial statements before and after the impact of the period of turmoil;	See contents of items III.8 to III.10 above.
12.	Breakdown of "write-downs" between realised and unrealised amounts;	See contents of items III.8 to III.10 above, particularly Notes 33 and 42 of the Annex to the Consolidated Financial Statements.
13.	Description of the influence of the financial turmoil on the entity's share prices;	N.A.
14.	Disclosure of maximum loss risk and description of how the institution's situation could be affected by the prolongation or worsening of the period of turmoil or market recovery;	See Board of Directors' Report, particularly the Chapter on Financial Analysis - Principal Risks and Uncertainties. See contents of III.10 above.
15.	Disclosure of impact of the evolution of the spreads associated with the institution's own liabilities in results in addition to the methods used to determine this impact;	See Board of Directors' Report – Chapter: - Financial Analysis – Results and Profitability Liabilities issued by CGD Group are recognised at amortised cost.
IV.	**LEVELS AND TYPES OF EXPOSURES AFFECTED BY THE PERIOD OF TURMOIL**	
16.	Nominal (or amortised cost) and fair value of "live" exposures;	See Board of Directors' Report – Chapter: - Risk Management See Annex to the Consolidated Financial Statements: - Note 2.7 - Note 42, setting out a comparison between the fair and book value of assets and liabilities recognised at amortised cost .
17.	Information on credit risk mitigating factors (e.g. credit default swaps) and respective effect on present exposures;	See Annex to the Consolidated Financial Statements : - Note 2.7, describes the accounting policies for derivatives and hedge accounting - Notes 10, 42 and 43, setting out detailed information on derivatives, notional amounts and book values of Caixa operations using such instruments for which there are exposure limits per product and per customer and daily monitoring of results.

18.	Detailed disclosure of exposures, broken down by: - Level of seniority of exposures/tranches held; - Level of credit quality (e.g. ratings, vintages); - Geographic areas of origin; - Sector of activity; - Origin of exposures (issued, retained or acquired); - Product characteristics: e.g. ratings, weight/proportion of associated sub-prime assets, discount rates, spreads, finance; - Characteristics of underlying assets: e.g. vintages, loan-to-value ratio, credit rights; weighted average life of underlying asset, presuppositions on the evolution of prepayment situations, expected losses.	See Board of Directors' Report. See Note 42 of the Annex to the Consolidated Financial Statements.
19.	Movements occurring in exposures between relevant reporting periods and reasons underlying such changes (sales, write-downs, purchases, etc.)	See Board of Directors' Report on exposure of assets affected by the period of turmoil: See items III.8 to III.15 above.
20.	Explanations of exposures (including "vehicles" and, in this case, respective activities) which have not been consolidated (or which have been recognised during the crisis) and associated reasons;	N.A.
21.	Exposure to monoline type insurance companies and quality of insured assets: - Nominal amount (or amortised cost) of insured exposures in addition to the amount of credit protection acquired; - Fair value of "live" exposures and respective credit protection; - Value of write-downs and losses, split up between realised and unrealised amounts; - Breakdown of exposures by rating or counterparty	CGD does not have any exposure to monoline type insurance companies

V.	**ACCOUNTING POLICIES AND VALUATION METHODS**	
22.	Classification of transactions and structured products for accounting and respective processing purposes;	See Annex to the Consolidated Financial Statements : - Note 2, setting out a description of the financial instruments and how they are processed in the accounts.
23.	Consolidation of Special Purpose Entities (SPEs) and other "vehicles" and their reconciliation with the structured products affected by the period of turmoil;	N.A.
24.	Detailed disclosure of the fair value of financial instruments : – Financial instruments at fair value; – Fair value ranking (breakdown of all exposures measured at fair value in the fair value ranking and breakdown between liquid assets and derivative instruments in addition to disclosure of information on migration between ranking levels); – Processing of “day 1 profits” (including quantitative information); – Use of fair value option (including conditions of use) and respective amounts (with an adequate breakdown);	See Notes 7 and 42 of the Annex to the Consolidated Financial Statements . See item IV.16 above, particularly the presentation of the determination of the fair value of the financial instruments.
25.	Description of modelling techniques used to value financial instruments, including information on: – Modelling techniques and instruments on which they are applied; – Valuation processes (particularly including the assumptions and inputs upon which the models are based); – Types of adjustment applied to reflect the modelling risk and other valuation uncertainties; – Sensitivity of fair value (namely changes to assumptions and key inputs); – *Stress Scenarios.*	See Annex to the Consolidated Financial Statements : - Note 2.7, setting out information and processes applied by CGD in the valuation of financial instruments - Notes 42 and 43
VI.	**OTHER RELEVANT DISCLOSURE ASPECTS**	
26.	Description of disclosure policies and principles used for reporting disclosures and financial reporting.	See Note 2 of the Annex to the Consolidated Financial Statements.

Audit Reports and Opinions

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STATUTORY AUDIT CERTIFICATE

INTRODUCTION

1. We have examined the financial statements of CAIXA GERAL DE DEPÓSITOS, S.A. comprising its balance sheet, at 31 December 2008 (showing a total balance sheet value of EUR 96 650 557 thousand and total shareholders' equity of EUR 4 590 234 thousand, including net income of EUR 484 251 thousand), income statement, cash flow statement and statement of changes to shareholders' equity for the year then ended and corresponding notes to the financial statements;

RESPONSIBILITIES

2. It is the responsibility of the board of directors to prepare financial statements with the objective of providing a true and appropriate description of the company's financial position and the results of its operations, as well as to use adequate accounting criteria and policies and maintain appropriate internal control systems.

3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

SCOPE

4. Our examination was performed in accordance with the Revision/Audit Technical Standards and Guidelines issued by the *Ordem dos Revisores Oficiais de Contas* (Order of Statutory Auditors) which require that the examination be planned and performed with the aim of obtaining an acceptable degree of assurance as to whether the financial statements are free from any materially relevant distortions. Our examination therefore included:

- verification of samples of supporting documents for the amounts and disclosures set out in the financial statements and an assessment of estimates, based on judgements and criteria defined by the board of directors and used for the preparation thereof;
- an assessment of whether the accounting policies used and disclosure thereof are adequate, based on the circumstances;
- verification of the applicability of the going-concern principle; and
- an assessment of whether the global presentation of the financial statements, is adequate.

5. Our examination also included the verification of concordance between the financial information contained in the board of directors' report and the financial statements.

6. We consider that our examination has provided us with an acceptable basis upon which to base our opinion.

OPINION

7. In our opinion, the referred to financial statements, provide a true and appropriate description, in all materially relevant aspects, of the financial position of **CAIXA GERAL DE DEPÓSITOS, S.A.** at 31 December 2008, comprising the results of its operations and cash flows for the year then ended, in conformity with the Adjusted Accounting Standards issued by the Bank of Portugal.

LISBON, 23 MARCH 2009

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OLIVEIRA REGO & ASSOCIADOS

SOCIEDADE DE REVISORES OFICIAIS DE CONTAS (Statutory Auditors)

Represented by Manuel de Oliveira Rego (partner)

AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Amounts expressed in thousands of Euro - EUR thousand)

(Translation of a report originally issued in Portuguese - see Note 45)

Introduction

1. Pursuant to Article 245 of the Securities Market Code (Código dos Valores Mobiliários), we present our Audit Report on the consolidated financial information included in the Directors' Report and the accompanying consolidated financial statements of Caixa Geral de Depósitos, SA and subsidiaries ("Caixa" or "CGD") for the year ended 31 December 2008, which comprise the consolidated balance sheet as at 31 December 2008, that reflects a total of EUR 111 060 082 thousand and total equity of EUR 5 484 138 thousand, including net income attributable to the shareholder of CGD of EUR 459 023 thousand, the consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and the corresponding notes.

Responsibilities

2. The Board of Directors of Caixa is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with the applicable accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) adopting adequate accounting policies and criteria and maintaining appropriate systems of internal control; and (iv) informing any significant facts that have influenced the operations of the companies included in the consolidation, their financial position or results of operations.

3. Our responsibility is to examine the financial information contained in the documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Our examination included verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by Caixa's Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used, the application of the equity method and verifying that the financial statements of the companies included in the consolidation were adequately examined, assessing the adequacy of the accounting principles used, their uniform application and their disclosure considering the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the consolidated financial statements, and verifying that, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above present fairly, in all material respects, the consolidated financial position of Caixa Geral de Depósitos, SA and its subsidiaries as at 31 December 2008, the consolidated results of their operations and their consolidated cash flows for the year then ended in conformity with the International Financial Reporting Standards adopted by the European Union and the information included therein is complete, true, up-to-date, clear, objective and licit in accordance with the definitions included in the standards referred to in paragraph 4 above.

Lisbon, 23 March 2009

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DELOITTE & ASSOCIADOS, SROC S.A.
Represented by João Carlos Henriques Gomes Ferreira

STATUTORY AUDIT CERTIFICATE ON THE CONSOLIDATED ACCOUNTS

INTRODUCTION

1. We have examined the consolidated financial statements of CAIXA GERAL DE DEPÓSITOS, S.A. comprising its consolidated balance sheet, at 31 December 2008 (showing a total balance sheet value of EUR 111 060 082 thousand and total shareholders' equity of EUR 5 484 138 thousand, including net income of EUR 459 023 thousand), consolidated income statement, consolidated cash flow statement and consolidated statement of changes to shareholders' equity for the year then ended and corresponding notes to the financial statements.

RESPONSIBILITIES

2. It is the responsibility of the board of directors to prepare the consolidated financial statements with a view to presenting a true and appropriate description of the financial position of the companies included in the consolidation, the consolidated income generated by their operations and their consolidated cash flows, in addition to using adequate accounting policies and criteria and maintaining appropriate internal control systems.

3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

SCOPE

4. Our examination was performed in accordance with the Revision/Audit Technical Standards and Guidelines issued by the *Ordem dos Revisores Oficiais de Contas* (Order of Statutory Auditors) which require that the examination be planned and performed with the aim of obtaining an acceptable degree of assurance as to whether the consolidated financial statements are free from any materially relevant distortions. Our examination therefore included:

- verification of whether the financial statements of the companies included in the consolidation have been appropriately examined and, for significant cases in which this is not the case, verification of samples of the supporting documents upon which the amounts and information disclosed in the financial statements are based and an assessment of estimates based on judgements and criteria defined by the board of directors and used for the preparation thereof;
- verification of the consolidation operations and application of the equity accounting method;
- an assessment of whether the accounting policies used and disclosure thereof are adequate, based on the circumstances;
- verification of the applicability of the going-concern principle; and
- an assessment of whether the global presentation of the consolidated financial statements, is adequate.

5. We consider that our examination has provided us with an acceptable basis upon which to base our opinion.

OPINION

6. In our opinion, the referred to consolidated financial statements provide a true and appropriate description of the consolidated financial situation of **CAIXA GERAL DE DEPÓSITOS, S.A.** at 31 December 2008, in all materially relevant aspects and the consolidated results of its operations and consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards (IFRS).

EMPHASIS OF MATTERS

7. In terms of Caixa Geral de Depósitos' consolidation perimeter, our company performs statutory audit functions on the Caixa Leasing e Factoring - Instituição Financeira de Crédito S.A., Caixagest Técnicas de Gestão de Fundos, S.A., Culturgest - Gestão de Espaços Culturais, S.A. (currently being liquidated), Caixanet - Telemática e Comunicações, S.A. and Credip - Instituição Financeira de Crédito, S.A. companies and has used the information supplied by the inspectors/auditors of the other companies included in the said consolidation perimeter, to form the opinion we have expressed in this document.

LISBON, 23 MARCH 2009

OLIVEIRA REGO & ASSOCIADOS
SOCIEDADE DE REVISORES OFICIAIS DE CONTAS (Statutory Auditors)
Represented by Manuel de Oliveira Rego (partner)

REPORT AND OPINION OF AUDIT BOARD

Statement to Shareholders

1. The audit board, under articles 420 and 508-D of the Commercial Companies Code, is responsible for producing a report on its inspection and issuing an opinion on the separate and consolidated accounting documents of CAIXA GERAL DE DEPÓSITOS, S.A., (hereinafter referred to as Caixa or CGD) for the year ended 31 December 2008.

2. Responsibility for inspecting CGD has been delegated to an audit board and a statutory auditor or statutory audit company, other than a member of the said body, as provided for in sub-paragraph b) of no. 1 of article 413 of the Commercial Companies Code and CGD's articles of association.

3. The audit board, pursuant to its competence and taking into consideration the governance model adopted by CGD, has monitored and inspected the management of the board of directors, having access to the minutes of the weekly meetings held by the said body, the documents upon which its resolutions have been based, prepared by the various internal services, working groups and external entities (consultants/auditors) and has arranged for periodic meetings to be held with the statutory audit company, providing it with assistance, in its capacity as a technical expert, in accordance with the contract entered into for the said purpose, in which the principal areas and subject matters to be examined in greater detail have been defined.

4. The audit board also ascertained that the law and CGD's articles of association have been complied with and has issued the quarterly report referred to in no. 2 of article 6 of Decree Law 287/93 of 20 August, which was sent to the offices of the Ministers of State and Finance and Secretary of State for the Treasury and Finance with a copy to the chairman of CGD's board of directors.

In performing its works, the audit board is pleased to note that it has always been provided with every assistance by the board of directors and the company's various departments when requesting information considered necessary for performing its functions.

5. The audit board has taken note of the "Good Governance Report" which is a part of CGD's annual report, having noted that the said report complies with the principles on the disclosure of information to be complied with by state-owned companies, as set out in the annex to Council of Ministers' resolution 49/2007 of 28 March.

6. Following the Bank of Portugal's publication of Official Notice 5/2008, on 01 July, the audit board issued its opinions on the adequacy and efficacy of CGD's internal control system (separate and group) on 22 December 2008.

While expressing a generally positive opinion, the documents issued also indicated the existence of a collection of deficiencies and/or aspects which require improvements, whose evolution the audit board will monitor during the course of 2009.

7. The audit board took note, during the course of the year, of the reports on the interim financial statements, issued by the statutory auditor, for the purpose of the inclusion of the provisional positive results, determined monthly, in accordance with Official Notice 12/92 of 22 December and circular letter 17/DSB/1995 of 07 March, both issued by the Bank of Portugal, in own funds.

8. The audit board wishes to make reference to the following resolutions adopted and/or implemented last year:

(i) A resolution was passed at the company's general meeting of 17 April 2008, approving the transfer of EUR 133.2 million from CGD's separate operations, from the EUR 666.1 million in net income for 2007, to the legal reserve in accordance with sub-paragraph a) of no.1 of article 26 of the company's articles of association, in addition to EUR 55 million to retained earnings to cover losses, the payment of EUR 340 million in dividends to the state shareholder and the remaining amount of EUR 137.9 million to free reserves.

A proposal for the payment of an amount of up to EUR 41.4 million to CGD employees and members of the board of directors under the profit-sharing scheme was also approved at the same general meeting, in accordance with the terms of sub-paragraph b) of no. 1 of article 26 of CGD's articles of association.

(ii) The audit board has particularly taken note of the loans made by CGD, in former years, for the purchase of the shares of listed companies, in accordance with quarterly reports issued by the supervisory body.

Notwithstanding a reduction of finance and reinforcement of guarantees, the audit board has been recommending that the amount of such contractual guarantees be increased owing to the strong depreciation in the value of such shares, in order to safeguard CGD's level of exposure which is considered to be high.

(iii) Recognition of impairment on available for sale financial assets, particularly ZON - Serviços de Telecomunicações e Multimédia, SGPS, SA (EUR 262.2 million) and BCP - Banco Comercial Português, SA (EUR 220 million).

(iv) CGD assesses the economic provisions required to cover the implicit risk on its credit portfolio, and sends this information to the Bank of Portugal every six months in the form of an impairment report issued by the external auditors in accordance with the guidelines issued by the above referred to supervisory body. The audit board has taken note of the reports issued by the external auditors on this subject.

(v) Law 62-A/2008, nationalising the full amount of the share capital of Banco Português de Negócios and entrusting its respective management to CGD entered into effect on 12 November 2008. In compliance with lawful provisions and to provide the bank with liquidity, state-backed loan contracts were entered into and were replaced, in 2009, by a programme of commercial paper issues of up to EUR 2 billion.

(vi) CGD is a member of a consortium of six credit institutions issuing a state-backed loan of EUR 450 million, to Banco Privado Português for compliance with its capital and interest obligations under the terms of the financing operation. CGD's involvement totalled EUR 120 million.

(vii) The audit board has been monitoring CGD's liquidity support operations to Banco Finantia in the last quarter of 2008, whose implementation has been recommended by the Bank of Portugal under the terms of a ruling issued by the Secretary of State for the Treasury and Finance. These are short term operations deriving from a restructuring process on the bank's sources of finance.

(viii) Caixa Seguros, SGPS changed its name to Caixa Seguros e Saúde SGPS with the objective of evidencing its status as the Group's holding company for insurance and hospital business and now owns 75% of the equity capital of HPP - Hospitais Privados de Portugal, SGPS.

(ix) Following the contract entered into between CGD Group and Sumolis - Companhia Industrial de Frutas e Bebidas, SA, in March 2008, relating to the disposal of the Group's 80% equity investment in Compal - Companhia Produtora de Conservas Alimentares, SA (Compal) 38.1% of the said entity's share capital was disposed of for the amount of EUR 54.4 million.

Under the terms of the merger between Compal and Sumolis - Gestão de Marcas SA, CGD Group surrendered its remaining shares in Compal, subscribing for and fully paying up the increase in share capital of Sumol + Compal, SA for the amount of EUR 20.6 million and now has an equity investment of 20.6% in the said company.

(x) Following the formation of its new Brazilian subsidiary (Banco Caixa Geral Brasil, SA), CGD will begin to operate in Brazil during the course of 2009.

(xi) CGD's board of directors approved the operation for the acquisition of an equity investment in Banco Totta de Angola (BTA) by entering into a Second Framework Agreement between CGD and Banco Santander Totta, consolidating the negotiations between all of the parties involved, with responsibility for BTA's management having been principally entrusted to CGD.

(xii) CGD sold 15% of the share capital of REN - Redes Eléctricas Nacionais, SGPS, SA and 15% of the share capital of AdP - Águas de Portugal, SGPS, SA to Parpública - Participações Públicas, SGPS (Parpública) making capital gains of EUR 83.5 million and EUR 72.4 million, respectively. Caixa sold off the rest of its equity investment in AdP (5.374%) to Parpública for EUR 50.6 million.

(xiii) A new holding company, called Parcaixa, SGPS, SA with a share capital of EUR 1 billion, 51% owned by CGD and 49% by Parpública, was formed. The new holding company owns the full amount of the share capital of Caixa Leasing e Factoring, IFIC, SA, 19% of the share capital of AdP - Águas de Portugal, SGPS, SA and 19.5% of Sagesecur - Sociedade de Estudos, Desenvolvimento e Participação em Projectos, SA.

(xiv) There has been a high level of growth in debt securities. A contributory factor was the EUR 1.25 billion bond loan, guaranteed by the Portuguese Republic, under the terms of ministerial order 1219-A/2008 and the issue of senior bonds with a maturity of two years for the amount of EUR 1.75 billion under the terms of the EMTN programme.

(xv) CGD recorded impairment of EUR 40.6 million on its investments in Icelandic banks and EUR 61.2 million in a North American bank. In the case of the latter entity, impairment of EUR 39.6 million was also recorded on debtor balances and recognised in "other assets".

(xvi) In accordance with an actuarial study carried out at 31 December 2008 by an independent entity, liabilities for retirement pensions and death grant subsidies, after retirement age, totalled EUR 1.1 billion and were fully funded, at the said date, by CGD's pension fund. CGD's contributions to the pension fund, in 2008, totalled EUR 108.6 million (EUR 39.5 million in extraordinary contributions).

(xvii) Healthcare liabilities (EUR 427.8 million) and death grants prior to normal retirement age (EUR 2.1 million), based on the actuarial study carried out at 31 December 2008, have been fully provisioned. Liabilities of EUR 5 million, comprising the impact of the transition to "non-working" status of workers with whom CGD has entered into work termination agreements have also been provisioned.

(xviii) The Portuguese state, as CGD's sole shareholder, subscribed for and fully paid up an increase of EUR 400 million in share capital, through the issue of 80 million new nominative shares of EUR 5 each, approved on 31 July 2008 under the terms of a Unanimous Resolution set out in Writing, taken under no. 1 of article 54 of the Commercial Companies Code.

9. The following indicators provide information on the company's separate accounts during the year.

(i) The company's net assets were up EUR 6.6 billion over the preceding year, to EUR 96.7 billion. The major contributory factors behind such growth were the EUR 6.7 billion in loans and advances to customers of which special reference should be made to the increase in corporate and mortgage loans.

(ii) The growth in liabilities particularly derived from the EUR 5.2 billion increase in resources taken from customers and other loans and EUR 4.4 billion in debt securities.

(iii) Shareholders' equity was down by EUR 343 million, essentially deriving from a significant EUR 876.7 million decrease in revaluation reserves owing to the major level of depreciation of debt and capital instruments in conjunction with the EUR 400 million increase in share capital.

(iv) There was a slight 0.3 pp increase in the solvency ratio, calculated under the Basel II regulatory framework and Bank of Portugal rules, to an end of year figure of 11.7%. Tier I totalled 6.8% (6.4% over the same period for the preceding year).

(v) Net income totalled EUR 484.3 against EUR 666.1 million in 2007 or 27.3% down over the preceding year. This decrease is essentially explained by the recognition of impairment losses on securities recognised as available for sale financial assets, as net operating income was up 24.4% over the preceding year.

10. Reference should be made to the following indicators in respect of CGD's consolidated accounts for the year:

(i) There was a EUR 7.5 billion increase in the Group's net assets over the preceding year to EUR 111.1 billion, essentially deriving from the EUR 8.5 billion increase in loans and advances to customers, particularly corporate loans and mortgages.

(ii) Growth in liabilities particularly derives from the increase of EUR 6.1 billion in resources taken from customers and other loans and EUR 3.7 billion in debt securities.

(iii) There was a slight decrease of EUR 57 million in shareholders' equity to EUR 5.5 billion over the preceding year, owing to the increase of potential capital losses on diverse financial assets which contributed to a significant reduction of EUR 1.3 billion in fair value reserves. Positive contributions particularly included the EUR 400 million increase in share capital and increase in the size of the minority shareholders' account heading, particularly the effect of the acquisition of Parcaixa (EUR 478.4 million).

(iv) The cost-to-income ratio was brought down, during the year, from 55.1%. to 51.2%.

(v) There was a 0.6 pp increase in the consolidated solvency ratio, calculated under the Basel II regulatory framework and Bank of Portugal rules, to an end of year figure of 10.7%. Tier I totalled 7% (6.2% over the same period for the preceding year).

(vi) There was a 46.4% decrease in net income from EUR 856.3 million to EUR 459 million over 2007. This decrease is essentially explained by the recognition of impairment losses on securities recognised as available for sale financial assets and other insurance activity securities, as net operating income from banking and insurance operations was 13.1% up over the preceding year.

11. There was a highly significant evolution in terms of the internal reorganisation process in various risk control area aspects, namely via the "Operational Risk and Internal Control" project. The implementation of this programme aims to provide CGD with the necessary operational risk management competence, optimising the use of shareholders' equity, complying with regulatory requirements and improving the internal control system and implementing best international practice in this area. The audit board wishes to emphasise that measures to standardise the procedures adopted by the parent company and respective subsidiary companies should be implemented with the objective of providing a prompt response to CGD's regulatory requirements and reinforce the framework of CGD's currently existing internal control culture.

12. In the period following the year end closure of the accounts and under the terms of the functions provided for in the Commercial Companies Code, the audit board analysed the separate and consolidated annual report submitted by the board of directors, articulated, in technical terms, with the statutory audit company.

13. The audit board examined the contents of the "Statutory Audit Certificate" on the separate and consolidated accounts, issued by the Statutory Auditor and the "Audit Report" (separate and consolidated accounts") issued by the External auditor under the terms of article 245 of the Securities Code.

14. **OPINION**:

Taking all of the above into consideration, it is the audit board's opinion that the general meeting should:

a) approve the board of directors' presentation of CGD's separate and consolidated management report and accounts for 2008;

b) consider the proposal for the appropriation of net income which is an integral part of the management report;

c) undertake a general assessment of the company's management and inspection, drawing the conclusions referred to in article 455 of the Commercial Companies Code.

LISBON, 23 MARCH 2009

AUDIT BOARD

Eduardo Manuel Hintze da Paz Ferreira

(Chairman)

Maria Rosa Tobias Sá

(Member)

José Emílio Coutinho Garrido Castel-Branco

(Member)

Corporate Governance Report 2008

ASSESSMENT OF LEVEL OF COMPLIANCE WITH GOOD GOVERNANCE PRINCIPLES BINDING UPON CGD UNDER COUNCIL OF MINISTERS' RESOLUTION 49/2007

Good Governance Principles	Recommendations	Level of Compliance (1)	Reference in Report
Mission, Objectives and General Operating Principles	▪ **Obligation of compliance, respect and disclosure, of mission, objectives and policies**, both for the company and for the subsidiaries it controls, established in an economically, financially, socially and environmentally efficient manner, based on demanding quality parameters, designed to safeguard and expand competitiveness, in due respect for established social responsibility, sustainable development and satisfying collective principles and needs;	Accomplished.	1.1. and 1.2.
	▪ **To produce adequate activity plans and budgets** in accordance with available resources and sources of finance based on its mission and the established objectives;	Accomplished.	1.2.
	▪ **Adoption of equality plans** to achieve effective equality of treatment and opportunities between men and women, eliminating gender-based discrimination and permitting conciliation between employees' personal, family and professional lives;	Accomplished.	2.3.1. and 2.3.2.
	▪ **Reporting of annual information** to the supervisory body and the general public, on how its mission has been furthered, level of compliance with objectives, means of compliance with the social responsibility and sustainable development policy and means of safeguarding competitiveness (through research, innovation, development and integration of new technologies in the productive process);	Accomplished.	1.2.
	▪ **Compliance with legislation and regulations**, adopting an ethically irreproachable behaviour in the application of fiscal regulations, anti-money laundering operations, competition, consumer protection, the environment and in terms of labour relationships;	Accomplished.	2.2.1. to 2.2.5.
	▪ **Obligation to treat all workers with respect and integrity,** contributing towards their personal advancement.	Accomplished	2.3.3.
	▪ **Obligation to treat customers, suppliers and other lawfully entitled persons,** establishing and disclosing the procedures adopted for the acquisition of goods and services, adopting adjudication criteria geared to principles of economy and efficacy, ensuring the efficiency of transactions made, guaranteeing equality of opportunities for all interested parties, providing annual information on all transactions which have not been made under market conditions and a list of suppliers representing more than 5% of external supplies and services (if the percentage exceeds EUR 1 million);	Accomplished	3. and 4.
	▪ **To manage of the company's business affairs with integrity** (having or **subscribing to a code of ethics** which involves demanding ethical and deontological behaviour and the disclosure thereof).	Accomplished	2.1.1.

(continuation)

Good Governance Principles	Recommendations	Level of Compliance (1)	Reference in Report
Administration and Inspection Structures	▪ **No. members should not exceed the number in private companies**, of a similar dimension operating in the same sector;	Accomplished.	5.2.
	▪ The **governance model should ensure an effective division between administration and inspection functions** (with larger more complex companies specialising the supervisory function by creating an audit committee or a committee for financial issues);	Accomplished.	5.
	▪ **Issue of annual assessment report on the performance of executive managers** and a global assessment of the governance structures and mechanisms in force in the company, by members of the inspection body;	Accomplished.	5.3.1.
	▪ **The accounts of the larger, more complex companies should be audited by independent** entities with identical standards to those used for companies admitted to trading in regulated markets, with the members of the inspection body being responsible for the selection, confirmation and contracting of the auditors, the approval of any services outside the scope of the audit function and liaising between the company and auditors;	Accomplished.	5.4.
	▪ **Implementation of control system**, protecting the company's investments and assets, including all relevant risks assumed by the company;	Accomplished.	5.7.
	▪ **Promotion of the rotation and limiting of terms of offices** of members of the inspection bodies.	Accomplished.	5.
Remuneration and Other Rights	**Annual disclosure of total remuneration** (fixed and variable) earned by **each member of the board of directors**;	Accomplished.	6. and Annex II
	▪ Annual disclosure of remuneration earned **by each member of the inspection body**;	Accomplished.	6. and Annex II
	▪ **Annual disclosure of other benefits and incentives** (healthcare insurance, use of vehicles and other corporate benefits).	Accomplished.	6. and Annex II
Prevention of Conflicts of Interest	▪ **Obligation of members of statutory bodies** not to be involved in decisions in which they have a personal interest;	Accomplished.	5.8.
	▪ **Obligation of members of statutory bodies** to declare any important financial investments they may have in the company;	Accomplished.	5.8.
	▪ **Obligation of members of statutory bodies** to declare any relevant relationships with suppliers, customers, credit institutions or others which may create a conflict of interest.	Accomplished.	5.8.

continuation

Good Governance Principles	Recommendations	Level of Compliance (1)	Reference in Report
Disclosure of Relevant Information	▪ **To publicly and immediately disclose all information** of which they are aware, **which may have a relevant effect on the company's economic and financial situation and net worth**;	Accomplished.	7.1.
	▪ **To provide for disclosure on the state's corporates site**, in a clear, relevant and up-to-date manner, of all of the company's above referred to financial, historical and current information and the identity and résumés of all members of its statutory bodies;	Accomplished.	7.2.
	▪ **To include an item on corporate governance in the board of directors' report** (internal and external regulations binding on the company, information on relevant transactions with related entities, remuneration of members of statutory bodies, sustainability analysis and assessment of level of compliance with good governance principles);	Accomplished.	7.3. and 7.4.
	▪ **Nomination of ombudsman**, when justified.	Not applicable.	7.5.

(1) Level of compliance – accomplished, accomplished in part, not accomplished, not applicable.

1. Corporate Mission, Objectives and Policies

1.1. Mission

CGD has the following mission:

- To consolidate its position as a Portuguese financial system structuring group, based on the major relevance and responsibility of its contribution to:
  - Economic development;
  - The reinforcement of the competitiveness, innovation capacity and internationalisation of Portuguese companies;
  - The stability and strength of the domestic financial system.
- As the market leader, the demand for a balanced evolution between profitability, growth and financial strength, always pursuant to a prudent risk management approach.

1.2. Principal Strategic Objectives

In addition to the strategic guidelines defined for companies in the state's business sector as a whole under the terms Council of Ministers' Resolution 70/2008 of 22 April, CGD is subject to specific management guidelines, defined by its shareholder in the form of a "Unanimous Resolution" of 11 July 2008. This resolution defined the objectives for 2008, in addition to the objectives for the three year period 2008-2010, as set out in the document containing CGD Group's "Strategic Priorities for the Three Year Period 2008-2010".

The strategic directives for its operations are set out below:

I. To consolidate the evolution of profitable growth (in Portugal and in principal international markets) and contribute toward economic development;
II. To align with best practice in terms of operational efficiency and quality of service;
III. To reinforce risk management control capacities and mechanisms;
IV. To develop a human resources policy based on pillars comprising the company's culture, knowledge, communication and performance values;
V. To support cultural and social development, promote sustainability and be a good governance benchmark operator, in Portugal;
VI. To restructure the corporate model.

These six directives, in turn, comprise 19 management priorities:

1. To achieve retail growth, maintaining its lead in resource-taking reinforcing cross-selling through a proactive commercial effort and developing its asset management and specialised credit offer, becoming the bank of choice of the best companies;
2. To develop investment banking and venture capital, guaranteeing support for the domestic economy;
3. To grow in international markets;
4. To maintain its leading position in the insurance market;
5. To guarantee a high level of quality and service in the healthcare sector;
6. To renew its brand image, reinforcing its position;
7. To optimise the productivity and efficiency of its operating processes;
8. To control the costs of external supplies and services;
9. To improve the quality of customer service;
10. To optimise capital management under the transition to the Basel II Advanced IRB (internal rating based approach), consolidating the adequacy of its credit risk pricing;
11. To consolidate its performance in terms of credit recovery;

12. To integrate risk management of international operations;
13. To reinforce assets and liability management capacities in order to maintain financial strength;
14. To implement adequate operational risk management procedures;
15. To develop and dignify the group's human resources, by introducing active performance-geared talent management processes;
16. To develop strategic planning capacities in macro and sectoral research and financial markets;
17. To stimulate cultural and social activities and promote sustainability;
18. To adopt a proactive approach to the development of best governance practice and ethical behaviour;
19. To develop the group, releasing resources for business development in priority areas.

After defining and communicating this strategic framework, CGD started work on a strategy operationalisation process, under which several of the group's divisions and companies produced the respective "Strategy Operating Visions" document, comprising a collection of duly prioritised and scheduled strategic initiatives, appointing officers in charge of concrete actions and goals to be achieved.

Lastly, a "Strategic Operating Visions" consolidation process was implemented, resulting in the creation of 12 structuring transversal projects, for implementation by 2010:

1. To dynamise the commercial activity of individual customers and small businesses;
2. To dynamise the commercial activities of SMEs;
3. To execute a multichannel strategy;
4. To leverage assurfinance;
5. To develop international business;
6. To optimise the bank's risk and capital management;
7. To focus on the group's credit recovery over the whole of the value chain;
8. To develop the venture capital business;
9. To promote cost reduction;
10. To reinforce procedural efficiency and quality of service;
11. To develop talent;
12. To optimise technological infrastructure.

CGD produces an annual planning process for the consolidated accounts of its diverse business units. The objectives deriving from CGD's current mission and strategic reference framework are defined in this exercise.

A management information system, comprising a huge range of periodic reports on various areas of activity is a part of the execution of the approved activity plan and budget.

An annual assessment of CGD's activity is presented in its annual report.

2. General Operating Principles

2.1. Internal and External Regulations to which the Company is Subject

CGD's activity is governed by all legal regulations binding upon public limited liability companies i.e. the Commercial Companies Code and those deriving from its status as a state owned company, of which special reference should be made to Council of Ministers' Resolution 49/2007 of 28 March, approving the good governance principles for companies in the state's business sector (acronym "SEE") whose legal regime is set out in Decree Law 558/99 of 17 December, with the changes made by Decree Law 300/2007 of 23 August.

CGD is, in general terms, governed by European and domestic legislation on its operations, of which special reference should be made to the General Credit Institutions and Financial Companies Regime (acronym "RGICSF"), approved by Decree Law 298/92 of 31 December and amended on several occasions, the Securities Code, to which relevant changes were made in 2007 with the publication of Decree Law 357-A/2007 of 31 October, transposing European Council and the Parliament Directive 2004/39/CE of 21 April on MiFID ("Markets in Financial Instruments Directive") and respective executory standards and all regulatory standards issued by the Bank of Portugal and the Securities Market Commission, into domestic legislation.

CGD's activity is subject to its articles of association whose full version was published as an annex to Decree Law 106/2007 of 03 April and which were updated on 01 August 2008, following the share capital increase of the same date.

CGD has an internal standards system, published on its intranet, covering the most relevant aspects of its operation and performance of its activity, binding on all employees. The referred to internal standards system establishes the rules and competencies on the production, management, means of support, disclosure of and access to standards, notably organic structure, employee policy, product and service characteristics and relevant procedures or information.

CGD's financial intermediation activities are governed by an internal regulation (Internal Regulation on CGD's Financial Intermediation Activities (acronym "RIAIF"), approved by the CMVM (securities watchdog) defining the fundamental principles and procedures regulating its activities in this business area and for which it is registered with the supervisory authority. It is binding upon members of statutory bodies and the bank's workers allocated to this area, even if on a non-permanent basis.

2.1.1. CODE OF CONDUCT

CGD approved its corporate code of conduct in February 2008. It contains and systemises the general principles and rules of conduct applicable to all workers and statutory bodies for the purpose of regulating the company's activity.

The code of conduct has been published as part of the internal regulations system which is accessible on the intranet to all workers, in addition to CGD's site, where it is also accessible to the general public.

2.2. COMPLIANCE WITH LEGISLATION AND REGULATIONS

All of CGD's activity is geared to strict compliance with legal, regulatory, ethical and deontological standards and good practice. Compliance is monitored by an internal control system.

CGD has adopted an ethically irreproachable behaviour in the application of fiscal, anti-money laundering, competition, consumer protection, environmental and labour regulations.

2.2.1. APPLICATION OF FISCAL REGULATIONS

CGD has two inter-complementary technical units for compliance with fiscal legislation and regulations in force. One is geared to compliance with CGD's own fiscal obligations and the other focuses on logistical support for the interpretation of legislative regulations and those pertaining to CGD itself and products geared to customers, in addition to other functions attributed to it in matters of tax disputes.

2.2.2. Application of Anti-Money laundering Regulations

CGD has an anti-money laundering prevention area to ensure compliance with the respective policy, notably via the realisation of worker training actions, analysis of the implementation of the internal control system and implementation of computer devices or tools guaranteeing the effective monitoring of operations, for the purpose of permitting the detection of potentially criminal suspect operations involving money-laundering and financing of terrorism activities, for information to the competent public authorities.

CGD's operations relating to the prevention of money-laundering and financing of terrorism activities are geared to strict compliance with legislation and regulations. CGD's workers are obliged to strictly comply with the duties set out in the current legislation, namely due diligence relating to knowledge of customers' business affairs, the archiving of documents and prompt provision of information on operations which are potentially suspected of being money-laundering or financing of terrorism operations.

2.2.3. Application of regulations on competition and Consumer protection

One of CGD's concerns has been to ensure the total transparency of its commercial practice, in an endeavour to reduce the complexity of the information on its products, improving their informational content and avoiding any involvement in aggressive sales methods which may compromise healthy competition.

CGD has, therefore, been implementing a circuit for its launch and commercialisation of investment, savings, services and financial products based on the applicable legislative and regulatory framework, notably competition and consumer protection standards.

Reference should also be made to the fact that the process for the launch of new products assumes that recommendations will be issued by CGD's Compliance Function and Risk Management Division, from a customer and risk viewpoint, respectively, prior to marketing the said products on Caixa's branch networks.

2.2.4. Application OF Environmental Standards

CGD's commitment to protecting the environment translates into the application of environmental and promotional standards and the adopting of adequate environmental behaviour by its employees.

CGD has been developing its strategic Caixa Carbon Zero 2010 programme since 2007. The programme aims to contribute towards a reduction of the environmental effect of its activities, based on a sustainable development approach, while endeavouring to inculcate good practice among its workers, customers and society in general. This programme, comes under the aegis of CGD's social responsibility, under which the strategic area of the environment is, *inter alia*, particularly important, namely in terms of environmental awareness.

This transversal programme is based on three operational aspects:

- Information (on emissions) for characterising Caixa's carbon footprint, defining internal goals to reduce emissions and assessing the performance and environmental efficiency of internal reduction methods for which annual carbon emission inventories have been produced.
- Reduction (of energy consumption and emissions), in an attempt to optimise the productivity of energy resources, reducing the carbon intensity of electricity through the use of renewable energy, promoting the adoption of low carbon technologies in its buildings and by its car fleet and minimising the production of waste while maximising its re-use and recycling. Diverse actions related with this objective have been taken. Special reference should be made to the reduction of load factors and substitution/renewal of equipment, improved mobility and propulsion technology, greater efficiency in the reduction and re-use and recycling of production and consumption from renewable sources.
- Compensation (unavoidable emissions), endeavouring to reduce the net balance on Caixa's carbon emissions in line with the Caixa Carbon Zero programme for which external carbon emissions programmes have been implemented.

Special reference should be made to the installation of a solar power installation on CGD headquarters roof. This is the largest installation in Portugal and has been designed to supply power to the building under the aegis of CGD's sustainability objectives permitting energy for water heating to be produced from renewable sources with forecast annual savings of 400 000 kWh and for the acclimatisation system which will permit additional savings of 500 000 kWh.

Reference should also be made to energy certification and the quality of air in buildings. CGD's headquarters building, achieved the highest classification in its category under current legislation (A+), in addition to the implementation of energy consumption management systems in diverse buildings, with online monitoring and substitution of equipment, based on the latest technology, greater operating and energy efficiency, and the substitution of non-ecological by other gas coolants in the case of the respective equipment.

2.2.5. Application of Labour Standards

CGD's labour relations are based on highly demanding ethical standards, in a permanent endeavour to avoid conflict through constructive dialogue with employees. Preference is always given to negotiated solutions in the event of conflicts of interest.

Notwithstanding CGD's high level of compliance with labour legislation, there are occasional disputes between CGD and its workers, which require legal intervention. Around 80% of the total has been decided in CGD's favour over the course of the last ten years, with CGD's position only not being upheld by the courts in very rare circumstances.

2.3. Implementation of Effective Policies of Equality of Treatment and Opportunities between Men and Women and Conciliation between personal, Family and Professional Lives, in Addition to Workers' professional Advancement

CGD's personnel policy is based on a series of fundamental pillars in accordance with the following principles:

- Humanisation of relations and working conditions;
- Non-discrimination translating into management based on principles of equality, without ignoring diversity;
- Respect for personal dignity and promotion;
- The adopting of integrated policies articulating prevention, education, training, employment, conciliation between work and family and equality of opportunity for all.

2.3.1. Equality of Treatment and Opportunities for Men and Women

The distribution of workers in CGD in 2008 was 52% for women and 48% for men. The distribution is equitable when assessed in terms of a comparison between administrative, technical and specific functions. There are still significant differences in staff and management functions, owing to the historic evolution of the employability of both sexes, in which male employees predominated but whose current trend involves greater balance.

The recruitment and selection process fully complies with the principle of equality of opportunities. Selection is based on a résumé and the each applicant's profile. CGD therefore does not discriminate on the basis of sex/racial group/nationality, and, in addition to its Portuguese employees, also has staff from Europe (30), Lusophone Africa (22), Latin America (10) and Asia (1).

In its adoption of good practice for its human resources policy and promotion of people's advancement CGD also considers that equality of treatment and opportunities should be given to handicapped persons. CGD currently has 165 physically handicapped employees - 81 women and 84 men.

Reference should be made to the protocol entered into between CGD and IEFP (Employment and Professional Training Institute) in June 2008, representing Caixa's commitment to implement an effective equality of opportunities policy in terms of access to placements and the professional integration of the physically handicapped.

2.3.2. CONCILIATION BETWEEN PERSONAL, FAMILY AND PROFESSIONAL LIVES

CGD has endeavoured to implement a series of support measures to conciliate work and family, of which special reference should be made to:

- Adequacy and flexibility of working hours and conditions;
- Internal mobility based on a transfer facilitating policy in accordance with employees' personal interests;
- Adequacy of each position to the physical and psychological profile of workers equipping the workplace in accordance with certain employees' specific needs;
- Assistance to families suffering from illness, without loss of remuneration in addition to the lawfully provided period, when justified by an analysis of the situation;
- Priority in terms of the employment of children/spouses of deceased employees;
- Psychological counselling in person and by telephone;
- Subsidies for employees' children (in infancy and for study purposes);
- Favourable credit in terms of maturity and rates;
- Existence of a social support unit and office of psychology under the aegis of the Personnel Division with employee support programmes, with a counselling service, extensive to families and geared to a preventative approach.

2.3.3. PROFESSIONAL ADVANCEMENT OF WORKERS

CGD set up its CaixaPessoal employee portal in 2007, to promote and sustain a renewed approach to the relationship with each employee and the company, making it possible to supply human resources management information to all employees, at the most appropriate time and manner.

General access to training is given to workers, as a whole, who are incentivised to study in a permanent, continuous manner during the whole of their professional lives through the use of the e-learning platform which was used to deliver 106 636 training hours in 2008 and which may be accessed from home without any time constraints.

In addition to the training programme provided by CGD, individual training support is also given. CGD provided assistance to 1923 workers, in 2008, of which 910 relating to conferences, seminars and congresses in Portugal and abroad, 869 relating to foreign language training and 144 for higher training, notably postgraduate and highly specialised courses.

To promote access to the new technologies, CGD provides its workers with special conditions, significantly better than those to be found in the market, for the acquisition of computer equipment and software and subscriptions to broadband services.

3. RELEVANT TRANSACTIONS WITH RELATED ENTITIES

Entities related with Caixa are all companies controlled by CGD Group, associated companies, Caixa's management bodies and other entities controlled by the Portuguese state.

The most relevant transactions realised with the following Group companies, involved the following companies:

- Companhia de Seguros Fidelidade-Mundial, SA;
- Caixa Leasing e Factoring, IFIC, SA;
- ESEGUR – Empresa de Segurança, SA;
- Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA.

CGD's financial statements, at 31 December 2008, included the following balances and transactions with group companies excluding management bodies:

(*EUR thousand*)

	2008			
	Portuguese state (DGT)	Other Portuguese state entities	Associates	Other CGD group companies
Assets:				
Loans and advances to credit institutions	-	-	-	8 388 075
Securities and derivative financial instruments held for trading	480 390	-	-	475 070
Loans and advances to customers	41 243	19 417	670 462	81 356
Other assets	5 814	18 581	164 968	726 820
Liabilities:				
Customer resources and other loans	147 825	1 072 780	19 150	1 550 799
Debt securities	-	-	-	1 527 563
Subordinated liabilities	-	-	-	1 079 657
Other liabilities	291	-	57	47 523
Guarantees provided	-	1 634	9 324	48 961
Income:				
Interest and similar income	20 575	-	23 092	1 793 515
Income from financial operations	13 464	-	-	5 105 740
Income from services and commissions	-	-	-	57 205
Other operating income	-	-	-	49 300
Costs:				
Interest and similar costs	83	4 424	26	1 699 495
Losses on financial operations	91	-	-	4 889 864
Commissions	-	-	-	5 251
Other operating costs	-	-	-	49 300

4. OTHER TRANSACTIONS

4.1. PROCEDURES FOR THE ACQUISITION OF GOODS AND SERVICES

CGD has transparent procedures in place for the acquisition of goods and services, based on adjudication criteria geared to principles of economy and effectiveness.

The procedures are described below:

- Market consultations – three suppliers per product are usually consulted;
- Selection of suppliers – based on a comparative analysis of proposals;
- Authorisation of expenditure – in accordance with the appropriate authorisation
- Contracts with goods suppliers/service providers – in writing or a formal contract.

4.2. TRANSACTIONS WHICH HAVE NOT BEEN MADE UNDER MARKET CONDITIONS

Contracts usually entered into with CGD Group companies, without consulting the market refer to:

- Valuables transport – ESEGUR – Empresa de Segurança, SA;
- Leasing operations – Caixa Leasing e Factoring, IFIC, SA;
- Insurance – Companhia de Seguros Fidelidade-Mundial, SA;
- Vehicle renting – Locarent - Companhia Portuguesa de Aluguer de Viaturas, SA.

4.3. LIST OF SUPPLIERS REPRESENTING MORE THAN 5% OF EXTERNAL SUPPLIES AND SERVICES

The following suppliers represented more than 5% of the individual external supplies and services, in 2008:

- Companhia IBM Portuguesa, S.A.
- ESEGUR – Empresa de Segurança, S.A.

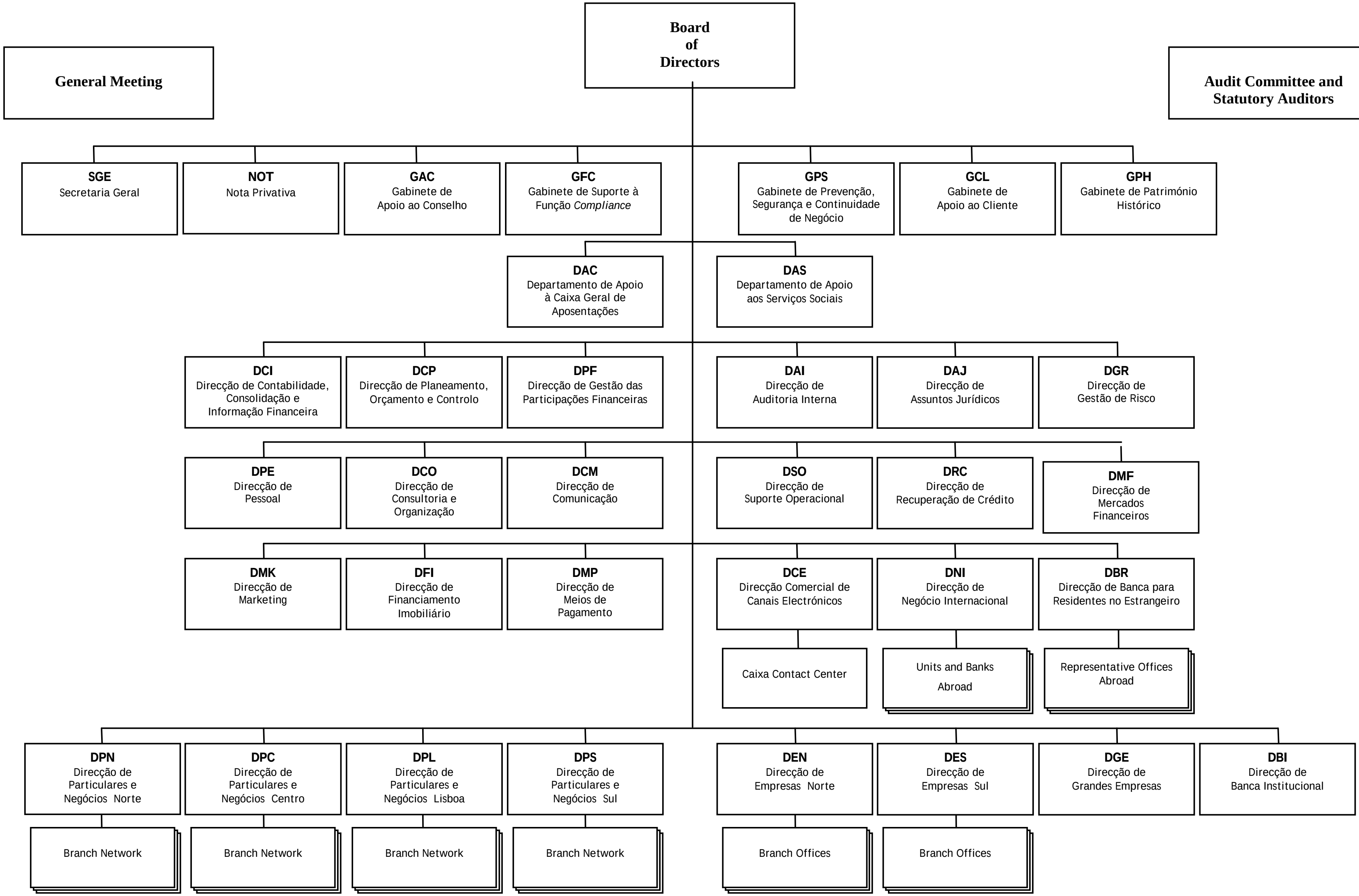
5. CORPORATE MODEL

In accordance with its articles of association, CGD's governance model, which ensures effective separation between administrative and inspection functions, comprises the following statutory bodies:

- Shareholders' meeting;
- Board of directors;
- Fiscal board.

Members of CGD's statutory bodies are elected for a period of three years and may be re-elected. The maximum number of successive terms of office cannot exceed four.

CGD – Organisation Chart



5.1. SHAREHOLDERS' MEETING

The shareholders' meeting comprises a chairman, a deputy-chairman and a secretary. Their current terms of office run from 2008 to 2010.

COMPOSITION OF SHAREHOLDERS' MEETING

CHAIRMAN: Manuel Carlos Lopes Porto

DEPUTY-CHAIRMAN: Daniel Proença de Carvalho

SECRETARY: José Lourenço Soares

The résumés of **members of the shareholders' meeting are set out in annex I of this report.**

The shareholders' meeting passes resolutions on the subject matters attributed to it by law and the company's articles of association, particularly including:

- A resolution on the board of directors' report and annual accounts;
- A resolution on the proposal for the appropriation of net income;
- A general annual assessment of the company's management and inspection;
- Election of members of the shareholders' meeting, members of the board of directors, appointing its chairman and deputy-chairman and members of the fiscal board, also appointing its respective chairman;
- A resolution on changes to the articles of association and capital increases;
- Resolution on the remuneration of members of statutory bodies, with the right to appoint a remuneration committee with the authority to define the said remuneration under the terms of "Public Manager Status" and other applicable legislation;
- Authorisation for the acquisition and disposal of property and investments when comprising more than 20% of the share capital;
- Dealing with any other issue for which it has been called.

5.2. BOARD OF DIRECTORS

The board of directors comprises a chairman, one or two deputy-chairmen and from five to eleven board members. The board of directors comprises seven members whose term of office runs from 2008 to 2010.

COMPOSITION OF BOARD OF DIRECTORS

CHAIRMAN: Fernando Manuel Barbosa Faria de Oliveira

DEPUTY-CHAIRMAN: Francisco Manuel Marques Bandeira

BOARD MEMBERS: Norberto Emílio Sequeira da Rosa, Rodolfo Vasco Castro Gomes Mascarenhas Lavrador, José Fernando Maia de Araújo e Silva, Jorge Humberto Correia Tomé and Pedro Manuel de Oliveira Cardoso

The résumés of the **members of the board of directors are set out in annex I of this report.**

- The competencies of the board of directors are set out at law. The board is particularly responsible, under the articles of association for:
- Managing CGD's corporate affairs and performing all acts relating to its corporate object;
- Establishing the company's internal organisation and producing the regulations and instructions considered expedient;
- Engaging company workers, establishing their respective contractual conditions and exercising the corresponding management and disciplinary authority thereto relating;
- Appointing mandataries with the authority considered expedient;
- Resolution on investment in other companies' share capital;

- To acquire, burden and dispose of any moveable or immoveable assets and rights, including corporate investments and making investments, when considered to be in the company's interests, without prejudice to the competencies of the shareholders' meeting on such issues;
- To decide on the issue of bonds;
- To execute and ensure compliance with the resolutions of the shareholders' meeting;
- To represent the company at law and its day-to-day affairs, actively and passively, with the right to confess, desist or come to terms in any lawsuits and agree to the decisions of arbitrators in arbitration procedures;
- To exercise the other competencies attributed by law or the articles of associations and pass resolutions on any other matters falling outside the sphere of competence of the company's other bodies.

The board of directors generally meets once a week, having met 53 times, in 2008.

The board of directors decides upon the distribution of areas of responsibility between its members, whose personal information may be viewed in their respective résumés (annex I), in addition to their replacements in the event of absences.

5.3. INSPECTION BODIES

The inspection of the company is the responsibility of a fiscal board and a statutory auditor or statutory audit company.

The competencies of inspection bodies are set out at law. They are particularly responsible, under the articles of association:

- For attending board of directors meetings whenever considered expedient;
- For issuing an opinion on any issue which has been submitted to it by the board of directors;
- For raising any issue they consider should be discussed with the board of directors.

5.3.1. FISCAL BOARD

The fiscal board comprises a chairman, two acting and two deputising members. The current term of office of the members of the fiscal board runs from 2007 to 2009. The body currently comprises the following members:

COMPOSITION OF FISCAL BOARD
CHAIRMAN: Eduardo Manuel Hintze da Paz Ferreira
BOARD MEMBERS: José Emílio Garrido Coutinho Castel-Branco and Maria Rosa Tobias Sá
DEPUTISING BOARD MEMBERS: José Clemente Gomes and Ana Maria Ratel Barroso Reis Boto

The **résumés of the members of the fiscal board are set out in annex I to this report.**

The fiscal board generally meets once per month, having met on 15 occasions in 2008.

The fiscal board, on 2 April 2008, issued a report on the level of compliance with the board of directors' objectives, as defined by CGD's shareholder i.e. "for compliance with the dispositions of article 6 of Decree Law 71/2007 of 27 March", as set out in the state shareholder's unanimous written resolution of 17 September 2007.

5.3.2. Statutory Auditors

The current term of office of the s**tatutory auditors runs from** 2007 to 2009.

Designated Statutory auditors

Acting - Oliveira Rego & Associados, SROC, represented by Manuel de Oliveira Rego

Deputising - Álvaro, Falcão e Associados, SROC

5.4. External Auditor

CGD's annual accounts are audited by the independent external auditor, Deloitte & Associados, SROC, SA, whose main point of contact is with the fiscal board and the accounting and consolidation of financial information division. According to the dispositions of Council of Ministers' Resolution 49/2007, the fiscal board is responsible for the selection and contracting of the external auditor and shall guarantee its conditions of independence.

5.5. Company Secretary

The company secretary shall be appointed by the board of directors.

The board of directors, in a resolution dated 16 January 2008, appointed the secretary and deputy secretary for the same period of time as the term of office of CGD's current board of directors – 2008 to 2010.

Company Secretary

Acting- João Manuel Travassos Dias Garcia

deputising - Ana Paula Rogenes Perez Lopes Pargana Calado

5.6. Executive boards

CGD has five executive boards, whose composition, competencies and periodicity of meetings are as follows:

- Credit board, comprising all members of the board of directors (with a minimum of 3) having competency in credit matters, in accordance with the delegation of competencies and which generally meets once a week;
- Expanded credit board comprising all members of the board of directors (with a minimum of 4), also having competency in credit matters, in accordance with the delegation of competencies and which also generally meets once a week;
- The marketing. communication and networks board (CDMC), with competencies in terms of communication, marketing, financial markets, corporate and individual customers networks and products and services, comprising members of the board of directors with their corresponding areas of responsibility (with a minimum of 3) and which generally meets once a week;
- Personnel, media and systems board (CDPM), with competencies for procurement, property management, organisation, personnel, information systems and operational support, comprising members of the board of directors with their corresponding areas of responsibility (with a minimum of 3) and which generally meets once a week;
- Assets and liabilities management committee (ALCO), with competencies for actions and procedures to control the group's risks and its financial position, comprising the chairman and deputy chairman of the board of directors and board members responsible for financial markets, risk management, planning, accounting, control, international affairs, marketing, financial investments and property finance. ALCO generally meets once a quarter.

5.7. Control System

CGD's organic structure ensures separation between the execution of market operations and the risk control attached to them.

In the sphere of risk management control associated with its activity, CGD has defined specific policies for investment and trading (financial assets) portfolio management in addition to credit whose execution is monitored by the board of directors, credit boards and ALCO committee.

The market risk management rules established for each portfolio or business unit, include market risk limits as well as limits on exposure to credit and liquidity risk, profitability targets, types of instruments authorised and maximum permitted loss levels.

Risk management has its own chapter in this annual report for 2008, as well as a note included in each of the annexes to the separate and consolidated financial statements referred to as "Disclosures on financial instruments", describing the financial risk management policies inherent to the activity of CGD/CGD group and quantifies the risk attached to CGD/CGD group exposure.

Special reference should be made, in this context, to the existence of an internal operational risk management and internal control committee (CGRC), which is responsible for verifying conformity with the strategy and policies established for operational risk management and internal control, monitoring the management thereof and proposing action plans to the board of directors. The committee is made up of the persons in charge of structures with competencies on the subject matter, in addition to members of the board of directors with their corresponding areas of responsibility and generally meets once a month.

5.8. Prevention of Conflicts of Interest

The members of the board of directors are fully aware of the standards requiring their non-involvement in discussions and adoptions of resolutions on certain subject matters and comply with these standards in their activity.

There are no incompatibilities between the performance of management duties in CGD and the other duties performed by the members of the board of directors, deriving from "Public Sector Management Status" or any other standards. Members of the board of directors comply with all of the legal dispositions on the provision of information on other duties they accumulate.

Members of the board of directors, in accordance with the dispositions of "Public Sector Management Status" inform the Inspectorate General for Finance of all investments and direct and indirect financial interests they may have in the companies in which they perform office.

6. Remuneration of members of statutory bodies

6.1. remuneration defined for 2008

Shareholders' meeting

Chairman – attendance voucher for EUR 897.84;
Deputy-Chairman – attendance voucher for EUR 698.32;
Secretary – attendance voucher for EUR 498.80.

Board of Directors

Executive Directors

Chairman – Remuneration of EUR 26 500.00 ,14 times per year;

Deputy-chairman – Remuneration of EUR 22 525.00, 14 times per year;

Board members – Remuneration of EUR 18 550.00, 14 times per year.

Fiscal Board

Chairman – Remuneration of EUR 5 300.00, 14 times per year;

Board members – Remuneration of EUR 3 975.00, 14 times per year

6.2 Remuneration and other Incentives for members of statutory bodies

This information is set out in annex II of the report.

Remuneration of Statutory auditors in 2008

(amounts in euros) (a)

Oliveira Rego & Associados, SROC, represented by Manuel de Oliveira Rego (partner)	
Statutory audit services	220 498
Other services	65 000

(a) amounts exclusive of Vat and relating to CGD Group

Remuneration of External Auditor in 2008

(amounts in euros) (a)

Deloitte e Associados, SROC, S.A.	
External audit and revision of accounts	1 865 859
Other services guaranteeing reliability	414 152
Fiscal consultancy	108 196
Other services	355 520

(a) amounts exclusive of Vat and relating to CGD Group

7.Disclosure of Relevant Information

7.1. Disclosure of privileged Information

CGD, as an issuer of financial instruments, has appointed a market relations representative who provides prompt information on any matter which may have a relevant effect on the company's economic and financial status and net worth, for full compliance with the duty to immediately and publicly disclose relevant information. CGD's internet site also provides a collection of business-related institutional information.

Contacts of Market Relations Representative

Market Relations Representative: António José Alves Valente

Telephone: 217905908

Fax: 217953986

Email: antonio.valente@cgd.pt

CGD sent 10 communications to the Securities Market Commission (CMVM) in 2008, in the sphere of its disclosure of privileged information. They can be viewed on its site at www.cgd.pt and the CMVM site at www.cmvm.pt.

PRIVILEGED INFORMATION SENT TO THE SECURITIES MARKET COMMISSION

Date	Subject Matter
25/02/2008	Information on the consolidated accounts for 2007
30/04/2008	Information on the resolutions taken by the shareholders' meeting of 17 April 2008 and final accounting documents for 2007
01/08/2008	Information on the increase in share capital
08/09/2008	Information on ratings
01/10/2008	Information on the disposal of financial information
24/10/2008	Information on the use of state guarantees
27/11/2008	Information on the Portuguese state guarantee
05/12/2008	Information on the bond issue underwritten by the state
23/12/2008	Information on the formation of PARCAIXA, SGPS, SA

In its sphere of compliance with the public disclosure of information, CGD also informed the market, in 2008, of the seven cash and one subordinated bond issues for an overall amount of EUR 647 million for placement with customers. This disclosure was made by sending the respective technical information to Euronext for publication in its price bulletin in addition to publication in a major newspaper.

7.2. DISCLOSURE OF INFORMATION ON "SEE" (COMPANIES IN THE STATE'S BUSINESS SECTOR) SITE

CGD has, since 2007, been providing a wide range of useful information on various issues relating to its activities on the "SEE" site at www.dgtf.pt.

DISCLOSURE OF INFORMATION ON "SEE" SITE

Articles of association

Characterisation of company

- Mission
- Objectives
- Corporate policies
- Public service obligations binding upon the company
- Contractual terms on the provision of public services
- Funding model underlying the provision of a public service

Management guidelines

Governance model/members of statutory bodies

- Governance model
- Fixing of remuneration
- Remuneration and other incentives
- Functions and responsibilities
- Résumés

- Good governance principles
- Internal and external regulations binding upon the company
- Relevant transactions with related entities

- Other transactions
- Analysis of company's economic-social and environmental sustainability
- Assessment of compliance with good governance principles
- Code of conduct

Historic and current financial Information

- Balance sheet
- Income statement
- Cash flow table

Supervisory function and shareholder

Public financial commitment

7.3. DISCLOSURE OF INFORMATION ON CORPORATE GOVERNANCE

This corporate governance report is an autonomous chapter of CGD's annual report for 2008. It aims to comply with the recommendation of including an item on corporate governance in the board of director's report.

CGD provides a vast amount of information on corporate governance on its institutional site at www.cgd.pt

CORPORATE GOVERNANCE INFORMATION DISCLOSED ON CGD SITE

Articles of association

Organogramme

Governance Model - Statutory Bodies

- Composition
- Résumés
- Area of responsibility

Shareholders' Meetings

- Competencies
- Information on shareholders' meetings held: minutes, attendance list and resolutions

Corporate Mission, Objectives and Policies

Regulations

Code of Conduct

Good Governance Principles

- Assessment of compliance with good governance principles
- Disclosure of average payment periods calculated under Council of Ministers' Resolution 34/2008

Privileged Information

- Privileged information sent to CMVM

Conflict of interests policy

Financial Information

- Quarterly and half yearly information (separate balance sheet, consolidated operations and interim management report)
- Annual report

7.4. Analysis of Company's Economic, Social and Environmental sustainability

Sustainable development issues are becoming increasingly more important in the current world economic context, as they refer to banks' responsibilities to their customers, workers and society in general. Caixa Geral de Depósitos has additional responsibility to Portuguese society. It is the bank with the largest customer portfolio and as such, its responsibility is even more evident. Its responsibility also derives from the fact that it is a state-owned bank with a permanent presence in the lives of Portuguese citizens, implying the assumption of a collection of social and environmental objectives integrated with the global performance of its activity.

2008 was characterised by an unprecedented financial crisis, in which the valuation models on property, lending and supervision were questioned and with serious consequences for the real economy. It was a year in which factors of transparency, ethics, responsibility and the acceptance thereof and their long term consequences gained special relevance, owing to their real consequences, which evidenced the imperative of their integration in financial institutions.

Sustainability issues have become increasingly important in such a context of a change of paradigm, values and attitudes. The market and civil society increasingly expect greater management transparency from organisations and the integration of social responsibility commitments and actions in their sustainability strategy.

Social responsibility in Caixa, is a permanent commitment, encompassing the broadest operating areas, from solidarity to education and the environment, including sport and culture.

As regards 2008 and in the sphere of its sustainability strategy, CGD's performance, in terms of social responsibility, will be set out in a new format which shall comprise its first sustainability report to be published in second quarter 2009.

The production of a work of this type is transversal to various group areas and will be updated and constantly improved. 2009 will therefore be marked by the development of a collection of specific actions designed to introduce the issue of sustainability in the bank's central areas, notably through its creation and promotion of more financial products designed to encourage various aspects of sustainable consumption. An important and unrivalled example of this policy, in Portugal, occurred in 2008, with the launch of the Caixa Carbon Zero credit card, pioneering the incorporation of sustainability in Caixa products, in line with a strategy of combating climate change in the form of the Caixa Carbon Zero 2010 programme.

CGD considers sustainability to be the balanced management between aspects of governance and transparency, environmental and social concerns. It has therefore put into place a series of concrete actions developed over time, which Caixa is interested in pursuing and for which it relies upon its strength and capacity to respond to society's needs and expectations.

Ethics

CGD operates on ethical principles comprising its respect for legislation, internal standards and voluntary codes of conduct. It has taken a series of internal actions exemplified, *inter alia*, by the training given to various staff members on the application of standards and fiscal legislation, anti-money laundering, competition and consumer protection. The promotion of environmental and social well-being in the performance of CGD Group's activities, incentivising respect for the environment and providing all workers with equal opportunities, are also essential aspects of the current ethical standards. This was the framework in which Caixa approved its code of conduct, in February 2008, and which is applicable to all workers and members of statutory bodies. The document considers and systemises all general principles which should be followed for Caixa to be and continue to be an exemplary bank.

Governance

As a socially responsible bank, Caixa's governance model provides both for the challenges facing management and the expectations of the various stakeholders with which the group works during the course of its operations.

In assuming this responsibility, Caixa is applying the good governance principles in force for companies in the state's business sector, approved by Council of Ministers' Resolution 49/2007 of 28 March, for full compliance therewith.

Under these principles, Caixa, as a state-owned company fulfils its mission and objectives in an economically, financially and environmentally efficient manner, endeavouring to improve its competitiveness, in due compliance with principles of social responsibility and sustainable development. The sustainability strategy and implementation thereof, is therefore a part of the bank's governance model, which increasingly aims to make sustainability a part of strategy and day-to-day management.

Involvement with stakeholders

The relationship with stakeholders is crucially important for various areas of Caixa's activities. In light of CGD's characteristics, both in legal as in mission terms, there is a constant, often unique relationship with its workers, customers, community, NGOs, development banks, regulatory bodies, suppliers and many others. In 2009 CGD will provide a systematic disclosure of its relationship with its stakeholders and the type of information and behaviour they expect from the bank in the future.

The definition of the sustainability strategy, in addition to the works for the production of the first sustainability report, are based on an intense dialogue with various central departments, with the objective of increasingly, adequately and continuously incorporating this subject matter in the specific activities of each Caixa department and in group companies.

The aim is also to implement a relationship strategy with stakeholders, making it possible to provide a positive response to the expectations of all involved, in an even more effective and socially responsible manner.

Workers

CGD is aware of the fact that, to create long term value for its stakeholders, in a socially responsible manner, it must rely upon a team of workers who are motivated and aware of ethical, environmental and social issues.

To motivate and develop workers, in professional terms, a human resources strategy ensuring respect for equality and diversity has been implemented, together with an endeavour to achieve balance between workers' professional and personal lives. A culture of meritocracy has also been adopted. This is, in practice, applied by the new assessment model which, together with the availability of the different possibilities for personal and professional training, aims to ensure the efficiency of our workers in meeting our customers' expectations.

Workers are also given training and awareness actions organised on various issues, ranging from anti-money laundering operations to environmentally responsible behaviour. In terms of the environmental sensitisation actions given to workers, reference should be made to the day-to-day carbon zero and internal information and awareness actions under the Caixa Carbon Zero 2010 programme.

The involvement of all workers is leveraged via the supply of information provided on CGD's intranet. This platform will also provide workers with access to relevant information on the group's sustainability strategy, in 2008.

Customers

Customer satisfaction is one of CGD's priorities. Various steps have been taken to improve the quality of services and the transparency of the information provided when selling products.

Actions particularly included the adoption of the Code of Conduct of the *Instituto Civil da Autodisciplina da Publicidade* (Institute for Advertising Self-Discipline) and European Agreement on a Voluntary Code of Conduct for Home Loans,

In the sphere of customer relationships Caixa has a customer support office which aims to improve the level of quality and efficiency of service.

This was also the objective behind the creation of the specialised customer space, on CGD's site. The office manages and processes all customers' complaints and suggestions received via the Caixadirecta customer space, or from any other source and identifies opportunities and ways to improve.

CGD's customers already enjoy access to financial products promoting the consumption of goods with a high environmental quality and are also informed of the behaviour and habits which may be implemented in day-to-day activities to protect the environment and natural resources, through communication and information campaigns. The Caixa Carbon Zero card and Renewable Energies Personal Credit, for individual and corporate customers, are specific examples.

Caixa also plays a highly important role in terms of the social and financial inclusion of persons with special needs, providing products/services for the needs of the visually impaired. It also has specific products for students aimed at promoting education and training and preparing for the future. Caixa provides a micro-line of credit for persons who wish to create their own jobs in its fight against social and financial exclusion and promotion of an entrepreneurial culture.

CGD also has special lines of credit for the development and internationalisation of SMEs. They specifically provide products to facilitate Portuguese companies' exports to developing countries and support their internationalisation processes. It also plays a major role as a financier or strategic partner in various major investments which have a major impact in terms of the environment and on society. Several such funding actions and partnerships are developed in conjunction with the European Investment Bank and the Council of Europe Development Bank and with KFW and are therefore governed by demanding environmental and social selection criteria.

These partnerships with the EIB and the World Bank's International Finance Corporation have enabled CGD-promoted sustainable development to be extended to Timor, Mozambique and Cape Verde, through the construction of basic infrastructures or the creation of favourable conditions to incentivise the appearance and development of the business environment in such countries.

Environment

In the sphere of its relationship with the environment, CGD has a strategic programme, under which it has been developing different marker initiatives in terms of the domestic and worldwide financial sector.

Various actions designed to promote greater energy efficiency and renewable energies, having a direct impact on activity, are already part of the environmental approach implemented in the Caixa Carbon Zero 2010 programme, comprising Caixa's strategy for climate change.

CGD's solar power installation was placed on top of its headquarters building. This is the largest installation in Europe and has been fitted with an absorption chiller. It came into operation in 2008 and will make it possible to save more than 1 GWh of electricity per annum. This is the most visible action in the domain of energy efficiency and implementation of renewable energy sources.

One of the Caixa Carbon Zero programme's strategic aspects is its environmental awareness approach, involving workers, customers and society in general. It has developed actions with a major level of domestic involvement and impact in different areas of activity ranging from design (design competition using recycled materials) to science (new generation of polar scientists programme), as well as forests (*Floresta Caixa*) and financial and environmental education (savings cycle).

In the sphere of its operating plan to combat climate change, Caixa intends to continue to broaden the scope of its environmental policy to business, allowing it to provide its individual and corporate customers with the best advice to meet the short to medium term environmental challenge.

There are already several prime examples of this performance, including the Caixa Carbon Zero card, Caixa Fã card and specific lines of finance for environmental and socially responsible products.

Community

CGD is a financial institution with a strong historic tradition of involvement with the community.

This privileged relationship with civil society derives from the size of its branch office network and the fact that social responsibility is a part of its identity. CGD promotes a series of activities designed to improve social, cultural, educational and environmental well-being with the overall objective of achieving a global improvement of general living standards.

CGD interacts with the community in five major areas: financial literacy and training, education and environmental awareness, culture, solidarity and sport. It also operates in the realm of science in promoting and providing information on scientific research via the new generation of polar scientists programme.

CGD's first sustainability report, due for publication in second quarter 2009, will provide more specific details on all of the areas herein referred to. The document, while providing systematic information on the actions already taken will, above all, represent CGD's public commitment to the sustainable development of the economy, in Portugal and abroad.

7.5. Nomination of an Ombudsman

CGD has a complaints book. Its customers and citizens in general have the right to complain and make suggestions on any point of the branch network or use Caixadirecta's telephone service or customer space at www.cgd.pt. The rules governing the management and processing of complaints have been clearly defined in the respective internal orders and instructions.

CGD takes special care over the management and processing of complaints, from a twofold viewpoint of improving the level of customer service and for internal control purposes.

Complaints and suggestions are processed and monitored by a dedicated customer support office which was set up in 2008 and which reports directly to the board of directors. The offices guarantees centralisation, analysis, processing and responses to all complaints and suggestions whatever the contact channel and support used by customers. When necessary, it has recourse to Caixa's other internal areas or to group companies, safeguarding separation between functions and their independence from the structural body against which the complaint may be made.

CGD therefore considers that the appointment of an ombudsman is not justified.

ANNEX 1

RÉSUMÉS OF MEMBERS OF SHAREHOLDERS' MEETING

CHAIRMAN – Manuel Carlos Lopes Porto

DATE OF BIRTH: 15 June1943

CURRENT POSITIONS:

- Chairman of shareholders' meeting of Caixa Geral de Depósitos, SA.
- Professor of Law Faculty of Coimbra University, responsible for the European Law Course of the Law Faculty of Coimbra University; also lecturing in other postgraduate courses at the faculty.
- Professor at Universidade Lusíada (Director of Porto Law Faculty).
- Professor at Instituto Superior Bissaya Barreto.
- Chairman of Coimbra Municipal Assembly.

FORMER POSITION:

- Chairman of European Community Studies Association (ECSA), from 2005 to 2009.
- Member of Local Finance Reform Commission from 2005 a 2006.
- Chairman of shareholders' meeting of Ana, Aeroportos e Navegação Aérea, from 2002 to 2005.
- Chairman of National Council of Education from 2002 to 2005.
- Chairman of management board of Law Faculty of Coimbra University, from 2000 to 2005.
- Member of European Parliament, from 1989 to 1999 (deputy chairman of Budget Commission, from 1994 to 1997 and Questor, from 1992 to 1994).
- Member of Municipal Assembly of Coimbra, 1993 and 1996 to 1999.
- Chairman of National Council for the Plan, from 1986 to 1989.
- Member of Fiscal Reform Commission, from 1987 to 1988.
- Chairman of Central Region Coordination Commission, from 1976 to 1989.

ACADEMIC QUALIFICATIONS:

- Doctorate in Juridical and Economic Sciences, Law Faculty of Coimbra University, in 1983.
- M. Phil in Economics, Oxford University, 1976.
- Degree in Law, Law Faculty of Coimbra University, 1965.

OTHER QUALIFICATIONS/ DISTINCTIONS:

- Insignia of *Ordem do Infante D. Henrique* (Portugal).
- Insignia of Rio Branco (Brazil).

DEPUTY-CHAIRMAN – Daniel Proença de Carvalho

DATE OF BIRTH: 15 September 1941

CURRENT POSITIONS:

- Deputy chairman of shareholders' meeting of Caixa Geral de Depósitos, SA.
- Chairman of board of directors of ZON Multimédia, SGPS, SA.
- Member of remuneration committee of Banco Espírito Santo, SA.
- Chairman of shareholders' meeting of Galp Energia, SGPS, SA.
- Chairman of advisory board of "Explorer Investments - Sociedade de Capital de Risco, SA." venture capital company.
- Director of SINDCOM – Sociedade de Investimentos na Indústria e Comércio, SGPS, SA.
- Chairman of board of trustees of 'D. Anna de Sommer Champalimaud e Dr. Carlos Montez Champalimaud' foundation.
- Chairman of shareholders' meeting of *Liga de Amigos da Casa - Museu João Soares*.
- Member of board of trustees of the *Batalha de Aljubarrota* Foundation.
- Member of advisory board of the *Renascer* Foundation.
- Chairman of shareholders' meeting of various companies, particularly :
  CELULOSE DO CAIMA – SGPS, SA.

SOCITREL Sociedade Industrial de Trefilaria, SA.
EDIFER - INVESTIMENTOS, Sociedade Gestora de Participações Sociais, SA.
EDIFER – Sociedade Gestora de Participações Sociais, SA.
PORTUGÁLIA - Administração de Patrimónios, SA.
MAGUE - SGPS, SA.
ALMONDA - Sociedade Gestora de Participações Sociais, SA.
RENOVA - Fábrica de Papel do Almonda, SA.
PANATLÂNTICA - HOLDING, Sociedade Gestora de Participações Sociais, SA.
G.A. – Estudos e Investimentos, SA.
VILA SOL II – Empreendimentos Turísticos, SA.
Empresa Imobiliária e Turística da Fonte Nova, SA.
CABO RASO – Empreendimentos Turísticos, SA.
BELO – Sociedade Agrícola de Mértola, SA.
Sociedade Agrícola SERRA BRANCA, SA.
Sociedade Agrícola dos NAMORADOS, SA.
COALTEJO – Criador de Ovinos Algarve e Alentejo, SA.
SOTAC – Sociedade de Turismo e Agricultura, SA.
SOGESFIN – Sociedade Gestora de Participações Sociais, SA.
3 Z - Administração de Imóveis, SA.
SÉTIMOS – Participações, SGPS, SA.
DÉCIMUS – Participações, SGPS, SA.
GOTAN – SGPS, SA.
ESTORIL SOL, SGPS, SA.

FORMER POSITIONS HELD:

- Director of *Círculo Voltaire*, from 1993 to 2007.
- Member of general advisory board of Calouste Gulbenkian Foundation, from 1993 to 2003.
- Chairman of board of directors of Arpad Szènes-Vieira da Silva Foundation, from 1993 to 2007.
- Chairman of shareholders' meeting of Automóvel Clube de Portugal, from 1995 to 2001.
- Founder and manager of *Movimento Portugal Único*, 1998.
- Deputy chairman of *Portugal Séc. XXI* Foundation, from 1986 to 1987.
- Chairman of Rádio Televisão Portuguesa, from 1980 to 1983.
- Minister for the Media in 4th constitutional government under Mota Pinto, from 1978 to 1979.
- Director of Jornal Novo and member of the Press Council acting on behalf of directors of local newspapers, from 1976 to 1977.

ACADEMIC QUALIFICATIONS:

- Law Degree from Coimbra University.

SECRETARY – José Lourenço Soares

DATE OF BIRTH: 22 November 1950

CURRENT POSITIONS:

- Secretary of shareholders' meeting of Caixa Geral de Depósitos, SA.
- Member of board of directors of Banco Português de Negócios, SA.
- Central director of legal affairs department of Caixa Geral de Depósitos, SA.
- Chairman of shareholders' meeting of Caixa Banco de Investimentos, SA and also a member of the statutory bodies of other Caixa Geral de Depósitos Group companies.

FORMER POSITIONS HELD:

- Member of board of directors of Caixa Geral de Depósitos Group companies.
- Management member of Instituto dos Advogados de Empresa and Ordem dos Advogados.
- Assistant lecturer Lisbon Law Faculty
- Assistant professor Universidade Autónoma de Lisboa.

ANNEX 1

ACADEMIC QUALIFICATIONS:

- Law degree from Lisbon Law Faculty.
- MA in Juridical Sciences from the same faculty.

RÉSUMÉS OF MEMBERS OF BOARD OF DIRECTORS

CHAIRMAN: Fernando Manuel Barbosa Faria de Oliveira

DATE OF BIRTH: 10 October 1941

CURRENT POSITIONS:

- Chairman of board of directors of Caixa Geral de Depósitos, SA, since January 2008.
- Chairman of board of directors of PARCAIXA, SGPS, SA, since December 2008.
- Member of general and supervisory board of EDP – Energias de Portugal, SA, since April 2008.

AREAS OF RESPONSIBILITY:

- Institutional relations.
- Institutional communication and press consultancy.
- General secretariat.
- Board of directors support office.
- Financial investments.
- Internal audit.
- Credit risk.

FORMER POSITIONS HELD:

Corporate Positions:

- Chairman of executive committee of Banco Caixa Geral, June 2005 to December 2007.
- Adviser to TAP – AIR PORTUGAL, SGPS, SA, from 1998 to 2006.
- Member of board of directors of HPP – Hospitais Privados de Portugal, SGPS, SA, from 2003 to 2005.
- Member of board of directors of CARLTON LIFE, SGPS, SA, from 2003 to 2005.
- Chairman of advisory board of ELO – Associação Portuguesa para o Desenvolvimento Económico e de Cooperação, from 2001 to 2005.
- Deputy chairman of board of directors of IPE – Investimentos e Participações Empresariais, SA, from November 1983 to January 1990 and executive adviser up to 2002.
- Member of the advisory board of APAD – Agência Portuguesa de Apoio ao Desenvolvimento, from 2000 to 2002.
- Member of executive committee of UCCLA – União das Cidades Capitais Luso-Afro-Américo-Asiáticas, from 2000 to 2002.
- Member of advisory board of Instituto Nacional de Administração.
- Adviser to BFE – Banco de Fomento Exterior in 1990.
- Adviser to ICEP – Instituto de Comércio Externo de Portugal, from 1986 to 1988.
- Member of board of directors (non-executive) of CELBI – Celulosa da Beira Industrial, from 1987 to 1988.
- Member of board of directors (non-executive) of EGF – Empresa Geral de Fomento, in 1988.
- Member of board of directors of Siderurgia Nacional, from 1980 to1983.
- Director of exports department and industrial relations director of SOREFAME – Sociedades Reunidas de Fabricação Metálica, S.A, from 1965 to 1979.

Government Posts:

- Minister of Trade and Tourism, April 1990 to November 1995.
- Assistant Secretary of State for Finance, from May 1989 to January 1990.
- Secretary of State for Finance and the Treasury, June 1988 to May 1989.
- Assistant Secretary of State to the Deputy Prime Minister, from February to November 1985.
- Secretary of State for Foreign Trade, September 1980 to June1983.

Parliamentary Posts:

- Parliamentary deputy elected for Faro in the legislative elections in October 1991.
- Parliamentary deputy elected for Lisbon in 1995.

Academic posts:

- Guest professor at IESF – Instituto de Estudos Superiores Financeiros e Fiscais.

ACADEMIC QUALIFICATIONS:

- Degree in mechanical engineering from Instituto Superior Técnico in 1965.

OTHER QUALIFICATIONS/ DISTINCTIONS:

- Brazil – *Gran Cruz da Ordem do Cruzeiro do Sul*.
- Morocco – *Gran Cruz da ALAUI*.
- Chile – *Gran Cruz da BERNARDO O'HIGGINS*.
- Italy – *Grande Oficial da Ordem de Mérito da República Italiana*.
- Hungary.
- Japan.
- Spain – *Comenda da Ordem de Isabel, a Católica.*

DEPUTY-CHAIRMAN: Francisco Manuel Marques Bandeira

DATE OF BIRTH: 29 March 1957

CURRENT POSITIONS:

- Deputy chairman of board of directors of Caixa Geral de Depósitos, SA, since January 2008.
- Chairman of board of directors of Banco Português de Negócios, SA, since November 2008.
- Chairman (non-executive) of board of directors of Banco Caixa Geral (Spain), since January 2008 .
- Deputy chairman (non-executive) of Banco Comercial e de Investimentos, SARL (Mozambique), since September 2008.
- Chairman (non-executive) of board of directors of Caixa Geral de Aposentações, I.P., since January 2008.
- Member (non-executive) of board of directors of Portugal Telecom, SGPS, SA, since February 2008.
- Member (non-executive) of board of directors of Pestana Pousadas – Investimento Turístico, SA group, since January 2007.
- Member (non-executive) of board of directors of AdP – Águas de Portugal, SGPS, SA, since October 2006.
- Member (non-executive) of board of directors of Visabeira, SGPS, SA, since February 2006.
- Member of remuneration committee of REN – Redes Energéticas Nacionais, SGPS, SA, since April 2008.

AREAS OF RESPONSIBILITY:

- Commercial area.
- Representative offices.
- Human resources.
- Social services support.

FORMER POSITIONS HELD:

Corporate Positions:

- Chairman of board of directors of Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA, from October 2006 to April 2008.
- Chairman of board of directors of Caixa Leasing e Factoring – Instituição Financeira de Crédito, SA, from October 2006 to January 2008.
- Member of board of directors of Caixa Geral de Depósitos, S.A., August 2005 to January 2008.
- Member of board of directors of Caixa Geral de Aposentações, November 2006 to January 2008.
- Director of LUSOFACTOR – CGD Group, accumulating office with directorships of IFIC and SFAC (CGD Group), coordinating automobile financing projects under the "Leader Project".
- Director (non-executive) of RAVE, from 2001 to 2002.
- Director (non-executive) of FIEP, from 1997 to 2001.
- Director and deputy chairman of ICEP, from 1996 to 2000.
- EXPO 98 and Portugal Pavilion commissioner, from 1996 to 1999.
- Technical officer, sub-director, assistant director, director and coordinating director of Banco de Fomento e Exterior, from 1988 to 1996.
- Central Region Coordination Commission Officer - PIDR - Baixo Mondego, from 1986 to 1988.
- Technical officer at IFADAP from 1981 to 1986.

Academic posts

- Lecturer in special education from 1975 to 1979.

ACADEMIC QUALIFICATIONS:

- Degree in Economics from Coimbra University, from 1976 to 1981.

OTHER QUALIFICATIONS/ DISTINCTIONS:

- Portugal - *Comendador da Ordem do Infante D. Henrique*.

MEMBER: Norberto Emílio Sequeira da Rosa

DATE OF BIRTH: 3 April 1955

CURRENT POSITIONS:

- Member of board of directors of Caixa Geral de Depósitos, SA, since 1 October 2004.
- Deputy chairman of Banco Português de Negócios, SA, since 12 November 2008.
- Chairman of board of directors of Sogrupo – Sistemas de Informação, ACE, since January 2008.
- Chairman of board of directors of Caixa Participações, SGPS, SA, since January 2008.
- Chairman of board of directors of Caixatec – Tecnologias de Comunicação, SA, since March 2008.
- Member (non-executive) of board of directors of ZON – Serviços de Telecomunicações e Multimédia, SGPS, SA, since January 2008.
- Member (non-executive) of board of directors of SIBS – Sociedade Interbancária de Serviços SA, since September 2005.
- Member of board of directors of *Fundação Económicas*, since 2005.
- Member of CISP – Comissão Interbancária para o Sistema de Pagamentos, since September 2005.

AREAS OF RESPONSIBILITY:

- Strategic planning and management control.
- IT.
- Operational support
- Payment media.
- Electronic channels.
- Compliance.
- Support to Caixa Geral de Aposentações.
- SEPA – Single Euro Payments Area.

FORMER POSITIONS HELD:

Corporate Positions:

- Consultant to Bank of Portugal, in 2004.
- Assistant director of department of banking supervision of Bank of Portugal, with responsibility for the supervision of all credit institutions and financial companies in the Portuguese financial system, from 1996 to 2002.
- Representative of Bank of Portugal in the banking supervisors contact group of European Economic Space countries.
- Sub-director general of the public accounts of the Ministry of Finance, with responsibility for the preparation and production of the state budget, monitoring of budget execution and production of the general state account, from 1989 to 1992.
- Representative of Ministry of Finance in the negotiations for the definition of complementary legislation on excessive deficits and at other meetings with international bodies.
- Economist in the economic and statistics department of the Bank of Portugal. Member of the public finance and capital market sector, later in charge of the macroeconomic and econometrics models sector. Has produced several studies, several of which have been published and is also a regular contributor to the production of an economic analysis of which special reference should be made to the annual reports and quarterly bulletins, having represented the Bank of Portugal at meetings of international organisations. Author of a macroeconomic model for the Portuguese economy which was used by the Bank of Portugal and Ministry of Finance for economic policy projections and simulations, from 1980 to 1988.

Government

- Secretary of State for the Budget from 1993 to 1995 and from 2002 to 2004.

Academic posts:

- Lecturer at Instituto Superior de Economia, responsible for econometrics area courses, from 1977 to 1993.

ACADEMIC QUALIFICATIONS:

- Degree in economics from Instituto Superior de Economia *(Universidade Técnica de Lisboa).*

MEMBER: Rodolfo Vasco Castro Gomes Mascarenhas Lavrador

DATE OF BIRTH: 16 July 1964

CURRENT POSITIONS:

- Member of board of directors of Caixa Geral de Depósitos, S.A., since January 2008.
- Chairman of board of directors of Banco Nacional Ultramarino, SA (Macau), since February 2008.
- Chairman of board of directors of Parbanca, SGPS, SA (Madeira free trade area), since March 2008.
- Member of remuneration committee of SIBS – Sociedade Interbancária de Serviços, SA, since March 2008.
- Member of remuneration committee of UNICRE – Instituição Financeira de Crédito, SA, since March 2008.

AREAS OF RESPONSIBILITY:

- International business
- Legal affairs
- Communication
- Private notarial services.

FORMER POSITIONS HELD:

Corporate Positions:

- Member of board of directors of Banco Caixa Geral, SA (Spain), from 2002 to 2008.
- Lawyer at "A. M. Pereira, Sáragga Leal, Oliveira Martins, Torres & Associados" law firm from 1994 to 1995.
- Responsible for the fiscal affairs sector of Banco Nacional Ultramarino, from 1992 to 1995.
- Technical officer and legal consultant to the fiscal and legal affairs department of Banco Nacional Ultramarino, from 1989 to 1992.
- Lawyer and legal adviser, from 1989 to 1995.

Government Posts:

- Secretary of State for the Treasury and Finance, from 2001 to 2002.
- Chef de Cabinet of the Prime Minister, from 1999 to 2001.
- Chef de Cabinet of Minister of Finance, from 1995 to 1999.

Academic posts:

- Assistant professor at Universidade Autónoma de Lisboa Luís de Camões, from 1991 to 1995.
- Assistant lecturer at Law Faculty of Lisbon University, from 1991 to 2002.
- Lecturer at the Instituto de Estudos Superiores Financeiros and Fiscais, from 1992 to 1995.
- Trainee assistant lecturer at Law Faculty of Lisbon University, from 1988 to 1991.
- Lecturer at Instituto Superior de Línguas e Administração, from 1988 to 1990.
- Assistant lecturer at Universidade Autónoma de Lisboa Luís de Camões, from 1987 to 1991.
- Monitor at Law Faculty of Lisbon University, from 1987 to 1988.

ACADEMIC QUALIFICATIONS:

- MA in law (Juridical and Economic Sciences) from the Law Faculty of Universidade Católica Portuguesa (1991).
- Degree in law from the Law Faculty of Universidade Católica Portuguesa (1987).

MEMBER: José Fernando Maia de Araújo e Silva

DATE OF BIRTH: 15 April 1951

CURRENT POSITIONS:

- Member of board of directors of Caixa Geral de Depósitos, SA, since January 2008.
- Chairman of board of directors of Caixa Leasing e Factoring – Instituição Financeira de Crédito, SA, since February 2008.
- Chairman of board of directors of Caixa Seguros e Saúde, SGPS, SA, since February 2008.

- Chairman of board of directors of Imocaixa – Gestão Imobiliária, SA, since February 2008 .
- Chairman of board of directors of Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA, since May 2008.
- Chairman of board of directors of Sogrupo IV – Gestão de Imóveis, ACE, since February 2008.
- Member of board of directors of EDP Renováveis, SA, since June 2008.
- Member of board of directors of USP Hospitales, S.L., since December 2008.
- Member of board of directors of Allipen Spain, S.L., since December 2008.
- Member of board of directors of Monte Candina, S.L., since December 2008.
- Member of board of directors of Flávio Luxembourg SARL, since December 2008.

AREAS OF RESPONSIBILITY:

- Marketing.
- Property management.
- Property finance.
- Insurance and healthcare.
- Prevention and safety.
- Credit recovery.
- Specialised credit.

FORMER POSITIONS HELD:

Corporate Positions:

- Director of Corticeira Amorim, SGPS and member of its executive committee from 2002 to 2007.
- Deputy chairman of Sonae Indústria, SGPS, SA, from 1999 to 2002.
- Director of Spred SGPS, SA (Sonae Group), from 1998 to 1999.
- Executive director of Sonae Participações Financeiras, SGPS, SA, sub-holding company for its retail financial business services portfolio: insurance brokerage and risk management – MDS; consumer credit – Pensinsular SFAC, in partnership with Banco Pastor; vehicle finance and fleet management – Finlog and financial services retail business – Banco Universo and *viva Universo* card ?, from 1996 to 1998.
- Executive director of Tafisa, SA (Spain) – resident in Madrid (Sonae Group), from 1993 to 1996.
- Financial coordination of Sonae Investimentos, SGPS, from 1991 to 1993.
- Financial coordination and management control of industry area (Sonae Group), from 1989 to 1990.
- Director of Soserfin – Sociedade Internacional de Serviços Financeiros – Porto, from 1987 to 1988.
- Director of international department (Porto) of Banco Espírito Santo e Comercial de Lisboa, from 1983 to 1986.
- Part time technical officer in the Northern Regional Coordination Commission, on issues related with the preparation of regional development projects, self-employed in SMEs / consultancy activity from 1980 to 1983.

Academic posts:

- Guest professor, responsible for the international financial management course for the 5th year of the degree in management from the Universidade Católica of Porto and co-responsible for the 'international management applied project" course, since 1991.
- In charge of the international financial management course of the postgraduate financial analysts course, in the Economics Faculty of the University of Porto for the International Organisation of Financial Analysts from 1987 to 1988.
- Assistant lecturer at the Porto Economic Faculty, from 1975 to 1984.

ACADEMIC QUALIFICATIONS:

- Degree in Economics from the Economics Faculty of Porto University, in 1974.
- Specialised training in Paris (*Paris University IX, Dauphine*) and London (Midland Bank: International Banker's Course), between 1982 and 1984.

MEMBER: Jorge Humberto Correia Tomé

DATE OF BIRTH: 7 November 1954

CURRENT POSITIONS:

- Member of board of directors of Caixa Geral de Depósitos, SA, since January 2008.
- Chairman of board of directors of Caixa – Banco de Investimentos, SA, since March 2008.

- Chairman of board of directors of Gerbanca, SGPS, SA, since February 2008.
- Chairman of board of directors of Credip – Instituição Financeira de Crédito, SA, since April 2008.
- Chairman of board of directors of Trem – Aluguer Material Circulante, ACE, since March 2002.
- Chairman of board of directors of Trem II – Aluguer Material Circulante, ACE, since March 2002.
- Director (non-executive) of Banco Comercial e de Investimentos, SARL (Mozambique), since August 2007.
- Director (non-executive) of Portugal Telecom, SGPS, SA, since June 2002.
- Member of monitoring and strategy commission of Fomentinvest, SGPS, SA, since May 2008.

AREAS OF RESPONSIBILITY:

- Corporate and organisational development.
- Major companies.
- Institutional banking
- Investment banking.
- Venture capital.

FORMER POSITIONS HELD:

Corporate Positions:

- Chairman of executive committee of Caixa – Banco de Investimento, SA, March 2002 to January 2008.
- Executive director of Caixa – Banco de Investimento, SA, from July 2001 to March 2002.
- Executive director of Companhia de Seguros Açoreana, BANIF Group, directly responsible for the financial and administrative, personnel, IT, legal office and the company's life insurance areas, December 1996 to July 2001.
- Executive member of boards of directors of the "O Trabalho" and "O Trabalho Vida", insurance companies from May 2000 to July 2001.
- Director of Sociedade Gestora de Fundos de Pensões, SA – Açor Pensões, SA (currently Banif Açor Pensões), October 1999 to July 2001.
- *Partner* of Coopers & Lybrand in Portugal, responsible for the financial and corporate finance areas, June 1995 to November 1996.
- Director of BPSM responsible for the coordination of the bank's affairs in France and Sottomayor Bank of Canada (BPSM subsidiary), from February 1995 to May 1995.
- Director of Banco Pinto & Sotto Mayor, responsible for international management, IT and organisational management, administration and Telesotto (BPSM instrumental company for home banking), from March 1994 to January 1995 (date of the bank's privatisation).
- Executive director of Sociedade de Capital de Risco SULPEDIP, SA (currently PME Investimentos, SA), June 1989 to March 1994.
- Director of capital market (securities management division of Banco Pinto & Sotto Mayor), from September 1986 to 1994 having been employed as a technical officer in the same division from 1985 to 1986.
- Director of CPG – Sociedade Gestora de Fundos de Investimento FIPOR, on behalf of the bank.
- Corporate and industrial projects and tourism sector analysis officer for Banco Pinto & Sotto Mayor (economic studies division), engaged in April 1983.
- Technical officer at Coopers & Lybrand, Lda., engaged in February 1980, promoted to senior auditor in 1982.
- Technical officer/economist at Instituto de Apoio às Pequenas and Médias Empresas e ao Investimento (IAPMEI), engaged in September 1979.

ACADEMIC QUALIFICATIONS:

- MA in Applied Economics from the Economics Faculty of Universidade Nova de Lisboa.
- Degree in Organisation and Corporate Management from ISCTE.

MEMBER: Pedro Manuel de Oliveira Cardoso

DATE OF BIRTH: 2 July 1965

CURRENT POSITIONS:

- Member of board of directors of Caixa Geral de Depósitos, SA, since January 2008;
- Member of board of directors of Banco Português de Negócios, SA, since November 2008.
- Chairman of board of directors of Caixa – Gestão de Activos, SGPS, SA, since February 2008.
- Chairman of board of directors of Sogrupo – Serviços Administrativos, ACE, since February 2008.

AREAS OF RESPONSIBILITY:

• Financial markets.

• Asset management.

• Risk management.

• Administrative services.

FORMER POSITIONS HELD:

Corporate Positions:

- Member of board of directors of Banco Caixa Geral, (Spain) from 2005 to 2008.
- Executive director of Banco BEST, from 2004 to 2005.
- Assistant central director of the capital-fixed income division of BCP Investimento and senior management member of Banco Comercial Português, from 2000 to 2004.
- Director of BCP Dealer, from 1999 to 2000.
- Chairman of CISF Securities, BCP brokerage company, headquartered in New York, from 1997 to 1999.
- Assistant director general at Banco Português do Atlântico branch in New York from 1996 to 1999.
- Director and officer responsible for the planning and marketing division of Banco Cisf, from 1995 to 1996.
- Assistant director in capital markets division of Banco Cisf, from 1993 to 1995.
- Sub-director of international division of Banco Commercial Português, from 1989 to 1993.
- Technical officer in the international division of Banco Pinto & Sotto Mayor, from 1988 to 1989.

ACADEMIC QUALIFICATIONS:

- MBA in Finance from Universidade Católica Portuguesa, from 1991 to 1993.
- Postgraduation in Actuarial Studies from Universidade Católica Portuguesa, in 1989.
- Degree in Economics from Universidade Católica Portuguesa, from 1983 to 1988.

RÉSUMÉS OF MEMBERS OF FISCAL BOARD

CHAIRMAN: Eduardo Manuel Hintze da Paz Ferreira

DATE OF BIRTH: 6 May 1953

CURRENT POSITIONS:

- Chairman of fiscal board of Caixa Geral de Depósitos, SA.
- Chairman of fiscal board of Electricidade dos Açores, EDA, SA.
- Professor at Lisbon Law Faculty.
- Jean Monnet chair in Community studies of European Commission.
- Chairman of Instituto de Direito Económico Financeiro and deputy chairman of Instituto Europeu da FDL.
- Lawyer mainly active in the economic, fiscal, financial and banking law areas.
- Founder and partner of Paz Ferreira and Associados, Sociedade de Advogados (law firm).
- Member of privatisations monitoring committee acting on behalf of the Autonomous Region of the Azores.

FORMER POSITIONS HELD:

- Member of the jury for the magistrates competition for the Portuguese Audit Court.
- Member of think-tank on justice-related problems created by the Minister of Justice.
- Member of scientific juridical board of the Portuguese competition authority.
- Chairman of *Associação Fiscal Portuguesa*.
- Member of the senior board of the public prosecutors' office.
- Member of advisory board of *Instituto de Gestão do Crédito Público*.
- Chef de cabinet of Minister of Foreign Affairs.
- Responsible for the preparation of several pre-legislative projects, namely the new regime for the state's business, public debt framework law, finance law of the Autonomous Regions (of the Azores and Madeira) and local business sector law and cover of earthquake risks.
- Representative of the Autonomous Region of the Azores on the commission preparing the tax reform of 1988/89.
- Advice on the Autonomous Region of the Azores' privatisations programme, defining strategies and preparing legislative projects. Directed the studies on the adapting of the national fiscal system to the Autonomous Region of the Azores .

- Founding partner of AREP and APRI and honorary member of the Instituto Açoriano de Cultura.

ACADEMIC QUALIFICATIONS:

- Aggregation, doctorate, masters and degree in law (in juridical and economic sciences) from the Lisbon Law Faculty. Lecturer in several postgraduate courses in Portuguese and foreign universities.

MEMBER: José Emílio Coutinho Garrido Castel-Branco

DATE OF BIRTH: 27 August 1961

CURRENT POSITIONS:

- Member of fiscal board of Caixa Geral de Depósitos, SA.
- Director of PARPÚBLICA – Participações do Estado (SGPS), SA.

FORMER POSITIONS HELD:

- Director General of the Treasury and Finance, 2005 to 2007.
- Subdirector General of the Directorate General of the Treasury from 2001 to 2005.
- Chef de cabinet of Minister of Finance of XIV constitutional government, August 2000 to April 2001.
- Director of the State's Central Treasury Services from 1991 to 2000.
- Coordinator of *COMACC – Comissão do Acordo de Cooperação Cambial* with the Republic of Cape Verde.
- Member of inspection committee of the Fund for International Relations of the Ministry of Foreign Affairs.
- Responsible for the Treasury's integration in interbank clearing systems and receipts control system under the aegis of the state's reform of financial administration.
- Coordinator of "Treasury Homebanking" project.
- Member of supervisory group of *FEOGA Guarantee* – (European *Agricultural* Guarantee and Guidance *Fund*), during the first Portuguese presidency of the Council of European Communities.
- Member of the jury for the open tender on the alienation of state credit to Mozambique for conversion into investment.
- Coordinator of task-force for the production, storage and distribution of euro coins.
- Chairman of shareholders' meeting of PARPÚBLICA – Participações Públicas (SGPS), SA.

ACADEMIC QUALIFICATIONS:

- Degree in economics from Instituto Superior de Economia (Universidade Técnica de Lisboa), in the area of quantitative techniques and planning methods.

MEMBER: Maria Rosa Tobias Sá

DATE OF BIRTH: 16 August 1960

CURRENT POSITIONS:

- Member of fiscal board of Caixa Geral de Depósitos, SA.
- Chair of board of directors of *Instituto Nacional de Recursos Biológicos, I.P.*

FORMER POSITIONS HELD:

- Director of "Structural Actions" unit of the European Commission's European Anti-Fraud Office – managing the team of researchers responsible for investigations in 27 EU member states in the area of structural and cohesion funds and Community initiatives.
- Coordinator of Technical Assistance Unit of the Procuratorship General of the Republic, Lisbon, having founded and directed the technical advisory and consultancy service for public sector magistrates, in addition to the issue of opinions in areas associated with "economic crime" – fraud and funds diversion in obtaining subsidies (domestic and Community), fraudulent bankruptcies, corruption, embezzlement, misuse of resources and facilities; lecturer at the invitation of the Judiciary Studies Management Centre, training actions training for judicial magistrates and the public prosecutors' office.
- Subdirector-general of Ministry of Employment and Professional Training, Lisbon - Department for European Social Fund Issues, in charge for the two audit service divisions existing at the time – audits on operational programmes, audits on the management and payment authorities for such programmes, system audits, controls on beneficiaries and other economic operators. Responsible for institutional relationships with other organisations within control framework – European Court of Auditors, European Commission, *IGF*.
- Director of Ministry of Agriculture and Fisheries services , Lisbon - Inspectorate General for Agriculture, responsible for audits in the area of the EU Agricultural Fund Guarantee, of a proportion of EU Agricultural Fund Guidance audits

(subsidies for young farmers, manufacturing industries, rural development); controls on beneficiaries and other economic operators; system audits, audits on the Ministry's services. Representation of Ministry.

- Inspector of Ministry of Finance, Lisbon - General Finance Inspectorate – inspection of public services - management audits on public services (under the aegis of the Ministries of Justice, Finance, Public Works); systems audits, audits on beneficiaries of domestic and Community subsidies (complemented by cross-controls).
- Lecturer in the "Mathematical Models Applied to Management", "Statistics" and "Operational Research" courses at *Instituto de Línguas e Administração*, from 1988 to 1994.

ACADEMIC QUALIFICATIONS:

- Degree in Economics (mathematical methods) from Instituto Superior de Economia (ISE) -Lisbon University.

ANNEX 2

REMUNERATION OF MEMBERS DOS STATUTORY BODIES

(amounts in euros)

INFORMATION ON MEMBERS OF THE BOARD OF THE SHAREHOLDERS' MEETING	Chairman	Deputy-Chairman	Secretary
	1 795.67	1 396.63	-

INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

(AMOUNTS IN EUROS)

BOARD OF DIRECTORS	REMUNERATION					
	Base remuneration	Accumulation of functions	Complementary remuneration	Expense account	Untaken holidays	Profit sharing / Management bonuses
Chairman						
Carlos Jorge Ramalho Santos Ferreira (1)	33 648.42				18 954.32	202 013.11
Fernando Manuel Barbosa Faria de Oliveira	362 630.05					
Deputy-Chairman						
António Manuel Maldonado Gonelha (1)	28 601.14			Attribution of company credit card only for use expenses incurred on CGD activities, documented with invoices and receipts. Any personal expenses are debited directly to directors' current accounts	24 590.74	157 401.91
Francisco Manuel Marques Bandeira	313 874.09					117 841.03
Members						
Jose Joaquim Berberan Santos Ramalho (1)	22 695.31					117 841.03
Vitor Manuel Lopes Fernandes (1)	23 553.89				19 552.88	117 841.03
Maria Celeste Ferreira Lopes Cardona (1)	23 553.89				21 647.83	117 841.03
Armando António Martins Vara (1)	23 736.95				23 742.78	117 841.03
Norberto Emílio Sequeira da Rosa	259 408.78					117 841.03
Rodolfo Vasco C G Mascarenhas Lavrador	254 935.85					
José Fernando Maia de Araújo e Silva	253 841.04					
Jorge Humberto Correia Tomé	254 935.85					
Pedro Manuel Oliveira Cardoso	254 935.85					
AUDIT COMMITTEE						
Chairman						
Eduardo Manuel Hintze Paz Ferreira	74 116.79	0.00	0.00	0.00		0.00
Members						
José Emílio Coutinho Garrido Castel-Branco	55 587.59	0.00	0.00	0.00		0.00
Maria Rosa Tobias Sá	55 587.59	0.00	0.00	0.00		0.00

BOARD OF DIRECTORS	OTHER INCENTIVES AND COMPENSATION						COSTS OF SOCIAL BENEFITS		
	Telephone expenses (2)	Instalments paid on company vehicles in year	Fuel costs on company vehicles	Meal allowances	Travel allowances	Other educational subsidies	Social security charge	Healthcare insurance	Life insurance
Chairman									
Carlos Jorge Ramalho Santos Ferreira (1)	1 620.28	86 741.59	393.02	61.20			3 247.02		
Fernando Manuel Barbosa Faria de Oliveira	3 028.95	110 479.00	3 601.41	2 514.50	335.39		12 011.38		
Deputy-Chairman									
António Manuel Maldonado Gonelha (1)	771.23	83 908.80	471.89	61.20			2 323.76		
Francisco Manuel Marques Bandeira	2 904.35	100 000.00	7 371.45	2 537.90	7 519.60	70.00	28 326.51	There are no individual insurances. Only a personal accident insurance when in duty travel (an insurance policy for all employees covering also the board members)	
Members									
Jose Joaquim Berberan Santos Ramalho (1)	28.84	64 291.31	186.38	64.20			4 169.13		
Vitor Manuel Lopes Fernandes (1)	67.44	76 700.00	148.61	40.80			3 207.92		
Maria Celeste Ferreira Lopes Cardona (1)	510.18	75 041.76	96.96	61.20			4 802.97		
Armando António Martins Vara (1)	961.87	81 834.66	82.87	64.20			3 061.29		
Norberto Emílio Sequeira da Rosa	995.96	101 464.61	2 861.45	2 601.60	540.10		26 537.61		
Rodolfo Vasco C G Mascarenhas Lavrador	12 151.93	91 333.97	1 439.70	2 161.20	22 452.90	981.40	33 002.69		
José Fernando Maia de Araújo e Silva	2 287.18	70 867.87	2 770.83	2 557.30	2 137.60		16 682.62		
Jorge Humberto Correia Tomé	1 712.40	78 516.00	2 322.91	2 717.60	40.00	49.00	35 029.48		
Pedro Manuel Oliveira Cardoso	1 983.66	87 500.00	3 911.04	2 268.20	6 185.59	293.00	33 111.44		
AUDIT COMMITTEE									
Chairman									
Eduardo Manuel Hintze Paz Ferreira	0.00	0.00	0.00	0.00	0.00	0.00	15 613.61	0.00	0.00
Members									
José Emílio Coutinho Garrido Castel-Branco	0.00	0.00	0.00	0.00	0.00	0.00	12 657.09	0.00	0.00
Maria Rosa Tobias Sá	0.00	0.00	0.00	0.00	0.00	0.00	12 657.09	0.00	0.00

BOARD OF DIRECTORS	COMPLEMENTARY INFORMATION				
	Option for remuneration of origin (Y/N)	Social Security Regime	Exercising of option to acquire of company vehicle (Y/N)	Company home provided (Y/N)	Paid functions outside Group (Y/N)
Chairman					
Carlos Jorge Ramalho Santos Ferreira (1)	N	Social Security	N	N	N
Fernando Manuel Barbosa Faria de Oliveira	N	Social Security	N	N	N
Deputy-Chairman					
António Manuel Maldonado Gonelha (1)	N	Social Security	N	N	N
Francisco Manuel Marques Bandeira	N	CGA/Pensions Fund	N	N	N
Members					
Jose Joaquim Berberan Santos Ramalho (1)	N	CGA/Pensions Fund	N	N	N
Vitor Manuel Lopes Fernandes (1)	N	Social Security	N	N	N
Maria Celeste Ferreira Lopes Cardona (1)	N	CGA/Pensions Fund	N	N	N
Armando António Martins Vara (1)	N	CGA/Pensions Fund	N	N	Y (3)
Norberto Emílio Sequeira da Rosa	N	B.of Portugal's Pens. Fund	N	N	N
Rodolfo Vasco C G Mascarenhas Lavrador	0.00	CGA/Pensions Fund	N	N	N
José Fernando Maia de Araújo e Silva	N	Social Security	N	N	N
Jorge Humberto Correia Tomé	N	CGA/Pensions Fund	N	N	N
Pedro Manuel Oliveira Cardoso	N	CGA/Pensions Fund	N	N	N
AUDIT COMMITTEE					
Chairman					
Eduardo Manuel Hintze Paz Ferreira		Social Security			
Members					
José Emílio Coutinho Garrido Castel-Branco		Social Security			
Maria Rosa Tobias Sá		Social Security			

COMMENTS:

(1) Term of office ended on 09/01/2008

(2) Refers to data and mobile communications

(3) Amounts earned and paid outside the Group are deducted from CGD wages slip and salary indicated is as CGD director

Excerpt from the minute of the Annual Shareholders' Meeting of Caixa Geral de Depósitos

The following text is an excerpt from no. 1/09 of the minutes of CGD's general meeting of 16 April 2009, issuing a resolution on CGD, S.A.'s annual report for 2008 and the proposal for the appropriation of net income, as transcribed below:

"… the state's representative was invited to address the meeting, having voted in favour of the approval of the annual management report for 2008, on the company's separate and consolidated accounts, taking note of the emphasis of matters expressed in the statutory audit certificate.

The meeting then went on to discuss the second item on the agenda, with the board of directors having proposed the following appropriation of net income:

"Pursuant to the terms of article 376 of the Commercial Companies Code and article 26 of the bank's articles of association, approved under Decree Law 287/93 of 20 August, the following appropriation of CGD's separate net income for 2008 of EUR 484 250 872 is hereby proposed:

1. 20% for the legal reserve (EUR 96 850 174);
2. EUR 7 792 980 to retained earnings;
3. EUR 300 000 000 to dividends;
4. EUR 79 607 718 to free reserves.

Put up to the vote, the state's representative cast his vote in favour of the appropriation of net income for 2008, as set out below:

Legal reserve - EUR 96 850 174 – 20%

Retained earnings – EUR 7 792 980 – 1.61%

Dividends - EUR 300 000 000 – 61.95%

Free reserves - EUR 79 607 718 – 16.44%

Total – EUR 484 250 872 – 100%

(…)

The meeting then went on to discuss item four on the agenda, on which the state's representative expressed the state's vote of confidence in the board of directors, audit committee, statutory auditors and each of their members. "