ANNUAL REPORT

09

Caixa Geral de Depositos

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CGD GROUP - CONSOLIDATED OPERATIONS

PRINCIPAL INDICATORS

(EUR million)

	2006	2007	2008	2009
Balance Sheet				
Loans and advances to customers (gross)	58 824	69 636	77 432	79 627
Customer resources	53 768	54 039	60 128	64 256
Debt securities	13 360	16 231	19 929	25 182
Shareholders' equity	5 014	5 541	5 484	7 157
Assets (net)	96 246	103 554	111 060	120 985
Operating income				
Net interest income including income from equity instruments	1 778	2 032	2 201	1 641
Non-interest income	620	568	845	867
Technical income from insurance operations	586	549	515	491
Net operating income	2 984	3 149	3 561	2 999
Gross operating income	1 289	1 414	1 722	1 063
Income before taxation	990	1 075	662	374
Net income	734	856	459	279
Ratios				
Solvency ratio (Bank of Portugal)	10.5%	10.1%	10.7%	12.6%
TIER I (Bank of Portugal)	7.4%	6.2%	7.0%	8.5%
Non-performing credit / total credit [a]	2.29%	2.07%	2.33%	3.00%
Overdue credit / total credit	2.15%	2.05%	2.38%	2.87%
Accumulated impairment / overdue credit	123.2%	121.4%	115.1%	105.3%
Accumulated impairment / credit overdue for more than 90 days	138.5%	137.9%	137.3%	122.4%
Cost-to-income	56.2%	55.1%	51.2%	64.7%
Cost-to-income (banking)	53.6%	52.5%	46.1%	60.6%
ROE (after tax)	16.5%	17.1%	9.6%	4.8%
ROA (after tax)	0.86%	0.91%	0.47%	0.26%

...Continued

(EUR million)

	2006	2007	2008	2009
Other indicators				
Number of bank branches	1 137	1 187	1 223	1 273
Portugal	789	811	831	848
Abroad	348	376	392	425
Number of representative offices	11	12	12	12
Employees [b]	20 106	20 464	20 869	22 237
CGD Portugal	9 759	9 695	9 727	9 791
Other banking institutions	3 698	3 953	4 170	4 495
Insurance companies	3 441	3 503	3 433	3 458
Financial companies	332	338	314	357
Other activities	2 876	2 975	3 225	4 136
Ratings (long / short term)				
Standard & Poor's	A+ /A-1	A+ /A-1	A+ /A-1	A+ /A-1
Moody's	Aa3 /P-1	Aa1 /P-1	Aa1 /P-1	Aa2 /P-1
Fitch Ratings	AA- /F1+	AA- /F1+	AA- /F1+	AA- /F1+

(a) Indicator calculated in accordance with Bank of Portugal instructions.
(b) Does not include 274 CGD employees in the CGA Support Department or 77 employees engaged on public service secondment or in other situations.

CHAIRMAN'S STATEMENT

1. The financial crisis, starting second half 2007, extended throughout the whole of 2009.

The causes and impacts of this depressive situation and turbulence on households and companies are vast and complex and lead to the need to revise the growth models of many economies and corporate business models.

It is common knowledge that the financial sector, both worldwide and domestically, has been subject to a profound restructuring and reorganisation process, both in terms of companies and regulation and supervision.

As a consequence of this evolution and strong pressures on institutions' results, several measures leading to reinforced control and supervision of banking activities are currently being analysed and implemented and new regulatory requirements relating to liquidity and capital are being prepared by the Basel Committee.

2. CGD, as a state-owned bank has been entrusted with the noble mission of contributing to economic development and reinforcement of the competitiveness of companies and the stability of the domestic financial system.

During the course of its activity, CGD Group has endeavoured to achieve a balanced evolution between solidity, profitability and growth, always based on a prudent risk management approach, benchmark operations in terms of its efficiency and quality of service, good governance and a high level of social responsibility, sponsoring cultural and social actions and promoting sustainability.

The economic environment recommended the need to concentrate on providing support to the economy following the stimulus measures implemented by the government, without jeopardising and even reinforcing, CGD's solidity.

CGD's relevance and responsibility in terms of financing individual customers, companies and institutions were, therefore, reinforced in 2009.

3. In such an unfavourable environment, CGD's global performance was highly positive. Reference should be made to the significant **increase in shareholders**' equity, evidencing value creation. CGD Group's **consolidated net income of EUR 278.9 million**, was down 39.2% over the preceding year, particularly deriving from a decrease in net interest income and the need to recognise impairment on securities.

Reference should be made to the impact of the fall in interest rates on net interest income (Euribor), the credit portfolio profile (with its high proportion of mortgage and medium and long term loans) and the fact that CGD did not fully pass on the increase in its funding costs to customers as part of its mission to contribute towards economic recovery.

This represents a transfer of income to companies and individual customers.

The above referred to impact was, however, partly mitigated by financial operations on interest rate derivatives.

The need to recognise capital losses on securities already recognised in reserves led to a reinforcement of around EUR 212.2 million in impairment, with its consequent impact on profitability for the period.

4. I particularly wish to stress the following aspects of CGD's performance:

• **Shareholders' equity** was up from EUR 5 484 million, in 2008, to EUR 7 157 million; the **solvency ratio** increased from 10.7% to 12.6%, TIER 1 from 7% to 8.5% and CORE TIER 1 from 6.8% to 8.3%;

• There was an improvement in the **deposits-to-loans conversion** ratio from 125.3% to 120.2%;

• **Net assets** were up 8.9% to EUR 121 billion;

• **Loans and advances to customers** were up EUR 2.2 billion to EUR 79.6 billion.**Loans and advances to non-financial companies** were up 17.8% by EUR 3 355 million, loans and advances to SMEs by 19.9% and mortgage loans by 8.4%, between 31.12.2007 and 31.12.2009;

• **Resources taken from customers** were up EUR 5.6 billion to EUR 83.1 billion;

• CGD enjoys a comfortable position in terms of liquidity;

• **Delays in payment**. **The overdue credit ratio** was up from 2.38% to 2.87% and non-performing credit from 2.33% to 3%, although such values are much better than the sector average.

CGD also complied with its objective of paying dividends of EUR 250 million to its shareholder.

5. The Group continued to expand its **international operations**, in 2009. This was fundamentally marked by the start-up of Banco Caixa Geral Brasil and the equity investment in Banco Caixa Geral Totta de Angola. New investment and development banks are shortly expected to appear in Angola and Mozambique.

The Group's international operations contributed EUR 74 million to CGD's consolidated net income, in 2009, representing 27% of the total. Net assets as a whole accounted for around EUR 20 billion.

6. Caixa-Banco de Investimento, in turn, achieved a highly positive level of performance in contributing around EUR 49 million to the Group's consolidated net income, which contribution was considerably up over the preceding year (EUR 6 million). Net assets in the **venture capital** area over the last two years were up 30%.

Consistency of performance, allied with business innovation and development capacity have earned CaixaBI the international recognition of the principal analysts and awards as well as a ranking in the top positions of the principal league tables.

7. The **insurance activity's** contribution of EUR 39.5 million to CGD Group's net income was penalised by the recognition of impairment in its portfolios.

Hospital activities made losses of EUR 32.3 million, not only on account of their current investment stage but mainly owing to the non-recurring accounting impact of the restructuring of financial investments owing to the end of the partnership with USP Hospitales.

Reference should, however, be made to the particularly strong improvement in performance over 2009, both by insurance and hospital activities.

8. Caixa, as the benchmark institution in the Portuguese financial system, has added responsibilities deriving from its history and values. Based on its vision for the future, Caixa can only occupy a front line position in terms of sustainable development. **Social responsibility** has always been a commitment at the highest level in CGD which, in 2009, produced its first Sustainability Report (for 2008) translating its involvement with stakeholders and evidencing the importance and transparency of its intervention in different sustainability areas.

In the community relationships domain, Caixa has sponsored a large number of actions designed to achieve social, educational, cultural and environmental well-being with the aim of improving the population's living conditions.

Special reference should be made to the activity of the Caixa Geral de Depósitos – Culturgest Foundation, which is one of CGD's most relevant intervention instruments in the domain of cultural action operating on behalf of the Portuguese population and domestic and foreign creators and artists. The Foundation, in 2009, as usual, maintained an intense level of activity in the broadest range of cultural areas.

9. 2010 will continue to be a complicated year for banking activities.

The external environment is still uncertain and unfavourable in terms of the bank's profitability.

Factors having an eventual positive impact on banking activity particularly include the high level of economic performance in emerging countries in which CGD Group is present and a slowdown in competitive pressure on credit.

Consideration must, however, be given to elements with an uncertain or limited impact. These include capital market volatility, funding costs, uncertainty over the evolution of default levels and credit impairment together with regulatory and accounting changes.

Factors bringing additional pressure to bear on results include the evolution of EURIBOR interest rates as a determining element for CGD's results, owing to the profile of its credit portfolio. These are likely to remain at low levels, particularly in the first half of the year, with economic growth being insufficient to operate as the driving force behind higher levels of business turnover and an intensification of the competitive pressure on deposits.

Liquidity and net interest income management (affecting volume and price), risk, defaults and costs will be particularly relevant in 2010.

10. CGD Group will continue to implement its Strategic Programme for the three year period 2008/2010, in 2010, with adjustments and events being dictated by the circumstances.

The missions entrusted to CGD by its shareholder therefore remain fully valid. Special reference should be made to the following Strategic Guidelines:

• Support for non-financial companies and most particularly SMEs (loans and advances and investment finance, venture and development capital, investment and restructuring funds, project finance);

• Support for the export sector and corporate internationalisations, through lines of credit and trade finance promotion;

• Support for entrepreneurialism and the capitalisation of companies;

• Support for reinforced competitiveness (productivity, innovation, technological content, brand), restructuring operations and associationism and integration with corporate production and distribution networks;

• Reinforced internationalisation of CGD Group, in countries considered to be preferential markets for business operatives and Portuguese communities;

• Restructuring of the Group's corporate architecture, giving it the flexibility to improve its response to the new regulatory requirements and economic evolution;

• Constant improvements to efficiency and quality of service;

• Reinforcement of internal talent management;

• Continuation of strict cost management.

11. Caixa reinforced its position as a highly reliable, solid bank in the Portuguese banking sector, in 2009. The CAIXA brand is one of excellence in which consumers believe and trust.

12. The Board of Directors wishes to express its gratitude to the bank's **State Shareholder**, **Bank of Portugal** and **CMVM (Securities Market Commission)**, **Audit Board**, **Statutory Auditor** and **External Auditor**, for their valuable cooperation and monitoring of CGD's activity.

We are grateful for the preference and trust of our customers which we shall do everything possible to merit as CGD is not only interested in being the most solid but also the best Portuguese bank.

Last but not least, the board of directors wishes to express its gratitude to all CGD Group **workers** for their highs level of commitment and professionalism in performing their duties, enabling the Group to continue to merit the trust of its customers in the current difficult economic environment.

Fernando Faria de Oliveira
Chairman of Board of Directors

Caixa Geral de Depósitos Group's net income for 2009 was down 39.2% to EUR 278.9 million, over the preceding year, having been particularly affected by the decrease in interest income and recognition of impairment on securities.

Board of Directors
(Standing) Pedro Cardoso, Rodolfo Lavrador, Jorge Tomé and José de Araújo e Silva (members)
(Seating) Francisco Bandeira (deputy-chairman), Fernando Faria de Oliveira (chairman) and Norberto Rosa (member)

Banking activities contributed EUR 269.6 million to consolidated net income, to which the international area and investment banking contributed EUR 73.9 million and EUR 48.7 million, respectively. Insurance and healthcare operations, in turn, contributed EUR 9.4 million to CGD Group's net income.

Net interest income was down 26.3% to EUR 1 532.9 million. The change particularly derived from the impact of the reduction of interest rates, starting fourth quarter 2008, which affected profitability, taking into account the composition of the credit portfolio which has a high proportion of mortgage and medium and long term loans and advances to companies (jointly comprising around 76% of domestic credit). The nature of this component does not lend itself to the translation of short term increases in institutional funding costs. The decrease in net interest income, accordingly, translates lower interest rates and, in line with its remit of contributing to economic recovery, the fact that CGD does not fully pass on the increase in its funding costs to customers.

The 2.6% increase in other operating income largely derived from the 6.9% increase in net commissions to EUR 447.8 million. Income from financial operations of EUR 199.5 million mainly reflected the implementation of several policies designed to offset lower levels of net interest income, translating into gains made on interest rate derivatives.

Operating costs, in Portugal, were up by only 0.4%, with employee costs and other administrative expenses down 0.4% and 0.2% respectively.

There was a EUR 259.3 million reinforcement of impairment of other assets of which an amount of EUR 212.2 million, relating to securities, was allocated to equity instruments in the insurance area (EUR 96.4 million) and CGD (EUR 89.4 million) portfolios, fundamentally as a consequence of the requirement for the need to recognise losses on securities already recognised in reserves.

Reinforced impairment for credit risks totalled EUR 416.8 million, originating a credit overdue for more than 90 days cover rate of 122.4%.

Net assets, at EUR 121 billion, were up 8.9% over the preceding year.

Loans and advances to customers (gross) were up EUR 2.2 billion to EUR 79.6 billion. CGD reinforced its leading position in new mortgage loans taken out during the year, increasing its market share by 8.9 pp, representing growth in its portfolio share from 26.8% to 27.1%.

The credit overdue for more than 90 days ratio was 2.47%. The non-performing credit ratio, calculated in conformity with Bank of Portugal rules, was 3%. The credit overdue for more than 90 days cover rate was 122.4%. The customer deposits balance was up 4.2% to EUR 57.8 billion.

Customer resources taken by the Group (excluding the interbank money market) were up 7.1% over the end of 2008 to EUR 83.1 billion. Of particular note in the retail segment was the 4.1% increase of EUR 2.3 billion in customer deposits over 2008 to EUR 57.8 billion, together with a 10.9% increase in capitalisation insurance.

The balance on resources taken from institutional investors, in the form of own issues, particularly the Euro Medium Term Notes (EMTN) and covered bonds programmes was up 21.8% by EUR 4.5 billion to EUR 25.3 billion.

The deposits-to-loans conversion ratio was 120.2% against the preceding year's 125.3%.

The solvency ratio, calculated under the Basel II regulatory framework, was up from 10.7% at the end of 2008, to 12.6% in December 2009. Tier I, in turn, was up from 7% to 8.5% and Core Tier I from 6.8% to 8.3%.

Presentation of Group

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EQUITY STRUCTURE

Caixa Geral de Depósitos' capital is owned by the Portuguese state which is its sole shareholder. The state approved a share capital increase of EUR 1 billion on 27 May 2009 increasing CGD's share capital to EUR 4.5 billion.

MILESTONES

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

1880 Formation of Caixa Económica Portuguesa, to receive and administer the deposits of the less moneyed 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 pawn broking operations were created under CGD administration.

1918 CGD started to perform general credit operations.

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

1975 Formation of Paris branch.

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

1995 Acquisition of Banco Simeón (in Spain).

1997 Formation of new Banco Comercial de Investimentos (Mozambique).

1998 Formation of HPP – Hospitais Privados de Portugal, later to become CGD Group's healthcare arm.

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

2001 CGD opened its East Timor branch.

The Paris branch assimilated Banque Franco-Portugaise to create the France branch.

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

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

CGD took a controlling interest in Mercantile Lisbon Bank Holding of South Africa, via a capital increase.

2006 Banco Simeón changed its name to Banco Caixa Geral.

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

Permission to set up Banco Caixa Geral Brasil, with operations beginning in 2009.

Formation of Caixa Geral de Depósitos – Culturgest Foundation.

Caixa Seguros became 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.

2009 Resumption of CGD Group's presence in Brazil through the start-up of Banco Caixa Geral Brasil.

Equity investment in Banco Caixa Geral Totta de Angola, in which CGD and Santander Totta control 51% of the total.

DIMENSION AND INTERNATIONAL RANKING OF GROUP

The information, set out in the following table, shows that CGD retained its lead position in its main operating areas, in 2009, particularly in the retail banking in Portugal, credit and deposits, insurance, property leasing and asset management areas.

MARKET SHARES IN PORTUGAL

	Dec. 2008		Dec. 2009	
	Share	Ranking	Share	Ranking
Banking Operations				
Net assets [a]	30.2%	1st	31.0%	1st
Loans and advances to customers [b]	19.9%	2nd	20.5%	1st
Loans and advances to companies	14.8%	n.a.	15.5%	3rd
Loans and advances to individual customers	23.2%	1st	23.6%	1st
Mortgage loans	26.8%	1st	27.1%	1st
Customer deposits [b]	27.6%	1st	29.2%	1st
Individual customers' deposits	32.1%	1st	33.9%	1st
Insurance Operations [c]	26.1%	1st	30.3%	1st
Life insurance	24.7%	1st	31.2%	1st
Non-life insurance	29.8%	1st	28.1%	1st
Specialised credit [d]				
Property leasing	22.9%	3rd	18.7%	3rd
Equipment leasing	15.7%	2nd	18.8%	1st
Factoring	14.0%	4th	14.7%	4th
Asset Management				
Unit trust investment funds [e]	25.2%	1st	23.8%	1st
Property investment funds (FII) [e]	12.6%	1st	13.9%	1st
Pension funds [f]	7.8%	5th	9.6%	4th
Wealth management [g]	27.2%	1st	32.1%	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) Dec. 2008 and Dec. 2009 (provisional). Source: Portuguese Insurance Association. Refers to 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. Joint CGD Pensões, SA and Fidelidade Mundial, SA shares.
(g) Shares only with APFIPP management company members (around 90% of the domestic market), excluding amounts managed directly by the banks and other companies. Starting 2nd quarter 2008 Caixagest took over the management of the CGD Pension Funds which have been included in wealth management for market share and ranking purposes.
n.a. – Not available.

CGD significantly reinforced its market share of customer deposits (from 27.6% in 2008 to 29.2% at the end of 2009) in the retail banking area in Portugal. A major contributory factor was the increase in the individual customers' market share, particularly emigrants (from 40.1% to 43.3%) and general government (from 23.2% to 33.9%).

CGD increased its market share of loans and advances to customers in Portugal from 19.9%, in 2009, to 20.5%. This reinforcement enabled CGD to retain its leading market position in this area, principally in the individual customers segment and particularly in mortgage loans, in which CGD increased its market share to 27.1%. These increases translate CGD's commitment to supporting domestic economic recovery.

CGD Group continues to be the insurance area leader in Portugal, with a global market share of 30.3% at the end of 2009 against the preceding year's 26.1%. This 4.2 pp increase derived from an increase in the life insurance market share to 31.2% (significantly reinforcing its existing lead) and a reduction of the non-life component to 28.1%. Notwithstanding the said reduction, the Group has consolidated its leading position in all main non-life insurance segments.

Specialised credit operations, performed by CLF - Caixa Leasing e Factoring also succeeded in increasing their share of the equipment leasing market (up 3.1 pp to 18.8%), giving CGD pole position in this market segment in addition to factoring with a 0.7 pp increase to 14.7%.

Caixa Gestão de Activos maintained its leading position in the unit trust investment funds management operators ranking, in Portugal, in 2009, with a market share of 23.8%. Its market share of the property investment funds market was also up 1.3 pp to 13.9%, reinforcing the lead position held since 2008. A similar performance was achieved by pension funds and wealth management, both of which were up over 2008 (by 1.8 pp and 4.9 pp respectively).

Caixa–Banco de Investimento (CaixaBI) reinforced its leadership of the investment banking area, having been singled out by *Euromoney* magazine as the "Best Investment Bank in Portugal" for the third, consecutive year. A similar distinction was also awarded by North American *Global Finance* magazine in recognition of the best investment banks operating in Portugal, with CaixaBI having been awarded "Best Investment Bank" status.

In the project finance sphere, CaixaBI came ninth in the top ten ranking of world business deals in this area with the Litoral Oeste Concession project and also topped the PFI/PPP – "Project Finance Loans", world table in the Mandated Lead Arranger category at the end of the first quarter. It also came top in the world table for Providers in the case of Global Project Finance Loans, having pioneered benchmark operations in this area, internationally classified as "Deals of the Year", in 2009. CaixaBI also consolidated its lead in the financial advisory services area, in 2009, coming first in the M&A ranking in Portugal as measured by its volume of successful operations.

CGD retained its leading position in the major world banking institutions' ranking, in 2009, having risen to 126th position in terms of shareholders' equity (128th in 2008) and 103rd by assets in accordance with the Top 1000 World Banks 2009 list published by the *The Banker* magazine.

CGD came 53rd and 55th, in Europe, by assets and shareholders' equity respectively, on the Top 300 EU Banks list published in the October 2009 issue of *The Banker*.

The *Global Finance* Magazine report for 2009 classified CGD on the list of the world's 50 safest banks. CGD has risen two places to 34th and is the only Portuguese financial institution on this list, which is now in its 18th issue. The ranking was produced on the basis of a comparison between the long term credit ratings and total assets of the world's largest 500 banks.

EVOLUTION OF CGD GROUP

CGD Group's banking operations in the international area, in 2009, were marked by the bank's entry into the Angolan market through its investment in Banco Caixa Geral Totta de Angola (BCGTA) and resumption of the Group's presence in Brazil through the start-up operations of Banco Caixa Geral Brasil (BCG Brasil). The bases for two important partnerships with Angolan and Mozambican entities, involving the opening of development banks in the respective countries, were also launched this year.

CGD had a 50% stake in Partang, SGPS's share capital after the companies' capital increase, in July 2009. Partang's sole asset is its 51% equity investment in BCGTA. The rest of the bank's capital is 25% owned by Sonangol Group and 24% by two private Angolan investors. Caixa's investment enabled the bank to increase its capital with the aim of accelerating retail banking area growth.

The formation of Banco para Promoção e Desenvolvimento (BPD), with a start-up capital of one billion dollars, jointly owned in equal parts by the CGD and Sonangol Groups, was authorised at the start of 2010. These initiatives have given Caixa a significant presence in the Angolan market. BPD will concentrate on corporate and investment banking in support of the development of the Angolan economy.

After four years without any direct presence in the Brazilian market, CGD Group began to operate via Banco Caixa Geral Brasil (BCG Brasil), as a wholly owned subsidiary, in first half 2009. The bank's strategy is geared to corporate and investment banking. The immediate success of this operation led to a resolution, taken in early 2010, to increase BCG Brasil's share capital from 123 million to 400 million Brazilian reais.

A protocol between CGD and the Direcção Nacional do Tesouro de Moçambique [Mozambican National Treasury Division] was entered into in September 2009 with the aim of setting up an investment bank in Mozambique. The bank will have a capital of 500 million dollars, of which 50% will be owned by Mozambican capital and the remaining 50% by CGD.

In Cape Verde, Banco Comercial do Atlântico increased its share capital by CVE 325 million, in March 2009, to CVE 1 325 million. CGD's *pro rata* allocation in this share capital subscription slightly increased its direct and indirect investment from 59.17% to 59.34%.

In the sphere of CGD Group's operations in Portugal reference should be made to the fact that Caixa-Banco de Investimento was considered, in the primary debt market and for the third consecutive year, as the principal bookrunner for euro denominated bond loans issued by domestic entities. It also consolidated its leadership of the M&A market in Portugal in the financial advisory area. Several rankings have positioned CaixaBI among the main world players in the project finance area.

The Group had more than EUR 500 million invested in the venture capital area up to the end of 2009. Three investment funds – Caixa Mezzanine, Caixa Empreender+ and Energias Renováveis – were set up under Caixa Capital management. At the same time and with the aim of making up for any market shortcomings, Caixa Group has been involved in the creation of several specialised funds, to be managed by entities specialising in seed capital, corporate restructuring operations or in sectors with a relevant level of domestic activity.

HPP – Hospitais Privados de Portugal, SGPS became a wholly owned Caixa Seguros e Saúde, SGPS, SA, subsidiary in June 2009, following the acquisition of 25% of the company's equity capital from USP Hospitales Group. Caixa Seguros e Saúde, having disposed of its 10% equity investment in USP Hospitales, at the same time, no longer has any equity investment in this Group.

In the specialised credit area CGD made a further 5% equity investment in Locarent which operates in the vehicles renting field, giving it a 50% equity investment in the company.

CGD's listed financial investments particularly include its 9.58% equity investment in Cimpor (following payment in kind of a batch of 64 406 000 shares) and a reduction of its equity investment in REN from 4.999% to 1.099%.

CGD also entered into an agreement for the disposal of its shares in ZON, in December, comprising 2.5% of its respective share capital.

CAIXA GERAL DE DEPÓSITOS GROUP

	DOMESTIC		INTERNATIONAL	
COMMERCIAL BANKING	Caixa Geral de Depósitos, SA		Banco Caixa Geral (Spain)	99.8%
			Banco Caixa Geral Brasil	100.0%
			BNU (Macau)	100.0%
			CGD Subsidiária Offshore Macau	100.0%
			B. Comercial Atlântico (C.Verde)	65.2%
			B. Interatlântico (C.Verde)	70.0%
			Mercantile Bank Hold. (South Africa)	91.8%
			Parbanca, SGPS	100.0%
			B. Com. Invest. (Mozambique)	51.0%
			Partang, SGPS	50.0%
			Banco Caixa Geral Totta Angola	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 – IFIC	100.0%	BCI – ALD (Mozambique)	100.0%
	Locarent	50.0%		
	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 Risco (Mozambique)	39.0%
	Caixa Capital	100.0%		
	Caixa Desenvolvimento, SGPS	100.0%		
INSURANCE AND HEALTHCARE	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%		
	HPP – Hosp. Privados Portugal, SGPS	100.0%		

	DOMESTIC		INTERNATIONAL	
	HPP – Lusíadas	100.0%		
	HPP – Boavista	100.0%		
	HPP – Algarve	100.0%		
	HPP Saúde – Parcerias Cascais	100.0%		
	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 CGD – CULTURGEST	100.0%	Interbancos (Mozambique)	37.0%
	CAIXATEC – Tecnologias de Informação	100.0%	SISP (Cape Verde)	20.0%
	IMOCAIXA	100.0%	Inmobiliária Caixa Geral (Spain)	100.0%
	Sogrupo Sistema Informação ACE	-		
	Sogrupo Serviços Administrativos ACE	-		
	Sogrupo IV Gestão de Imóveis ACE	-		
	Caixa Imobiliário	100.0%		
	CAIXANET	80.0%		
	ESegur	50.0%		
	SIBS	21.6%		
	Unicre	17.6%		
	Trionis	2.2%		

OTHER EQUITY INVESTMENTS

OTHER EQUITY INVESTMENTS	Parcaixa, SGPS	51.0%	Seap (Macau)	25.0%
	Caixa Participações, SGPS	100.0%	Jetco (Macau)	0.01%
	Wolfpart, SGPS	100.0%		
	Banco Comercial Português	2.7%		
	Banco Inter. São Tomé e Príncipe	27.0%		
	Portugal Telecom	7.3%		
	EDP	5.7%		
	REN - Redes Energéticas Nacionais	1.1%		
	GALP Energia	1.9%		
	ZON Multimédia	17.4%		
	TagusParque	10.0%		
	AdP Águas de Portugal, SGPS	19.0%		
	SOFID Soc. Financ.Desenv. IFIC	10.0%		
	Turismo Fundos, SGFII	33.5%		
	Floresta Atlântica, SGFII	11.9%		
	Brisa	1.7%		
	Cimpor	9.6%		

BRANCH NETWORK

CGD Group's branch network, at the end of 2009, comprised 1 273 branches of which 849 were located in Portugal and 424 abroad. The number was reinforced by an additional 50 branches – 33 abroad and 17 in Portugal. In terms of international operations, reference should be made to the opening of Banco Caixa Geral Brasil (BCG Brasil) and Banco Caixa Geral Totta de Angola (BCGTA), with 11 branch offices and another 21 branches in Mozambique (BCI). In Portugal, new branch locations were particularly concentrated in highly populated urban zones, such as the Lisbon region in which ten branches were reinforced.

NUMBER OF GROUP BRANCH OFFICES

	2008	2009
CGD (Portugal)	831	848
Branch Office Network	792	809
Corporate Office Network	39	39
Caixa–Banco de Investimento (Lisbon+Madrid)	2	2
France branch	46	46
Banco Caixa Geral (Spain)	213	211
Banco Nacional Ultramarino (Macau)	14	14
Banco Comercial e de Investimentos (Mozambique)	50	71
Banco Interatlântico (Cape Verde)	7	8
Banco Comercial Atlântico (Cape Verde)	28	29
Mercantile Lisbon Bank Holdings (South Africa)	15	15
Banco Caixa Geral Brasil	-	1
Banco Caixa Geral Totta de Angola	-	11
Other CGD branches	16	16
Macau Offshore Branch	1	1
Total	1 223	1 273
Representative Offices	12	12

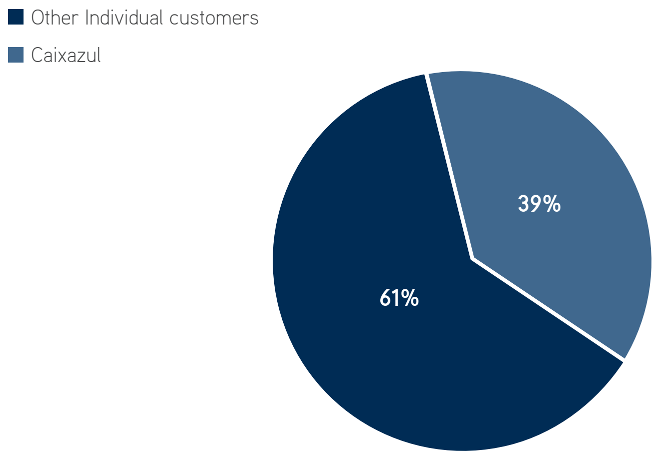
Together with the expansion of its branch network, CGD ensured the continuity of its modernisation with a general remodelling of 74 branches and the building of new premises to relocate an additional six branches.

At the same time, it also implemented a new functional model for branches, with a reconversion of their respective layout and installation of 217 customer services desks in 171 branches. This enabled an additional 280 branches, representing branch office turnover of more than 55% at the end of 2009, to operate in accordance with the new customer care/ service model.

It should also be noted that queue management systems were installed in an additional 57 branches in 2009.

Reference should also be made, in the individual customers' segment, to the consolidation of the Caixazul Service business model for individual premium customers which, with more than 316 thousand customers, already represents around 39% of the segment's turnover. Branch offices currently house 520 Caixazul Spaces with 970 managers.

Turnover Individual Customers
Branch Office Network



INTERNATIONAL BRANCH NETWORK

| EUROPE

SPAIN

BANCO CAIXA GERAL 211

CAIXA-BANCO DE INVESTIMENTO 1

CGD – SPAIN BRANCH 1

FIDELIDADE MUNDIAL – BRANCH 1

FRANCE

CGD – FRANCE BRANCH 46

FIDELIDADE MUNDIAL – BRANCH 1

MADEIRA ISLAND

OFFSHORE BRANCH 1

GERMANY

CGD – REPRESENTATIVE OFFICE 1

UNITED KINGDOM

CGD – LONDON BRANCH 1

LUXEMBOURG

CGD – LUXEMBOURG BRANCH 2

FIDELIDADE MUNDIAL – BRANCH 1

BELGIUM

CGD – REPRESENTATIVE OFFICE 1

SWITZERLAND

CGD – REPRESENTATIVE OFFICE 1

BCG – REPRESENTATIVE OFFICE 1

| AMERICAS

UNITED STATES

CGD – NEW YORK BRANCH 1

MÉXICO

BCG – REPRESENTATIVE OFFICE 1

VENEZUELA

CGD – REPRESENTATIVE OFFICE 1

BCG – REPRESENTATIVE OFFICE 1

CAYMAN ISLANDS

CGD – CAYMAN ISLANDS BRANCH 1

BRAZIL

BANCO CAIXA GERAL BRASIL 1

CGD – REPRESENTATIVE OFFICE 1

| AFRICA

CAPE VERDE

BANCO COMERCIAL DO ATLÂNTICO 29

BANCO INTERATLÂNTICO 8

GARANTIA 6

A PROMOTORA 1

SÃO TOMÉ E PRÍNCIPE

BANCO INTERNAC. S. TOMÉ E PR. 8

MOZAMBIQUE

BANCO COMERCIAL E DE INVEST. 71

SOUTH AFRICA

MERCANTILE BANK 15

ANGOLA

BANCO CAIXA GERAL TOTTA DE ANGOLA 11

| ASIA

CHINA

CGD – ZHUHAI BRANCH 1

CGD – SHANGHAI REP. OFFICE 1

CHINA – MACAU

BANCO NACIONAL ULTRAMARINO, SA 14

MACAU OFFSHORE SUBSIDIARY 1

FIDELIDADE MUNDIAL – BRANCH 2

EAST TIMOR

CGD – EAST TIMOR BRANCH 8

INDIA

CGD – REPRESENTATIVE OFFICE 2

CAIXA BRAND

The Caixa Geral de Depósitos brand is the leader in the Portuguese financial market and is one of its principal assets. Caixa Geral de Depósitos's operating strategy is geared to efficiency and innovation, as a partner in the growth and sustained development of households, companies and institutions. Caixa is socially responsible and provides for the interests of all, including future generations, respecting essential principles, such as human rights, environmental conservation and the social progress of the community in which it operates.

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

Caixa, as a bank, continuously promotes proximity and rigour with its individual, corporate and institutional customers in the market and Portuguese society in general, creating opportunities for economic growth and promoting the internationalisation of companies and domestic talent; fortifying long term relationships and consolidating its presence in the life cycle of Portuguese households; promoting social development on the basis of principles associated with a healthy and culturally satisfying lifestyle, a community conscience and practice involving social and environmental responsibility together with safe and responsible financial management.

CAIXA'S BRAND RECOGNITION

Caixa was the leader in "top-of-mind" and "spontaneous" brand recognition terms in the Portuguese banking sector. High levels of performance in terms of its brand recognition factor are correlated with its market share and commercial and institutional communication.

Source: *Brand Performance Barometer 2009* – BrandScore Group Consultants Report.

VALUES OF CAIXA BRAND IMAGE IN 2009

BRAND IMAGE *Bank customers (0-100)*	CGD
Solidity	77.3
Trust	74.3
Prestige and Reference	72.9
Professionalism and Experience	70.6

74.0%

Global Reputation 73.5

Source: *Brand Performance Barometer 2009* – BrandScore Group Consultants Report.

The brand image values considered in the BrandScore study comprise the values attributed to an ideal bank. Customers, accordingly, assess their bank's level of compliance with each of the image values.

Caixa has the highest level of average adherence to brand values of Solidity, Trust, Prestige and Reference, Professionalism and Experience.

Caixa was the bank with the highest trust and solidity factors in the Portuguese banking sector, in 2009. In comparison to the total average values of the level of adherence to Caixa's brand values, its main customers 'amplified' Caixa's level of adherence in all image values, therefore increasing its scores.

Source: Brand Performance Barometer 2009 – BrandScore Group Consultants Report

CGD BRAND – ASSOCIATED WITH CULTURE AND SOCIAL RESPONSIBILITY (TOTAL MARKET)

During the whole of 2009, Caixa retained the consistent leadership in terms of the association between its brand and the sponsorship of culture, rising steadily from the second half of the year. Caixa also retained its consistent lead in the association between the brand and social and environmental actions, throughout 2009.

Source: *Brand Performance Barometer 2009* – BrandScore Group Consultants Report.

ASSESSMENT OF THE IMPACT OF COMMUNICATION AND THE CAIXA BRAND

Caixa achieved the highest brand rating factor among the main banking brands, with 44.4%. This value represents the impact of communication and the Caixa brand, in business terms. In determining the Caixa brand's role, all of the factors referred to by customers were taken into consideration.

The following main drivers were identified:

Brand and communication (integrating corporate logo, image and communication values);

Customer care/service;

Products and services;

Prices and charges.

Source: *Brand Performance Barometer 2009* – BrandScore Group Consultants Report.

GLOBAL REPUTATION AND EQUITY OF CAIXA BRAND IN 2009

Reputation and equity comprise two of the Caixa brand's most relevant assets in terms of brand value as a consequence of its communicational activity as a whole, the creation of a strong image for the bank, reflecting its market performance and customer relationships.

The brand's reputational image is assessed in global terms whereas equity is assessed on two levels: a customer's association with the brand based on retention and a more emotional connection based on the strength of the customer's relationship with the brand.

Caixa was the brand with the highest Global Reputation, in 2009, achieving an average score of 73.5, which is up 0.5% over the year 2008 value, in which it came second out of the main domestic banking brands.

In terms of customer retention, Caixa recorded a highly positive score of 70.6. Caixa also recorded a positive score in the case of the more emotional relationship with the brand.

ASSESSMENT OF CAIXA BRAND'S GLOBAL REPUTATION DRIVERS IN 2009

The most representative image indicators for explaining the average reputational score are: Solid Bank, Trustworthy Bank, with Prestige and Benchmark Status together with Professionalism and Experience.

The institutional reputation indicators with the highest contribution to Caixa's average global reputational score are the 'Bank's Role in Sector' driver. These are followed by 'Financial Performance and 'Working Environment' indicators.

Caixa's most representative quality indicators for explaining the average global reputational score are: 'A large branch office network' correlated with dimension and solidity.

INSTITUTIONAL REPUTATION *Bank customers (0-100)*	CGD
Bank's role in the sector	71.5
Financial and market performance	68.7
Working environment	68.0
Vision and leadership	65.4
Social responsibility	65.0

21.5% → Global Reputation 73.5

QUALITY OF PRODUCTS AND SERVICES *Bank Customers (0-100)*	CGD
Large branch office network	75.9
Wide range of P&S	66.1
Customer service by the account manager	65.6
Clarity of information	65.3
Quality in process handling	64.5
Efficiency in responding to complaints/ explanations	64.5
Competitive in interest rates	64.2
Customer service desk	63.2
Prompt response	63.1

4.5% → Global Reputation 73.5

Source: *Brand Performance Barometer 2009* – BrandScore Group Consultants Report.

FINANCIAL VALUE OF CAIXA BRAND

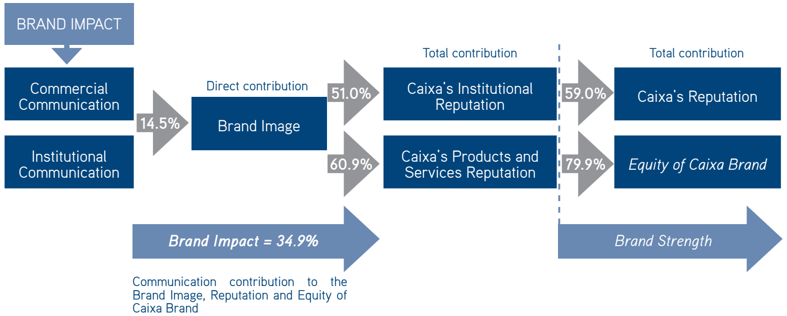
A brand represents one of company's most valuable assets and information on its financial value is, accordingly, a powerful and transversal management tool – both active and strategic.

The latest available data (31 December 2008) indicate the Caixa brand to be worth EUR 1 891 million.

Sustainability of the Brand		Financial Value of Caixa Brand		Brand's Contribution to the decision to purchase		
BRAND STRENGTH	+	EVA *Economic Value Added*	x	BRAND IMPACT	=	Financial Value of Caixa Brand
CURRENT VALUE of Caixa Brand = EUR 1 751 million		EUR 487 million (before tax)		34.9% Brand RETURN = EUR 141 million		EUR 1 891 million

EUR 141 million
Contribution to the Bank's business (Return)

34.9% of this amount represents the Caixa brand's direct contribution to the bank's business, equivalent to a return of EUR 141 million in terms of annual investment in communication.



Brand Impact = Averange brand total contribution × Explanatory capacity of the Brand's Communication Model = (51.0 + 60.9)/2 × 0.62 = **34.9%**

Caixa's commercial and institutional communication contributes 14.5% to the reinforcement of the bank's brand image and the brand, as a total, represents 51% of the choice of Caixa as "Customers' Bank" and 60.9% in terms of decisions to purchase. Considering a customer's behavioural model, the Caixa brand contributes 59% to Reputation and 79.9% to Equity (Caixa/Customers relationship), encouraging loyalty and meriting customers' preference (contribution to the longevity of the brand and fuelling its strength).

Source: *Brand Performance Barometer 2009* – BrandScore Group Consultants Report

AWARDS

MOST VALUABLE BRAND – SUPERBRANDS

Caixa consolidated its position as a major domestic and international institution, in 2009. Recognised by Portuguese and international specialists, Caixa started 2009 by consolidating its domestic and international position, having been distinguished as the Excellence Brand in 2009, by *Superbrands*. This prize distinguishes a major brand by adding an emotional dimension, to functional and objective performance, designed to achieve customer loyalty.

An Excellence Brand is a brand in which consumers believe and trust, in a selection process organised by Superbrands as an independent international organisation which awards prizes to brands which are considered to be exceptional, which are distinguished by a statute of Excellence and fulfil five different criteria: market domination, longevity, goodwill, loyalty and acceptance.

TRUSTWORTHY BRAND AND ENVIRONMENTAL PERFORMANCE – *SELECÇÕES READER'S DIGEST*

As regards consumer trust, in the Trustworthy Brands study, which has been performed by *Selecções do Reader´s Digest* for the last nine years (since 2000), the Caixa Geral de Depósitos Brand was reelected for the 9th consecutive time as Portugal's Trustworthy Brand.

The Trustworthy Brands 2009 study assessed "Trust and the Environment" for the first time, this year, awarding prizes to brands with the best environmental performance. Caixa was recognised as the banking category brand with the highest number of initiatives designed to protect the planet.

The Fidelidade Mundial brand was also re-elected as the Trustworthy Brand for the 6th consecutive year.

SAFEST WORLD BANK – *GLOBAL FINANCE MAGAZINE*

The Global Finance Magazine report for 2009 placed CGD on the list of the world's 50 safest banks. CGD is the only Portuguese financial Institution to be included on the list which has been published for 17 years on the basis of a comparison between long term credit ratings and the total assets of the 500 largest world banks.

MOST VALUABLE BRAND – BRAND FINANCE GLOBAL RANKING 500

It was among the world's 500 largest and most valuable financial institutions that, in accordance with the Brand Finance Global Ranking 500, CGD was considered to be the most valuable Portuguese banking brand, worth around one billion euros and coming in 77th place, making it the only Portuguese bank among the 100 most valuable banking institutions.

The Brand Finance Global Ranking 500 is a partnership between Brand Finance and The Banker and performs an annual assessment of the value of brands in the financial sector.

CGD WINS "EDP – ELECTRICITY AND ENVIRONMENT" PRIZE

EDP distinguished the best energy efficiency companies. CGD won the EDP – Electricity and Environment prize in the "Services and Other Categories" category. The jury considered CGD to be the Portuguese institution which, within the said category, displayed the highest level of efficiency in the use of electricity.

194 companies competed in this 7th edition of the prize, of which 13 in the "Services and Other Categories" class and the remaining in the "Industry" category. The competition was organised by EDP Distribuição, with the aim of distinguishing corporate users of the electricity grid, with a contracted power rating of 50 kV or more and which demonstrate that they have succeeded in optimising electricity efficiency in due respect for environmental values.

Pride of place in terms of CGD's victory goes to the construction of Europe's largest solar power production unit, on Caixa headquarters' rooftop. This power production unit comprising 158 solar panels covering around 1600 sqm of the headquarters' roof is considered to be a prime example of a benchmark operation for the use of renewable energy, minimising energy dependence and reducing CO_2 emissions into the atmosphere. This solar power production unit, in conjunction with other energy efficiency measures already taken by Caixa, in the sphere of its Caixa Carbon Zero Programme, has already permitted the classification of its headquarters building with a maximum score of A+, for energy efficiency by ADENE – Agência para a Energia.

CGD WINS CORPORATE AND ORGANISATIONAL CITIZENSHIP PRIZE

AESE (Management and Business School) and Price Waterhouse Coopers, in the sphere of their Corporate and Organisational Citizenship prize distinguished Caixa Geral de Depósitos, for its environment-related initiatives.

CAIXA CARD WINS OSCARDS 2009 PRIZE

CGD's LOL Junior Card won the international prize in the prepaid cards category. CGD won the prestigious annual Oscards prize, awarded by Publi News in Paris.

In addition to winning the prize for its LOL Junior Card, Caixa also had three cards competing in the finals: the Made by card, in the "Technology" category; the Caixadrive card in the "Loyalty" category and the HPP Saúde card in the "Services and Advantages" category. These awards evidence recognition of the work performed in terms of innovation.

Around 500 worldwide debit and credit cards competed in this edition of Oscards 2009, with Caixa's LOL Junior card winning in the "Europe" category.

Reference should also be made to the following prizes, in 2009:

• APCE "Merit and Participation" Grand Prix

In 2009 and among other prizes for domestic and international recognition awarded to the Caixa Brand, several Caixa web projects were also distinguished with accolades and unanimous decisions to award prizes, particularly:

• **The "APCE – Excellence in Communication Grand Prix"**

The management of the Portuguese Corporate Communication Association and the jury for the APCE 2009 Grand Prix once again distinguished Caixa for its communication blog with its "Grateful Planet" project, as well as the publication *Azul* magazine, both refering to 2008.

• **Sapo Online Prizes**

Sapo Prizes award annual internet prizes, in recognition of creativeness and the technological adaptation of domestic online advertising projects. Caixa won Sapo's Online Prize for the launch of its carbon calculator.

• **PC Guia Readers Prize:** "Best Banking Site"

CORPORATE IDENTITY

CORPORATE TV

Around 300 branches displayed exclusive CGD Group contents, in 2009, with the creation of different types of contents, to ensure uniformity, coherence and promote the dimension and cohesion of Caixa's and CGD Group, in the sphere of the many financial and non-financial activities they perform. The customer care/service queue management system assumed a Corporate TV channel type function.

CCTV at Caixa Geral de Depósitos counters, for the public and CGD customers, Corporate TV has given branches a fresh lease of life and has promoted customer loyalty to and proximity with Caixa. There were 258 interviews, 211 special reports and 207 hours of filming in 2009.

CITIZENS' ADVICE BUREAUX

As part of a protocol entered into between CGD and IGLC (Institute for the Management of Citizens' Advice Bureaux), it was agreed that workers in the said bureaux should wear uniforms.

New uniforms were designed for workers, in 2009, harmonising them with CGD's current visual identity. This fresh design helped to improve the general public's and customers' perception of CGD's brand image in their contacts at citizens' advice bureaux while also contributing to workers' satisfaction and well-being. The traditional "uniform" concept was discarded and clothing was given a younger, more modern feel.

HUMAN RESOURCES

Direct support for business and the expansion of the branch network, recognition of merit and internal potential, development of employees' capacities and competencies and improving the balance between team members' professional and personal lives continued to be strategic human resources management concerns, in 2009.

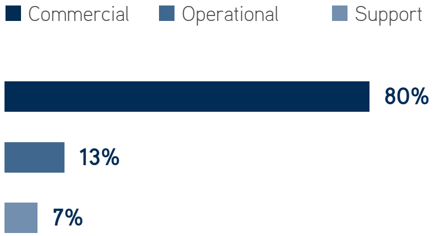
Caixa Geral de Depósitos had a global number of 10 931 employees at 31 December 2009. This translated into a decrease of 4.9% since 2005. CGD had 9 791 full time employees in 2009.

Recruitment of young graduates, allied with the retirements of older staff members, enabled Caixa to reduce average employee age levels from 42.5 years to 42.1 years and gradually reinforce its staff complement with graduate employees (from 41.8% in 2008 to 45.2% in 2009).

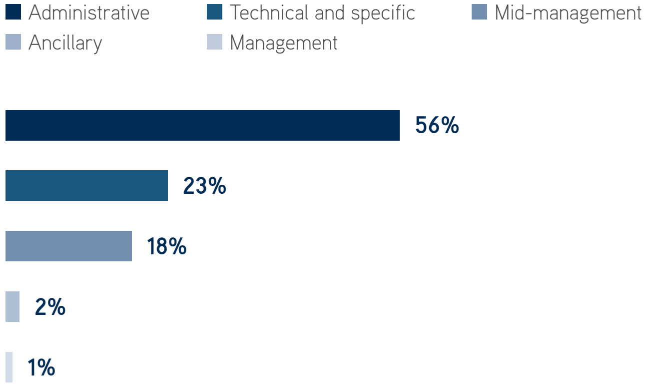
In terms of gender the trend towards the reinforcement of the number of women (54.3%), more in evidence in the under 35 age group in which more than 66% of the total number of employees are women, continues to be the case.

Higher levels of internal mobility also continued to converge, improving the balance between branch office and support divisions. 80% of the total number of full-time employees are engaged on a commercial activity.

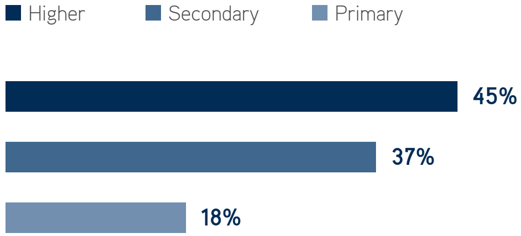
Distribution by Areas



Functional Distribution



Distribution by Academic Qualifications



CGD EMPLOYEES

	2008	2009	Change Total	Change Percent
CGD total	10 943	10 931	-12	-0.1%
Full-time [(1)]	9 727	9 791	64	0.7%
Recruitments	498	893	395	79.3%
Retirements	466	829	363	77.9%
Principal indicators				
Average age	42.3	42.1	-0.2	-0.5%
Average level of seniority	17.4	17.2	-0.2	-1.2%
Higher than secondary education qualifications	41.8	45.3	3.5	8.4%
Female employees rate	53.7	54.3	0.6	1.1%
Absenteeism	5.4	5.1	-0.3	-5.6%

(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 use the internet as one of the best means of selection and recruitment. 893 new employees with an average age of 27 years were engaged, in 2009. 80% of this total had higher educational qualifications with almost 90% being employed in commercial areas.

CGD provided 698 young students and recent graduates with the opportunity to make contact with the world of banking through its placements programme.

QUALIFICATION

In terms of its collection of training programmes in 2009, CGD gave continuity to a knowledge management strategy geared to the development of employee talent, in accordance with their functions and potential, for the purpose of improving internal mobility. Significant investments were made in training for the branch network, notably courses relating to banking techniques and practices and the tools to reinforce the new customer care/service model, encouraging an attitude of excellence and a customer-centric approach.

In accordance with Caixa's recruitment policy, training also supported the development of the Professional Placements programme, with actions specifically geared to the students selected for the said placements.

729 232 training hours, involving a total number of 170 381 participations, comprising an average of round 67 training hours per employee were given in 2009.

NUMBER OF TRAINING HOURS

(Number of hours)

	2009
Functional groupings	
Senior management	6 456
Mid-management	89 413
Technical and Specific	169 375
Administrative	459 018
Other	4 970
Total	729 232

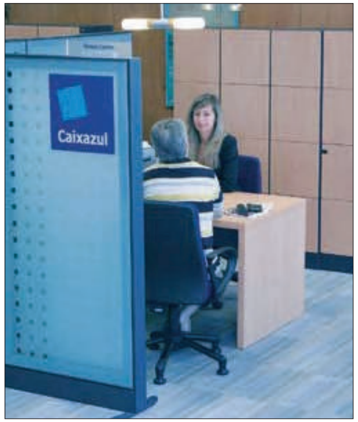
DEVELOPMENT

The establishing of 19 new branch office teams, in 2009, and the recruitment of an additional 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 around 120 employees were promoted to management bodies and 213 to customer management functions, without the need to source these functions from outside CGD. This affected around 3% of the staff complement.

MOTIVATION AND RECOGNITION

At the same time and with the objective of improving differentiation criteria and recognising the performance of its workers, CGD has also been reinforcing their variable compensation, which is already visible in its profit sharing plan, to reward each employee's level of contribution to CGD's annual results, with the Objectives and Commercial Incentives System having been consolidated, since 2005.

The system has been designed to motivate and reward the successful achievement of objectives, either individually or on a team basis by branch network employees. Based on the results achieved in second half 2008 and first half 2009, such employees received an average bonus of 46% of their effective monthly compensation, which, together with the profit sharing plan, resulted in variable compensation of 2.18 month's effective wages (i.e. around 16% of total annual compensation).



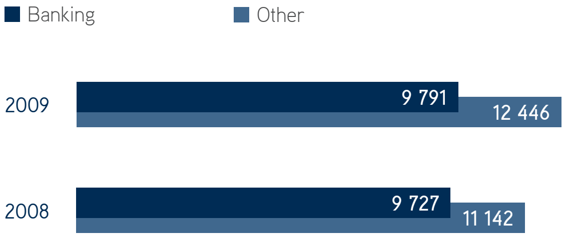
EVOLUTION OF NUMBER CGD GROUP WORKERS

There were 22 237 CGD Group employees at the end of 2009, representing growth of 1 368 workers over the preceding year. This increase was influenced by expansion in the healthcare area, notably in HPP SGPS with an additional 955 employees and in international operations with an additional 180 employees in Banco Comercial de Investimentos in Mozambique and the start-up of Banco Caixa Geral Totta de Angola, with 114 employees.

CGD GROUP EMPLOYEES

	2008	2009	Change	
			Total	Percent
Banking Operations (CGD Portugal)	9 727	9 791	64	0.7%
Other	11 142	12 446	1 304	11.7%
Total	20 869	22 237	1 368	6.6%

CGD Group Employees



Macroeconomic Background

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WORLD ECONOMY

OVERVIEW

The dissemination of the effects of the crisis in financial markets on the world economy was sharply felt at the end of 2008, leading to world growth of 3.1% in the said year.

The crisis scenario witnessed in second half 2008 continued through 2009 and particularly so in the first quarter, notwithstanding the concerted measures taken by governments and central banks. The period in question witnessed a deteriorating economic environment, characterised by highly significant decreases in investment and international trade, reflected in considerably higher unemployment.

The world economy began to stabilise in the second quarter of 2009, with less negative results posted by the vast majority of countries. Several regions, such as Japan, Germany and France, in addition to Portugal, achieved positive quarterly growth

ECONOMIC INDICATORS

Rates of change (%)

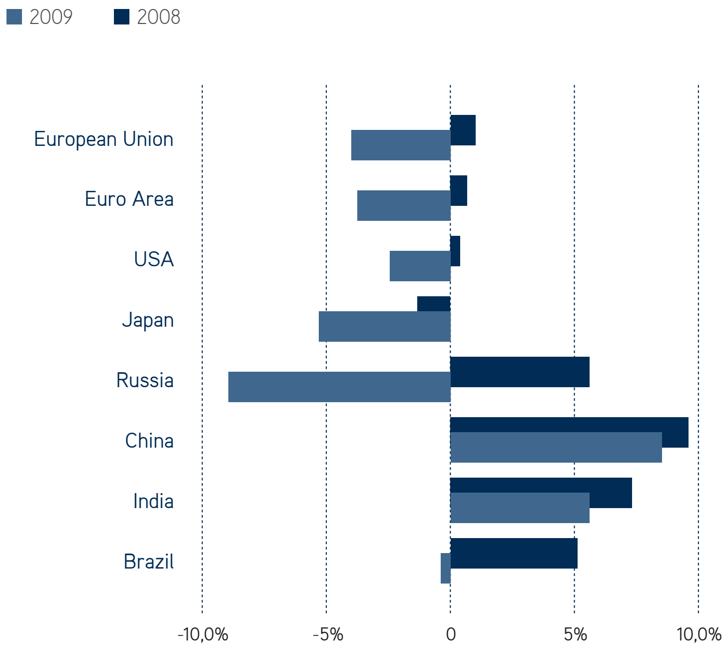
	GDP [a]		Inflation		Unemployment	
	2008	2009	2008	2009	2008	2009
European Union	1.0	-4.0	3.7 [b]	1.0 [b]	7.0 [b]	9.1 [b]
Euro Area	0.6	-3.9	3.3	0.2	7.5	9.4
Germany	1.2	-4.8	2.8	0.2	7.2	7.6
France	0.3	-2.3	3.2	0.1	7.4	9.1
United Kingdom	0.5	-4.8	3.6	2.1	5.7	8.0
Spain	0.9	-3.6	4.1	-0.4	11.3	18.1
Italy	-1.0	-4.8	3.5	0.7	6.8	7.6
USA	0.4	-2.5	3.8	-0.4	5.8	9.2
Japan	-1.2	-5.3	1.4	-1.2	4.0	5.2
Russia	5.6	-9.0	14.1	11.7	n.a.	n.a.
China	9.6	8.7	5.9	-1.1	n.a.	n.a.
India	7.3	5.6	9.1	7.8	n.a.	n.a.
Brazil	5.1	-0.4	5.9	4.2	n.a.	n.a.

OECD: Economic Outlook – November 2009.
(a) *IMF: World Economic Outlook Update – January 2010.*
(b) *EC: European Economic Forecast – November 2009.*
n.a. – Not available.

Announcements of positive indicators led the IMF to constantly revise its world growth forecasts upwards. The IMF's World Economic Outlook, published on 26 January this year, indicated an 0.8% decrease of GDP in 2009.

Albeit decelerating, the growth of the emerging economies, notably China and India, with estimated rates of 8.7% and 5.6%, respectively, were the principal driving forces behind world growth.

Gross Domestic Product



Intervention by international monetary institutions and specific measures taken by various governments in the more advanced economies played a preponderant role in stabilising both financial markets and the real economy. This still appears to be the case.

To stimulate the interbank market and encourage lending, the US Federal Reserve reduced its reference rate to close to zero in December 2008. The ECB intervened on four occasions, in 2009, fixing its reference rate at 1% on 13 May. The said institutions also realised constant liquidity injections in the money market in the form of auctions with low interest rates and long maturities.

The role of governments has also been fundamental, with states making equity investments in distressed institutions, purchasing toxic assets and implementing a collection of projects designed to stimulate economic activity.

Interventions by governments and central banks were so determining that the current talking point is centred on a discussion of whether the stabilisation of economic activity is effective or no more than a one-off, positive reaction to the stimuli in question by economic agents.

It should, however, be noted that state aid, over the medium to long term, is likely to be progressively reduced, as according to a European Commission study, the failure to contain costs will lead to a public debt ratio of 120% of GDP in the Eurozone in 2020.

Leeway for the intervention of central banks is also limited as interest rates are already at historically low levels.

The last few months of 2009 also witnessed a trend towards higher inflation. OECD countries as a whole witnessed a 0.6% decrease in the average inflation rate in July, largely owing to the base effect as prices, particularly oil, were already at high levels over the same period.

The fading of the base effect however, and extending of low interest rate loans by central banks, pushed inflation in OECD countries up to 0.5% in November.

The crisis is still affecting the unemployment rate in most economies owing to a continued increase in the number of unemployed, notwithstanding the improvement in economic growth indicators. This aspect is perhaps the area of greatest concern regarding the sustainability of economic growth from the second quarter of 2009, owing to its direct impact on private consumption and economic agents' confidence levels.

EUROPEAN UNION

According to Eurostat data, third quarter 2009 growth of Eurozone GDP was up 0.4% over the preceding quarter and represents an improvement over the preceding period's negative growth of -0.1%. Real year on year change of GDP was 4.0%, against the second quarter's 4.8%.

ECONOMIC INDICATORS IN THE EUROPEAN UNION AND EURO AREA

Rates of change (%)

	European Union		Euro Area	
	2008	2009	2008	2009
Gross Domestic Product (GDP) [a]	1.0	-4.0	0.6	-3.9
Private consumption	0.8	-1.7	0.4	-1.0
Public consumption	2.2	2.0	2.0	2.0
GFCF	-0.3	-11.4	-0.4	-10.7
Domestic demand	0.7	n.a.	0.6	n.a..
Exports	1.6	-13.8	1.0	-14.2
Imports	1.4	-13.4	1.1	-12.5
Inflation rate (HICP)	3.7	1.0	3.3	0.3
Ratios				
Unemployment rate	7.0	9.1	7.5	9.5
General government deficit (as a % of GDP)	-2.0	-1.7	-1.1	-1.0

EC: European Economic Forecast – November 2009.
(a) *IMF: World Economic Outlook Update – January 2010.*
n.a. – Not available.

This evolution largely derives from improvements in exports and gross fixed capital formation.

In a context of economic crisis, savings levels tend to increase with a consequent reduction in the level of private consumption. This behaviour of this indicator, however, has been smooth in comparison to the other components, with a quarterly fall of only 0.1% and a negative year on year change of 1.0%.

This derived from two sets of factors. Firstly the low level of the Harmonised Index of Consumer Prices (HICP), with an average rate of change of 0.3% in 2009 and secondly the increase in disposable income deriving from the maintenance of wage levels, together with discretionary measures designed to maintain employment levels.

Notwithstanding the relative improvement in gross fixed capital formation in the third quarter of the year, the indicator was down 11.4% (in year on year terms).

According to the latest data announced by the European Commission (November 2009), GFCF and exports were the main culprits for lower economic activity, in 2009, down 10.7% and 14.2%, respectively, translating into a 4% contraction of GDP.

The ECB continued to implement its reference interest rates reduction policy, in order to stimulate the interbank monetary market, in 2009, with the ultimate objective of facilitating access to credit to companies and individual customers and stimulating economic growth.

Together with its reduction of the reference rate to 1% on 13 May, the ECB organised several auctions designed to inject liquidity into the financial system. Its organisation of the first refinancing operation with a maturity of 12 months on 24 June 2009, was followed by another two operations with the same maturity in September and December, to more than EUR 172 billion at an interest rate of 1%.

The average rate of change in the Eurozone inflation rate, measured by the HICP was 0.3%, in 2009, against 3.3% in 2008. This dynamic is associated with lower prices for energy commodities and the deceleration of food prices.

One reason for concern regarding economic recovery is associated with high unemployment which hit 10% in November. Notwithstanding the gradual recovery of the European economy, the effects on unemployment levels are not likely to be immediately apparent, owing to the time-lag between higher demand and its effects on companies' labour requirements.

DOMESTIC ECONOMY

OVERVIEW

The domestic economy, in fourth quarter 2009, failed to confirm the trend towards the beginning of recovery in the second quarter of the year, with a quarterly decrease of 0.2%. GDP, although down 2.7% in real year-on-year terms, still represented a marked improvement over the first three months of the year (down 3.8%).

This performance was associated with a lower rate of reduction in domestic demand (down 1.1% against a drop of 2.0% in the preceding quarter), with net external demand making a positive contribution of 0.2%.

DOMESTIC ECONOMIC INDICATORS

(%)

	2007	2008	2009
GDP (real rates of change)	1.8	0.0	-2.7
Private consumption	1.6	1.7	-0.9
Public consumption	0.0	0.7	2.0
GFCF	2.7	-1.3	-11.7
Domestic demand	1.6	1.1	-2.9
Exports	7.9	-0.5	-12.5
Imports	6.1	2.7	-10.8
Inflation rate (HICP)	2.4	2.7	-0.9
Ratios [(a)]			
Unemployment rate	8.0	7.6	9.5
General government deficit (as a % of GDP) [(a)]	-2.6	-2.7	-9.3
Public debt (as a % of GDP) [(a)]	63.5	66.3	76.6

BP: Winter Economic Bulletin – January 2010.
(a) *State budget for 2010* – January 2010.

This evolution is explained by the sharper decrease of imports over exports. The less negative dynamics of the goods exports component in the fourth quarter (down 1.4% against the preceding quarter's drop of 9.8%) largely derives from the goods component, with a year-on-year change of -10.1% in the third quarter to -0.6%.

Investment has fallen sharply since the crisis in financial markets spread into the real economy. According to INE (National Statistics Institute) there was a substantial improvement in this aggregate which fell by no more than 9.0% (year-on-year) in the fourth quarter of 2009 and which is explained by gross fixed capital formation relating to transport material.

After a year-on-year change of -37% in the second quarter of 2009, this aggregate achieved growth of 4.4% in the last quarter of the year. This specific evolution is partially justified by the base effect of investment in aeronautic material in first half 2008.

INE's forecast of a 2.7% reduction of GDP, in 2009, essentially derived from the 12.6% drop in GFCF and 11.6% decrease in exports, only likely to be part offset by the 9.2% reduction of imports.

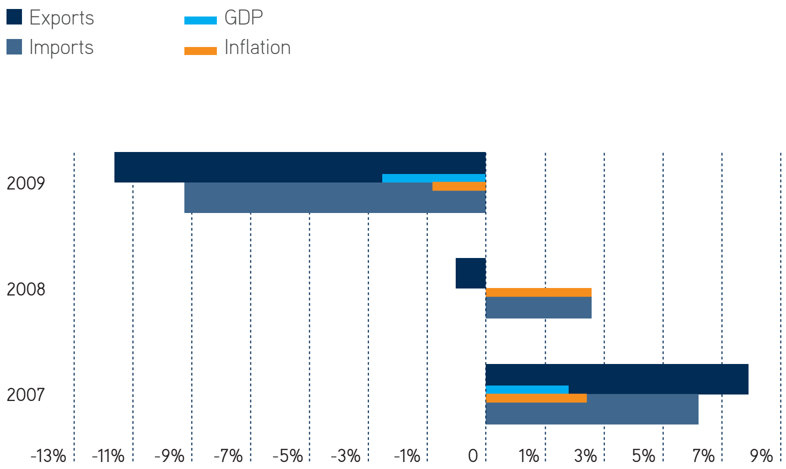
These dynamics cannot be disassociated from the unfavourable international climate over the last two years.

Firstly on account of the crisis in financial markets which rapidly spread to the international trade area.

Secondly, liquidity restrictions imposed greater restrictions on credit access conditions, both on account of more demanding approval criteria and higher risk premiums, associated with higher default levels by individual and corporate customers.

Both of the above factors also had the effect of eroding economic agents' confidence levels, leading to lower private consumption and investment levels.

Domestic Economic Indicators



The budget policy measures implemented by the Portuguese government, in 2009, designed to relaunch the economy, had a relevant impact on the public accounts, with the state budget having anticipated that Portuguese public debt was likely to represent 76.6% of GDP, against the year 2008 figure of 66.3%.

According to the state budget, the budget deficit is also estimated to have increased from 2.7% to 9.3% in 2009.

The labour market is being seriously affected by the economic crisis, with unemployment rising to 10.1% at the end of 2009. Notwithstanding the 7.8% increase over 2008, this evolution benefited from the policy measures set out in the "Employment Initiative 2009" encompassing employment support measures, stimulus for the employment of young people and the unemployed together with a reinforcement of social protection.

On a level of inflation, the year-on-year rate of change of the HICP (Harmonised Index of Consumer Prices) in December was -0.1%. This represents an acceleration over the preceding two months, which recorded an average annual change of -0.9%. This indicator is 1.2 percentage points lower than in the Euro Area.

DEPOSITS AND CREDIT AGGREGATES

The M3 liquidity aggregate, excluding currency in circulation was down 4.2% over the same period last year. Total deposits particularly included the 4.3% increase in deposits made by non-financial companies.

MONETARY AGGREGATES IN PORTUGAL [a]

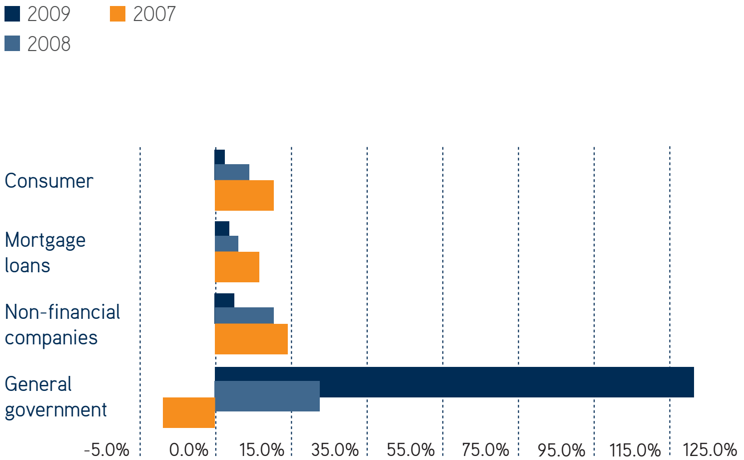
(ANNUAL RATES OF CHANGE)

	2007	2008	2009 [c]
M3, excluding currency in circulation	9.0%	13.2%	-4.2%
Total deposits	5.0%	9.6%	-0.3%
Deposits made by non-financial companies	-1.5%	-2.0%	4.3%
Individual customers' and emigrants' deposits	8.1%	14.4%	0.7%
Total domestic credit	11.4%	10.3%	6.5%
Loans to central and local government [b]	-3.5%	20.8%	119.5%
Loans to non-financial companies	14.2%	11.3%	3.7%
Mortgage loans	8.5%	4.3%	2.5%
Consumer and other credit	11.3%	6.2%	1.8%

Source: Bank of Portugal – Statistics Bulletin, January 2010.
(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.
(c) November 2009.

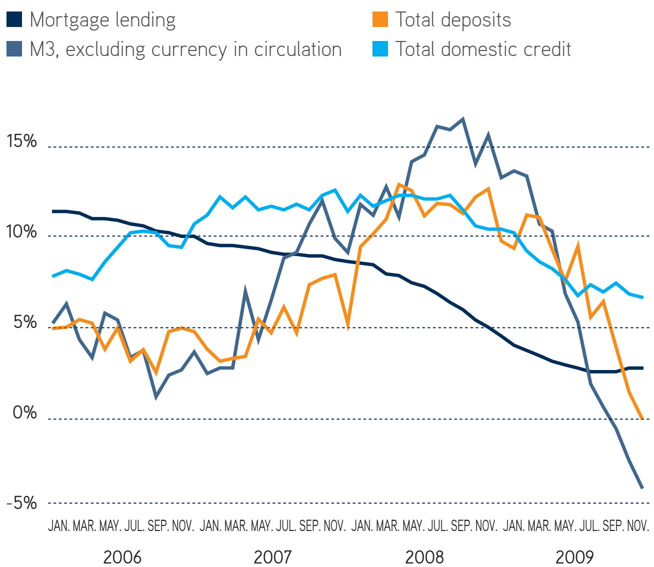
The growth trend in total domestic credit, as in past years, was higher than the growth of total deposits. Reference should be made, in the case of this aggregate, to the significant growth of loans to central and local government as opposed to mortgage loans which, with a change of 2.5% and as in past years, continued to decelerate.

Evolution of Credit in Portugal



Currency and Credit

(Year-on-Year rates of change)

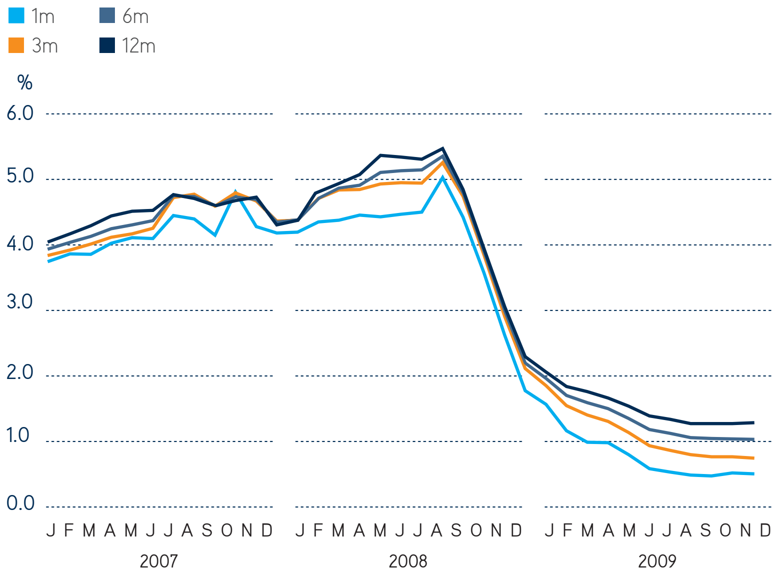


INTEREST RATES

The ECB reversed its monetary policy of tight control over inflation, in October 2008, having implemented a reference interest rates reduction policy which was completed on 13 May 2009 with the reference rate being set at 1%. The objective was to stimulate the interbank money market with the ultimate aim of facilitating companies' and individual customers' access to credit and promoting economic growth.

The market rates used as indicators for credit operations were sharply down during the course of the year, stabilising from August at historically low levels with the Euribor rate on maturities of 6 months or less being under 1%.

Euribor (*)



Source: Bank of Portugal.
(*) Values relative to the last day of the month.

INTEREST RATES [1]

(%)

	2007	2008	2009			
	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.[4]
FED Funds Rate	4.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25
ECB Reference Rate	4.00	2.50	1.50	1.00	1.00	1.00
Euribor						
Overnight	3.92	2.35	1.64	0.4	0.53	0.41
1 month	4.288	2.603	1.121	0.751	0.438	0.45
3 months	4.684	2.892	1.51	1.099	0.753	0.7
6 months	4.707	2.971	1.67	1.313	1.016	0.994
12 months	4.745	3.049	1.812	1.504	1.236	1.248
New credit operations						
Non-financial companies [2]	5.69	5.75	4.19	3.72	3.42	3.19
Individual customers – mortgage loans	5.18	4.96	3.02	2.54	2.29	2.23
Term deposits and savings accounts [3]						
Non-financial companies	4.75	4.49	2.62	2.07	1.62	1.49
Individual customers	3.23	3.89	3.31	2.44	2.17	2.03

Source: Bank of Portugal – *Statistics Bulletin*, Jan./2010.
(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.
(4) November 09 for new credit and term deposits operations and saving accounts.

Although the reduction in borrowing rates was in line with lending rates, it should be noted that it was less marked in the individual customers' segment, at least in comparison to mortgage loans.

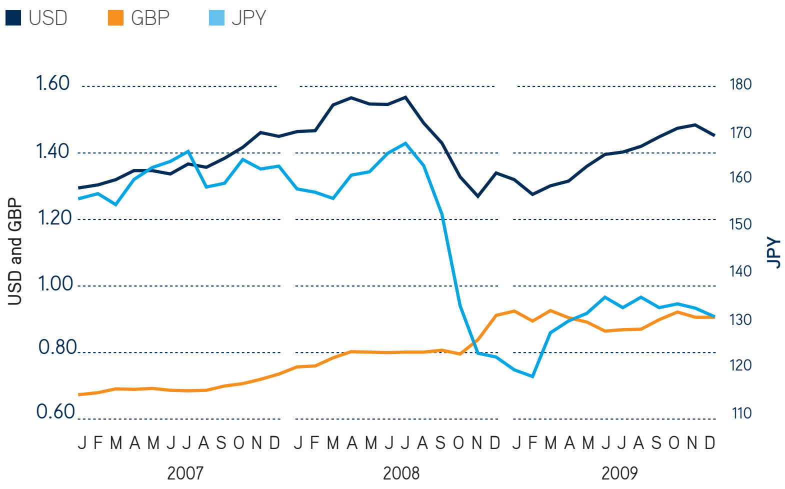
EXCHANGE RATES

The euro to dollar exchange rate, in December 2009, was an average of USD 1.461, comprising appreciation of 8.62% over the preceding year. Evolving at an almost constant rate, the EUR/USD exchange rate reached the levels observed at the end of 2007.

With an almost constant evolution, the EUR/USD exchange rate increased in value to end of 2007 levels. The exchange rate remained practically unchanged against sterling during the course of 2009, but appreciated 7.1% against the yen.

Euro Exchange Rates

(Average monthly values)



Source: Bank of Portugal

EURO EXCHANGE RATES

(Average monthly values)

	USD	GBP	JPY
Dec. 07	1.457	0.726	163.55
Dec. 08	1.345	0.904	122.51
Dec. 09	1.461	0.900	131.21

CAPITAL MARKET

Early 2009 was also characterised by a gloomy environment, dominated by greater interaction between the financial crisis and economic activity, with the disclosure of negative world economic indicators and greater risk aversion from investors.

The fact that the financial crisis had still not come to an end was indicated by a downgrading of the ratings on banks and non-financial companies. Domestic banks whose ratings were downgraded, also fell victim to this situation. The rating agencies also attributed negative "outlooks" on several financial institutions' ratings in addition to those of the Portuguese Republic.

Financial market operations started to normalise, however, from second quarter, in a less volatile environment, with more demand for higher risk assets from investors, supported by slight improvements to the projections for the world economy and less conventional monetary policy measures taken by central banks, complemented by government incentives in support of financial stability.

In a relatively optimistic environment, share markets, reflecting more positive corporate results, made a substantial across-the-board recovery. There was also an increase in the volume of private and public debt issues and a reduction of their respective spreads.

Such factors had positive impacts in the balance sheets of financial institutions (including domestic institutions) and enabled a recovery in value of the respective share portfolios and income related with financial operations, also contributing to a reinforcement of respective own funds.

EQUITY MARKET

The first few months of 2009 in the equity market, represented a continuation of the trend towards the major loss of value noted in 2008. The annual minimum losses recorded during the year (around 25%) occurred in the first half of March in the developed western markets.

STOCK MARKET INDICES

	2008		2009	
	Index	Change	Index	Change
Dow Jones (New York)	8 776	-33.9%	10 428	18.8%
Nasdaq (New York)	1 577	-40.5%	2 269	43.9%
FTSE (London)	4 434	-31.3%	5 413	22.1%
NIKKEI (Tokyo)	8 860	-42.1%	10 546	19.0%
CAC (Paris)	3 218	-42.7%	3 936	22.3%
DAX (Frankfurt)	4 810	-40.4%	5 957	23.8%
IBEX (Madrid)	9 196	-39.4%	11 940	29.8%
PSI-20 (Lisbon)	6 341	-51.3%	8 463	33.5%

The monetary and fiscal policy measures implemented by the authorities and consequent stabilisation of the world financial system, enabled share markets to embark on a recovery process with a magnitude unparalleled in decades, leading to the highest profits of the last few years at year close. Shares were up 19% on the Dow Jones and Nikkei and 21% on EuroStoxx50. The 33% increase on the PSI–20 was the highest level recorded since 1997 and was the second best performance on European share markets, coming after the Dutch AEX which was up 36%. Special reference should be made in 2009, to emerging markets whose equity market performance greatly outpaced that of the more developed markets.

This market reversal trend was sustained during the course of the year by improvements in the world macroeconomic environment as well as positive surprises in terms of corporate profits, particularly deriving from the implementation of adjustment measures in terms of costs starting from a framework in which corporate valuations were at very depressed levels.

BOND MARKET

After the bond market was affected by a violent broadening of spreads on private as opposed to public debt, in 2008, and by a no less significant reduction of yields on the latter (owing to the marked deterioration of economies and incisive rate cuts made by the central banks), market performance, in 2009, was characterised by an expressive level of recovery in terms of private debt as opposed to higher risk premiums on public debt.

Private debt went through two markedly different periods. Up until the first fortnight in March, performance in this market, as in the case of other risk assets, was negative, with a broadening of spreads, particularly fuelled by financial sector debt (and within this sector by the subordinated debt segment) to new highs and sharpening the visibility of the crisis, in this sector. The resolute, forceful measures announced at the time by governments and central banks, particularly in North America, reversed the course of events, enabling the private debt market to embark upon a period of narrowing spreads which, at year end, were already around 65% of their maximum values.

The main dichotomy in terms of public debt was to be found between the results produced by the shorter maturities on the yield curve, which, in most countries, fell during the course of the year (with several countries posting historically minimum levels in 2009) and the longer maturities, which increased (albeit modestly, in most cases), resulting in a significantly higher inclination of the yield curve. As opposed to short and medium term bonds which benefited from rate cuts by central banks and expectations that they would remain low for a long period of time, the longer maturities were affected by improved economic indicators and governments' greater borrowing requirements, something which not even the purchase of such securities on the market by several central banks (FED and the Bank of England) succeeded in annulling. The main exception to this benign behaviour of yields on government bonds, in 2009, was recorded in the USA which, following the historical minimums noted at the end of 2008, witnessed an increase in rates and significantly so in the case of the longer maturities (from 2.05% to 3.85% on ten year bonds).

Yields on Portuguese public debt were generally in line with the evolution of Euro Area yields. The first stage witnessed a broadening of spreads on public debt in European countries in comparison to German debt, to which Portugal was not immune, deriving from investors' concerns over the deterioration of the public accounts and higher debt deriving from the economic crisis and the occurrence of interventions in the financial system in several European countries. However, an expressive retrocession was visible starting March making it possible to close the year with narrowing spreads in comparison to the end of the preceding year in most cases, including Portugal.

Strategy and Business Model

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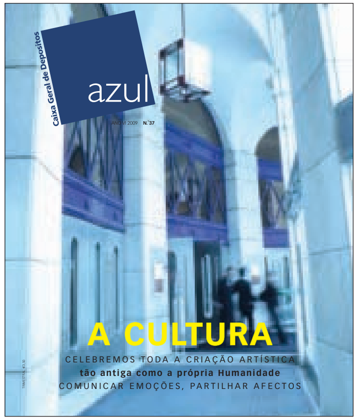


STRATEGIC VISION 2008-2010

CGD'S activity, in 2009 continued to be 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 its activities 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 balance in the evolution between profitability, growth and financial strength, always pursuant to a prudent risk management framework.

Six strategic development axes have been defined to achieve this Strategic Vision, based on the main expected 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 loans) together with a reinforcement of its involvement 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 quality of service, both of which are critical success factors in terms of current financial activity. Although CGD Group's evolution in terms of cost-to-income, 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, reinforces 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 activity. 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 intends to reinforce, in addition to a commitment to be the established domestic benchmark operator in terms of good governance and ethical conduct.

Finally, **a sixth axis**, which is 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 within CGD Group and with the aim of operationalising the six above referred to axes, the organisation as a whole was aligned around a collection of transversal structuring projects:

1. To stimulate the commercial activity of individual customers and small businesses; through the creation of instruments necessary to reinforce a multipurpose proactive approach;

2. To stimulate the commercial activities of SMEs;

   2. a) To stimulate foreign commercial business activities;

3. To execute a multichannel strategy;

4. To leverage assurfinance operations;

5. To develop international business;

6. To optimise the bank's risk and capital management;

7. To concentrate on CGD Group's credit recovery operations 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.

The challenges to be faced by CGD in the performance of its operations, in 2009, and forecast for 2010 implied the need for CGD's consideration of the need to identify new strategic initiatives and redefine priorities.

In contextual terms, 2009 was characterised by the following factors:

• A profound economic recession in most of the North American and European economies, with a strong impact on economic agents' confidence levels, notwithstanding the recovery starting in the second half of the year;

• Capital markets, notwithstanding their recovery, are far removed from the levels achieved in 2007;

• There was a slight increase in the price of oil, which remained stable during the last half of the year;

• The ECB's liquidity injections provided institutions with access to funding and had major impact on interest rates;

• Europe witnessed significant increases in budget deficits and levels of public debt, owing to the recession which resulted in a downgrading of Greece's rating.

The following developments are expected in 2010:

• Moderate economic growth but insufficient to reverse the situation of high levels of unemployment and controlled by a rigid monetary policy designed to control inflation;

• Trend towards the maintenance of market interest rates, with an eventual moderate growth starting in the second half of the year;

• An eventual downgrading of the ratings of several European countries, based on high and growing levels of indebtedness;

• Greater regulatory and supervisory requirements on financial activity, translating into significant increases in own funds requirements;

• The controlled implementation of "exit strategies" by governments and central banks, ending their support for economic and financial activity.

In such a context, the Strategic Vision defined for the three year period 2008-2010 will be reinforced by a set of priority initiatives on the following fronts:

• Optimisation of pricing and revenue guarantees, promoting higher levels of net operating income from banking in a context of pressure on net interest income;

• Risk and capital management, ensuring very careful risk management and greater efficiency in the use of capital;

• Credit recovery, with an effective and adequate response to the potential risks of higher default levels;

• Reduction of external supplies and services costs;

• Promotion of internal mobility and monitoring of human resources costs.

BUSINESS AREAS

RETAIL BANKING IN PORTUGAL

The branch network in Portugal totalled 809 branches at 31 December 2009 (17 more than at the start of the year) and 39 "corporate offices" (Caixa Empresas). Endeavours to open branches were more significant in major urban areas, to provide a more expedient "proximity service" to individual and corporate customers in the main urban expansion areas. Together with a reinforcement of its physical presence, CGD's network also benefited from other interventions on various levels, with special reference being made to the Consolidation of the New Customer Care/Service Model in 279 branches (up 169 over the end of 2008). This customer care/service model comprises a new form of space organisation (with improved freedom of movement and customer waiting areas and service zones with greater privacy and comfort) in addition to improving the quality of services provided by employees.

Retail Banking - Turnover

(EUR million)

There was a 5.5% year-on-year increase in branch network turnover (resources taken, credit and guarantees) in Portugal, at 31 December 2009. Information is given below on the principal retail banking evolution, in 2009, in terms of the most significant segments and products.

SEGMENTATION AND PRODUCTS

Turnover in the individual customers segment in 2009, was up 6%, with annual growth rates of 4.3% in credit and 5.9% in deposits taken.

Resident Mass Market Segment

Caixa continued to further initiatives designed to strengthen customer relationships, in 2009, particularly regarding the consolidation of its service and offer segmentation models.

Offer segmentation, in 2009, particularly included:

• The launch of the **Caixa Mais** service. This is a proactive, multipurpose, customer-centric, relational service model (in which dedicated commercial personnel are responsible to customers for personally monitoring the whole of Caixa's offer and assisting them with their financial decisions), for established mass market customers with development potential;

• Launch of the **Caixa Activa** solution. This is an innovative solution for senior customers. It is based on a specific, targeted financial offer (particularly the **Caixa Activa** debit and credit cards which pay up to 3% on purchases into a savings account, access to a special line of credit for healthcare expenditure, discounts and other partner-related benefits) and an effective communication strategy.

• **Caixa Woman** solutions;

• The **Personal Credit – Thermal Solar 2009** campaign (Caixa Geral de Depósitos was the undisputed leader in financing the acquisition of solar panels, out of the financial institutions subscribing to the protocol with the Ministries of Finance and Economy and Innovation).

Premium Customers Segment

Caixa continued to improve and perfect its **Caixazul** customer service model, in 2009, **improving commercial relationships**, **offer sophistication** and **brand strengthening**:

• In the sphere of improving **commercial relationships** reference should be made to:

– Caixazul's "Know your Customers" 2009 initiatives;

– Suggestions for business opportunities from online account managers;

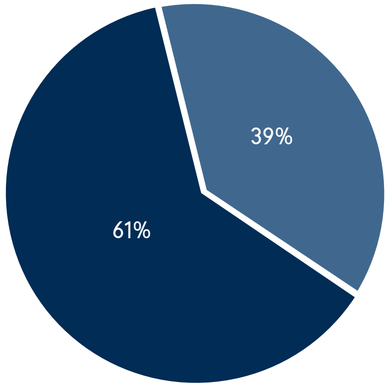
– Reinforced communication between account managers and customers on Caixadirecta on-line's secure message service;

– Loyalty actions providing customers with a diversified choice of products, covering various financial needs.

Turnover – Individual Customers

Retail Banking

■ Other individual customers
■ Caixazul



• The reinforcement of **offer sophistication** took the form of the supply of exclusive or "differentiating" products such as:

– The Caixazul card, as a debit card identifying Caixazul customers;

– Netpr@zo term deposits available exclusively online;

– The Caixazul "GAT" account;

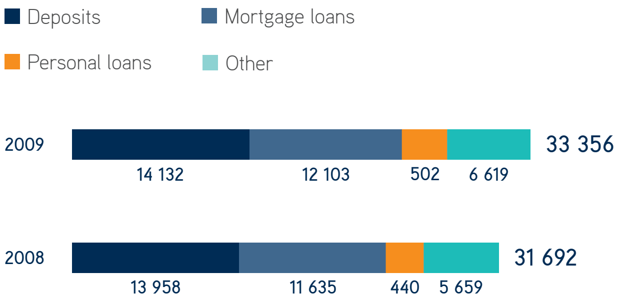
– The Caixazul Praemium term deposit;

– Vida Azul personal credit.

• To **strengthen brand position** reference should be made to Azul magazine, sponsorship of professional/trade magazines, with advertising inserts and CGD's presence at events organised by prestigious Professional Orders.

Caixazul - Turnover

(EUR million)



5,3% Change in business turnover

Young People's and University Segment

The aim of the frequent actions taken in the **Young Persons Segment** in 2009 was to reinforce relationships with customers and consolidation of Caixa's leading position in this segment.

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

• Promotion of LOL and LOL Junior cards, particularly concentrating on the launch of a savings function associated with these cards, which transfers amounts not spent by customers during the month into a savings account. The innovative aspect of the prepaid card for young customers was distinguished in December by the award of the annual Oscards prize, (winner of the "Europe" category);

• The launch of the Caixa Pop Net Especial Páscoa and Caixa Pop Net Especial Poupança, opportunity products, as an inducement to save at an attractive interest rate.

2009 was a year of continuity for the university segment model, comprising two relationship support pillars, AUC (Central University Branch) and university branches - designed to achieve substantial improvements in interactions with customers, finding new customers and valuing the satisfaction of university students in their relationship with CGD.

AUC which provides a distance relational banking service on the Caixa University Polytechnic Service - 808 212 213 - by telephone, internet and email, witnessed a reinforcement of its customer portfolio with around 60 thousand new customers coming under its management. AUC's activity, as a prime outbound action channel has made it possible to expand the field of operations in the diverse campaigns geared to the segment.

In an endeavour to provide continuity to its provision of distance services at the time of transition from academic to working lives, work also began on the development of a new customer management structure based on distance services.

The value of the personal services provided at university branches has been reinforced in terms of segment management by the implementation of changes based on the supply of a new customer service model in specific spaces adapted to the segment's requirements.

Based on the broad range of Caixa solutions for the university segment and maintaining its interest in accompanying the segment's needs, the offer was further enhanced by the supply of such products as the Multicare's Activcare Academic healthcare insurance and the Caixa ISIC card.

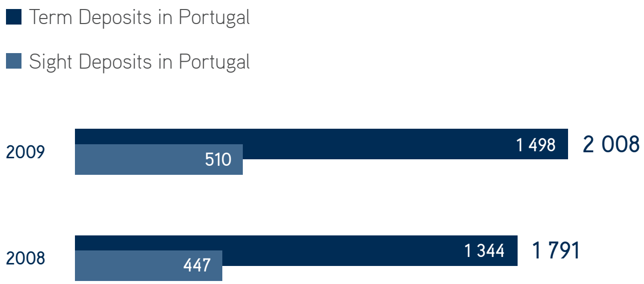
Inherent to its strategic interest and position as a "Forward Looking Bank" Caixa's special relationships with higher educational establishments were further reinforced, in the form of protocols, as instruments to provide the academic population and each educational establishment with benefits.

Portuguese Residents Abroad Segment

In terms of the evolution of turnover in the retail banking residents abroad segment, in 2009, reference should be made to the 12% growth in sight and term deposits in Portugal.

Non-Resident Individual Customers – Sight and Term Deposits in Portugal

(EUR million)

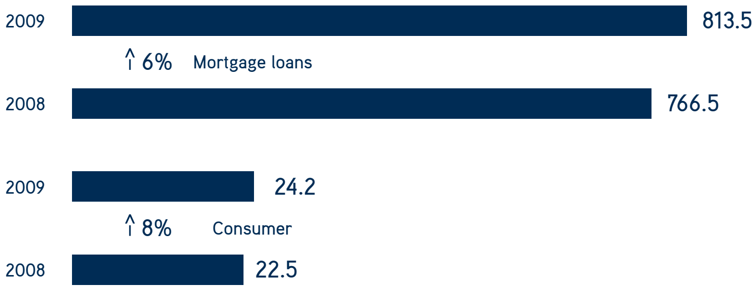


12% Change SD and TD of non-resident individual customers in Portugal

There was also a highly positive level of evolution of mortgage loans and consumer credit, in this segment, with annual growth rates of 6% and 8%, respectively.

Non-Resident Individual Customers – Mortgage and Consumer Loans

(EUR million)



Caixa pursued its strategic objective of achieving leading bank in Portugal status in the residents abroad segment, in 2009, by reinforcing its commercial operations with existing and new customers and in visible improvements to its range of products and services and quality of customer service. Particular reference should be made to:

• The launch of the **GAT RE account** (treasury management) which enables customers to maximise returns on the account in an automatic, user-friendly manner;

• Reinforcement of the relational management model for customers resident abroad, based on an articulated, complementary relationship between Caixa bank branches, subsidiaries and representative offices abroad and distance channels in the form of the Caixadirecta Internacional service;

• The launch of various campaigns targeted at this segment, notably: International Students Offer (with the objective of providing information on a comprehensive products and services package for customer training abroad), opening accounts (focusing on a simplified approach to opening accounts in dual language format Portuguese/English and Portuguese/French, with a simultaneous application for a debit card and the Caixadirecta service) and the "Onde há rede, há Caixa" campaign for information on distance banking products and services.

Savings

The 7% increase in resources taken from the individual customers segment, in 2009, contributed 34% to retail banking turnover at the end of the year.

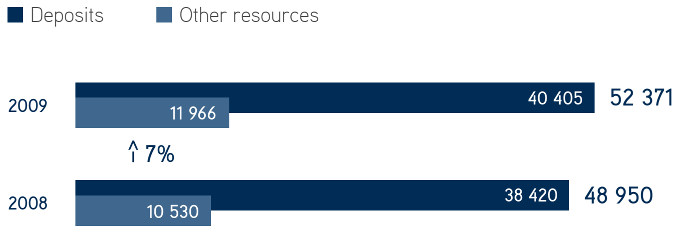
With the aim of taking in fresh and retaining existing resources, Caixa launched several savings and investment solutions in 2009, always targeted at adjusting its offer to customers' investment profiles, whether prudent, balanced, dynamic or daring.

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

- Caixa Savings Solutions;
- Bonds;
- Structured deposits;
- Financial insurance.

Resources Taken – Private Customer

(EUR million)



Caixa Savings Solution

A collection of structured products for customers with various risk profiles, with attractive interest rates, loyalty bonuses and immediate liquidity. These products, which were implemented in three stages, account for a very high proportion of new operations for individual customers:

• 04 May to 30 June (commercialisation of two new products – Caixa Aforro Mais and Caixa Woman Aforro which took in deposits of around EUR 495 million);

• 13 July to 09 October (launch of Caixa Aforro Crescente which took in around EUR 250 million);

- 12 October to end 2009 (launch of Caixa Aforro Fixo which took in around EUR 1 million).

Bonds

Private bond offerings were up 17% over 2008 to EUR 1 749 million. **Subordinated Anniversary Bonds 2009/2019**, totalling EUR 539 million, with a maturity period of 10 years, targeted at more conservative customers (with "prudent" and "balanced" profiles), who require guaranteed capital without income risk.

Structured Deposits

Launch of 21 campaigns with global sales of around EUR 808 million, associated with structured deposits with a maturity of between 1.5 and 5 years, with differentiating characteristics from Caixa's base deposits offer owing to the fact that their returns are fully or partly contingent upon another financial instrument (an exchange rate, index, etc.) always with guaranteed capital on maturity.

Financial Insurance

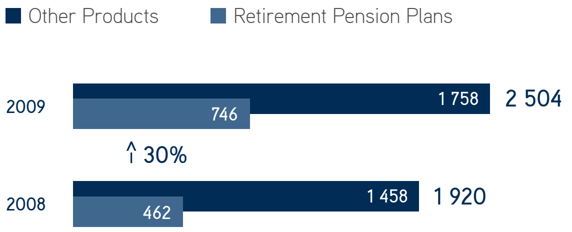
Ten financial insurance campaigns were launched in 2009, the last four of which in the form of medium/long term Structured Savings Resources (ICAE). With total sales of around EUR 778.6 million, most such financial insurance comprised guaranteed capital and fixed income upon maturity.

As regards **Income and Retirement Solutions**, various actions designed to stimulate retirement plans and funds were taken in 2009. They include the reformulating of the Leve PPR (Retirement Pensions Plan) – starting 01.10.2009 – only available in two options: UNI and DUO); the launch of 3 special retirement pensions plans (comprising a total volume of EUR 152 million) and a stimulus for the 3 Caixa Reforma Prudente, Caixa Reforma Activa and Caixa Reforma Valor open-ended pension funds, with total sales of EUR 4.25 million.

Financial Insurance (Sales)

(EUR million)

Capitalisation Products



Mortgage loans

Mortgage loans accounted for 28% of the annual change in individual customers' turnover and 18% of the retail banking total.

Notwithstanding the macroeconomic environment, **mortgage loans** were up 4.2% in terms of portfolio value in 2009. Caixa has reacted to this new situation by permanently monitoring its customers' financial situations, studying and proposing a series of support measures to mitigate the risks of over indebtedness, in the form of grace periods or deferred payments, grace/capital deferral period combinations and increase in a customer's age limit on loan maturities.

Mortgage Loans

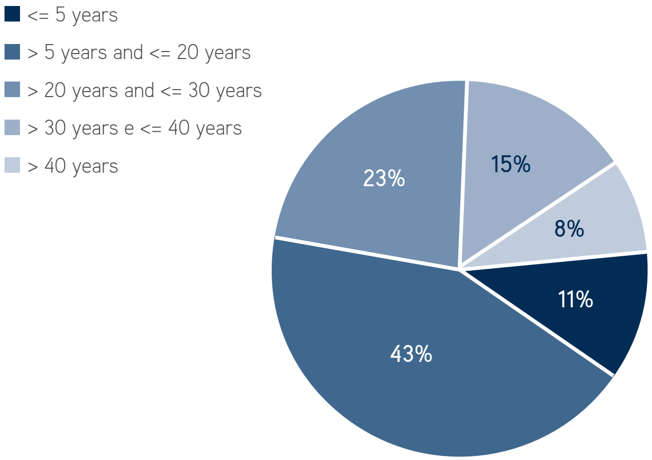
(EUR million)

Taking current interest rates into account and the effect of any across-the-board medium term increase thereof, CGD launched two new interest rate solutions in the form of its Taxa Protegida and Taxa Z rates which provide a degree of protection against increases or decreases of Euribor rates.

Support measures to protect property ownership for customers who have been made redundant were taken, in articulation with the Portuguese state, by applying the extraordinary and transitory measure provided for in Decree Law 103/2009 to CGD's mortgage loans. In the case of customers with subsidised mortgage loans, CGD has established the mechanisms required to implement the measures provided for in Ministerial Order 384/2009, introducing various benefits to reduce the amount of the instalment.

To help alleviate household expenditure while also stimulating the rental market, CGD pioneered the creation of its Caixa Arrendamento property investment fund for home rentals (FIIAH). This is an important credit recovery solution. It has a social aspect which consists of allowing CGD customers experiencing economic difficulties to continue to live in their own homes, while paying a rent, with the right to exercise a purchase option governed by defined rules.

Mortgage Loans – Portfolio Maturity
Sales by Maturity (Years)



Other measures particularly include the following.

• A **protocol between CGD and the Regional Government of the Azores**, implementing support measures for customers resident in the said Autonomous Region, including, inter alia, a 60% subsidy on the spread on the part of the loan exceeding 30% of a household's debt to income ratio.

• CGD's active participation in **urban rehabilitation** initiatives in the main urban centres, in the form of protocols of cooperation with diverse entities, establishing partnerships designed to improve salubrity, inhabitability, aesthetics and security in the most traditional zones of major cities. Association with such entities, together with the provision of lines of credit which have permitted loans to be made under more beneficial terms for all parties involved in urban rehabilitation projects, have enabled Caixa to reaffirm its position as Portugal's urban rehabilitation bank;

• Reformulation and implementation of the capacity to perform banking business on Fidelidade Mundial and Império Bonança intermediation channels;

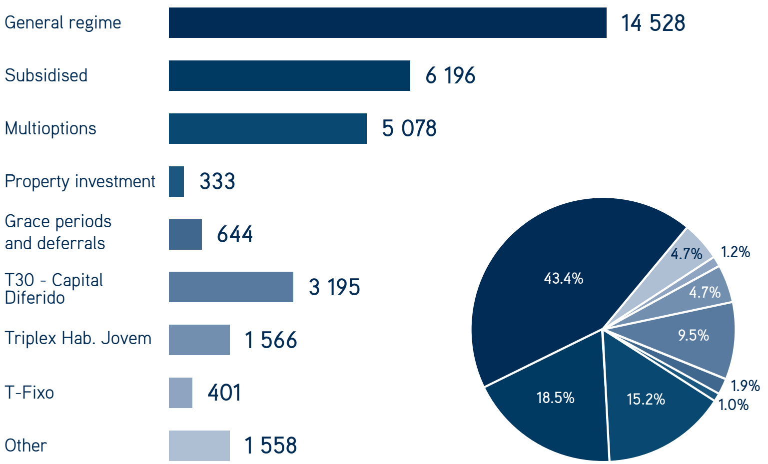
• Creation of **financial solutions designed to reduce energy consumption** and promote the use of **environmental-friendly technologies**. Caixa has set up a line of credit to finance the acquisition, installation and maintenance of solar panels for homes, providing customers with a significant number of benefits, notably a preferential interest rate, a highly flexible approach to loan maturity periods and access to financial incentives from the state in the form of grants, in addition to the corresponding economic and fiscal benefits under the Solar Térmico 2009 programme. Considering the priority afforded by the state to the promotion of energy sustainability, the range of beneficiaries of such measures was extended to include private social solidarity and similar institutions and sports clubs and associations with "public utility" status. A commercial stimulus was also provided, consolidating Caixa's lead in financing the acquisition of solar panels;

A **protocol with the Order of Notaries**, reinforcing and improving the already existing institutional collaboration, was also entered into;

• **Official, exclusive sponsor of SIL09** (property exhibition) held at FIL (Lisbon Exhibition Centre) from 17 - 20 September as an opportunity to advertise the CGD brand as a specialised property market operator.

Mortgage Loans by Type

(EUR million)



CGD's mortgage lending operations, in 2009, enabled Caixa to achieve sustained growth and maintain its leading position as the mortgage loans market benchmark operator in Portugal, increasingly allying experience, proximity, flexibility and innovation in its customer relationships.

Corporate Segment

Turnover in the non-financial companies segment in the case of retail banking was up 5% in 2009. Special reference should be made to the annual growth rate of 4.5% in the loans and advances to companies sector, which outperformed the rest of the Portuguese banking system by 2.9 pp (1.6%). SMEs accounted for 56% of CGD's loans and advances to companies portfolio total at 31 December 2009.

Corporate Loans

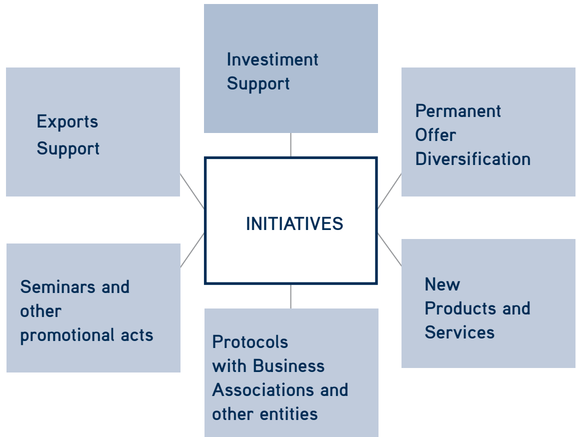
(EUR million)

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

Reference should be made to the initiatives geared to this segment in the following areas:

- Export support;
- Investment support;
- Permanent offer diversification;
- New products and services;
- Protocols with business associations;
- Seminars and other informational acts.

Initiatives Targeted to the Corporate Segment in 2009



Support for Exports

With the objective of achieving market status as an **export support bank** and achieving market diversification and internationalisation, Caixa launched a series of initiatives particularly geared to products and services for export companies and companies wishing to internationalise and develop their activities in new markets, particularly:

• The Iberian International Offer which aims to exploit business opportunities resulting from the progressive integration of the Portuguese and Spanish economies. The stimulating of this international/Iberian offer represents a contribution to Caixa's status as a corporate bank and CGD Group as a benchmark financial partner 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. For companies with an Iberian activity requiring the support of a local partner, Caixa has developed its Iberian Passport, to facilitate business between both markets by the opening of accounts in Portugal and Spain and with a customer account manager in both countries and a credit limit for financing commercial operations with Spain;

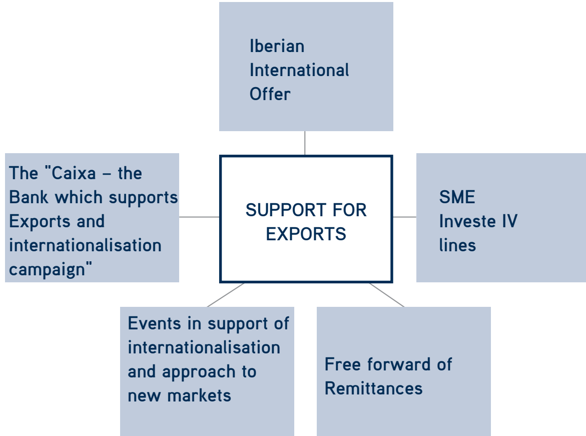
• SME Investe IV lines – to promote applications for specific SME Invest IV lines of credit in export sectors and for small and micro-companies, reinforcing Caixa's position in the market as an export support bank with market diversification and the internationalisation of Portuguese companies;

• Free forward of remittances – to finance export and treasury support activities, in the form of advances of export revenues;

• Events in support of corporate internationalisations and approach to new markets, in partnership with several institutions, chambers of commerce and business associations, notably AICEP (Agência para o Investimento e Comércio Externo de Portugal) and AEP (Associação Empresarial de Portugal – "Business on the Way 2009" project), Spain-Portugal Chamber of Commerce, Portugal-Spain Chamber of Commerce and Industry and others;

• The "Caixa – Bank which supports Exports and Internationalisation" campaign. Caixa aims to continue to position itself in the market as a "Bank geared to exports, market diversification and internationalisation". To proceed with this objective a promotional campaign was launched in 2009 particularly focusing on the products and services provided to exporting companies, in addition to companies intending to internationalise and develop their activity in new markets.

Corporate – Support for Exports



Investment Support

Caixa's investment support offer particularly includes:

• The Caixa Invest SRF (Strategic Reference Framework) lines of credit and Caixa Corporate SRF solution;

– SME Invest Caixa SRF. 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 SRF management authorities, designed to improve Portuguese SMEs' access to finance. Caixa entered into protocols on four lines of credit launched by the government since 2008 – SME Invest (EUR 750 million), SME Invest II (EUR 1 billion), SME Invest III (EUR 1.6 billion) and SME Invest IV (EUR 400 million) and also launched a complementary line of credit to finance operations not eligible for subsidised lines of credit.

– Caixa SRF Corporate solution, comprising a series of products and services, adapted to the needs of corporate investments incentives systems, for companies submitting SRF ("Strategic Reference Framework") proposals.

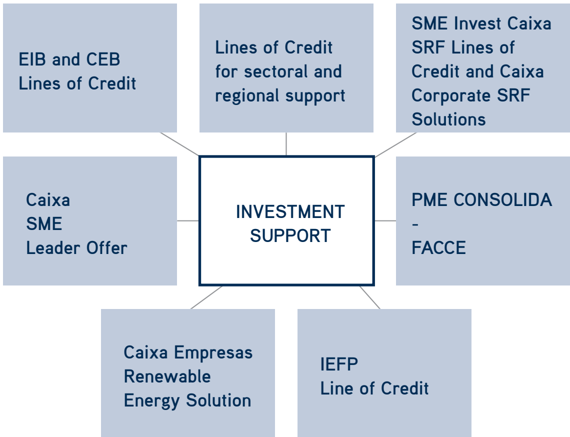
• Caixa's participation in PME CONSOLIDA - FACCE (Autonomous Fund for the Concentration and Consolidation of Companies) initiatives, under a protocol entered into with PME Investimentos. This is an instrument with similar characteristics to venture capital. Caixa Group's intervention comprised its supply of a complementary line of credit;

• IEFP line of credit. A protocol entered into in September in collaboration with IEFP, SPGM and mutual guarantee companies, comprising a line of credit designed to promote entrepreneurialism and support for the creation of companies by the unemployed;

• The Caixa Empresas Renewable Energy solution designed to support the promotion of corporate investment in the renewable energies area – solar, hydro and wind power;

• Caixa reinforced its Caixa SMEs Leader offer for leading SMEs (i.e. companies with an outstanding economic-financial performance). 30% of companies with "leading SME status" submitted their applications through Caixa;

Corporate – Investment Support



• EIB and CEB lines of credit:

– EIB XV – Caixa took out a new line of credit with EIB (EIB XV), for the amount of EUR 175 million, for SMEs and other entities (municipalities, municipal companies, associations of municipalities, port or airport authorities) to finance projects in EU territory (industrial, commercial, tourism, healthcare and educational sectors), to support manufacturing activities, urban renewal, infrastructures (telecommunications, energy, health, municipal, educational, social, cultural, sporting and leisure activities), environmental protection, energy savings or information technologies. This new line of credit has relevant advantages for companies as it includes the financing of investments in intangibles, working capital requirements deriving from the investments in question, integration of companies into networks and the intergenerational handover of businesses (financing of part shares) with a minimum maturity period of two years for any amount;

– EIB XIV and MID CAP I. 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 with the transmissibility of advantages to customers);

– Caixa took out a new social and healthcare facilities line of credit with the EIB for the amount of EUR 50 million, to finance investment projects submitted by companies, private social solidarity and similar institutions (approved under the PARES programme) at attractive terms with long maturities;

– For the educational sector and also cooperation with CEB, Caixa provided funding of EUR 100 million for the investment projects of companies, municipalities, private social solidarity and similar institutions, private or cooperative educational establishments and other not-for--profit institutions operating in the educational and teaching domains.

• Various lines of credit for sectoral and regional support:

– Line of credit for vocational training colleges within the sphere of the POPH (Human Potential Operational Programme line of credit for advances of finance to the owners of vocational training colleges approved under the POPH Programme, in force up to 2013);

– Line of credit for the agricultural, forestry and agro-industrial sectors (for investments and reinforcing working capital requirements for development purposes, in addition to settlements of debts to credit institutions or suppliers of production factors, including capital goods, contracted during the performance of a company's activity);

– Tourism line of credit 2007-2009 (an addendum with new, more favourable, financing terms for economically and financially viable investment projects in the tourism sector was entered into with Turismo de Portugal);

– Subsidised line of credit for micro and small companies in Madeira (line of credit with a mutual guarantee, under the terms of a protocol between CGD and the Business Development Institute of the Autonomous Region of the Azores (IDE-RAM) and the Garval, Lisgarante or Norgarante mutual guarantee companies, with the objective of facilitating corporate access to finance);

– Specific lines of credit for the Azores: Açores Invest line of credit (under a protocol between Caixa, the Autonomous Region of the Azores and the mutual guarantee companies Garval, Lisgarante or Norgarante, with the objective of facilitating corporate access to credit); line of credit for restructuring the banking debts of companies in the Azores (for companies with registered office in the Autonomous Region of the Azores, with a principal activity other than the primary production of agricultural products). Line of credit for young businessmen in the Autonomous Region of the Azores; Other PRORURAL, SAFIAGRI and SIDER lines of credit.

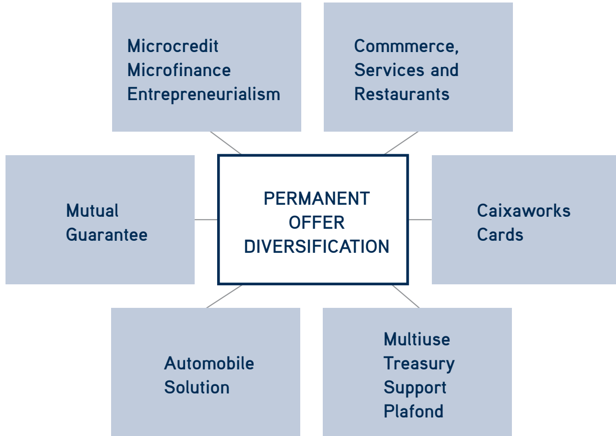
Permanent offer diversification

Reference should be made to the following under the permanent diversified offer for the corporate segment in 2009:

• Commerce, services and restaurants offer providing a complete package of products and services of interest to companies in these sectors, including financial solutions promoting Caixa's competitive position *vis-à-vis* its competitors and including current management solutions, investment and insurance solutions as well as exclusive conditions for customers operating in these sectors of activity;

• 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 on short term liabilities permitting greater financial autonomy and flexibility in terms of day-to-day management. For customers, the card is also a prestige payment media owing to its ease of use and the fact that it also provides a full insurance package with special terms on subscriptions to Multicare, Multirisk and group life insurance healthcare insurance;

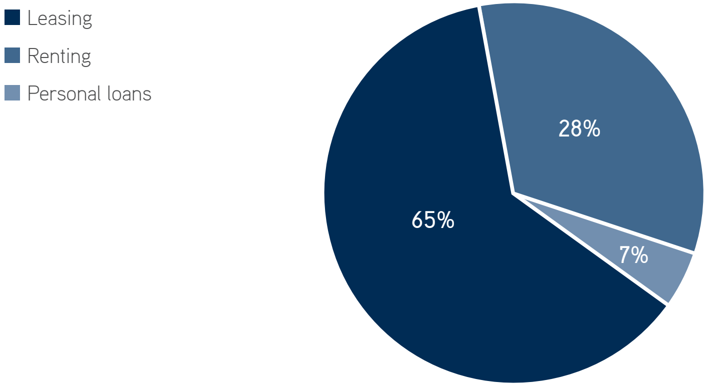
Corporate – Permanent Offer Diversification



• Multiuse Treasury Support Plafond, comprising pre-allocated 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). This commercial practice rewards loyalty to Caixa and benefits customers in terms of faster response times (internal pre-assessment of customer), simplicity – a single plafond for use on multiple products, faster preparation time and price differentiation;

• Automobile solution. Caixa Group provided a complete offer for the purchase of vehicles, in 2009, 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 was based on business promotion campaigns related with three aspects of the business, (personal loans, leasing and renting) and Caixa Seguro Auto (with solutions adapted to different types of finance);

Automobile Solution
Distribution of Value of Vehicles by Type of Finance



• Mutual Guarantee. These are special lines of credit for:

– 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;

– Subsidised credit for IFAP (Agriculture and Fisheries Financing Institute Agency) for the agricultural, forestry and agro-industrial sector, permitting favourable access to the mutual guarantee system, notably through Agrogarante, for developers intending to apply for the said line of credit;

• Microcredit/Microfinance/Entrepreneurialism. Reference should be made to the following in this area:

– "Microcredit/microfinance" area. 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") - Jesuit Refugee Service (JRS) in support of refugees. The experience acquired by CGD in this new financing area justified the creation of an agency to centralise all operations of this kind – Central Microcredit Agency (ACM) in 2008. The agency completed its first full year of activity in 2009;

– 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 (National Association of Young Businessmen), Line of Credit for the Historical Area Bordering Spain FINICIA - Section 3 (partnership between CGD, IAPMEI, mutual guarantee companies and municipalities) and the start-up of the partnership with IEFP (Institute of Employment and Professional Training) and mutual guarantee companies for a line of credit for the creation of companies by the unemployed;

– All of the above initiatives contributed towards the promotion of an entrepreneurial spirit and, in conjunction, with a major mix of complementary products and services (corporate insurance, Netcaixa, Caixaworks, etc.), are part of a broad range of products and services provided by Caixa in the entrepreneurial sphere, to be promoted under the Caixa Brand Empreender+ banner, in 2010.

New products and services

The following corporate products and services were developed and improved in 2009:

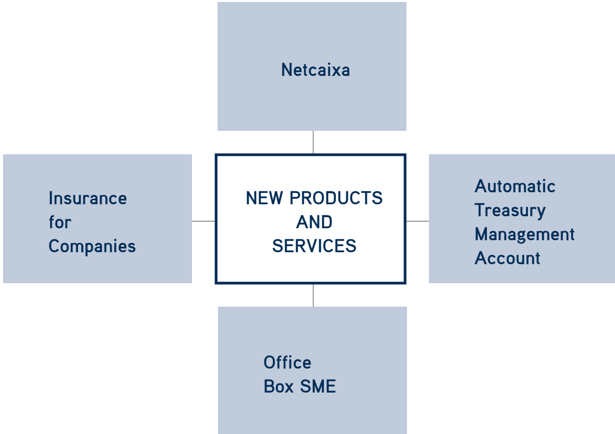
• **Netcaixa** is Caixa's solution for the acceptance of electronic payments using automatic payment terminals, for corporate use in general and comprising a transactional aspect (permitting the acceptance of debit and credit payments with Multibanco, Visa and MasterCard cards), an equipment aspect (with the supply of automatic payment terminals adapted to customers' requirements) and a communications aspect (comprising several types of data transmission lines, suitable for each business's characteristics). Netcaixa provides a comprehensive, high quality, secure service for transactions and its offer includes the installation of equipment. Customers also benefit from exclusive conditions on financial products and services, notably highly competitive traders' service charges and a specific current account;

• The **Automatic Treasury Management Account** for Caixa customers is a product which facilitates corporate cash management by automatically investing surpluses and funding any liquidity requirements, when required. The product was broadened to include CGD's most valued customers and provides highly attractive terms (GAT Líder account);

• **Insurance for companies**. Four internal insurance campaigns were developed in partnership with Fidelidade Mundial: Commerce and Services, Corporate Insurance Protection (branch office network), Multicare Corporate and Fiscal Benefits for Companies and Self-employed Businesspeople;

• **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, a personal computer and anti-virus programme). Office Box comprises an easy to use, full range of voice and data services and equipment, particularly designed for corporate use.

Corporate – New Produtcts and Services



Protocols with Business Associations

Taking into account the interest and dimension of the sectors they represent in domestic economic terms, reference should be made to the following initiatives related with business associations:

- **APICCAPS Protocol.** Under the terms of the protocol with the Portuguese Association of Footwear Manufacturers in cooperation with Banco Caixa Geral in Spain, Caixa provided support for the participation of Portuguese companies at "Moda Calzado 2008", in Madrid;

- **AHETA Protocol**. Renewal of the protocol with the Association of Hotels and Tourism Resorts of the Algarve to stimulate the commercial relationship with its associate companies;

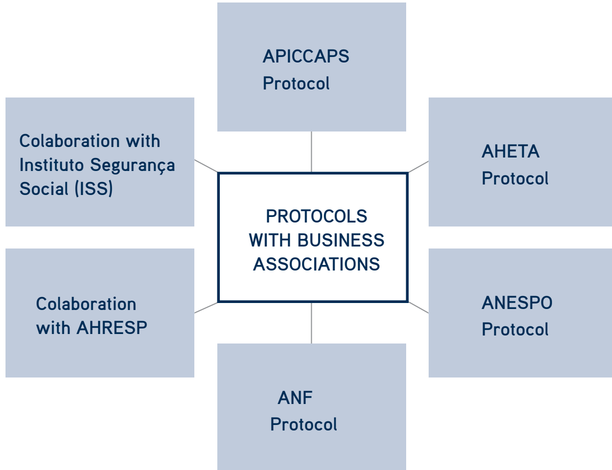
- **ANESPO Protocol**. Renewal of the protocol of cooperation with ANESPO and POPH, with the objective of promoting business relationships with owners of professional/vocational schools benefiting from Community finance under the Human Potential Operational Programme.

- **Protocol with ANF**. Protocol of cooperation with the National Association of Pharmacies (ANF) providing a range of products and services at special prices;

- **Collaboration with AHRESP**. 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, providing Caixa with an opportunity to promote its corporate offer;

- **Collaboration with the Portuguese Social Security Institute**. A protocol under which Caixa provides funding for investment projects coming under the aegis of the PARES Programme (expansion of the social facilities network) submitted by private social solidarity or similar institutions.

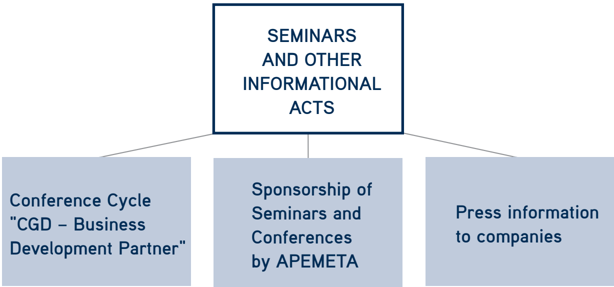
Corporate - Protocols with Business Association



Seminars and other informational acts

CGD organised various seminars and promotional and informational activities in 2009, particularly including:

Corporate – Seminars and Other Informational Acts



• With the objective of encouraging dialogue with SMEs, while, at the same time, discussing issues of current relevance to companies, in addition to positioning Caixa as "The SME Support Bank" and the "Best Bank for SMEs", Caixa, in collaboration with *Jornal de Negócios*, Portuguese Universities and Nationwide Business Associations, launched its "CGD – Business Development Partner" conference cycle;

• Sponsorship of **seminars/conferences organised by APEMETA (Portuguese Association of Environmental Technology Companies**) for information on the support available for companies in the environmental sector. CGD's branch office network participated in the mobilisation of corporate customers, providing information on Caixa's financing solutions for investment projects submitted by companies in the sector;

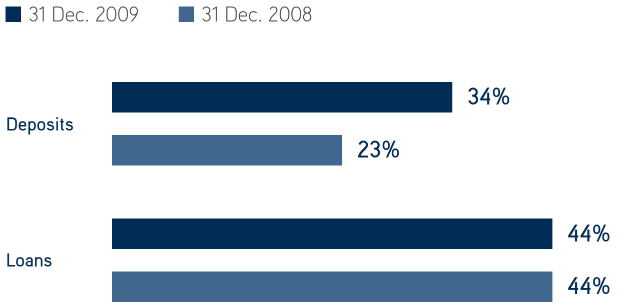
• Provision of press information to companies, in the form of the Caixa Empresas project comprising the insertion of enclosures in *Diário Económico* on, *inter alia*, such business-related issues as, Entrepreneurialism and Successful Innovation, New Challenges for Companies, Routes to Corporate Internationalisation.

General Government Segment

The general government segment, at 31 December 2009, accounted for 3.5% of retail banking turnover. There was a 16.7% increase in turnover in this segment, in 2009, with growth in all areas (24.9% in deposits taken, 11.6% in credit and 7.3% in guarantees).

General government credit and deposits, in CGD, recorded growth rates of 12% and 27%, respectively. The Portuguese banking sector achieved growth of 12% in credit and recorded a 12% drop in deposits in this segment in 2009. CGD's market shares, at 31 December 2009, were 44% for credit and 34% for deposits (up 11 pp in month-on-month terms).

General Government Market Shares



MEANS OF PAYMENT – DEBIT AND CREDIT CARDS

The issue of cards area maintained its growth and innovation strategy, in 2009, materialised in various forms, i.e. launch of new products, creation of differentiated value proposals and improved levels of service.

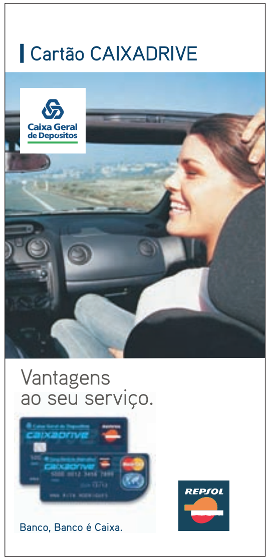
CGD furthered a customer and product segmentation policy, as a means of achieving its objectives: expanding its customer base and number of cards issued and consequent increase in billing.

The actions taken in 2009, particularly include, in terms of innovation, the launch of the Made By solution, which allows customers to choose the package of functionalities, services and, in the future, the image they wish printed on their cards. This is a pioneering solution which is unique to the domestic market. A specific card simulator was also provided.

In terms of projects in the transport area (ticketing), a partnership was formed with the urban transport company of Braga (TUB), using contactless technology on the Caixa Classic card, allowing users to purchase tickets with their cards.

Campaigns particularly included the "Place of Gold" associated with the Benfica card, which has been successful on account of its contribution towards the growth of sales of this product.

This year, as in the case of last year, CGD cards were also present at OSCARDS 2009 with four nominations. The LOL Junior card was the winner of the prepaid cards category.



Several cards were issued during the year, particularly:

Credit Cards

• Caixa Gold ASJP card, particularly geared to customers belonging to the Portuguese Judges' Union Association, launched in January;

• Order of Pharmacists card, specifically for Order of Pharmacists customers launched in February;

• The Caixa Classic ANET card, for members of the National Association of Engineering Operatives (ANET), launched in May;

• HPP Saúde Card, a co-branded card with HPP Saúde Group, for customers interested in healthcare area benefits, launched in June. This card has either an identification function or a prepayment option;

• Caixa Leisure card, resulting from a partnership with the Go4Travel company, for customers who value a travel-related component, launched in July;

• The Caixadrive card. This is a co-branded card with Repsol, for customers interested in fuel-related benefits, launched in July;

• MTV Credit card, for the young people's segment and designed to take in other credit institutions' customers, launched in July.

Evolution of Number of Credit Cards

Deferred debit card

• Caixa Activa card. This institutional card for the senior citizens' segment was launched in October. There is a version of this credit card for interested customers who already have a deferred debit facility.

2009 was therefore a year of good performance for CGD's credit cards, which succeeded in outperforming their defined objectives, particularly in terms of the number of effective, active cards, billing and revolving credit, representing the fundamental assessment indices behind the success of the business.

ELECTRONIC BANKING CHANNELS

Caixa has been at the forefront in terms of innovation and the launch of new services, over the last few decades, in its endeavours to satisfy and exceed its customers' demands, on different channels. In addition to universal banking services it has endeavoured to operate as a benchmark operator through its launch of special services as differentiating factors.

Caixa provides its individual and corporate customers with the possibility of using more mature channels, such as the Caixautomática and Multibanco self-service and telephone banking networks, in addition to mobile and internet banking channels. Customers opt for the use of these channels on the basis of their specific requirements, location and type of device available (PC, fixed or mobile telephone, smartphone or PDA). Electronic channels already process around 820 million transactions per year.

Self-service banking

Self-service networks were responsible for 266 million operations, in 2009. This number was up 1.6% over the preceding year, accounting for more than EUR 15 billion. These networks respectively contributed more than one third of deposits, 95% of withdrawals and 36% of the transfers realised in 2009 in Caixa.

Caixa has 4 818 cash machines which it continues to modernise and upgrade:

• CAIXAUTOMÁTICA Network:

– This channel is exclusively for Caixa customers and comprises 2 546 cash machines, responsible for around 144 million operations totalling EUR 9.5 billion. It included 1124 intelligent cash machines at year end (up 10%) permitting the automatic identification of banknotes, thus enabling the amount of the deposit to be immediately credited to a customer's account. This new generation of equipment represents 74% of the channel's automatic cash machines;

– Introduction of improvements, in 2009, on a level of three key factors: **level of service**, with the introduction of Payment of Purchases, Payment of Services, Payments to the State and Payments to the Social Security Services functionalities as well as the possibility of consulting the respective payments; **customer information and accessibility**.

• MULTIBANCO Network:

– Caixa's 2 272 cash machines were up 13% in number over the preceding year, with a market share of 16.3%. The network performed around 122 million operations for around EUR 6 billion, or respective growth of 5.3% and 8.4%, over the preceding year;

– Reference should be made to the endeavours to renew the total number of installations, translating into the replacement of around 12% of equipment, management improvements and the broadening of the scope of the security and banknote-dyeing anti-vandal system resulting in improved availability.

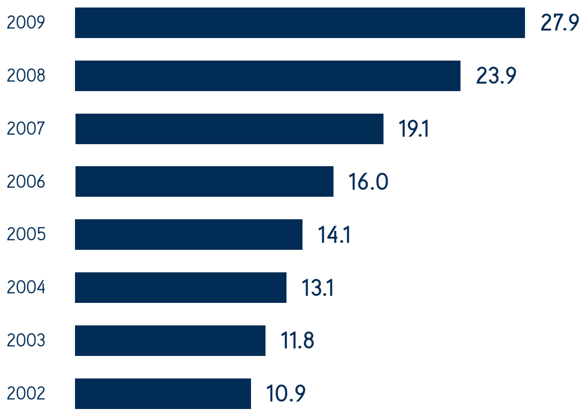
Automatic Payment Terminals

The Netcaixa service affords the possibility of accepting international Visa and Mastercard cards for debit and credit operations as well as the domestic Multibanco card. This service allows Caixa to provide an integrated customer solution (equipment, communication and multibrand acquiring), helping to reinforce its position in the retail banking sphere.

The Netcaixa multibrand service, launched on the market by Caixa in March 2008 and expanded in 2009, reinforced Caixa's position with customers through its presence at major retail outlets, supermarkets/hypermarkets and major fuel distribution chains.

Evolution in Number of CGD's APT Installations

(thousand)



There was a 17% growth in the number of Caixa **automatic payment terminals** to more than 27.9 thousand items of equipment. Close to 70 million operations for the amount of EUR 3.1 billion were realised representing growths of around 40% and 25%, respectively.

Reference should be made to the launch of the MB Spot service which allows several of the more frequent cash machine operations to be performed on automatic payment terminals.

Telephone Banking

Telephone banking includes the CaixaContacCenter platform, CAIXADIRECTA, Central University Branch and Central Microcredit Agency channels.

CaixaContactCenter

CGD's CaixaContactCenter is responsible for managing incoming and outgoing calls, executing operations and providing explanations to CGD Group customers, securing business on the basis of "up" and "cross" selling strategies. It performs and monitors telemarketing campaigns, retaining customer loyalty, organises surveys and promotes products and services available on the traditional networks.

The CaixaContactCenter platform provides the following contact points:

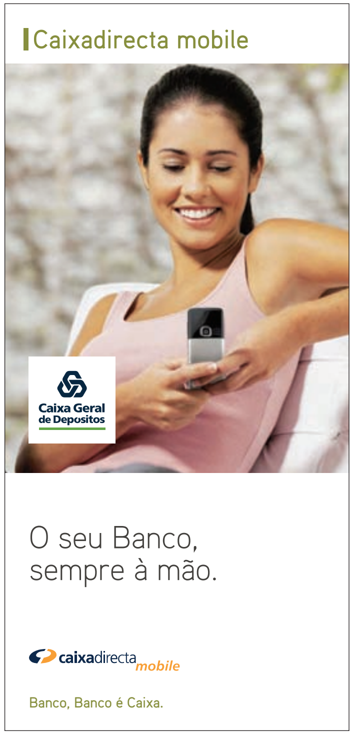
- Caixadirecta Information
- Caixadirecta Transactional
- Caixadirecta International
- Authorisations Centre
- Credit Card Support
- Caixautomática support
- National Association of Pharmacies (ANF) Support
- Caixa *e-Banking*
- Live in Portugal
- Caixa University/Polytechnic
- Navigation helpdesk
- Netcaixa
- Telemarketing campaigns
- Loyalty campaigns
- Credit recovery campaigns

Caixadirecta

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

There was a 14% increase in the number of customers, on this channel, during the year, to more than 1.2 million contracts. 86% of the 2.8 million calls received were processed automatically. Reference should be made to the first production of the Cartão Matriz for Caixadirecta's telephone banking service, in 2009.

Around 3.5 million calls were made and around 420 thousand customers contacted. After sales services represented 40% of this area's total activity.



Central University Branch (AUC)

This service model is based on a distance banking concept (referred to as Caixa University Polytechnic), designed to manage and stimulate the university customers segment.

With the aim of reinforcing the monitoring process a specialised team was set up in March 2009 to deal with the inquiries of recent graduates who prefer to contact the bank on distance channels.

Central Microcredit Agency (ACM)

ACM's activity, in 2009, was characterised by its three year renewal of the protocol of cooperation with ANDC (National Association for the Right to Credit), with the introduction of several additional benefits in terms of the amounts of loans.

The maximum amount of loans was increased from EUR 10 000 to EUR 12 500, with an increase of 25% of the credit limit on each microcredit operation being particularly significant at this time of crisis, owing to the fact that it reinforces Caixa's contribution to stimulating the domestic economy, in the microcompanies area and countering unemployment.

Reference should be made, in 2009, to the protocol of cooperation entered into between ACM and IEFP (Institute of Employment and Professional Training), mutual guarantee companies and SPGM – Sociedade de Investimento, SA, to set up a line of credit for entrepreneurialism and the creation of self employment.

Internet Banking

CGD provides its customers with the best internet banking solutions, supported by innovation, user-friendliness and security, allowing them to extract greater value from their relationships with CGD, through the provision of the following services.

• Individual Customers

– Caixadirecta *on-line* internet banking service;

– Caixadirecta *Invest*, online brokerage service via Caixadirecta on-line;

– Caixadirecta *mobile*, internet using mobile phone browsers;

– Caixadirecta WAP, using the internet on a WAP enabled mobile phone;

– Caixadirecta SMS, mobile service, using the short message service.

• Corporate and Institutional Customers

– Caixa *e-banking*, internet banking service;

– Caixa *e-banking mobile*, internet using mobile phone browsers.

Caixadirecta *on-line*

Caixadirecta *on-line* is the individual customers' internet banking channel which allows customers to consult their accounts, loans and cards. It also enables domestic and international transfers, payments, chequebook ordering, scheduled operations, stock market operations and fund portfolio management, financial products subscriptions and card applications to be made.

There was an increase in the number of operations performed and number of active cards, which were up 12% and 15%, in 2009, in comparison to the preceding year. The service has retained its vitality with an increase in use.

Caixadirecta – Number of Active Contracts

(thousand)

Reference should be made to the provision of new functionalities, during the year, such as the splitting up of credit card payments and the introduction of the enhanced security system referred to as SMS Token, "special investment funds" trading and the consultation and print-out of documents for IRS purposes in the digital documents option.

Caixa *e-banking*

The use of the **Caixa *e-banking*** service maintained its growth rates in 2009, a trend which was sustained both by the evolution of active contracts (up 17%) as in terms of developments on a service level.

Caixa *E-Banking* – Number of Active Contracts

(thousand)

Reference should also be made to the improved levels of service, via the supply of new functionalities (e.g., cheque cancellations) with the aim of automating operations and their enablement as an alternative outlet, with the supply of deposits for the most common shorter maturities, enabling companies classified as Leading SMEs to optimise their treasury surpluses at a distance and online.

Special mention should also be made of the launch of the new Caixa e-banking mobile (https://m.caixaebanking.cgd.pt), online service. This is a mobile banking service which allows the use of mobile phones, smartphones or internet enabled PDAs to carry out diverse banking operations.

SPECIALISED CREDIT

As a consequence of the evolution of the economic environment, with a marked fall in gross fixed capital formation, sales in the specialised credit sector were significantly down. The most affected area was property leasing which was down 37.1%. Equipment leasing sales were also down 33.1%. The factoring market practically stagnated in 2009, with a positive change of only 0.4%. The consumer credit market was down 16.8%.

ANNUAL SALES

(EUR million)

	2008	2009	Change %
Property Leasing	2 445	1 539	-37.1%
Equipment Leasing	4 049	2 709	-33.1%
Factoring	23 460	23 564	0.4%
Consumer credit	5 504	4 581	-16.8%
Total	35 458	32 393	-8.6%

CAIXA LEASING E FACTORING

CGD Group is represented in the specialised credit sector by Caixa Leasing e Factoring, Instituição Financeira de Crédito, SA (CLF), which operates in the property and equipment leasing, factoring and consumer credit areas.

CGD GROUP SALES

(EUR million)

	2008	2009	Change %	Market share
Property Leasing	559	287	-48.6%	18.7%
Equipment Leasing	637	509	-20.2%	18.8%
Factoring	3 292	3 454	4.9%	14.7%
Consumer credit	48	27	-44.4%	0.6%
Of which:				
Automobile finance				
Equipment Leasing	138	139	0.4%	
Car finance	22	15	-32.6%	
Total	4 536	4 277	-5.7%	

CAIXA LEASING E FACTORING

(EUR million)

	2008	2009	Change %
Net assets	3 415	3 580	4.8%
Loans and adv. to customers	3 382	3 554	5.1%
Provisions for overdue credit, doubtful loans and foreign credit (balances)	39	62	57.4%
Shareholders' equity	127	131	3.7%
Net income	5	5	-0.9%
Share capital	10	10	0.0%
Group percentage	51%	51%	
Employees	184	191	3.8%

CLF's commercial operations were affected by economic evolution, owing to its market position, with a downturn in sales in comparison to 2008.

Property leasing sales were down by 20.2% and equipment leasing sales by 48.6%. CLF increased factoring sales by 4.9% although consumer credit was down 44.4%.

CLF's net assets were up 4.9%, owing to the 4.5% growth of its loans and advances to customers portfolio (net).

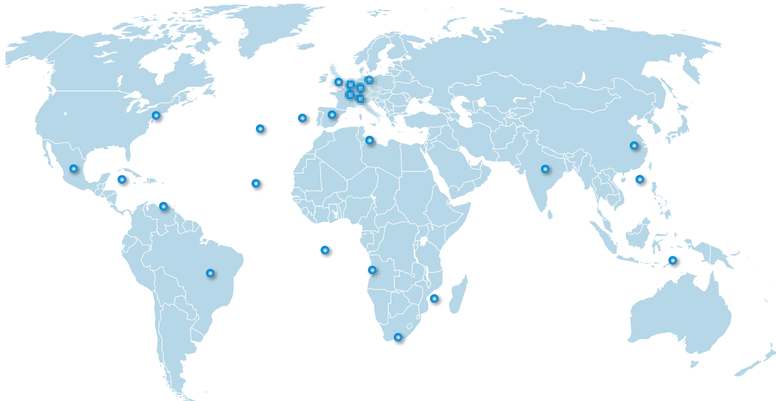
Business evolution enabled growth of 0.7% in net interest income and 3.4% in net operating income to be posted.

Net income of EUR 4.7 million was down 0.9% over the same period last year owing to the large increase in value adjustments on loans and advances to customers, from EUR 15.6 million in 2008 to EUR 26.9 million in 2009.

INTERNATIONAL

The recent evolution of the Portuguese economy has been reinforcing the growing importance of CGD Group's internationalisation strategy as a fundamental aspect of Group policy. This strategy was first put into place in the 19th century, and developed on a sustained basis over the last twenty years.

The current international context, which has already been showing several signs of a recovery in economic activity, continues, however, to be negatively affected by a series of weak points which are not only the result of the financial and economic crisis which has swept across the world over the last two years but, as in many other countries, also mirrors an imbalanced structural situation requiring major reformulations in terms of the business environment and the organisation of manufacturing activity. The Portuguese economy epitomises several such imbalances which, owing to their existence at the time of the outbreak of the crisis (as evidenced by several economic indicators) were clearly visible from then on. Owing to the limited dimension of the domestic market and, no less importantly, in a context of greater competition, the Portuguese business community and Portuguese authorities are consciously and increasingly gearing their attention to foreign markets and, particularly, the "new economies".



CGD Group, with its extensive and diversified international platform, based on its physical presence in 23 countries and operating in a wide range of markets in support of the activities of Portuguese businesspeople, has endeavoured to play an increasingly important role in the internationalisation of the Portuguese economy, notably in its support for small and medium sized enterprises in their role as a fundamental pillar of the domestic production system. The Group has, accordingly, geared its operations to a direct or indirect presence in markets with the greatest business potential for Portuguese companies and the Group itself, in addition to countries with cultural or linguistic affinities or with large communities of Portuguese origin.

Special reference should be made, in this context, to foreign trade support mechanisms, in the form of short, medium and long term structures, making a marked contribution to Portugal's export sector.

The medium and long term instruments are usually structured as direct credits to the importer, both from a viewpoint of credit support (i.e. lines of credit) as in commercial terms (lines of finance whose risk is covered by Cosec).

The Group reinforced its customer mechanisms and solutions, in 2009:

• Formalisation of an EUR 50 million line of credit between the Democratic Republic of São Tomé e Príncipe, as borrower, CGD, as lender and the Portuguese Republic as guarantor in February 2009;

• Signing of an addendum to the EUR 200 million framework agreement with Vnesheconombank, with the possibility of financing the export of consumer and intermediate goods (previously only available for capital goods and services), in July 2009;

• Increase in the Portuguese state-backed line of credit to the Republic of Cape Verde, to EUR 200 million, in June 2009;

• An agreement, also for Cape Verde (to be signed in 2010), on a new line of credit for EUR 200 million, for the development of low cost housing projects, with the participation of Portuguese companies;

• Increase in the line of credit to Mozambique from EUR 100 million to EUR 200 million;

• Entering into of a framework agreement for a new line of trade credit between the Portuguese state, Mozambican state and BCI, for a new line of support for Portuguese exports to Mozambique with a ceiling of up to EUR 300 million;

• Entering into of a framework agreement with Banco Nacional de Fomento de la Vivienda y la Producción of the Dominican Republic, with a ceiling of EUR 100 million for Portuguese exports to the said Caribbean country, in November 2009;

• Entering into of a framework agreement for the creation of a EUR 500 million line of trade credit for Angola, to be formalised in 2010;

• As part of the Convention on Cover for Portugal - Angola Credit Risk ("COSEC Line of Credit"), whose ceiling was increased to EUR 1 billion, Caixa maintained its leading position in structuring direct credit to the importer for the said market, with around EUR 650 million in new operations;

• Not specifically part of a defined convention and taking into account the interest shown by Portuguese businesspeople, reference should also be made to around EUR 220 million in finance for Portuguese exports to Venezuela.

Reference should also be made to several initiatives designed to reinforce domestic companies' know how and penetration of markets of strategic interest:

• Formalisation of a memorandum of understanding between SOFID and Caixa Group banks in Cape Verde;

• Participation in several initiatives in support of the internationalisation of SMEs, notably AICEP initiatives such as the ABC of the Market and AEP's "Business On the Way" programme.

Reference should be made to several relevant elements of CGD Group's international branch office network's development and consolidation framework, in 2009:

• The proceedings for the opening of Banco Caixa Geral Brasil, were completed, in Brazil, in February. This is essentially a corporate and investment bank with a particular focus on major enterprises and the large mid caps segment;

• An agreement to set up a development bank was entered into, between CGD and Sonangol, in Angola, in March. The bank will finance major investments in infrastructures in Angola, preferably Angolan, Portuguese or partnerships between the two countries;

• Banco Comercial do Atlântico also increased its share capital in March to 1 324.8 million Cape Verde escudos. This was considered to be a successful operation in the Cape Verdean market and was oversubscribed by a factor of two;

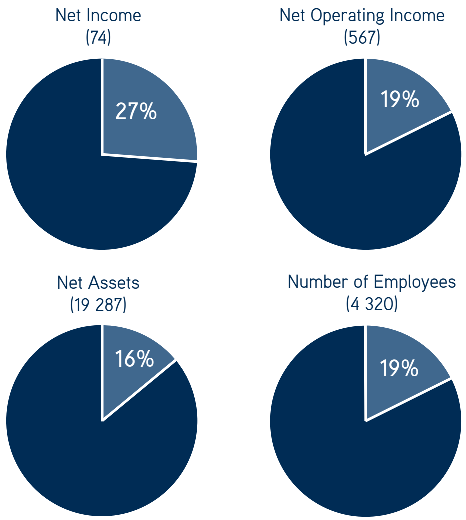
• A partnership agreement between Banco Santander Totta, Caixa Geral de Depósitos and Angolan investors, for an equity investment in Banco Santander Totta Angola, which changed its name to Banco Caixa Geral Totta de Angola (BCGTA) was entered into in July. The new bank, in which CGD and Santander Totta have a controlling interest of 51% and whose remaining capital is owned by Sonangol and other Angolan investors, increased its share capital by USD 100 million, as planned;

• A memorandum of understanding was entered into between the Portuguese and Mozambican states, in September for the creation of an investment bank in Mozambique. The new institution's objective is to incentivise the formation of partnerships between Portuguese and Mozambican interests in the infrastructures (health, energy, education) sector and in the human resources training sphere. The Portuguese-Mozambican bank will have a start-up capital of EUR 344.5 million (500 million dollars) and on start-up, will be jointly owned in equal parts by Caixa Geral de Depósitos and the state of Mozambique.

Owing to the development of the vast range of above listed instruments and exploitation of synergies between the Group's different overseas companies, CGD's international operations succeeded in contributing EUR 73.9 million to CGD Group's consolidated net income, with the international area's relative proportion increasing to 26.5% in comparison to 19.1% in 2008.

Contribution to CGD Group (%)

(EUR million)



Notwithstanding the current scenario of a continuous fall in reference rates, net interest income from the international area was up 5.5% to EUR 429 million. Other operating income was also up 16.3% over 2008, to EUR 134 million.

In operational terms, its contribution to consolidated gross operating income was EUR 268 million, comprising year-on-year growth of 5.9%. The less favourable evolution of structural costs, which were up by around 10%, resulted in a slight increase in cost-to-income in the international area from 51.8% in 2008 to 52.9% in 2009. This evolution is the particular result of the expansion of the network in several markets in which the expansion of commercial activity is considered to be a strategic priority.

Loans and advances to customers (net) were up 3.4% over December 2008 to EUR 13 334 million. Customer deposits were up 2.8% in year-on-year terms to EUR 10 226 million. The deposit-to-loans conversion ratio increased from 129.7% in December 2008 to 130.4% in December 2009.

Loans and Advances to Customers

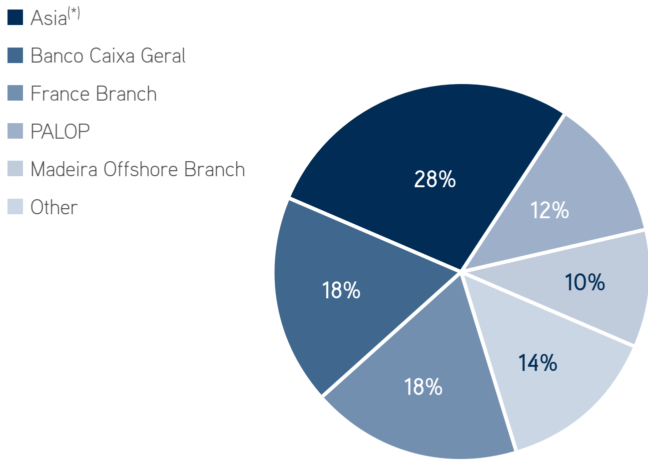
(EUR million)

The relative proportion of customer deposits in the international area in terms of the consolidated Group total remained at 18.1% as opposed to the slight increase in the proportion of loans and advances to customers (net), representing 17.3% of the Group's total loans and advances to customers.

Customer Resources

(EUR million)

Customer Resources Distribution – 31 December 2009



(*) Includes BNU Macau and Macau Offshore Branch.

BRANCHES AND SUBSIDIARIES

	Real		Change	
	Dec. 2008	Dec. 2009	Total	Percent
Branches				
Total net assets (EUR million)	9 026	9 931	905	10.0%
Loans and advances to customers net (EUR million)	5 949	6 216	267	4.5%
Customer deposits (EUR million)	3 424	3 802	378	11.0%
Net income (EUR million)	-26	18	44	-
Number of branches	62	62	0	0.0%
Number of employees	703	701	-2	-0.3%
Subsidiaries				
Total net assets (EUR million)	9 142	9 356	214	2.3%
Loans and advances to customers net (EUR million)	6 947	7 118	170	2.5%
Customer deposits (EUR million)	109	99	-10	-9.3%
Net income (EUR million)	114	56	-58	-50.9%
Number of branches	329	362	33	10.0%
Number of employees	3 289	3 619	330	10.0%
Total				
Total net assets (EUR million)	18 168	19 287	1 119	6.2%
Loans and advances to customers net (EUR million)	12 896	13 334	437	3.4%
Customer deposits (EUR million)	3 533	3 901	368	10.4%
Net income (EUR million)	88	74	-14	-15.9%
Number of branches	391	424	33	8.4%
Number of employees	3 992	4 320	328	8.2%

EUROPE

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

SPAIN

Banco Caixa Geral

The Spanish economy is estimated to have contracted by more than 3.5% in 2009, as a result of the global economic and financial crisis, triggered by the bankruptcy of several financial institutions, in September 2008.

Unemployment was up 25.4% over 2008, to 4.3 million at the end of 2009, equivalent to 18.8%, which is the highest rate in the whole of the comparable historical series beginning in 1996.

Negative performance in terms of economic activity had a major impact on the Spanish banking sector as regards the flow of credit to individual and corporate customers with growth rates of -0.2% and 0.0% respectively. The overdue credit ratio is expected to be 5% at the end of next year and is the highest value ever recorded, requiring high provisioning levels by financial entities.

Notwithstanding the less favourable period through which the Spanish economy is passing, CGD Group is fully aware of this market's importance, as Portugal's main trading partner, as the Iberian space is increasingly perceived to be Portuguese companies' domestic market. This context witnessed the formalising of the "Iberian Passport" which will operate as a true "facilitator" for Iberian business, providing increased levels of accompaniment and service to Portuguese and Spanish companies with commercial operations and/or a simultaneous presence in Portugal and Spain.

This concept will be implemented from 2010 with the principal aim, as already stated, of stimulating business between small and medium sized Iberian companies, agreeing principles and standardising circuits and procedures within CGD and BCG, increasing the flexibility of analysis and decisions regarding the cross financing of operations enabling the Group to submit one of the most competitive offers in the market.

BCG's activity, in 2009, mainly concentrated on the mortgage loans segment, although this expansion was insufficient to offset the downturn in the corporate segment, owing to the deceleration of economic activity and the effects of the financial crisis. The bank's total assets contracted by 12.9%.

Special reference should be made to the mortgage loan securitisation operation of EUR 400 million in November in which the AAA tranche accounted for 97% of the bonds issued.

BCG's customer deposits were slightly up by 1.6%, particularly savings deposits.

Owing to the recessionary environment resulting from the international financial crisis, BCG has temporarily suspended its business network expansion plan, having closed the year with 211 branches, (two down over 2008). Reference should, however, be made to the high priority afforded to the Iberian market in terms of CGD Group's global strategy which continues to maintain the objective of achieving a more expressive presence of the respective network in Spain.

Spain Branch

The activity of the Spain Branch has, since its inception, had a complementary function to the activities of Banco Caixa Geral and the CaixaBI branch in the Spanish market, as a platform for the larger operations.

FRANCE

France Branch

The France branch is one of the Group's main foreign operations. The branch has particularly geared its activities to support for the Portuguese community and their descendants, in addition to other communities with historical and cultural ties to Lusophone countries. In addition to its domestic market operations, the France branch plays an important role in supporting Portuguese exports.

Notwithstanding the recessionary macroeconomic climate in which it operates and its consequent repercussions on economic agents, the France branch's operations were highly positive in 2009. This branch achieved growth of 6.5% in its domestic credit portfolio in comparison to last year. The branch's activity was also relevant from a viewpoint of taking in resources in the French market with customer resources up 1.4% over 2008, to which a contributory factor was the increase in the number of customers. In its endeavours to secure customer loyalty, the branch has been launching a series of offers of innovative products designed to satisfy the market's specific needs and characteristics and designed to satisfy the appetite of the customers the branch wishes to attract and retain and who will not be limited to the Portuguese and similar communities.

The branch is not, however, immune from the international markets and growth rates for its loans and credit portfolio, which includes international credit and deposits (and non-resident customers), were down over last year.

Poor global performance of these variables, allied with a decrease in subordinated liabilities, in addition to a marked decrease of debt securities, translated into a fall of around 1% in the value of the balance sheet.

LUXEMBOURG

The Luxembourg branch, originally created to assist the resident Portuguese community, has been performing its commercial operations since 1997. It is essentially geared to retail banking, through a small network made up of two branches. It has its own offer of products and services for individual and corporate customers and focuses its respective strategy on proactive deposit taking from high net worth segments and not only the Portuguese community.

Positioned, owing to its characteristics, between retail and private banking, this affluent customer segment cannot find a response to its needs from the local banking competition which operates at two extremes assuming a level of conservatism expressed in the failure to segment customers or, in the opposite direction, by offering only highly sophisticated financial products and services not commensurate with the savings profile of Luxembourg's average income levels. The country has a customer segment with no apparent loyalty to any of the local institutions and who represent a major resource-taking opportunity to which the bank is geared.

Another segment with high potential for which – as in the preceding case – there is no specific competitive offer, are small and medium sized companies operating in Luxembourg.

The Luxembourg branch achieved 8.2% growth in its credit portfolio, in 2009, and remains committed to mortgage loans as an anchor product, representing 89% of total portfolio credit. Customer deposits were down 12.4%, deriving not only from the recessionary period through which the economy is passing but also the fiscal implications resulting from the application of the Savings Directive to non-residents whose effects are still being felt.

UNITED KINGDOM

CGD Group in the United Kingdom, is represented by its London branch which is geared to sales of value added financial products to Group customers, particularly concentrating on derivative instruments and dynamic risk hedges for the creation of a range of products, ranging from simple deposits to the most complex structured products, both for investors and financial institutions.

The branch employs specialised technical operatives and state-of-the-art equipment to manage all types of market risk, in addition to developing new products for the Group.

The branch, in 2009, continued to prepare guaranteed and non-guaranteed capital products in support of Caixa's growing presence in the Spanish market, in addition to the other markets in which CGD is present. The branch is also committed to supplying other products on the assets side of the balance sheet, such as floored-rate mortgage loans, to ensure adequate financing costs.

The branch also provides services to the Portuguese community in the United Kingdom and to British and Irish citizens with interests in Portugal. This is exemplified by the Live in Portugal campaign which is specifically targeted at English speaking customers interested in taking out mortgage loans in Portugal.

In the case of branch operations, reference should be made to its results, in 2009, which reflect the contribution made by a flexible, low risk strategy and excellent management of the various opportunities created by market volatility and liquidity shortages

AFRICA

CGD Group, in Africa, is represented by seven subsidiaries (Banco Caixa Geral Totta de Angola, in Angola, Banco Comercial do Atlântico, Banco Interatlântico, Garantia and A Promotora, in Cape Verde, Banco Comercial e de Investimentos, in Mozambique, and Mercantile Bank, in South Africa) and one subsidiary company managed by CGD (Banco Internacional de São Tomé e Príncipe, in São Tomé e Príncipe).

ANGOLA

Angola has achieved sustained economic growth since the end of the war, in 2002. High oil prices and social stability brought by the ending of the war have produced double digit GDP growth rates. Angola is Africa's largest oil exporter and the world's fourth largest exporter of diamonds.

The Angolan economy was naturally affected by the international economic crisis and particularly by the fall in oil prices which drastically reduced export revenues, with natural consequences on its foreign reserves. There was, however, a clear trend reversal at the end of 2009, with the price of crude stabilising at around USD 70 per barrel and with recovery expected in 2010.

Portugal is currently Angola's major supplier and Angola is Portugal's fourth largest customer, taking in around 6% of total Portuguese exports. In terms of FDI, Portugal rose to fifth position, in 2008, in the ranking of countries with FDI in Angola. This demonstrates the growing importance of the relationship between the two countries and illustrates the strong commitment between companies and authorities and the dynamics of the lines of credit to which reference has already been made.

CGD Group has been present in Angola through Banco Caixa Geral Totta de Angola, since July 2009, in a partnership with other leading shareholders in the local market and another international bank.

Banco Caixa Geral Totta de Angola has 11 counters, in 4 provinces and 3 corporate centres. Notwithstanding restricting its operations to the Angolan market over the last few years, the bank has maintained its visibility in key sectors of the economy (oil and diamonds) centralising the banking movements of a selected number of companies and targeting its commercial attention on a retail level, to such companies' workers.

The July 2009 capital increase contributed towards a growth of 43% in the bank's assets in addition to the positive evolution of its credit portfolio (up 8.2%). BCGA's customer deposits were up 35.8%.

A strategic plan for the three year period 2010/2012 was approved within the new shareholding environment. This involves sustained growth of the branch network to up to 50 counters in 2012 and for the implantation of a new organisational model permitting a more dynamic approach to the respective activity in the segments with the highest potential.

An expanding economy undergoing major transformation naturally leads to the need to endow the financial system with a development bank, in which CGD in partnership with Sonangol was given permission in 2009, to incorporate Banco para a Promoção e Desenvolvimento (BPD), totally geared to the promotion of major infrastructure projects.

CAPE VERDE

The Group's banks, in exploiting the synergies deriving from the Group's international platform, are a leading partner for resident and emigrant Cape-Verdean citizens, in Cape Verde in addition to all those who have or intend to maintain a relationship with the country. In addition to the banking sector, CGD Group operates in the insurance area through Garantia, which is Cape Verde's largest insurance company and Promotora in the venture capital area.

The latest internal projections for the evolution of Cape Verde's economy, in 2009, indicate real GDP growth of around 5%. Notwithstanding the retraction noted in foreign investments associated with tourism resorts and tourism, good performance in terms of public investment is expected to produce growth of very close to this threshold. Macroeconomic policy has been geared in accordance with the IMF's Policy Support Instrument which will remain in force until at least July 2010.

The government, to fuel economic growth, in 2009, decided to adopt various measures, including the reprogramming of the State Budget for 2009, resulting in an expansion of the public investment programme of around 15% in comparison to the original budget.

As with CGD in Portugal, BCA also operates and is perceived, in the public eye, as an important driving force behind Cape Verde's economy and also plays an important role in terms of social responsibility.

BCA provides universal banking services which particularly focus on Cape Verde's emigrants' segments, ranging from individual and corporate customers, on the country's largest network of counters, with 29 branches. It is the only bank with a presence on all of the islands of the archipelago.

BCA achieved 41% growth in its credit portfolio, in 2009, essentially geared to mortgage loans and loans and advances to SMEs. Although customer resources were down 4.7%, reference should be made to the positive evolution of residents' term deposits.

In its perfect awareness of the "morabeza" spirit, BCA aims to consolidate its lead as the day-to-day financial partner for individual customers and SMEs in Cape Verde and Cape Verde's emigrant communities worldwide, providing shareholders with a fair return and contributing to the development of the domestic economy.

Banco Interatlântico is the 3rd largest bank in the system. Its strategy is particularly geared to the business segment with a smaller branch network and personal customer service in offices. The bank aims to achieve a close relationship with the business community and the capital and financial market, by adopting new financial instruments and value added services to facilitate and stimulate innovation and investment, redimensioning and internationalising processes and reinforcing the dynamic competitiveness factors of economic agents.

Banco Interatlântico continues to maintain a solid position in the market, reinforcing its position as the third largest bank in the system with year-on-year growth of 16.3% in loans and advances to customers and 5.3% in resources taken, with special reference being made to the growth of 4.5% in sight deposits, 17.8% in savings deposits and 45.1% in sales of securities with repurchase agreements.

The opening of a new branch in Assomada, in 2009, represented the bank's first presence on the island of Santiago. A new branch is shortly scheduled to open in Achada Grande Frente, which is also on the island of Santiago.

Although the opening of these two new branches provide BI with nine branches in Cape Verde, the most important aspect is that it has its first commercial unit on the island of Santiago, which is a high growth area with high savings levels.

In 2009, the year of its tenth anniversary, Banco Interatlântico was considered by *World Finance* magazine to be the best bank in Cape Verde. This was a very important award for BI, translating its endeavours and strategy over the last few years. It should be noted that although the selection of prize-winners takes into consideration the consistency of their results, it is fundamentally based on customer care strategy and the permanent quest to achieve differentiation and add value for customers, workers and shareholders.

Garantia is the Group's insurance company in Cape Verde. It adopts a universal approach and independent and ethical position, endowed with an agile, modern structure, geared to profitability and leadership.

Garantia initiated its operations in 1991 and occupies a leading position in Cape Verde's economy, with a strong position in the market and financial strength. It provides its customers with various life and non-life solutions covering the most diverse risks of damages to property and bodily injury.

The venture capital company Promotora, aims to promote economic development, in the form of partnerships and technical support for the creation, modernisation and expansion of companies, in different sectors of activity but particularly geared to small and medium sized enterprises.

MOZAMBIQUE

CGD Group is present in Mozambique through Banco Comercial e de Investimentos which strengthened its presence by opening an additional 19 branches and 4 business centres.

Economic growth, in 2009, is expected to taper off to 5%, although this is still a high rate which reflects the resilience of Mozambique's economy to the global economic crisis. GDP was up by an average of more than 7.5% in the period 2004 and 2008.

The impact of the crisis was restricted to the transmission channels of the real sector of the economy, through the external sector. The country's financial sector was not affected by the crisis on account of the fact that its level of integration with the world financial system is limited. Significant decreases in export revenues, private capital inflows and financial aid for projects were noted in the real sector.

The repercussions of the crisis, however, were felt in higher USD funding costs and the correspondingly lower levels of net interest income (owing to the increase in funding costs and fall in the LIBOR reference rate, in addition to greater competition). Funding costs in meticais were also up, owing to higher levels of competition in the market.

Reference should be made to the IMF's positive appraisal of the government's successful endeavours in terms of budget consolidation.

Mozambique's banking market over the last few years, has been characterised by greater competitiveness, while also registering profound change:

• Implementation of highly aggressive lending and, particularly, deposit-taking policies;

• Development of new financial products, investments in technological infrastructures (modernisation of ATMs and POS equipment);

• Expansion of the branch network to rural zones (growing use of the banking system), motivated by potential for the growth of economic activity in several regions and reduction in the rate of mandatory reserves.

The banking system, however, remains highly concentrated, with the four largest banks in the system accounting for 89.0% of total deposits, 89.6% of credit and 87.8% of the assets in the system (November 2009).

BCI's branch network comprises the second largest physical network in the Mozambican market and its reinforcement is part of the bank's ambitious Leader Project programme, involving the opening of new branches, additional staff, introduction of innovative market products and services and a segmented market approach. Such measures have, however, been accompanied by strict risk management control.

In 2009 and conscious of the market's growing level of sophistication and the need to improve and differentiate to meet its customers' needs, BCI restructured the segmentation of its customer portfolio, by spinning off four retail banking segments: BCI Private, BCI Exclusive (Affluent), BCI Universal (Mass Market) and BCI Business (small companies and self employed businesspeople); and the BCI Corporate segment (large and medium sized companies, institutions and NGOs).

Investment in customer relationships was reflected in 56 000 new customers (up 66%), the highest ever number in the history of the bank which closed the year with 142 154 customers.

Electronic channels also witnessed a 38% increase in the number of ATMs and 27% increase in the number of items of POS equipment. Debit cards increased 61% (to 131 973 cards) and credit cards 622% (to 15 795 cards). Reference should also be made to the 148% growth of subscriptions to corporate e-banking services. This was 33% in the case of individual customers.

As in Angola, Mozambique is also a country with substantial needs in terms of basic infrastructures and CGD Group is at the genesis of a new development bank, in the form of Banco Nacional de Investimento (BNI), this time in partnership with the Government of Mozambique.

The bank's total assets were up 17.7% over the preceding year, essentially on account of the 43% increase in the credit portfolio. Customer resources were up 13%.

SOUTH AFRICA

The South African market is open and generally permeable to the evolution of the world economy. Short term improvements are expected owing to the effects of the organisation of the World Cup and low interest rates, having a positive impact on the economy over the next few months. Growth however, remains moderate, with GDP growth in 2010 failing to exceed 2%.

The South African banking sector made up of 36 banks, remains dominated by the four largest commercial banks which account for around 80% of the total market.

Mercantile Bank offers a vast range of domestic and international banking products and services. Owing to the sector's characteristics, it operates in niche markets, particularly SMEs. The bank also aims to be a preferred alliance banking partner.

Mercantile Bank posted a 30.2% increase in net assets, in 2009, owing to the 31.3% growth of its credit portfolio. Resources taken were also up 15.3% in terms of total customer resources.

SÃO TOMÉ E PRÍNCIPE

CGD Group is present in São Tomé e Príncipe through its equity investment in Banco Internacional de S. Tomé e Príncipe (BISTP), since 1993. BISTP is the first private commercial bank to operate in the country and is the undisputed market leader.

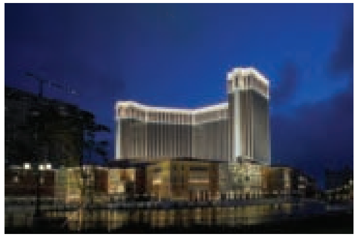
The steering committee for SPAUT (interbank services committee) was created in 2009. The committee was led by the central bank, with the regulatory body and commercial banks as shareholders, in order to introduce electronic payments media, ATMs, POS equipment and debit cards, in the country, in first half 2010, with the credit card and international payments connections, (such as the VISA network) being left to a second stage. BISTP will initiate its activity in this segment with 10 cash machines and 20 items of POS equipment. The next few years are expected to witness rapid growth.

Another commercial bank with Nigerian capital, began to operate in 2009, in addition to another insurance company (also Nigerian). There are now seven commercial banks and two insurance companies operating in the country.

Notwithstanding greater competition, BISTP remains the undisputed leader from any viewpoint: higher total assets, more total own funds, largest branch network, highest number of employees, largest number of customers and transactions, with an estimated combined market share of close to 70% of the market.

BISTP's total assets grew by 18.7%, in 2009, with a 17.7% growth of deposits and 37.5% growth in lending.

Several changes to the business model are expected to be made in 2010, owing to the coming into effect, of the foreign exchange parity agreement with Portugal, on 01 January 2010, under which the local currency (dobra) will have a fixed exchange rate to the euro, as in the case of Cape Verde in 1998. This change will imply several significant changes in commercial bank management policies and models.



Reference should also be made to the EUR 50 million line of credit, guaranteed by the Portuguese state, with CGD as the lender, for projects integrated with the public investments programme of the Democratic Republic of São Tomé e Príncipe, involving imports of Portuguese materials, equipment and services.

ASIA

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

CHINA

The Group is present in Macau through Banco Nacional Ultramarino, which operates as a universal bank and continues to be Macau's currency issuing bank ("mint").

In an increasingly competitive market, the bank has adjusted its strategy to adapt to the new realities of an economy undergoing profound structural change, as Macau, which is presently the largest market in terms of worldwide gambling revenues, develops as a conference, exhibition and entertainment centre for China and Asia in general, in order to generate a sustained growth in turnover and results.

In terms of the principal economic indicators, particular reference should be made to the increase in gambling revenues of around 10% to an all-time high and the major expansion of retail sales of around 15%, notwithstanding the 6.2% downturn in the number of visitors.

An important aspect of the strategy defined by the bank is involvement in financing tourism sector projects, which is the dominant sector in Macau's economy, upon which relationship the increase in the volume of services provided in the treasury and credit cards area and the construction of building for residential purposes depend.

BNU's net assets were up 1.4% in 2009 over the preceding year. Net loans and advances to customers, in addition to customer resources were down 6.6% and 4.7% respectively.

Zhuhai Branch

CGD has a branch in Zhuhai, geared to catering for Group customers in the region, particularly BNU customers, in light of the geographical proximity of both units.

EAST TIMOR

CGD has had a presence in East Timor since 1912, via Banco Nacional Ultramarino. It ceased to operate in Timor in 1975, and resumed its operations 25 years later with the granting of the BNU Banking Operating Licence, in which the bank became the first banking entity to operate in East Timor after the referendum of 30 August 1999.

More than the market leader, CGD is Timor's benchmark institution as a country in which there are another two bank branches and a finance agency, whose activities have, however, been very limited.

The Timor branch operates as a universal bank, via a network of 8 branches, most of whose customer base (individual and corporate) comprises customers of Timorese nationality.

The Timor branch has operated as the economy's finance agent, both in the public sector as in the still incipient but clearly growing private sector. Mirroring the traditional relationship of strong links between Portugal and Timor, the CGD branch in the territory has also collaborated with the authorities on the creation of a local financial activity regulatory environment.

The Timor branch's total assets in 2009 were up 6%, notwithstanding the 13.6% contraction of its credit portfolio. Customer resources were also down 8.9%, notwithstanding the positive evolution of savings deposits.

AMERICAS

BRAZIL

Banco Caixa Geral Brasil (BCGB) began to operate in April 2009, in Brazil, with a strategic focus on major Brazilian corporates and the subsidiaries of Portuguese companies which are CGD customers with investments in Brazil.

The bank centres its operations as a corporate and investment bank and also operates in the treasury area with foreign exchange and derivatives products. It will open an area focusing on individual and institutional customers in 2010, endeavouring to cater for potential demand associated with the large Portuguese community resident in Brazil.

As an investment bank the bank provides services in the M&A, equity market, project finance and structured debt domains. As a corporate bank, it operates with working capital, import and export finance, local and international. Its treasury functions offer derivatives products on the purchase and sale of foreign currency and in the individual customers and institutional area it provides term deposits, currency purchases and sales and, in the future, other liabilities products, notably, investment funds.

The principal strategic sectors are the infrastructures, construction, tourism, cement, oil and gas, steelworks and metalworking and chemical and petrochemical areas.

From a strategic/geographical viewpoint, the bank endeavours to operate in the Portugal-Brazil-Africa triangle as it considers this geographical polygon to have major business potential, owing to the leading position being carved out by Brazilian companies, notably, in Latin America, owing to the importance of these two markets to Portugal and its companies (Brazil and Africa), Angolan investment flows in Portugal and Brazilian flows in Angola. The exploitation of business corridors between these countries and China could represent a new BCG commitment as CGD Group is the only Portuguese group with a presence in these territories.

CGD Group's decision to return to the Brazilian market after an interlude of several years occurred in a context of the strong and sustained growth of the Brazilian economy, improved credibility of the respective policies with reputed investors and analysts and, no less importantly, stronger penetration by Portuguese companies in the said country's manufacturing base, either in the form of a more expressive physical presence or an added volume of foreign trade.

USA AND CAYMAN ISLANDS

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 performed in the capital, import and export finance and money markets, syndicated operations and taking in US dollar resources for the group.

The New York branch's net assets were up 32.3% in 2009, notwithstanding the 20% decrease in the credit portfolio. Customer resources were up 23.3%.

The Cayman Branch operates as an accounting and risk deconcentration centre and as a supplier of funding to New York.

The branch's net assets were up by 46.5%, credit portfolio by 61.7% and customer resources by 15.9%.

RESIDENTS ABROAD

CGD Group has a network of representative offices in Germany, Belgium, Brazil, Switzerland, and Venezuela, in addition to a Residents Abroad Unit in the United Kingdom, headquartered in its London branch, dealing with Portuguese communities abroad and customers of other nationalities with interests in Portugal. CGD Group also has representative offices in Mexico, India and Shanghai.

The Group's activity with non-residents, in 2009, comprised three major areas:

• The quest for more and better solutions for residents abroad, with the development of an innovative distance banking concept, aimed at improving proximity to customers whose pilot project was launched in 2009. This objective currently comprises a dedicated residents abroad team providing such customers with a specific offer, in the form of an exclusive telephone inquiries and internet service, capable of rapidly and effectively dealing with their problems, desires and needs. Distance banking became "proximity banking" in 2009;

• To secure business in the residents abroad category which is fundamental to Caixa – preferred individual customers – via the Customer Management Unit;

• Development of an enhanced offer of products and services geared to the residents abroad segment.

INVESTMENT BANKING

Caixa–Banco de Investimento (CaixaBI) in 2009 achieved a highly positive level of performance. Its securing and successful completion of deals are indicative of CaixaBI's growing domestic and international reputation, with the latter aspect becoming increasingly important in terms of its operations as a whole.

The bank exceeded the expectations set out in its Activities and Budget Plan, having achieved its highest ever level of net operating income (EUR 118 million, up 31.8% over the preceding year) and best financial results (EUR 45.6 million, up 50.8%). This was mirrored by the marked improvement in its cost-to-income ratio which was brought down to 23.4%.

Consistency of performance allied with its business innovation and development capacity has afforded the bank the international recognition of the major analysts and several awards in due recognition of its achievements as well as a ranking in the leading positions in the principal league tables.

CaixaBI was distinguished as the Best Investment Bank in Portugal, in 2009, by the North American *Global Finance* magazine which awarded prizes for the best investment banks operating in Portugal. The appraisal was based on the performance of the last three quarters of 2008 and first quarter of 2009, and evidenced the relevance of the bank's endeavours to provide better services in the difficult investment banking climate over the last year.

In the first quarter of 2009 in the project finance sphere, CaixaBI came ninth in the top ten ranking of world business deals with the Litoral Oeste Concession project and also topped the PFI/PPP – "Project Finance Loans", world table as mandated lead arranger at the end of the first quarter. It also topped the world table for providers for global project finance loans.

Euromoney magazine also classified CaixaBI as the Best Equity Bank in Portugal, in this period.

Several rankings have positioned CaixaBI among the main world players in the project finance area:

• 9th place worldwide as MLA for PFI/PPP Project Finance Loans *(Dealogic)*, with a market share of 2.7%, relating to 10 operations totalling USD 1 062 thousand;

• 10th place worldwide as bookrunner for Project Finance Bonds *(Dealogic)*, with a market share of 3.2%, relating to one operation totalling USD 351 thousand;

• 6th place EMEA as MLA for Project Finance Loans *(Thomson Reuters)*, with a market share of 3.5%, relating to 25 operations totalling USD 2 209.2 thousand;

• 3rd place in the Iberian Peninsula as MLA for Project Finance Loans *(Dealogic)*, with a market share of 9.1%, relating to 14 operations totalling USD 1 388 thousand;

• 1st place in Portugal as MLA for Project Finance Loans *(Dealogic)*, with a market share of 42.1%, relating to 12 operations totalling USD 1 101 thousand.

The bank was responsible for several benchmark operations in this area, in 2009, internationally considered to be "Deals of the Year". Several deals with CaixaBI as MLA/Adviser, were awarded Deal of the Year status:

• **Rodoanel**

– Transport Deal of the Year *(Project Finance International)*;

– Latin America Transport Deal of the Year (*Project Finance* magazine).

• **Braga Hospital**

– Europe Health Deal of the Year (*Project Finance* magazine).

• **Odebrecht/Norbe**

– Americas' Deal of the Year *(Project Finance International)*;

– Latin America Oil & Gas Deal of the Year (*Project Finance* magazine).

• **Porto do Pecém I**

– Latin America Power Deal of the Year (*Project Finance* magazine).

CaixaBI was the lead operator in the following emblematic business deals:

PROJECT AND STRUCTURED FINANCE

CaixaBI kept pace with market dynamics in this area, in 2009, demonstrating the combination effect of CGD Group's financial capacities and CaixaBI's execution.

Caixa Geral de Depósitos Group was involved in operations for around EUR 1.673 billion, 84% of which allocated to Portugal and the rest to Brazil (8%), Spain (7%) and Mozambique (1%)

Reference should be made to the following operations owing to their importance, dimension or characteristics:

• **Baixo Tejo** sub-concession: a greenfield road toll project in Portugal, with availability payments, led by Brisa, with a concession period of 30 years;

• **IberWind**: refinancing of Magnum Capital's wind farm portfolio by project bonds (a pioneering financing model in Portugal);

• **Baixo Alentejo** sub-concession: a greenfield road toll project in Portugal, with availability payments, led by Dragados/Iridium, with a concession period of 30 years;

• **Litoral Oeste** sub-concession: a greenfield road toll project in Portugal, with availability payments, led by Brisa, with a concession period of 30 years;

• **Braga Hospital**: a project for the construction and clinical management of the new Braga Hospital, led by Somague, José de Melo Group and Edifer, for a period of 30 years;

• **Algarve Litoral** sub-concession: a Dragados/Iridium led greenfield road toll project in Portugal, with availability payments and a concession period of 30 years;

• **Loures Hospita**l: construction and clinical management of the new Loures hospital, led by Mota-Engil and Espírito Santo Saúde for a period of 30 years.

CORPORATE FINANCE – ADVISORY

CaixaBI consolidated its position in Portugal's M&A market, in the financial advisory area, having participated in thirteen announced or successfully completed operations.

CaixaBI was particularly involved in the following most relevant domestic M&As in 2009:

• An equity investment of 99.92% in Cintra Aparcamientos by a consortium led by A. Silva & Silva Group. The investment provided A. Silva & Silva Group with 370 thousand parking spaces in five countries, making it the largest Iberian player and fourth largest European company in the sector. *Jornal de Notícas* classified this operation as "Deal of the Year" in Portugal.

• Galp Energia's and Morgan Stanley Infrastructure's joint acquisition of a part of Gas Natural SDG, SA's natural gas distribution and commercialisation business in the Madrid region.

CAPITAL MARKET

Debt

CaixaBI was involved in 23 primary bond market issues, in 2009, 19 of which as leader. On the basis of this performance the Bloomberg league table ranked the bank as the principal bookrunner for bonds issued by national entities for the third consecutive year.

Portuguese public debt continued to comprise one of CaixaBI's priorities in the sovereign debt segment as a specialised treasury securities trader. Particular reference should be made to the following, in 2009:

• Joint lead manager for the Portuguese Republic's new 5 year benchmark issue (3.60% October 2014) for the amount of EUR 3.25 billion;

Co-lead manager for the Portuguese Republic's 10 year benchmark issue (4.75% June 2019) for the amount of EUR 4 billion;

Equity

CaixaBI once again consolidated its leading position in the capital market, in Portugal, in 2009, as the financial institution with the largest number of successfully completed operations – 6 operations for a proportional amount of EUR 200 million.

Reference should also be made to the successful takeover bids for Cires, Vista Alegre Atlantis and V.A. Group, organised and structured by CaixaBI.

The largest capital market operation in Portugal, in 2009, was the EUR 1 200 million Banco Espírito Santo public subscription with CaixaBI as co-lead.

FINANCING AND STRUCTURING AREA

Portfolio trading management fuelled a high level of turnover, outperforming the iTraxx index by 5% and iBoxx index by 2.4%.

The increase in the number of restructuring and business operations with new customers resulted in a 23% growth of in total hedges.

CaixaBI continued to be the acknowledged leading liquidity provider.

FINANCIAL INTERMEDIATION

The 15% increase in intermediation volumes on the bank's internet platform – Caixadirecta Invest – was indicative of its expanding market presence.

CaixaBI outperformed the rest of the market, in a year witnessing a marked fall in trading volumes on Euronext Lisbon.

SYNDICATION AND SALES

The creation of a loan syndication and sales desk was a highly opportune development, in 2009, which was a particularly favourable year for debt issues. Its intervention was associated with the success of a significant number of primary capital market issues, involving CaixaBI as joint lead manager.

The bank also placed more than 445 commercial paper issues in 2009 for more than EUR 12 billion.

VENTURE CAPITAL

2009 was the first year of implementation of the venture capital area strategy approved at the end of the preceding year, designed to fuel the development of this industry and consolidate its leading position in the sector, providing companies and entrepreneurs with

adequate capitalisation instruments to develop their innovation, growth and internationalisation strategies.

CGD Group allocated more than EUR 500 million to venture capital resources in a twofold capacity as an investor in funds managed by third parties and fundamentally as a direct operator through Caixa Capital, which has been reinforcing its operating capacity in organisational and financial terms, enabling it to sustain the development of its operations.

The venture capital area has vehicles adjusted to different target segments, including Caixa Desenvolvimento (SGPS). 2009 witnessed the formation of Fundo Caixa Empreender + and Fundo Caixa Mezzanine, which together with Fundo CGD Group and Fundo Energias Renováveis comprise Caixa Capital's funds under management portfolio. At the same time and with the aim of making up for any market shortcomings, Caixa Group was involved in the creation of several specialised funds, to be managed by entities specialising in seed capital, corporate restructuring operations or in sectors with a relevant activity.

CAIXA CAPITAL AND CAIXA DESENVOLVIMENTO

Caixa Capital is responsible for investing in corporate projects led by qualified management teams, comprising businesses with high growth and appreciation potential, providing a suitable return on equity and contributing to responsible and sustained wealth creation and social well-being.

The investment volume in terms of total assets under direct Caixa Capital management, at the end of 2009, totalled EUR 296 million in 32 companies. It should be noted that 85% of the portfolio comprised investments made over the last three years. 215 investment applications were analysed in 2009. An amount of EUR 72 million was invested with EUR 42 million in approvals still to proceed. Several disinvestments totalling EUR 37 million at cost price were also made.

CAIXA CAPITAL

(EUR thousand)

	2008	2009
Net assets	36 385	35 595
Available for sale financial assets	6 603	26 900
Loans and advances to credit institutions	1 541	3 585
Other assets	5 505	5 100
Shareholders' equity	24 543	28 092
Net income	-4 304	2 590
Share capital	16 500	16 500
CGD Group %	100%	100%

CAIXA DESENVOLVIMENTO

(EUR thousand)

	2008	2009
Net assets	90 697	28 979
Available for sale financial assets	29 106	-
Loans and advances to credit institutions	8 670	59
Other assets	28 213	8 475
Shareholders' equity	64 671	25 935
Net income	1 393	-1 722
Share capital	2 500	2 500
CGD Group %	100%	100%

ASSET MANAGEMENT

Asset management activity, in Portugal, in 2009, benefited from the stabilisation of international financial markets.

UNIT TRUST INVESTMENT FUNDS

The value of unit trust investment funds under Portuguese fund management as a whole, at year end, was 20% down over the values at the start of the year to EUR 17.2 billion.

The increase recorded in the Portuguese unit trust investment funds market was sharper in the treasury funds, shares and special investment funds categories. Only bond and mixed funds categories suffered from negative growth rates.

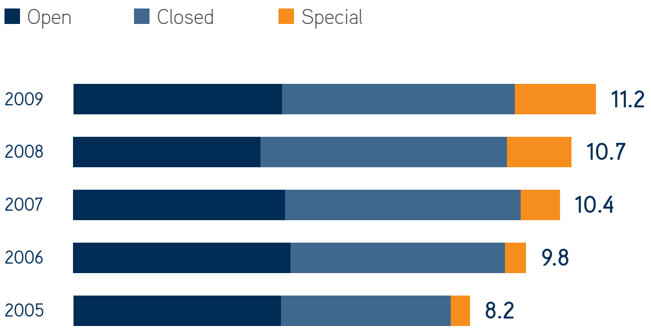
PROPERTY INVESTMENT FUNDS

The property investment funds segment, in turn, continued to grow with the value of assets managed by fund managers as a whole up EUR 521 million to EUR 11.2 billion.

This growth particularly centred on open-ended property funds which were up EUR 463 million.

Property Investment Funds – Evolution of Funds under Management

(EUR billion)

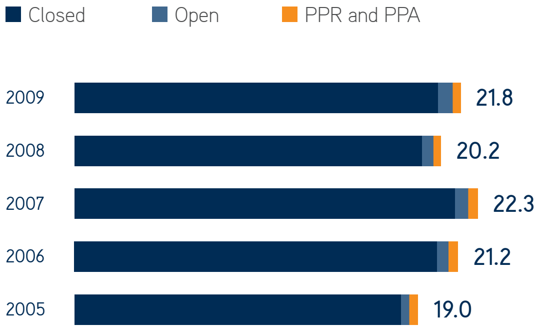


PENSION FUNDS

The pension funds segment was up 8% to EUR 21.8 billion at year end. Closed end funds, predominantly the banking sector's pension funds, continued to dominate this market segment with 94% of total pension funds. Notwithstanding growth in the retirement market, consumers are still more interested in guaranteed capital and income products from insurance companies.

Pension Funds - Evolution of Funds under Management

(EUR thousand)



WEALTH MANAGEMENT

In terms of the third parties portfolio management market which particularly focuses on the mandates issued by major institutional customers, the amount under management was up 9% to around EUR 65.5 billion, in line with the trend towards the recovery of financial markets.

CGD GROUP

The recovery of financial markets permitted growth of CGD's asset management business notwithstanding the decrease in income levels in past years. Although growth of 11.2% was recorded in the amount of assets under management, both the average volume of such assets in 2009 and the average commission rates in the different segments and products, led to a significant decrease of EUR 12.1 million in commissions from this business. This decrease in commissions is practically centred on equipment investment funds.

CGD GROUP – COMISSIONS

(EUR thousand)

	2008	2009	Change %
Unit trust investment funds	33 247	21 180	-36.3%
Property funds	13 328	13 236	-0.7%
Pension funds	3 779	3 339	-11.6%
Wealth management	8 634	9 074	5.1%
Total	58 988	46 829	-20.6%

Unit Trust Investment Funds – Caixagest

Unit trust investment funds, as in the preceding year, continued to be the most affected by the hostile environment characterised by the persistent risk aversion of investors affected by the crisis in credit and share markets and aggressive competition from traditional bank funding products. Commissions were therefore down to EUR 21.2 million. A significant contribution to this performance was made by the reduction in product margins, preferably interest rate products.

Caixagest implemented a strategy for the launch of several innovative funds in articulation with CGD's commercial and marketing branches:

• Seven Protected Capital Funds, six of which fixed-rate – catering for customers' interest in this type of product and warmly welcome by customers – with only one fund with variable and uncertain yield associated with the evolution of the equity capital market .

• A continued commitment to Fundo Caixa Monetário sales to conservative customers interested in short and medium term investment solutions more in line with market conditions in 2009.

Caixagest managed 57 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.

The volume of assets under management at 31 December was up 13.6% over the preceding year at EUR 4 106 million. Caixagest increased its market share to 23.8%, maintaining its lead in a year characterised by the resumption of a competitive offer in terms of treasury funds.

FUNDS UNDER MANAGEMENT

(EUR million)

	No.	2008	2009
Treasury funds	5	838	1 065
Bond funds	6	780	566
Protected capital funds	28	1 222	1 657
Equity funds	8	155	241
Fund of funds and mixed funds	3	121	89
Special investment funds	7	499	488
Total	57	3 615	4 106

Wealth Management – Caixagest

Keeping pace with market evolution, the global level of commissions was up by around 0.3% to EUR 8.6 million, in 2009. Caixagest continued to improve its proximity with the branch network and respective customers during the course of the year. Reference should be made to a significant number of individual customers' acceptances of proposals for investment solutions based on interest rate products in line with the market trend in force over almost all of the year.

Property Funds – Fundimo

2009 was, in global terms, a year of significant increase in Fundimo's activity, both as regards the commercial relaunch of the Fundimo open-ended fund as with management requirements for several closed funds, particularly affected by the unfavourable economic environment.

FUNDS UNDER MANAGEMENT

(EUR million)

	No.	2008	2009
Open-ended funds (Fundimo fund)	1	785	923
Closed end funds	27	563	655
Total	28	1 348	1 578

The Fundimo open-ended fund ended the year with a yield of 3.3%, net of tax, notwithstanding the various negative factors affecting the office market.

Three new privately subscribed for property funds were launched in 2009. As a part of such funds was associated with property development projects, special attention was required for the renegotiation of projects' finance and commercialisation terms. Fundimo's products portfolio, at year end, included an open-ended fund and 28 closed funds, totalling EUR 1 578 million.

The evolution of assets under management and the two Fundimo open-ended fund commercialisation campaigns permitted a positive evolution of commissions which totalled a similar amount to those of last year.

Pension Funds – CGD Pensões

The volume under CGD Pensões management was up in 2009, owing to the management of the new pension funds of major institutional customers.

A mandate for the administrative management and consolidation of the pension fund of a major institution was obtained in the closed pension funds segment.

The "Caixa Reforma Prudente" open-ended pension fund earned the preference of open-ended funds customers. This fund is characterised by a highly conservative investment policy and complements the already existing offer in the open-ended funds segment.

FUNDS UNDER MANAGEMENT

(EUR million)

	No.	2008	2009
Open-ended funds	4	112	112
Closed end funds	16	1 466	1 988
Total	20	1 578	2 100

Owing to the economic environment, there continued to be an increase in redemptions of investment units in higher risk open-ended pension funds, particularly by retired investors, in addition to the transfer of already existing investments in open-ended funds to the more conservative Caixa Reforma Prudente fund.

Commissions, translating the decrease in business in the higher risk open-ended pension funds segment totalled EUR 3.3 million at the end of the year.

COMMISSIONS

(EUR thousand)

	2008	2009	Change %
Management commissions	3 458	3 041	-12.1%
Depository bank commissions	257	284	10.5%
Subcription and redemption commissions	64	14	-78.1%
Total	3 779	3 339	-11.6%

INSURANCE AND HEALTHCARE OPERATIONS

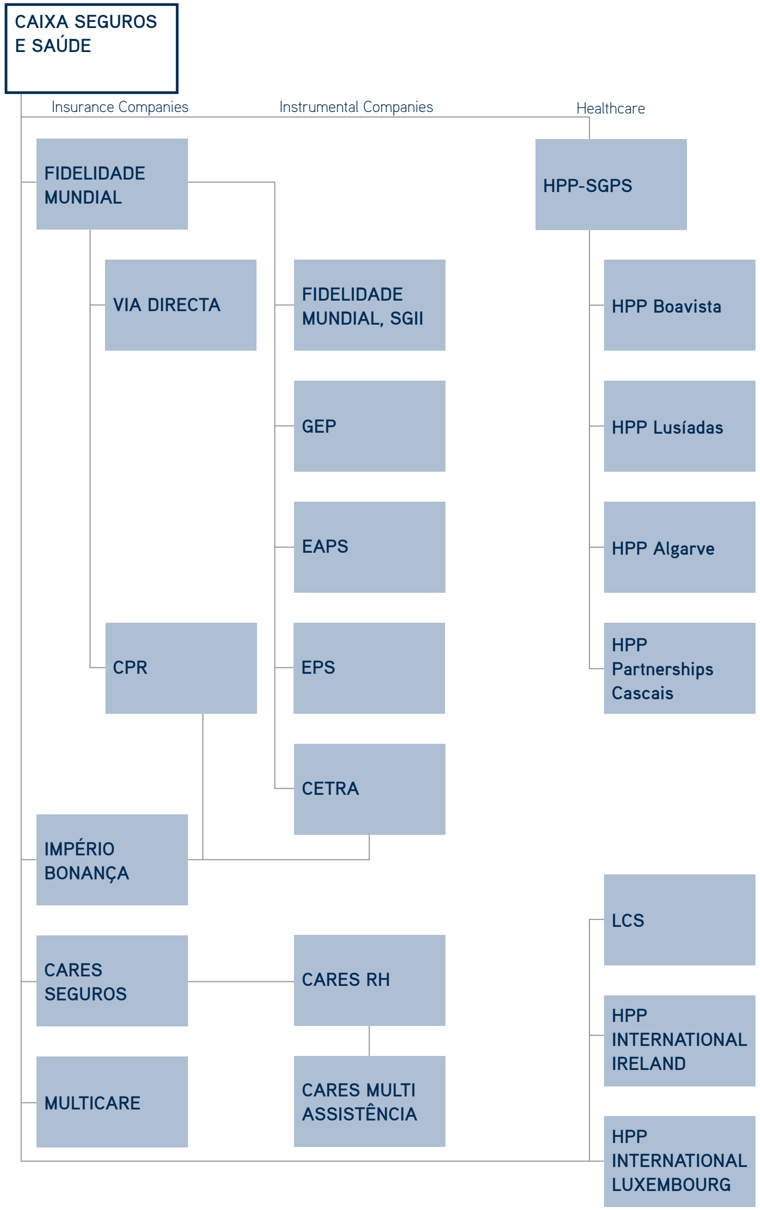
CAIXA SEGUROS E SAÚDE, SGPS, SA - SUMMARY

Equity Investment Structure

Caixa Seguros e Saúde, SGPS, SA (CSS) operates as an umbrella organisation for all CGD Group insurance equity investments. It operates different brands – Fidelidade Mundial, Império Bonança, OK!Teleseguros, Multicare and Cares – supported by the largest and most diversified insurance market sales network in Portugal.

Within the insurance area, it also owns Companhia Portuguesa de Resseguro (CPR) and a collection of instrumental companies providing diverse complementary services to insurance operations.

Caixa Seguros e Saúde, SGPS, SA also includes investments in CGD Group's hospital activities in addition to LCS – Linha de Cuidados de Saúde, SA.



Operating Status of Caixa Seguros e Saúde, SGPS, SA

CSS is a global operator in the Portuguese insurance market. It commercialises products in all insurance areas, as part of a multibrand strategy on the largest and most diversified insurance products sales network in the domestic market, comprising Fidelidade Mundial and Império Bonança counters, associated mediators, agents and brokers, CGD branch offices, CTT counters, internet and telephone channels.

Taking its leading position and size into account, CSS 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.

CSS's insurance operations, in the social security area, owing to their nature and the Group's experience and image of solidity and trust inspired by its companies in the public eye, are particularly well positioned to operate as an instrument for the promotion of individual or collective savings, mitigating the effect of the inevitable reduction in the substitution levels of the public system's retirement pensions.

CGD Group has, accordingly, selected the retirement savings area as a strategic objective, commercialising an innovative retirement savings plan under the "Leve" tradename. The plan's main distinctive feature is the fact that it is associated with a credit card whose use contributes to the savings plan.

In international terms, CSS's insurance operations have focused on keeping pace with operations in foreign markets in which CGD has an autonomous presence or through subsidiary companies.

The growth of the Group's insurance area, deriving from its acquisition of Mundial Confiança (in 2000) and Império Bonança (in 2005), has, in turn, enabled it to improve the competitiveness of insurance companies' cost structures, attenuating one of the main competitive disadvantages *vis-à-vis* the activity of international operators in the Portuguese market.

Reference should also be made to CSS's position in the healthcare sector in which it already enjoys a significant presence, not only in financial terms as the healthcare market leader but also in terms of providing medical assistance via HPP – Hospitais Privados de Portugal, SGPS and LCS – Linha de Cuidados de Saúde.

Hospital area strategy (through Hospitais Privados de Portugal) focuses on the expansion of private healthcare facilities, with the construction and acquisition of own hospitals and joint bids in public private partnerships for the provision of public healthcare services.

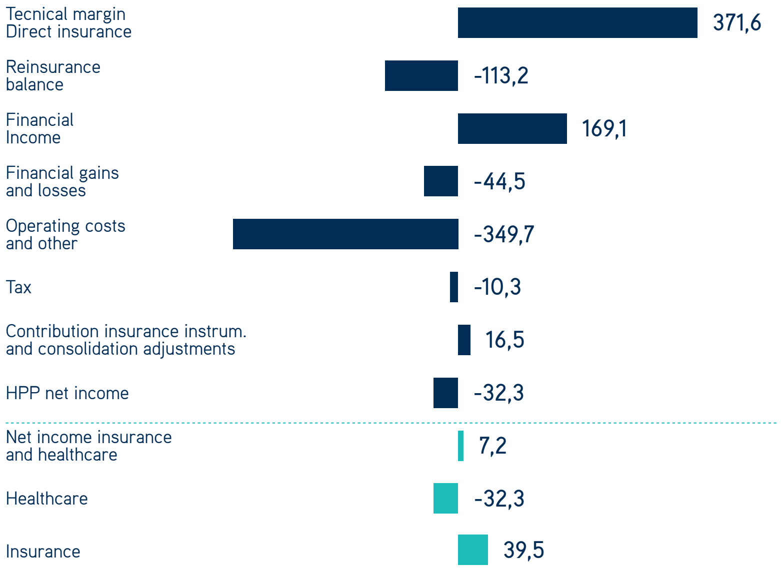
PRINCIPAL FINANCIAL INDICATORS OF CAIXA SEGUROS E SAÚDE, SGPS, SA

Contribution to CGD Group's Net Income

Under IAS/IFRS regulations (CGD Group), CSS posted net income of EUR 7.2 million, in 2009 against the preceding year's EUR 14 million, although with a different level of the evolution in its two major business areas. Income from insurance operations was up EUR 19.5 million over 2008 to EUR 39.5 million. Hospital activities, in turn, made losses of EUR 32.3 million (losses of EUR 5.5 million in the preceding year), strongly affected by the non-recurring accounting impact of losses of EUR 23.1 million on the restructuring of financial investments owing to the end of the partnership with Spain's USP Hospitales group. With the elimination of this non-recurring factor, the result continues to reflect the impact of the present growth stage, particularly the furthering of the absorption of the initial costs of the new hospitals.

Net income Insurance and Healthcare

(EUR million)



Notes: Technical Margin prior to Financial Activity and excluding Reinsurance Cost;
Technical interest on Insurance Contracts and Retirement Pensions excluding Technical Margin and included in Financial Income;
Gains and Losses on Unit-Linked Products included in Customer Allocations.

Principal components of contribution to CGD Group

CSS contributed an amount of EUR 623 million in 2009 (up EUR 21 million over 2008) to CGD Group's net operating income, of which EUR 472 million derived from the technical margin on insurance operations and EUR 151 million in net operating income from financial operations.

The technical margin on insurance operations' contribution to insurance activities was down EUR 37 million over the preceding year, fundamentally reflecting the evolution of premiums and claims costs. Earned premiums, net of reinsurance, of EUR 1 771 million, were down over 2008, essentially on account of the change in the type of life capitalisation products most of which took the form of investment contracts. This was accompanied by a decrease in claims costs net of reinsurance to EUR 1 425 million against the preceding year's EUR 1 804 million.

Net operating income from financial operations, was, in turn, up EUR 58 million over 2008, also as a reflection of the launch of new life products in the form of investment contracts and higher billing revenues in the healthcare area, impacting this account heading.

The global 7.3% increase in operating costs (excluding provisions changes), notwithstanding the 1.3% decrease in structural costs in the insurance area, essentially derived from the costs associated with the coming into operation of HPP's new hospitals.

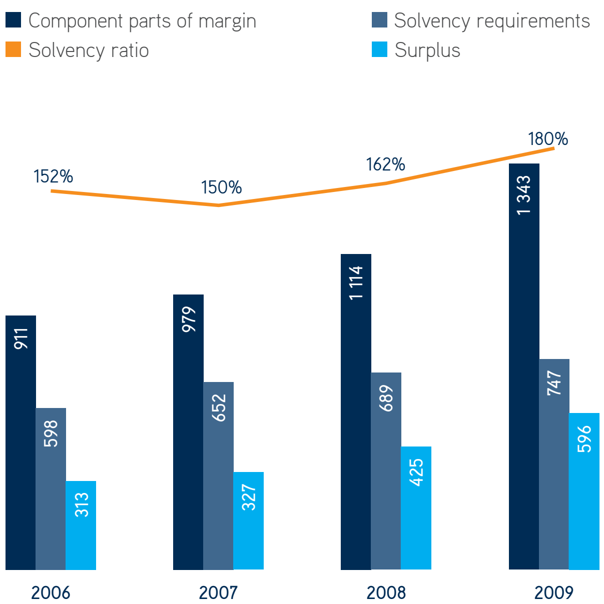
In a still unfavourable financial context, in which share markets, notwithstanding recovery, ended the year at clearly lower levels than at the beginning of the crisis, CSS's results continued to be significantly penalised by impairment on securities (EUR -113.3 million against EUR -162.7 million in 2008).

Shareholders' equity and solvency margin

Caixa Seguros e Saúde, SGPS, SA's consolidated shareholders' equity at the end of 2009 was up by around EUR 210 million over 2008, to EUR 1 161.6 million, essentially on account of recovery in the value of several financial assets having an impact on shareholders' equity through the fair value reserve. Reference should also be made to the existence of subordinated liabilities of EUR 411.5 million.

Solvency Margin

(EUR million)



In prudential terms, the solvency margin required of CSS insurance companies at the end of 2009, was EUR 747 million, whereas the respective component parts, totalling EUR 1 343 million, translated into a solvency margin cover rate of 180% against 162% in 2008. In a difficult and volatile economic and financial environment, CSS accordingly continued to reinforce its comfortable solvency status, providing all insured and economic agents associated with its companies with a high safety margin.

CSS's liabilities to its insured and third parties are, therefore, fully covered and adequately represented, complying with financial investment limits.

GENERAL INDICATORS

(EUR million)

	2008	2009
CAIXA SEGUROS E SAÚDE, SGPS INDICATORS		
Net assets	14 377.4	15 762.8
Of which: Securities portfolio, deposits and cash	12 201.2	13 813.7
Property for investment income and investments in associated companies	328.7	329 3
Shareholders' equity and minority shareholders' interests	951.4	1 161.6
Liabilities	13 426.0	14 601.2
Of which: subordinated liabilities	371.5	411.5
Insurance contracts liabilities	12 039.7	12 962.5
Direct insurance technical and inwards reinsurance provisions	6 946.5	6 174.7
Liabilities for financial instruments	5 093.2	6 787.8
Net income	14.0	7.2
Of which: Insurance activities	19.5	39.5
Hospital activities	-5.5	-32.3
Returns		
ROE net	1.3%	0.7%
Number of employees	4 546	5 555
Insurance companies	3 479	3 552
Instrumental companies	226	207
HPP (consolidated)	841	1 796
INSURANCE INDICATORS		
Direct insurance premiums	4 094.2	4 470.1
Life insurance	1 002.4	714.1
Investment contracts (financial instruments)	1 772.1	2 565.5
Non-life insurance	1 319.6	1 190.5
Market shares (operations in Portugal)	26.1%	30.3%
Life insurance (including investment contracts)	24.7%	31.2%
Non-life insurance	29.6%	28.1%
Combined Ratio - net of reinsurance (non-life)	97.5%	108.7%
Loss ratio (without cost allocations)	65.1%	73.5%
Expense ratio	32.4%	35.2%
Solvency (Local GAAP)		
A. Solvency margin (total)	1 114.5	1 342.6
B. Solvency margin (mandatory)	689.3	747.4
Solvency margin cover (A./B.)	161.7%	179.6%
Number of branches	154	150
Number of exclusive mediators	1 868	2 131
LCS – Linha de Cuidados de Saúde INDICATORS		
Number of calls received	499 295	1 659 620
Level of satisfaction	98.3%	96.6%
Level of recommendation	99.2%	98.0%
HEALTHCARE INDICATORS (Number)		
Turnover (EUR million)	63	143
Surgeries	12 200	18 620
Daily hospital confinement	42 500	87 400
Imagiology	109 300	255 700
Urgent consultations	59 000	196 600
Consultations	261 600	429 100

SUMMARY OF INSURANCE AREA

Overview in 2009

According to information published by the Portuguese Insurance Institute, insurance market operations in Portugal, in 2009, were worth EUR 14.5 billion in direct insurance premiums (including amounts taken under investment contracts).

This amount was down 5.4% over the same period last year and affects both life and non-life insurance.

Life insurance was down 5.9% in year-on-year terms to EUR 10.4 billion particularly on account of the significant drop in unit linked capitalisation products owing to less willingness to invest in products with a higher risk profile.

The non-life insurance sector, as a whole, with sales of EUR 4.1 billion, was down 4.2%. This reflected the unfavourable macroeconomic environment and still insufficiently profitable pricing levels, particularly in terms of motor and workman's compensation insurance. This was offset by the increase in healthcare, mulitrisk and civil liability premiums.

As regards the insurance market's level of concentration, the behaviour of life and non-life insurance was different. Life insurance witnessed a slight decrease in concentration levels as the changes occurring in the market structure (notably the acquisition of Global Vida by Banif/Açoreana Group) were insufficient to counteract the lower sales made by the 10 most representative groups in this business area, which now have a market share of 94% against 94.7% in 2008.

The conjugation of the two above referred to effects in the case of non-life insurance, produced the opposite result: i.e. the principal operators lost ground in terms of the evolution of premiums, although the concentration operations taking place (notably the acquisition of Global Vida by Banif/Açoreana Group) and Real by Lusitânia) reversed this movement, with the 10 main groups increasing their market share to 87.5% against 82.1% in 2008.

In regulatory terms, reference should be made to the coming into effect of the new Legal Regime on Insurance Contracts and the increase in the minimum mandatory capital for motor civil liability insurance, implying a revision of clauses and contractual documentation relating to policies, permitting greater harmonisation between different existing products.

Caixa Seguros e Saúde, SGPS, SA, reinforced its lead of the domestic insurance market, with a total market share of 30.3% against 26.1% in 2008. It also leads the life and non-life segments with market shares of 31.2% and 28.1%, respectively.

General

Work continued on the implementation of the integrated set of projects referred to as the Activaction Programme throughout 2009. This programme was defined to meet the challenges of the strategic action programme for the three year period 2008-2010.

Under this programme and the reorganisation of the branch office network, new Fidelidade Mundial and Império Bonança multibrand spaces were opened and segmented between customer care/service and mediation centres. There were 56 and 31 spaces operating the new model, respectively with 63 traditional branches still at their reconversion stage at the end of 2009.

In the case of life insurance and in addition to the development of LEVE PPR, several limited offers of tranches of financial products designed to provide customers with a safe savings alternative in a climate of major financial market instability, were commercialised.

In the domain of life insurance, reference should be made to the launch of a new, competitively priced Multirisk Home product ("household insurance") together with further endeavours to avoid customer churn and the implementation of price policies leading to higher returns on insurance portfolios deriving from greater tariff adequacy to the underlying risk.

Sales and market shares

Caixa Seguros e Saúde, SGPS, SA, achieved sales of EUR 4 470 million in direct insurance premiums, including resources taken under investment contracts, comprising growth of 9.2%, in 2009

CAIXA SEGUROS E SAÚDE, SGPS, SA'S INSURANCE AREA

(EUR million)

	2008	2009
Operations in Portugal		
Total market share	26.1%	30.3%
Life insurance (*)	24.7%	31.2%
Non-life insurance	29.6%	28.1%
Direct insurance premiums	4 001	4 396
Life insurance (*)	2 722	3 237
Non-life insurance	1 279	1 159
Combined ratio net of reinsurance (non-life)	97.5%	108.7%
Loss ratio net of reinsurance (non-life)	65.1%	73.5%
Expense ratio net of reinsurance (non-life)	32.4%	35.2%
Overseas Activity		
Direct insurance premiums	93	74
Life insurance (*)	52	43
Non-life insurance	40	31

(*) Includes investment contracts.

98.3% of sales were achieved in Portugal, which were up 9.9% to EUR 4 396 million in terms of direct insurance premiums, enabling CSS to consolidate its lead of the domestic insurance market with an overall market share of 30.3% (up 4.2 pp over the preceding year), in line with its vocation as a global insurance group.

Life insurance activities in Portugal, totalled EUR 3 237 million in direct insurance premiums, including resources taken under investment contracts which were up 18.9% over 2008, owing to the commercialisation of capitalisation and retirement pension products, the latter reflecting the success of the LEVE product, materialising CGD Group's strategic position in this domain. In a falling market this substantial growth of CSS's sales translated into a significant increase in its market share to 31.2% against 24.7% in 2008 and a reinforced leadership of this business area.

In the case of non-life insurance activities CSS's sales in Portugal were down 9.4% to EUR 1 159 million, centred on motor and workman's compensation insurance, reflecting the economic slowdown and lower year-on-year price levels. Although its market share was down to 28.1%, against 29.6% in 2008, CSS remains the undisputed leader in non-life insurance as a whole, with around three times that of its closest competitor, in addition to all of the main insurance branches.

Owing to Caixa Seguros e Saúde's larger increase in life insurance sales, this business segment plays, for the first time, a greater role in the structure of Caixa Seguros e Saúde's premiums portfolio (73.6%) in comparison to the sector (71.5%).

Claims Rate

The direct insurance claims rate for non-life insurance (without the allocation of costs) was up over last year to 65.4%, reflecting both still insufficiently profitable pricing levels, in several insurance areas and higher claims costs in the health and fire and other damages areas, the latter influenced by high amounts of claims with a large reinsurance component.

DIRECT INSURANCE CLAIMS RATE NON-LIFE INSURANCE

(EUR million)

	Costs of claims		Claims rate	
	2008	2009	2008	2009
Workman's compensation	182.7	147.3	83.8%	79.2%
Health	147.3	154.4	88.1%	91.4%
Fire and other damage	116.2	150.0	49.5%	64.0%
Motor	315.4	309.8	54.7%	61.6%
Other	76.8	38.5	51.5%	29.3%
Total	838.4	800.0	62.3%	65.4%

Results

Aggregate technical income from life insurance operations improved by EUR 81 million over the preceding year to EUR 42 million. This evolution particularly reflects the favourable effect of the lower claims rate on life risk insurance and lower impact of impairment in comparison to 2008, partly offset by the unfavourable effect of the drop in income on variable-rate assets.

The contraction of the premium portfolio on the technical exploitation of non-life insurance, mainly deriving from lower prices than in 2008 led to an increase in the loss ratio, net of reinsurance, to 73.5% and expense ratio, net of reinsurance, to 35.2% resulting in a combined ratio net of reinsurance of 108.7% and technical losses of EUR 12 million.

Structural costs, translating the effect of the rationalisation and containment in force, were down 1.3% in year-on-year terms to around EUR 340 million.

As a consequence of the above, Caixa Seguros e Saúde, SGPS, SA's insurance area recorded an aggregate level of net income of EUR 23 million (EUR 44 million in 2008), in its statutory accounts.

Insurance operations contributed EUR 39.5 million (EUR 19.5 million in 2008) to CGD Group's net income. This differs from the insurance area's statutory income as it also includes several instrumental companies in addition to various consolidation instruments and was affected by the changeover from the statutory accounts to the accounts defined under CGD Group's IAS/IFRS standards.

Solvency

With the gradual recovery of financial markets, Caixa Seguros e Saúde, SGPS, SA's insurance companies' solvency levels, as a whole, continued to progress favourably, resulting in a solvency margin cover ratio of 180% in 2009 against 162% in 2008. This is a highly comfortable situation for all insured and economic agents associated with CGD Group insurance companies.

SUMMARY OF THE OPERATIONS OF THE PRINCIPAL INSURANCE COMPANIES

Companhia de Seguros Fidelidade Mundial, SA

Measures designed to reinforce the Fidelidade Mundial brand and boost its commercial performance continued to be taken in 2009, in the form of special promotions, improved sales support computer tools (Medinet) and the launch and promotion of innovative products.

Reference should also be made to the development of the assurfinance project, based on the availability of mortgage loans and car finance to Fidelidade Mundial customers on mediation networks.

In the case of life insurance and in addition to the development of LEVE PPR, limited offers of several tranches of financial products designed to provide customers with a safe savings alternative in a climate of major financial market instability, were commercialised.

In terms of sales, the company remained the undisputed market leader with a 4.5 pp increase in its market share over 2008 to 26.3%, achieving EUR 3 811 million in premium income from its operations in Portugal (including resources taken under investment contracts), comprising a 14.1% increase over the preceding year.

Life insurance activity which was mainly responsible for the increase in the premiums portfolio in Portugal, achieved sales of EUR 3 098.1 million. This was up 20.3% and enabled a significant 6.5 pp increase in market share to 29.8%.

Premium income from non-life operations, in Portugal, at EUR 712.8 million, was down 6.7%, slightly more than the general drop in the market, leading to a small loss of 0.4 pp in market share to 17.3%.

Foreign operations made sales of EUR 67 million (including resources taken under investment contracts). This was down 27.3% and mainly reflects the reduction occurring in the France branch, in a context of a refocusing of its operations, with the elimination of several of the higher risk business lines.

In terms of annual results the company's statutory accounts posted net income of EUR 25.5 million, against the preceding year's EUR 14.4 million, mainly owing to the recovery of financial activity which had been strongly penalised in 2008.

Fidelidade Mundial's required solvency margin at the end of 2009, was EUR 560 million, whereas its respective component parts, totalled EUR 1 018 million. The solvency margin cover rate was therefore reinforced to 182% against 142.5% at the end of 2008. This represents a high safety margin for all insured and economic agents associated with the insurance company.

Fidelidade Mundial ended 2009 with EUR 12.1 billion in assets representing technical provisions against EUR 10.6 billion in 2008, having achieved a respective cover ratio of 106.4% against the preceding year's 102.8% and a respective assets surplus of approximately EUR 726 million against EUR 292 million in 2008.

There is also a collection of non-allocated assets which may be used to represent these liabilities and which would increase the cover ratio to 107.9% (104.2% last year).

COMPANHIA DE SEGUROS FIDELIDADE MUNDIAL SEPARATE ACCOUNTS [(a)]

(EUR thousand)

	2008	2009
DIRECT INSURANCE PREMIUMS		
Direct insurance premiums - total activity	3 431 168	3 877 853
Direct insurance premiums - activity in Portugal	3 339 162	3 810 945
Life insurance (*)	2 575 369	3 098 141
Non-life insurance	763 793	712 804
MARKET SHARE IN PORTUGAL	21.8%	26.3%
Life insurance	23.4%	29.8%
Non-life insurance	17.7%	17.3%
Net assets	11 385 665	12 873 757
Shareholders' equity	707 634	954 033
Net income	14 387	25 498
Solvency margin cover rate	142.5%	181.9%
Share capital	400 000	400 000
CGD Group %	100%	100%
Number of employees	1 844	1 817
Number of branches	90	124[(b)]
Exclusive mediators	891	1 111
Franchising outlets	286	309

(a) The amounts set out in this table comply with insurance company standards.
(b) Includes spaces shared with Império Bonança.
(*) Includes investment contracts.

Império Bonança – Companhia de Seguros, SA

Measures designed to reinforce the Império Bonança brand and boost its commercial performance continued to be implemented in 2009, in the form of special promotions, improved sales support computer tools and the launch and promotion of innovative products.

Various guaranteed income and guaranteed capital financial products, in addition to a permanent, comprehensive offer for individual customers and companies were also launched.

Premium income of EUR 546 million from operations in Portugal (including resources taken under investment contracts) was down 12.4% over June 2008. Market share was down 0.3 pp to 3.8%.

Life insurance premiums at EUR 138 million, were down 5.6%, in line with the market and with market share therefore remaining unchanged at 1.3%. Reference should be made to the growth of 67.4% in retirement savings plans which, as a product has continuity and long term characteristics and comprises one of the Group's strategic objectives.

Non-life insurance business sales totalled EUR 407 million, making it possible to achieve a market share of 9.9%, with the company achieving status as the second largest domestic insurance company coming after Fidelidade Mundial, in this business area.

Império Bonança made net losses of EUR 6.4 million in its statutory accounts. This was down EUR 33.4 million over the preceding year, owing to the smaller contribution made by financial activity and the deterioration of non-life insurance technical variables, as a consequence of the low level of prices still in force in the during the course of the year.

Império Bonança at the end of 2009 had a cover rate of 196% on its solvency margin (171% in December 2008). Whereas the required margin was EUR 136 million, its component parts totalled EUR 266 million. The company therefore reinforced its comfortable solvency level providing all associated insured and economic agents with a high safety margin.

Império Bonança ended 2009 with EUR 1.9 billion in assets representing technical provisions, achieving a cover ratio of 110.7%, with a respective assets surplus of approximately EUR 188 million against EUR 106 million in 2008.

There is also a collection of non-allocated assets which may be used to represent these liabilities and which would increase the cover ratio to 114.4%.

IMPÉRIO BONANÇA – COMPANHIA DE SEGUROS – SEPARATE ACCOUNTS [(a)]

(EUR thousand)

	2008	2009
DIRECT INSURANCE PREMIUMS		
Direct insurance premiums - total activity	623 581	552 831
Direct insurance premiums - activity in Portugal	622 843	545 561
Life insurance (*)	146 762	138 487
Non-life insurance	476 081	407 074
MARKET SHARE IN PORTUGAL	4.1%	3.8%
Life insurance	1.3%	1.3%
Non-life insurance	11.0%	9.9%
Net assets	2 390 894	2 268 831
Shareholders' equity	201 751	210 177
Net income	27 000	-6 364
Solvency margin cover rate	170.7%	196.0%
Share capital	202 005	202 005
CGD Group %	100%	100%
Number of employees	1 261	1 235
Number of branches	64	113 [(b)]
Exclusive mediators	977	1 020
Franchising outlets	189	206

(a) The amounts set out in this table comply with insurance company standards.
(b) Includes spaces shared with Império Bonança.
(*) Includes investment contracts.

OPERATING SUMMARY OF REMAINING INSURANCE AND INSTRUMENTAL COMPANIES

Reference should be made to the following aspects relating to the separate performance of CSS's other insurance area companies, considered for the purposes of the consolidated financial statements:

- Via Directa, which operates under the Ok!Teleseguros brand, posted a 0.3% increase in premium income to EUR 38.5 million, in a particularly difficult market context, achieving net income of EUR 156 thousand;

• Cares, specialising in legal assistance insurance, posted a 6% improvement in its level of premium income, over the preceding year, to EUR 48 million, earning net income of EUR 3.2 million;

• Multicare, the insurance company geared to healthcare insurance, posted inwards reinsurance premiums of EUR 167 million, with net income of EUR 470 thousand;

• CPR – Companhia Portuguesa de Resseguros continued to manage its run-off claims portfolio, achieving net income of EUR 722 thousand;

• GEP – Gestão de Peritagens Automóveis, SA, responsible for the Group's loss adjustment claims, posted net income of EUR 32 thousand on sales of EUR 20 million;

• EAPS – Empresa de Análise, Prevenção e Segurança, SA continued to make a positive contribution to CSS's operations in its specific areas, with a turnover of EUR 2.3 million and net income of EUR 33 thousand;

• Fidelidade Mundial SGII, geared to the management of property assets, achieved turnover of EUR 5.8 million, contributing net income of EUR 3.9 million to CSS;

• Cetra – Centro Técnico de Reparação Automóvel, specialising in car repair services, earned net income of EUR 130 thousand on a turnover of EUR 2.1 million.

• LCS – Linha de Cuidados de Saúde, achieved a turnover of EUR 16.5 million and net income of EUR 1.4 million.

HEALTHCARE AREA OPERATING SUMMARY

Caixa Seguros e Saúde, SGPS's healthcare operations include ownership 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 (Saúde24).

Reference should also be made to the fact that HPP – Hospitais Privados de Portugal, SGPS became a wholly owned Caixa Seguros e Saúde, SGPS, SA subsidiary, in June 2009, owing to the latter's reacquisition of 25% of the company's equity capital from USP Hospitales Group. Caixa Seguros e Saúde, SGPS, SA, disposed of its 10% investment in the equity capital of USP Hospitales at the same time and no longer has any investment in the Group. These operations had a non-recurring negative accounting impact of EUR 21.4 million in HPP International.

Background

CGD Group's healthcare operations are part of a context involving the appearance and expansion of major private projects in this area in Portugal, over the last few years, which have increasingly complemented general government's traditional role in terms of large scale healthcare systems. Private healthcare units have focused on endeavours to provide first class services with highly qualified professionals and state-of-the-art equipment, to provide for growing, selective demand, leveraged by growing subscriptions to healthcare insurance.

Available indicators suggest an already significant and rapidly expanding dimension of the private healthcare sector. Turnover in the private hospital sector is estimated to have exceeded EUR 700 million in 2009 and is expected to grow to EUR 1 200 million over the next two to three years. There are currently 3 000 beds in private hospitals. This is expected to increase to 5 000 with the new healthcare units, which already account for more than 25% of surgeries in Portugal and are expanding in terms of all clinical indicators.

HPP is a major player and a benchmark operator in the sector in Portugal. It provides a quality product, has a nationwide private network of healthcare services providers and a distinctive presence in primary, hospital and ongoing healthcare segments in addition to performing activities in the complementary diagnoses and therapeutics field.

Operational activity

Special reference should be made, as regards the operational activities of CGD's hospital area, in 2009, to the start-up of operations (public-private partnership) of Cascais Hospital, under a public-private partnership, implying a significant increase in HPP's consolidated activities. This was accompanied by consolidation of the growth of Lisbon's Lusíadas hospital and Porto's Boavista hospital. Processes in Faro were optimised and a higher level of activity was achieved in the São Gonçalo de Lagos hospital in the form of new areas of activity.

There has been a high rate of growth in the activities performed by HPP, SGPS companies, whose consolidated turnover was up 127% over 2008 to EUR 143 million. In comparative terms, i.e. excluding the Cascais Hospital public private partnership, there has also been a significant 41% increase. This expansion was accompanied by equally expressive growth in clinical services.

HPP, SGPS's consolidated losses of EUR 11 million, reflected the costs associated with the coming into operation of its new hospital and the fact that the Lusíadas Hospital is still at its development and consolidation stage.

In healthcare but not hospital area terms, Caixa Seguros e Saúde, SGPS, SA, also owns LCS – Linha de Cuidados de Saúde (Saúde24). LCS achieved turnover of EUR 16.5 million and net income of EUR 1.4 million, in 2009 and continues to achieve excellent quality of service indicators in difficult circumstances.

FINANCIAL STATEMENTS AND PRINCIPAL INDICATORS (IAS/IFRS)

CAIXA SEGUROS E SAÚDE, SGPS, SA [a]

(EUR million)

SUMMARY OF CONSOLIDATED BALANCE SHEET	2008	2009
Net assets		
Securities portfolio, deposits and cash	12 201.2	13 813.7
Properties for investment income and investments in associated companies	328.7	329.3
Other tangible and intangible assets	481.6	501.3
Current and deferred tax assets	214.7	113.6
Technical provisions for outwards reinsurance	253.8	255.1
Other assets	897.4	749.7
Total assets	**14 377.4**	**15 762.8**
Liabilities and shareholders' equity		
Liabilities		
Financial liabilities (investment contracts)	5 093.2	6 787.8
Technical provisions (insurance contracts)	7 200.3	6 429.9
Other provisions	46.8	48.6
Current and deferred tax liabilities	25.6	60.9
Subordinated liabilities	371.5	411.5
Other liabilities	688.6	862.6
Total Liabilities	**13 426.0**	**14 601.2**
Shareholders' Equity		
Capital	448.4	448.4
Share premiums	184.4	184.4
Reserves	328.9	506.0
Advance of dividends	- 45.5	0.0
Net income	14.0	7.2
Minority shareholders' interests	21.3	15.6
Total shareholders' equity	**951.4**	**1 161.6**
Total liabilities and shareholders' equity	**14 377.4**	**15 762.8**

...Continued

(EUR million)

CONSOLIDATED SUMMARY OF GAINS AND LOSSES	2008	2009
Net operating income from financial operations	92.6	150.6
Technical margin on insurance operations	509.2	472.2
Operating costs, including provisions changes	- 422.0	- 481.6
Impairment	- 162.6	- 113.0
Income generated by associated companies	0.4	0.4
Income before tax and minority shareholders' interests	**17.6**	**28.5**
Income tax	- 6.7	- 20.7
Minority shareholders' interests	3.1	- 0.6
Income before tax and minority shareholders' interests	**14.0**	**7.2**

(a) The amounts set out in this table comply with the financial statements in IFRS/IAS format (CGD Group) and correspond to the consolidated accounts.

Financial Analysis

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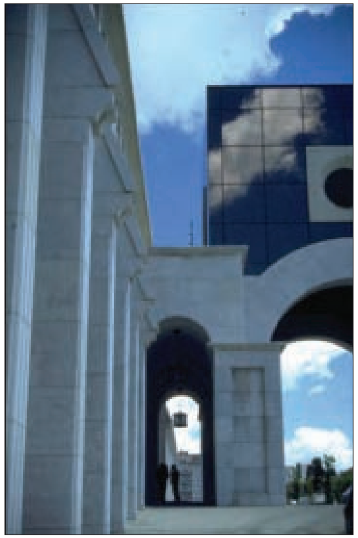


CONSOLIDATED OPERATIONS

INCOME AND PROFIT RATIOS

Caixa Geral de Depósitos Group's consolidated net income, in 2009 was down 39.2% over the preceding year to EUR 278.9 million. Income was particularly affected by the drop in net interest income and recognition of impairment on securities. The main contribution to net income in 2009 was domestic banking operations with EUR 195.7 million.

CONSOLIDATED INCOME STATEMENT

(EUR thousand)

	2008	2009	Change	
			Total	Percent
Net interest income including income from equity investments (1)	2 201 410	1 641 345	-560 065	-25.4%
Interest and similar income	7 325 539	5 317 030	-2 008 509	-27.4%
Interest and similar costs	5 244 381	3 784 087	-1 460 294	-27.8%
Income from equity instruments	120 252	108 402	-11 850	-9.9%
Non-interest income (2)	844 803	866 893	22 090	2.6%
Income from services and commissions (net)	418 781	447 768	28 987	6.9%
Income from financial operations	246 559	199 497	-47 062	-19.1%
Other operating income	179 464	219 629	40 165	22.4%
Technical income from insurance operations (3)	514 957	491 235	-23 721	-4.6%
Premiums net of reinsurance	2 213 705	1 774 167	-439 538	-19.9%
Income from investments allocated to insurance contracts	227 092	250 125	23 032	10.1%
Claims costs net of reinsurance	1 805 582	1 425 806	-379 775	-21.0%
Commissions and other associated income and costs	-120 259	-107 250	13 009	-10.8%
Net operating income (4)=(1)+(2)+(3)	3 561 170	2 999 474	-561 696	-15.8%
Operating costs (5)	1 838 673	1 936 431	97 758	5.3%
Employee costs	1 003 810	1 040 370	36 560	3.6%
External supplies and services	675 890	698 080	22 190	3.3%
Depreciation and amortisation	158 973	197 981	39 008	24.5%

...Continued

(EUR thousand)

	2008	2009	Change	
			Total	Percent
Gross operating income (6)=(4)-(5)	1 722 497	1 063 042	-659 454	-38.3%
Provisions and impairment (7)	1 091 021	684 185	-406 836	-37.3%
Provisions net of reversals	-130 627	8 059	138 687	-106.2%
Credit impairment (net)	447 555	416 846	-30 709	-6.9%
Impairment of other assets, net	774 093	259 280	-514 813	-66.5%
Income generated by associated companies (8)	30 384	-4 404	-34 789	-114.5%
Income before tax and minority shareholders' interests (9)=(6)-(7)+(8)	661 860	374 453	-287 407	-43.4%
Tax (10)	156 693	70 210	-86 483	-55.2%
Current	322 880	-8 562	-331 442	-102.7%
Deferred, net	-166 187	78 773	244 960	-147.4%
Consolidated net income for period (11)=(9)-(10)	505 167	304 243	-200 924	-39.8%
Attributable to minority shareholders' interests	46 143	25 343	-20 800	-45.1%
Attributable to CGD shareholder	459 023	278 899	-180 124	-39.2%

The main contribution to consolidated net income in 2009 was domestic banking operations, with EUR 195.7 million, with particular reference to investment banking with EUR 48.7 million. The international area contributed EUR 73.9 million, whereas insurance and health contributed EUR 9.4 million, influenced by hospital area losses.

PRINCIPAL CGD GROUP COMPANIES - RESULTS (a)

(EUR thousand)

	2008	2009	Structure	
			2008	2009
Domestic banking	446 676	269 550	97.3%	96.6%
Domestic	358 797	195 685	78.2%	70.1%
Commercial banking	310 986	142 684	67.7%	51.1%
Investment banking	6 215	48 665	1.4%	17.4%
Of which :				
Caixa-Banco de Investimento	18 275	37 703	4.0%	13.5%
Other	41 596	4 336	9.1%	1.6%

...Continued

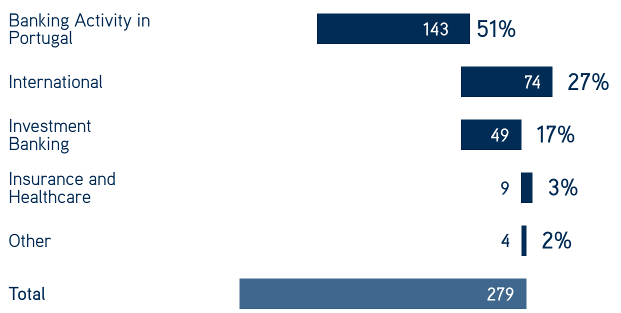
(EUR thousand)

	2008	2009	Structure 2008	Structure 2009
International	87 879	73 864	19.1%	26.5%
Of which :				
Branches	-26 457	17 752	-5.8%	6.4%
Banco Caixa Geral (Spain)	15 934	-1 545	3.5%	-0.6%
Banco Nacional Ultramarino, SA (Macau)	38 104	32 941	8.3%	11.8%
Mercantile Bank (South Africa)	31 936	12 735	7.0%	4.6%
Banco Comercial de Investimentos (Mozambique)	7 370	9 366	1.6%	3.4%
Banco Comercial Atlântico (Cape Verde)	4 484	2 020	1.0%	0.7%
Insurance and healthcare operations	12 347	9 350	2.7%	3.4%
Total	459 023	278 899	100.0%	100.0%

(a) Contribution to consolidated net income, different from the income posted by the companies in their separate statements.

Contribution to Results by Business Area

(EUR milion)



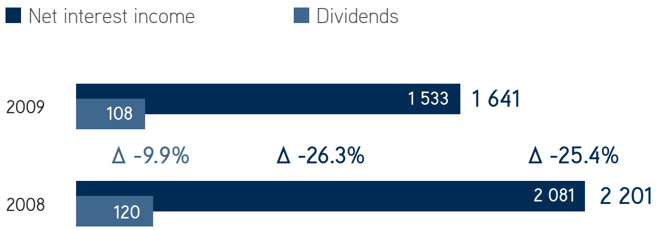
Net interest income, including income from equity investments, was down 25.4% over the preceding year to EUR 1 641.3 million, split up into net interest income, down 26.3% to EUR 1 532.9 million and the income from equity instruments (dividends) component with EUR 108.4 million (down 9.9%).

The negative change in net interest income essentially derived from the impact of the reduction of interest rates starting fourth quarter 2008 which affected profitability, taking into account the composition of the credit portfolio with its large proportion of mortgage loans (around 55% of domestic credit) and medium to long term corporate loans (around 21% of credit). The nature of this component does not lend itself to the translation of short term increases in institutional funding costs. The decrease in net interest income, accordingly, translates lower interest rates and in line with its remit of contributing to economic recovery the fact that CGD does not fully pass on the increase in its funding costs to customers.

Special reference should be made to the dividends of EUR 77.4 million paid by PT – Portugal Telecom and EDP – Energias de Portugal.

Net interest income, including income from equity investments

(EUR million)



INCOME FROM EQUITY INSTRUMENTS

(EUR thousand)

	2008	2009
Portugal Telecom, SGPS, SA	47 550	45 752
EDP – Energias de Portugal, SA	25 497	31 659
ZON Multimédia, SGPS, SA	21 807	6 545
REN – Rede Eléctrica Nacional, SA	-	4 405
Brisa – Auto-Estradas de Portugal, SA	-	2 963
Unicre – Cartão Internacional de Crédito	1 848	2 816
GALP Energia, SGPS, SA	3 767	2 761
Fundo Margueira	1 139	-
Banco Comercial Português, SA	-	2 617
Other	18 644	8 885
Total	120 252	108 402

Non-interest income, mainly deriving from commissions, was up 2.6% by EUR 22.1 million to EUR 866.9 million.

Net commissions were up 6.9% by EUR 29 million to EUR 447.8 million. These particularly included the increases in credit account headings (EUR 24.6 million, up 33.2%), the structuring of operations (EUR 10.1 million up 72.7%), and means of payment (EUR 7.7 million, up 6.7%). This was offset by commissions from asset management which were down 20.6% (EUR 12 million).

Income from financial operations, in 2009, was EUR 199.5 million. A major component comprised income from interest rate derivatives. As part of a strategy designed to protect net interest income from predictably lower interest rates, CGD, in 2008, also adopted a policy of covering a part of the balance sheet, which, with the advent of lower interest rates, translated into significant gains made during the course of the year.

The technical margin on insurance operations contributed EUR 491.2 million to the Group's net operating income, representing a 4.6% reduction of EUR 23.7 million over the preceding year.

Earned premiums, net of reinsurance were down 19.9% over 2008 to EUR 1 774.2 million. This was the same with claims costs net of reinsurance which were down 21% by EUR 379.8 million to EUR 1 425.8 million.

Income and gains on investments allocated to insurance contracts were up 10.1% by EUR 23 million, as a result of the recovery of financial markets.

Net operating income from banking and insurance operations was down 15.8% over the preceding year to EUR 2 999.5 million.

CGD's (Portugal) operating costs were up 0.4%, with employee costs and other administrative expenses down 0.4% and 0.2% respectively. In consolidated terms, however, costs totalled EUR 1 936.4 million, translating the change in the consolidation perimeter with the inclusion of Locarent, Banco Caixa Geral Totta de Angola and Banco Caixa Geral Brasil and the growth in HPP – Hospitais Privados de Portugal's costs.

The main external supplies and services costs are set out below:

EXTERNAL SUPPLIES AND SERVICES

(EUR million)

	2008	2009	Change
Total	675.9	698.1	+3.3%
Of which:			
External supplies	41.8	41.6	-0.4%
Rents and leases	80.4	81.7	+1.5%
Communications	56.4	57.0	+1.0%
Advertising	67.5	52.0	-23.0%
Maintenance and repair of material	47.7	48.5	+1.6%
IT	102.6	106.9	+4.2%
Studies and consultancy	30.2	24.2	-19.8%

Whereas the Group's cost-to-income ratio was 64.7%, the same indicator for banking operations was 60.6%. The increase over last year derived from the reduction of net operating income from banking and insurance operations, as banking operations costs continue to be constrained. The operating costs/average net assets ratio, however, improved from 1.71% to 1.65% in 2009.

OPERATING COSTS RATIOS

	2008	2009
Operating costs		
To net operating income (cost-to-income)	51.2%	64.7%
To net operating income from banking operations (banking cost to income)	46.1%	60.6%
To average net assets	1.71%	1.65%
Average net assets / No. employees (EUR thousand) (*)	6 541	6 941

(*) Relating to banking operations. Includes assets under management.

Credit impairment, net of reversals, in CGD Group at EUR 416.8 million, in 2009, made it possible to guarantee a comfortable situation in terms of the non-performing credit cover level (a ratio of more than 100%).

The increase in impairment of other assets was EUR 259.3 million of which an amount of EUR 212.2 million, relating to securities, was allocated to equity instruments in the insurance area (EUR 96.4 million) and CGD (EUR 89.4 million), fundamentally as a consequence of the requirement for the recognition of losses on securities already recognised in reserves.

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR thousand)

	2008	2009	Change	
			Total	Percent
PROVISIONS				
Provisions appropriations	288 796	130 294	-158 503	-54.9%
Recovery and reversal of provisions	419 423	122 234	-297 189	-70.9%
Provisions (net)	-130 627	8 059	138 687	-106.2%
IMPAIRMENT				
(a) Credit (1)-(2)-(3)	447 555	416 846	-30 709	-6.9%
Impairment losses (1)	1 051 969	1 176 650	124 681	11.9%
Loans and advances to customers	524 934	420 736	-104 198	-19.8%
Overdue credit and interest – loans and advances to customers	527 035	755 914	228 879	43.4%
Reversals of impairment losses (2)	551 269	719 237	167 968	30.5%
Loans and advances to customers	185 935	368 115	182 180	98.0%
Overdue credit and interest – loans and advances to customers	365 334	351 121	-14 213	-3.9%
Credit recovery (3)	53 144	40 567	-12 577	-23.7%
Written-off loans	38 036	33 071	-4 965	-13.1%
Interest and expenses on overdue credit	15 109	7 496	-7 612	-50.4%

...Continued

(EUR thousand)

	2008	2009	Change	
			Total	Percent
(b) Other assets (1)-(2)	774 093	259 280	-514 813	-66.5%
Impairment losses (1)	851 939	336 596	-515 343	-60.5%
Loans and advances to credit institutions	109 153	69 041	-40 112	-36.7%
Debtors and other loans and advances	40 823	8 123	-32 699	-80.1%
Securities	680 304	212 889	-467 415	-68.7%
Investments in subsidiaries excluded from the consolidation	-	161	161	-
Non-financial and other assets	21 660	46 383	24 723	114.1%
Reversals of impairment losses (2)	77 846	77 316	-530	-0.7%
Loans and advances to credit institutions	8 123	15 189	7 065	87.0%
Debtors and other loans and advances	272	39 564	39 292	14437.9%
Securities	-	641	641	-
Non-financial and other assets	69 450	21 923	-47 528	-68.4%
Net impairment (a)+(b)	1 221 649	676 126	-545 522	-44.7%
PROVISIONS AND IMPAIRMENT FOR PERIOD	1 091 021	684 185	-406 836	-37.3%

Income before tax and CGD Group's minority shareholders' interests, less appropriations for provisions and impairment, in addition to income from associated companies was 43.4% down over 2008 to EUR 374.5 million.

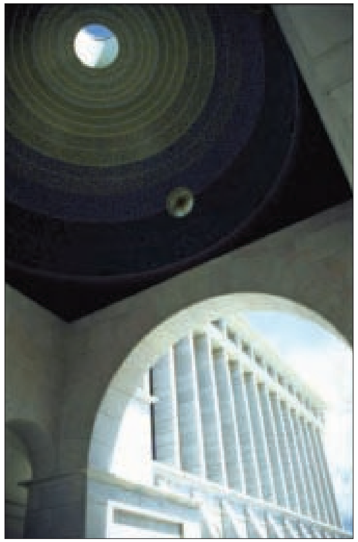
Net income, after tax and minority shareholders' interests, was down 39.2% from 2008 to EUR 278.9 million.

Information on profit ratios, translating poorer results is set out in the following table:

PROFIT RATIOS

	2008	2009
Gross return on equity – ROE (1)	12.7%	5.9%
Return on equity after tax – ROE (1)	9.6%	4.8%
Gross return on assets - ROA (1)	0.61%	0.32%
Return on assets after tax – ROA (1)	0.47%	0.26%
Net operating income (2) / Average net assets	3.34%	2.56%

(1) Considering shareholders' equity and average net assets values.
(2) Includes income generated by associated companies.



BALANCE SHEET

CGD Group's net assets were up 8.9% by EUR 9.9 billion over the preceding year to EUR 121 billion, mainly deriving from loans and advances to credit institutions and securities investments.

CONSOLIDATED BALANCE SHEET OF CGD GROUP

BALANCES AT 31 DECEMBER

(EUR million)

	2008	2009	Change	
			Total	Percent
Assets				
Cash and cash equivalents at central banks	1 898	1 926	28	1.5%
Loans and advances to credit institutions	6 170	9 591	3 422	55.5%
Loans and advances to customers	75 311	77 222	1 911	2.5%
Securities investments	21 339	25 929	4 590	21.5%
Investments in subsidiaries and associated companies	87	26	-61	-69.9%
Investment properties	321	354	33	10.2%
Intangible and tangible assets	1 438	1 590	152	10.6%
Current tax assets	41	128	87	211.5%
Deferred tax assets	1 067	951	-116	-10.9%
Technical provisions for outwards reinsurance	240	258	18	7.6%
Other assets	3 148	3 009	-139	-4.4%
Total	111 060	120 985	9 925	8.9%
Liabilities				
Central banks' and credit institutions' resources	6 952	6 479	-473	-6.8%
Customer resources	60 128	64 256	4 128	6.9%
Financial liabilities	2 214	1 902	-312	-14.1%
Debt securities	19 929	25 182	5 253	26.4%
Provisions	742	796	54	7.3%
Technical provisions for insurance contracts	7 192	6 439	-753	-10.5%
Subordinated liabilities	3 145	3 202	57	1.8%
Other liabilities	5 274	5 572	298	5.7%
Total	105 576	113 828	8 252	7.8%
Shareholders' equity	5 484	7 157	1 673	30.5%
Total	111 060	120 985	9 925	8.9%

CGD's separate operations accounted for 75.5% of the Group's net assets (against 74.8% in 2008), the insurance sector for 10.5% and Banco Caixa Geral in Spain for 3.7%. In the case of other institutions, reference should also be made to Caixa Leasing e Factoring with 2.9% and BNU (Macau) with 1.8%.

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

CGD GROUP CONSOLIDATED NET ASSETS

OUTSTANDING BALANCES AT 31 DECEMBER

(EUR million)

	2008		2009	
	Amount	Percent	Amount	Percent
CGD GROUP				
Caixa Geral de Depósitos	83 022	74.8%	91 355	75.5%
Caixa Seguros e Saúde	11 952	10.8%	12 668	10.5%
Banco Caixa Geral (Spain)	5 137	4.6%	4 474	3.7%
Banco Nacional Ultramarino, SA (Macau)	2 172	2.0%	2 204	1.8%
Caixa-Banco de Investimento	1 750	1.6%	1 763	1.5%
Caixa Leasing e Factoring	3 336	3.0%	3 498	2.9%
Banco Comercial Atlântico (Cape Verde)	574	0.5%	576	0.5%
Banco Comercial e de Investimentos (Mozambique)	645	0.6%	759	0.6%
Mercantile Lisbon Bank Holdings (South Africa)	373	0.3%	485	0.4%
Other companies [a]	2 098	1.9%	3 203	2.6%
Consolidated net assets	111 060	100.0%	120 985	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 and loans and advances to credit Institutions of EUR 11.5 billion, were up 42.8% over the end of 2008 figure whereas central banks' and credit institutions' resources, at EUR 6.5 billion, were down 6.8% over December 2008, evidencing the Group's comfortable situation in terms of liquidity.

LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers (gross) were up EUR 2.2 billion over December 2008 to EUR 79.6 billion.

Around 77% of the loans and advances to customers total derived from CGD's operations in Portugal. In the case of international operations, special reference should be made to the increases achieved by Banco Comercial e de Investimentos (Mozambique), with EUR 158 million (up 40.2%), Banco Comercial Atlântico, with EUR 113.9 million (up 40.6%) and Caixa Leasing e Factoring, with EUR 152.3 million (up 4.6%).

LOANS AND ADVANCES TO CUSTOMERS [a]

BY CUSTOMER SEGMENTS

Balances at 31 December

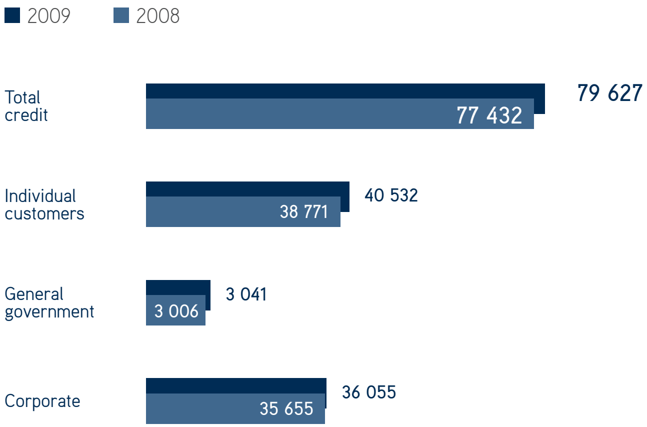
(EUR million)

	2008	2009	Change		Percent	
			Total	Percent	2008	2009
Corporate	35 655	36 055	400	1.1%	46.0%	45.3%
General government	3 006	3 041	35	1.2%	3.9%	3.8%
Of which: Municipalities	2 559	2 738	179	7.0%	3.3%	3.4%
Individual customers	38 771	40 532	1 761	4.5%	50.1%	50.9%
Total	77 432	79 627	2 195	2.8%	100%	100%

(a) Consolidated operations before impairment.

Loans and Advances to Customers

(EUR million)



The individual customers segment continues to account for the preponderant proportion of total credit with 50.9% of the overall lending balance. Mortgage loans accounted for 46.3% as opposed to the preceding year's 45.7%. Corporate loans and advances, in turn, represented 45.3% of the total.

The general government credit balance remained at around EUR 3 billion (up 1.2%) of which EUR 2.7 billion was lent to municipalities (up 7% over the end of 2008).

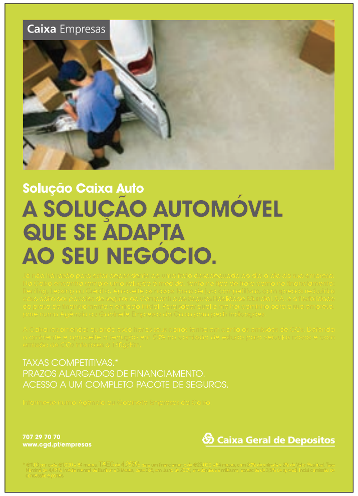
Translating CGD's commitment to stimulating and supporting domestic economic recovery, CGD Group's market share of loans and advances to customers increased from 19.9% to 20.5%. Special reference should be made to the increase in corporate loans and advances from 14.8% to 15.5% and increase in mortgage loans from 26.8% to 27.1%. Market share of loans and advances to general government remained higher than 44%.

LOANS AND ADVANCES TO CUSTOMERS – MARKET SHARES [a]

BY CUSTOMER SEGMENT

	2008	2009
Corporate	14.8%	15.5%
General government	44.2%	44.1%
Individual customers	23.2%	23.6%
Mortgage loans	26.8%	27.1%
Other	8.1%	8.5%
Total	19.9%	20.5%

(a) Operations in Portugal including securitised credit.



Corporate loans and advances witnessed significant increases in lending balances to mining and manufacturing industries, construction and public works and electricity, gas and water. The services balance, accounting for around 63% of total corporate loans and advances was down 4.6% over the preceding year.

CORPORATE LOANS [a]

BY OPERATING SECTORS

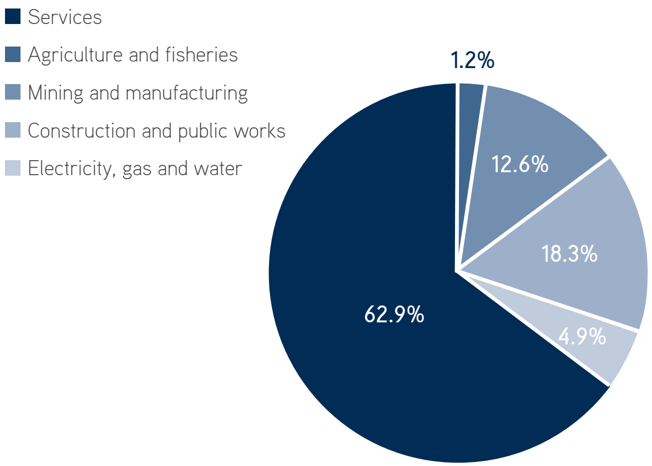
Outstanding Balances at 31 December

(EUR million)

	2008	2009	Change	
			Total	Percent
Agriculture and fisheries	374	448	74	19.8%
Mining and manufacturing	4 167	4 553	386	9.3%
Construction and public works	6 083	6 609	526	8.7%
Electricity, gas and water	1 274	1 757	483	37.9%
Services	23 756	22 688	-1 068	-4.5%
Total	35 655	36 055	401	1.1%

(a) Consolidated operations.

Corporate Loans – December 2009



The balance of credit to the services sector was particularly taken up by the "financial activities" with EUR 7 billion, "property activities", with EUR 3.7 billion and "wholesale and retail trade" with EUR 4.1 billion sub-sectors.

The loans and advances to individual customers balance was EUR 40.5 billion at the end of the year, with a 4.5% increase of EUR 1.8 billion, based on mortgage loans (up 4.1%) and "other" (up 8.6%).

The mortgage loans balance was up 4.1% to EUR 36.8 billion during the year, representing 46.3% of all Caixa Group lending.

LOANS AND ADVANCES TO INDIVIDUAL CUSTOMERS [a]

(EUR million)

	2008	2009	Change	
			Total	Percent
OUTSTANDING BALANCES				
Mortgage loans	35 361	36 828	1 467	4.1%
Other	3 410	3 704	294	8.6%
Of which:				
Credicaixa (consumer) [b]	981	1 098	117	11.9%
Credit cards [b]	276	314	38	13.8%
Total	38 771	40 532	1 761	4.5%
NEW OPERATIONS				
Mortgage loans				
Number of contracts	50 585	43 143	-7 442	-14.7%
Amount	3 739	3 488	-251	-6.7%

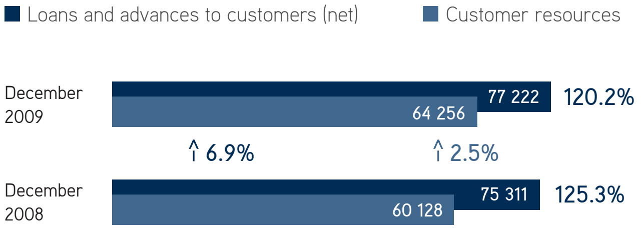
(a) Consolidated operations.
(b) Activity in Portugal.

Domestic mortgage loans, in 2009, totalled EUR 3 488 million, increasing the annual share of the respective market from 27.5% to 36.4%.

The deposit-to-loans conversion ratio was 120.2% at 31 December 2009 against an end of 2008 figure of 125.3%.

Deposits to loans conversion ratio

EUR million)

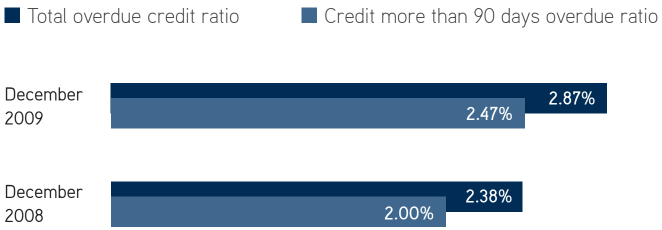


CREDIT QUALITY

The 23.9% increase in the overdue credit balance over 2008, to EUR 2 283 million, was reflected in asset quality indicators. The non-performing credit ratio, calculated under Bank of Portugal rules, was 3%, against a total overdue credit ratio of 2.87% and the credit more than 90 days overdue ratio which increased to 2.47%.

Reference should, however, be made to fact that overdue credit growth in CGD, in 2009, was significantly lower than in the Portuguese banking system as a whole, whose overdue credit ratio increased from 1.9% in December 2008 to 3.1% in November 2009.

Overdue Credit Ratios



CREDIT QUALITY (Consolidated)

OUTSTANDING BALANCES AT 31 DECEMBER

(EUR million)

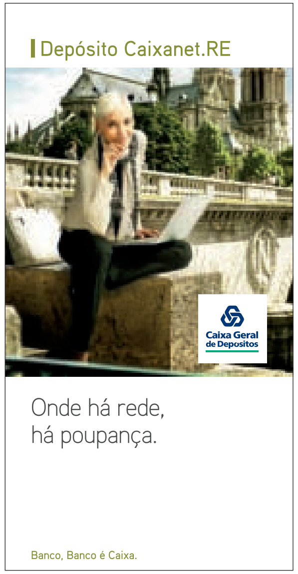
	2008	2009	Change	
			Total	Percent
Total credit	77 432	79 627	2 195	2.8%
Loans and advances to customers (outstanding)	75 590	77 344	1 754	2.3%
Overdue credit and interest	1 842	2 283	441	23.9%
Of which: credit overdue for more than 90 days	1 545	1 965	420	27.2%
Credit impairment	2 121	2 405	284	13.4%
Accumulated impairment – loans and advances to customers	1 100	1 155	55	5.0%
Accumulated impairment – overdue credit and interest	1 021	1 250	229	22.4%
Credit net of impairment	75 311	77 222	1 911	2.5%
Ratios				
Non-performing credit ratio [a]	2.33%	3.00%		
Non-performing credit (net)/total credit [a]	-0.42%	-0.02%		
Overdue credit / total credit	2.38%	2.87%		
Credit overdue for more than 90 days / total credit	2.00%	2.47%		
Accumulated impairment / non-performing credit	117.5%	100.7%		
Accumulated impairment / overdue credit	115.1%	105.3%		
Accumulated impairment / credit overdue for more than 90 days	137.3%	122.4%		

(a) Indicators calculated in accordance with Bank of Portugal Instruction.

Accumulated impairment on loans and advances to customers (normal and overdue) at the end of 2009 was around EUR 2.4 billion, with a credit overdue more than 90 days ratio of 122.4% against the preceding year's 137.3%.

SECURITIES PORTFOLIO

Securities investments, including Group insurance companies' investment operations, were up 21.5% over 2008 to EUR 25.9 billion, split up as follows:



SECURITIES INVESTMENTS (Consolidated)

OUTSTANDING BALANCES AT 31 DECEMBER

(EUR million)

	2008	2009	Change	
			Total	Percent
Banking operations	11 911	15 430	3 519	29.5%
Financial assets at fair value through profit or loss	4 687	6 101	1 415	30.2%
Available for sale financial assets	7 224	9 329	2 105	29.1%
Insurance operations	10 136	10 933	797	7.9%
Financial assets at fair value through profit or loss	121	108	-13	-10.7%
Available for sale financial assets	9 395	9 957	562	6.0%
Investments associated with unit-linked products	620	868	247	39.9%
Total	22 047	26 363	4 317	19.6%

The increase in the securities investment balance was particularly based on the "available for sale financial assets" portfolio with around 75.4% of the portfolio total, of which EUR 9.3 billion (up 29.5% over 2008) derived from the banking portfolio and EUR 10 billion (up 6%) from the insurance companies portfolio.

The main objectives of CGD's strategy for its own investment portfolio, in 2009, was to reduce average risk and increase the liquidity of portfolio securities. Purchases of portfolio shares therefore concentrated on the sovereign credit segment, including government-backed issues and covered bonds, which, in addition to their higher ratings in comparison to other credit segments, were also among the most liquid debt markets.

At the same time as the evident improvement in credit markets, particularly starting second quarter, it was possible to decrease the amounts allocated to the debt issued by financial institutions, including subordinated debt and structured credit (ABS).

The reopening of the primary markets for uncollateralised senior debt issued by banks and other financial institutions also enabled several of the portfolio issues with lesser quality credit to be replaced by others with a higher rating and/or more positive carry.

TOTAL RESOURCES TAKEN BY THE GROUP

Total resources taken by the Group (excluding the interbank money market) were up 10.2% over the preceding year to EUR 108.4 billion, split up as follows:

RESOURCES TAKEN BY GROUP

BALANCES AT 31 DECEMBER

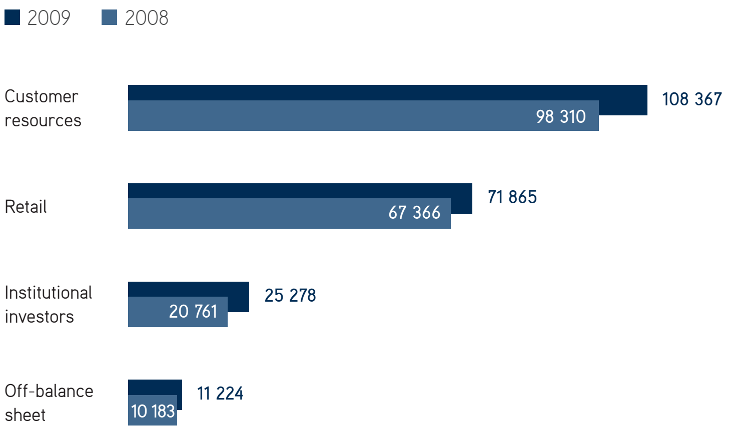
(EUR million)

	2008	2009	Change	
			Total	Percent
Balance sheet	88 127	97 143	9 016	10.2%
Retail	67 366	71 865	4 499	6.7%
Customer deposits	55 484	57 785	2 300	4.1%
Capitalisation insurance [(a)]	9 398	10 423	1 025	10.9%
Other customer resources	2 483	3 657	1 174	47.3%
Institutional investors	20 761	25 278	4 517	21.8%
EMTN	6 815	10 517	3 702	54.3%
ECP and USCP	6 078	5 832	-245	-4.0%
Nostrum Mortgages and Nostrum Consumer	696	581	-115	-16.6%
Covered bonds	5 922	6 088	166	2.8%
Bonds guaranteed by the Portuguese Republic	1 250	1 248	-2	-0.2%
Bonds issued on the public sector	-	1 012	1 012	-
Off-balance sheet	10 183	11 224	1 041	10.2%
Investment units in unit trust funds	4 962	5 684	722	14.6%
Caixagest	3 614	4 106	492	13.6%
Fundimo	1 348	1 578	230	17.1%
Pension Fund	1 578	2 100	522	33.1%
Wealth Management [(b)]	3 644	3 440	-204	-5.6%
Total	98 310	108 367	10 057	10.2%

(a) Includes fixed-rate insurance and unit-linked products.
(b) Does not include CGD companies' insurance portfolios.

Total Customer Resources

(EUR million)



Of particular note in the retail segment was the 4.1% increase of EUR 2.3 billion in customer deposits over 2008 to EUR 57.8 billion, together with a 10.9% increase in capitalisation insurance.

There was a 21.8% increase of EUR 4.5 billion in the balance of resources taken from institutional investors in the form of own issues. Bonds issued under the Euro Medium Term Notes (EMTN) Programme and covered bonds totalled EUR 10.5 billion (up 54.3%) and EUR 6.1 billion (up 2.8%) respectively.

Caixa was highly active in terms of private placements in the senior debt market and under the EMTN Programme. This was sustained by a reanimation of this market segment, in which 71 private issues totalling EUR 2 937 million were traded. A subordinated debt issue of EUR 538.5 million was also placed with retail customers, under the said programme.

In February, CGD was the first Portuguese financial institution, since May 2008, to launch a non-guaranteed bond issue. The operation, with a maturity of 5 years, totalled EUR 1 250 million. With the improving economic situation in international markets, CGD opted for a fresh launch of a non-guaranteed senior issue of EUR 1 billion with a maturity of 4 years at the end of April, at more attractive rates than at the start of the year.

In July, CGD launched the first bond issue on the public sector in the Portuguese market with a maturity of 5 years for the amount of EUR 1 billion, at the mid swap rate for the same maturity plus 85 bp. This issue, guaranteed by a portfolio exclusively comprising loans to Portuguese municipalities enabled Moody's and Fitch's to issue their highest AAA rating. Caixa Geral de Depósitos's success in placing this inaugural issue in the Portuguese market established a new benchmark operation and reconfirmed its acceptance, credibility, rating and prestige as an issuer in international capital markets.

Caixa launched a public repurchase offer of EUR 41 million, on two Upper Tier II issues at the end of September, exploiting the fact that returns on the repurchase of bonds were higher than their initial issue terms. This transaction in a market with reduced liquidity allowed investors to dispose of their bonds.

CGD launched its 3rd public issue under the Covered Bonds Programme, in January 2010 for the amount of EUR 1 billion and a maturity period of 10 years, for institutional investors. The issue's maturity complies with Caixa Geral de Depósitos's objective of lengthening the average maturity period of its finance, contributing towards greater balance sheet stability and creating an opportunity to diversify market supply as the maturities of most of the issues launched in the market have been between 5-7 years.

Over the short term, use of the Euro Commercial Paper (ECP) and CD (Certificate Deposits), programme remained highly dynamic over the course of the year, exploiting highly attractive financing terms with an outstanding balance of more than EUR 7 billion.

There has been a positive evolution of "off-balance sheet" resources since December 2008. In absolute terms, the balance on this account heading was up 10.2% by EUR 1 billion over last year. Particularly impressive was the 33.1% growth of EUR 522 million in pension funds over December 2008.

CUSTOMER RESOURCES

Customer resources were up 6.9% to EUR 64.3 billion, sustained by a 4.1% increase in customer deposits and a 39.4% increase in "other resources" mainly comprising fixed-rate insurance products with a balance of EUR 5.9 billion (up 32.4%).

CUSTOMER RESOURCES (Consolidated)

BALANCES AT 31 DECEMBER

(EUR million)

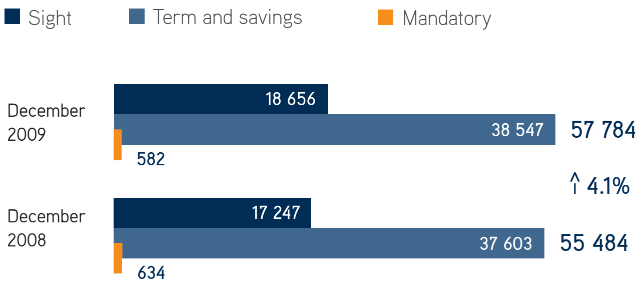
	2008	2009	Change	
			Total	Percent
Deposits	55 484	57 785	2 300	4.1%
Sight	17 247	18 656	1 409	8.2%
Term and savings deposits	37 603	38 547	944	2.5%
Mandatory	634	582	-52	-8.3%
Other resources [a]	4 643	6 471	1 828	39.4%
Total	60 128	64 256	4 128	6.9%

(a) Includes fixed-rate insurance products.

The global deposits balance was up 4.1% to EUR 57.8 billion, over the preceding year, supported by sight deposits (up EUR 1.4 billion, 8.2%) and term and savings deposits which were up 2.5% by EUR 954 million, comprising 66.7% of the total.

Evolution of Customer Deposits

(EUR million)



The increase in term and savings deposits derived from individual customers (up EUR 0.8 billion, 2.3%), and from the public sector. This was offset by the total corporate deposits balance which was down 4.4%.

CUSTOMER DEPOSITS (Consolidated)

BALANCES AT 31 DECEMBER

(EUR million)

	2008	2009	Change	
			Total	Percent
Individual customers	45 063	46 907	1 843	4.1%
Sight deposits	12 017	13 104	1 087	9.0%
Term and savings deposits	33 046	33 802	757	2.3%
Corporate	7 842	7 493	-349	-4.4%
Sight deposits	3 497	3 361	-136	-3.9%
Term deposits	4 345	4 132	-213	-4.9%
Public sector	2 579	3 385	806	31.2%
Sight deposits	1 733	2 191	458	26.4%
Term deposits	213	613	400	188.2%
Mandatory deposits	634	582	-52	-8.3%
Total	55 484	57 785	2 300	4.1%

EUR 47.5 billion of the deposits balance, i.e. 82.2% of the consolidated total, referred to CGD's domestic operations particularly the Group's branches and subsidiaries, in BNU (Macau) (EUR 2 billion), Banco Caixa Geral (EUR 1.8 billion) and the France branch (EUR 1.7 billion).

Caixa significantly reinforced its lead position in customer deposits, in Portugal, in 2009, increasing its market share from 27.6% to 29.2% at year end. This increased to 33.9% in the individual customers segment and to 43.3% in the emigrants segment.

CUSTOMER DEPOSITS – MARKET SHARES [a]

BY CUSTOMER SEGMENT

	2008	2009
Corporate	12.1%	10.7%
General government	23.2%	33.9%
Individual customers	32.1%	33.9%
Emigrants	40.1%	43.3%
Mandatory	95.4%	98.1%
Total	27.6%	29.2%

(a) Activity in Portugal.

STRUCTURED PRODUCTS

With the aim of taking in fresh and retaining existing resources, Caixa launched several savings and investment solutions in 2009, always targeted at adjusting its offer to customers' investment profiles, whether "prudent", "balanced", "dynamic" or "daring".

An amount of EUR 5 615 million was therefore taken in during the course of the year, through the launch of 64 structured products, comprising deposits, bonds, investment and pension funds and insurance, with the following distribution.

STRUCTURED PRODUCTS
BY CATEGORY

(EUR million)

	Amount	Percent
Deposits – domestic market	3 071	54.7%
Bonds	539	9.6%
Investment and pension funds	751	13.4%
Financial insurance	779	13.9%
PPR (retirement plans)	475	8.4%
Total	5 615	100.0%

DEBT SECURITIES

Debt securities were up 26.4% to EUR 25.2 billion. Contributory factors were the issue of bonds on the public sector for the amount of EUR 1 billion, in addition to securities issued under the EMTN programme, with an increase of EUR 3.6 billion (up 68.3%).

DEBT SECURITIES
BALANCES AT 31 DECEMBER

(EUR million)

	2008	2009	Change	
			Total	Percent
EMTN programme issues [a]	5 309	8 937	3 628	68.3%
ECP and USCP programme issues	6 078	5 832	-245	-4.0%
Nostrum Mortgages and Nostrum Consumer	696	581	-115	-16.6%
Covered bonds	5 922	6 088	166	2.8%

...Continued

(EUR million)

	2008	2009	Change	
			Total	Percent
Bonds guaranteed by the Portuguese Republic	1 250	1 248	-2	-0.2%
Bonds issued on the public sector	-	1 012	1 012	-
Cash bonds and certificates of deposit	674	1 484	810	120.2%
Total	19 929	25 182	5 253	26.4%

(a) Does not include issues classified as subordinated liabilities.

SUBORDINATED LIABILITIES

Caixa took in EUR 3 202 million of subordinated liabilities (up 1.8% over the preceding year), particularly comprising bonds issued by CGD (headquarters), CGD Finance and the France branch (EUR 2.1 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 1.1 million).

SUBORDINATED LIABILITIES
BALANCES AT 31 DECEMBER

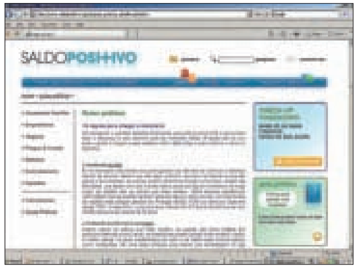
(EUR million)

	2008	2009	Change	
			Total	Percent
EMTN programme issues [a]	2 045	2 139	94	4.6%
Other	1 100	1 063	-37	-3.4%
Total	3 145	3 202	57	1.8%

(a) Does not include issues classified as debt securities.

CAPITAL MANAGEMENT

The Group's shareholders' equity was up 30.5% by EUR 1.7 billion to EUR 7.2 billion over the end of 2008. A major contributory factor was the EUR 1 billion increase in Caixa Geral de Depósitos's share capital, in June 2009.



SHAREHOLDERS' EQUITY

(EUR million)

	2008	2009	Change	
			Total	Percent
Share capital	3 500	4 500	1 000	28.5%
Fair value reserves	-873	-331	542	62.1%
Other reserves	1 464	1 644	180	12.3%
Retained earnings	-222	-189	33	14.9%
Minority shareholders' interests	1 157	1 254	97	8.4%
Net income for period	459	279	-180	-39.2%
Total	5 484	7 157	1 673	30.5%

The main reason for CGD's increase in share capital to EUR 4.5 billion, in addition to guaranteeing greater solidity, was to strengthen the equity instruments required to enable CGD to continue to contribute to stimulating the domestic economy, meeting households' and companies' borrowing requirements.

The fair value reserves account heading, benefiting from capital market improvements, also recorded a positive change of EUR 542 million.

The solvency ratio, calculated under the Basel II regulatory framework, was up from 10.7% at the end of 2008, to 12.6% in December 2009. Tier I, in turn, was up from 7% to 8.5% and Core Tier I from 6.8% to 8.3%.

CONSOLIDATED SOLVENCY RATIO [(a)]

BALANCES AT 31 DECEMBER

(EUR million)

	2008	2009	Change	
			Total	Percent
Total own funds (1)	7 177	8 966	1 789	24.9%
a) Basis own funds	4 664	6 037	1 373	29.4%
Of which: Core Capital	4 522	5 904	1 382	30.6%
b) Complementary own funds	2 552	2 966	414	16.2%
c) Deductions	39	37	2	5.1%
Total weighted assets (2)	66 851	71 041	4 190	6.3%
Own funds requirements (3) = (2) / (12,5)	5 348	5 683	335	6.3%

...Continued

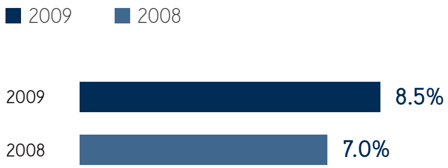
(EUR million)

	2008	2009	Change	
			Total	Percent
Surplus own funds (4) = (1) - (3)	1 829	3 283	1 454	79.5%
TIER I (5) = (1a) / (2)	7.0%	8.5%	1.5%	
Core TIER I (6)	6.8%	8.3%	1.5%	
Solvency ratio (7) = (1)/(2)	10.7%	12.6%	1.9%	

(a) Including retained earnings. Basis own funds and complementary own funds: 50% of investment of more than 10% in insurance companies and credit institutions in which the investments are > 10% has been deducted from basis own funds and complementary own funds.

Solvency

Tier I



The above ratios evidence the positive impacts of the share capital increase in first half 2009 and increase in fair value reserves.

CGD implemented the standard method of calculation for the operational risk index in 2009.

CGD PENSION FUND AND EMPLOYEES´ HEALTHCARE PLAN

CGD set up its employees pension fund on 31 December 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, from 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 5.8 million in 2009.

Reference should be made to the following demographic and financial premises used to calculate pension and healthcare liabilities for 2009:

• Discount rate	5.50%
• Wages growth rate	3.50%
• Pensions growth rate	2.25%
• Men's mortality table	TV 73/77 (-1 year)
• Women's mortality table	TV 88/90 (-1 year)
• Disability table	EKV80
• Average retirement age	60

CGD also changed the discount rate at the end of December 2009, based on IAS regulations, reducing it from 5.75% to 5.50%, as well as the pensions growth rate from 2.50% to 2.25%.

CGD's liabilities for its employees' retirement pensions at 31 December 2009 and 2008 increased by EUR 195.2 million, to EUR 1 332.4 million and EUR 1 137.2 million, respectively.

PENSION FUNDS IN 2009

FUND MOVEMENTS

(EUR thousand)

Value of Fund at 31.12.2008	1 137 181
Employee contributions	27 124
Regular CGD contributions	69 803
Extraordinary CGD contributions	42 038
Pensions paid	(27 482)
Net income of fund	83 704
Value of Fund at 31.12.2009	1 332 368

The value of the fund fully covered its share of liabilities for current pension payments and the past services of present employees.

An amount of EUR 68.9 million was recognised as costs for the year, as was an amount of EUR 10.6 million on the amortisation of deferred costs as a charge to reserves. Actuarial deviations, at year end, totalled EUR 185.8 million, split between a corridor of EUR 148.4 million and deferred costs of EUR 37.4 million.

Returns on CGD's pension fund were up 7.09%, owing to the slight improvements in the financial markets.

The following table shows that liabilities associated with CGD employees' post employment medical benefits have been fully provisioned, totalling EUR 460 million and EUR 427.8 million, respectively, at 31 December 2009 and 2008.

HEALTHCARE PLAN IN 2009

EVOLUTION OF PROVISION

(EUR thousand)

Value of provision at 31.12.2008	427 832
(+) Current cost for period	32 493
(-) Contributions for healthcare services (SS and SAMS)	20 020
(+) Actuarial losses	19 720
Value of provision at 31.12.2009	460 025

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 balance on such losses, after EUR 2.6 million in amortisation for the year, totalled EUR 101.4 million at 31 December of which EUR 46 million were allocated to the corridor and EUR 55.4 million outside the corridor.

GROUP RATING

Although the deterioration of the macroeconomic climate and financial conditions, in 2009, and their unfavourable impact on the main banking operations variables, led to changes in ratings and/or outlooks allocated to CGD by the three major international rating agencies, CGD succeeded in maintaining the highest ratings of Portuguese financial groups.

MOODY'S

In September 2009, Moody's, following the revision of its ratings on Portuguese banks in April of the same year, downgraded its BFSR (Bank Financial Strength Rating) and long term rating on CGD, from C and Aa1 to C- and Aa2, respectively, both with a negative outlook. Moody's considers that these decreases particularly reflect the pressure on returns and capitalisation in a worse than expected scenario, in addition to the deterioration of asset quality indicators.

The short term Prime-1 rating was restated.

FITCH RATINGS

Fitch Ratings confirmed its long and short term ratings of AA- and F1+, respectively, in September 2009, having revised its outlook from "stable" to "negative". According to the said agency, the change reflected a similar revision of the "outlook" on the Portuguese Republic's ratings.

Fitch Ratings also confirmed CGD's, "Individual Rating" of B, "Support Rating" of 1 and "Support Rating Floor" of AA-.

STANDARD & POOR'S

Standard & Poor's revised its classification of CGD's "outlook" to negative, in July 2009. This action derived from the agency's revision of its rating methodology and premises on GREs – Government-Related Entities and reflects the pressure on CGD's SACP – Stand-Alone Credit Profile, owing to the worsening economic and financial markets climate, concentration of exposure to credit risk and the potential, negative impact on the profitability of the Bank's financial investments portfolio over the coming quarters.

Information on CGD's current ratings is set out in the following table:

	Short Term	Long Term	Outlook	
STANDARD & POOR'S	A-1	A+	Negative	December 2009
MOODY'S	Prime –1	Aa2	Negative	January 2010
FITCHRATINGS	F1+	AA-	Negative	December 2009

SEPARATE OPERATIONS (*)

BALANCE SHEET

There was a 9.5% annual increase of EUR 9.2 billion in net assets from Caixa Geral de Depósitos' separate operations to EUR 105.9 billion at the end of 2009. This amount comprises around 76% of consolidated assets

BALANCE SHEET (Separate)

BALANCES AT 31 DECEMBER

(EUR million)

	2008	2009	Change	
			Total	Percent
Assets				
Cash and cash equivalents at central banks	1 502	1 479	-23	-1.5%
Loans and advances to credit institutions	13 813	17 207	3 394	24.6%
Loans and advances to customers	64 007	65 597	1 590	2.5%
Securities investments	10 359	14 205	3 846	37.1%
Investment in subsidiaries and associated companies	2 761	3 099	338	12.3%
Intangible and tangible assets	782	759	-23	-2.9%
Deferred tax assets	720	661	-59	-8.2%
Other assets	2 707	2 801	94	3.5%
Total	96 651	105 809	9 158	9.5%
Liabilities				
Central banks' and credit institutions' resources	10 533	9 673	-860	-8.2%
Customer resources	50 551	53 713	3 162	6.3%
Financial liabilities	2 570	2 322	-248	-9.7%
Debt securities	20 387	26 077	5 690	27.9%
Provisions	1 297	1 205	-93	-7.1%
Subordinated liabilities	3 423	3 477	54	1.6%
Other liabilities	3 299	3 497	198	6.0%
Total	92 060	99 963	7 903	8.6%
Shareholders' equity	4 590	5 846	1 255	27.3%
Total	96 651	105 809	9 158	9.5%

(*) 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 particularly derived from securities investments, which were up EUR 3.8 billion (37.1%), cash equivalents and loans and advances to credit institutions, up EUR 3.4 billion (24.6%) and loans and advances to customers with an increase of EUR 1.6 billion (up 2.5%).

On the liabilities side the most significant increases were posted in debt securities, with an increase of EUR 5.7 billion (up 27.9%) and customer resources, with an increase of EUR 3.2 billion (up 6.3%).

CAPITAL MANAGEMENT

Shareholders' equity was up 27.3% by EUR 1.3 billion to EUR 5.8 billion, deriving from the EUR 1 billion increase in share capital in May and EUR 335 million increase in revaluation reserves.

SHAREHOLDERS' EQUITY (Separate)

BALANCES AT 31 DECEMBER

(EUR million)

	2008	2009	Change	
			Total	Percent
Capital	3 500	4 500	1 000	28.6%
Revaluation reserves	- 416	- 80	335	80.7%
Other reserves and retained earnings	1 022	1 185	163	16.0%
Net income for period	484	241	- 243	-50.2%
Total	4 590	5 846	1 255	27.3%

CGD's separate **solvency ratio**, determined under the Basel II regulatory framework and Bank of Portugal regulations, but including retained earnings was 13.9% at the end of 2009 against the preceding year's 11.7%. The Core Tier I ratio, in turn, improved from 6.8% to 8.4%.

RESULTS

INCOME STATEMENT (SEPARATE)

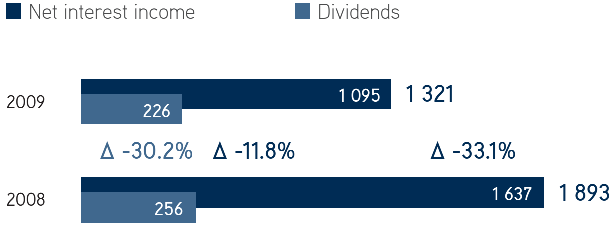
(EUR thousand)

	2008	2009	Change	
			Total	Percent
Net interest income including income from equity investments (1)	1 893 128	1 320 760	-572 368	-30.2%
Interest and similar income	8 052 366	5 367 347	-2 685 019	-33.3%
Interest and similar costs	6 415 371	4 272 503	-2 142 869	-33.4%
Income from equity investments	256 133	225 916	-30 217	-11.8%
Non-interest income (2)	871 263	635 520	-235 743	-27.1%
Income from services and commissions (net)	328 693	365 632	36 939	11.2%
Income from financial operations	107 258	159 979	52 720	49.2%
Income from the disposal of other assets	321 971	419	-321 552	-99.9%
Other operating income	113 341	109 491	-3 850	-3.4%
Net operating income (3)=(1)+(2)	2 764 390	1 956 280	-808 110	-29.2%
Operating costs and amortisation (4)	1 157 149	1 166 807	9 658	0.8%
Employee costs	630 517	632 191	1 674	0.3%
External supplies and services	414 859	415 068	209	0.1%
Depreciation and amortisation	111 773	119 548	7 775	7.0%
Gross operating income (5)=(3)-(4)	1 607 242	789 473	-817 769	-50.9%
Provisions and impairment (net of reversals and cancellations) (6)	1 006 694	533 782	-472 913	-47.0%
Credit provisions	396 793	336 739	-60 054	-15.1%
Impairment of other financial assets	619 760	194 463	-425 296	-68.6%
Impairment of other assets	-9 858	2 579	12 437	-126.2%
Income before tax (7)=(5)-(6)	600 547	255 692	-344 856	-57.4%
Tax (8)	116 296	14 622	-101 674	-87.4%
Current	271 656	-66 640	-338 296	-124.5%
Deferred	-155 359	81 263	236 622	-152.3%
Net income for period (9)=(7)-(8)	484 251	241 069	-243 182	-50.2%

Separate net income for 2009 was EUR 241.1 million, translating a 50.2% reduction over the preceding year. A significant contribution to this result was made by the decrease in net interest income which, in totalling EUR 1 320 million, in 2009, was down 30.2%. The evolution of the two components of net interest income including income from equity investments was unfavourable, with net interest income, of EUR 1 094.8 million down 33.1% and income from equity investments down 11.8% over 2008.

Net Interest Income including Income from Equity Investments

(EUR million)



Other operating income, in turn was down 27.1% to EUR 635.5 million over the preceding year, notwithstanding the positive performance of both income from financial operations and income from services and commissions which were up 49.2% and 11.2% respectively. These positive performances, however, did not offset the highly significant fall in the part relative to income from the disposal of other assets which, in 2008, incorporated several capital gains, notably deriving from the disposal of REN shares (EUR 116.3 million), the sale of CLF shares (EUR 150 million) to Parpública in addition to the income received from the sale of property to the CGD Pension Fund (EUR 59.0 million), which non-recurring events in 2009, had a decisive influence on the comparison with last year.

Evolution of Commissions (Net)

(EUR million)

Provisions and impairment for the period totalled EUR 533.8 million, a significant proportion of which comprised increased credit provisions.

PRINCIPAL RISKS AND UNCERTAINTIES IN 2010

Notwithstanding an improved economic and financial environment, 2010 will be a year of significant challenge owing to the uncertainties involved.

The point of departure will be the need to assess the capacity of the world economy and developed countries in particular, to sustain the recovery beginning in second half 2009, with a much lower level of financial and mainly monetary stimuli which were determining factors behind the recovery.

The elimination, in 2010, of the extraordinary measures taken in support of the financial system and the economy implemented by the main central banks, in 2009, several of which already scheduled for termination between February and June, will gradually reduce the liquidity available in the market. This could translate into greater difficulties in securing finance and higher costs, in addition to having a negative effect on the performance of the financial assets most benefiting over the last year from the existence of abundant liquidity.

In such a context, governments may witness an increase in interest rates on public debt bonds, both on account of the increase in their borrowing requirements and the potential decrease in demand for this type of assets.

Companies could also have to face higher finance costs. In the particular case of the financial sector, this situation may become more visible on the basis of a profile of current debt maturities which has been distorted over the short to medium term, with significant refinancing needs in 2010. This factor could be accompanied by the end of state guarantees on issues in several countries.

An additional factor in such risks, as regards the cost of finance, is the possibility of increases in reference rates by the main central banks and notably the European Central Bank over the course of second half 2010.

Another aspect to be considered is related with the rate of economic growth, especially in the Euro Area. An anaemic recovery will not cease to have consequences both on a level of employment generating capacity and in business terms, with reflexes on both growth and credit quality.

The time lags in the recovery of the labour market relative to economic performance may, in itself, bring pressure to bear on non-performing credit, helping to keep it at higher than average levels.

The conjugation of higher financing costs, poor credit growth and the continuation of an unfavourable environment in terms of credit quality would have significant impact on banking profitability.

In light of the fact that 2009 was an exceptional year for markets, owing to a combination of a strong increase in the value of share markets, a significant narrowing of spreads on credit and the benign behaviour of lower risk assets, the diversification of results through an increase in the value of financial portfolios will not have the same level of expression.

Risk Management

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RISK MANAGEMENT

Risk management operations, in CGD Group, are centralised. Risk management encompasses the assessment and control of the Group's credit, market and liquidity risks, based on the principle of the separation of functions between commercial and risk areas.

The risk management area is part of the support structure and is present:

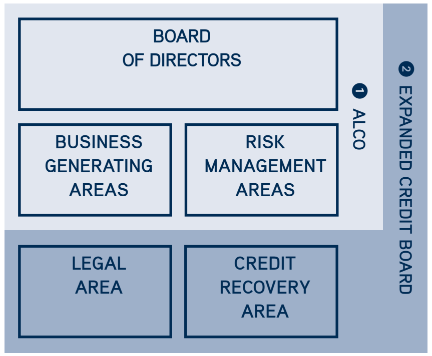
❶ In the **Assets and Liabilities Management Committee (ALCO)**, in conjunction with business generating areas and with members of the board of directors. Under the terms of a board of directors' resolution, the committee was, *inter alia*, given the following responsibilities:

• The promotion of the Assets and Liabilities Management (ALM) process and actions and procedures necessary for the implementation thereof in consolidated terms and on a separate basis for diverse Group entities;

• The preparation of proposals for strategic guidelines on CGD Group's financing and liquidity policy;

• The preparation of proposals for strategic guidelines on the risk management policy, defining indicators, limits and management rules;

• The preparation of proposals for strategic guidelines on CGD Group's capital ratios.



❷ In the **expanded credit board**, in conjunction with the business generation areas, the legal area, credit recovery area and the board of directors. Under the terms of a board of directors' resolution, the council was, *inter alia*, given the following responsibilities:

• Authorisation of operations, which being part of the internal regulatory framework require the board's assessment;

• Analysis of non-performing loans;

• Definition of the credit policies strategy and respective risk.

RISK PROFILE AND RESPECTIVE EVOLUTION

CGD Group's operations have consistently tended to adopt an adequate risk aversion approach although there is room for an innovation and a market monitoring component, in the products to which it is exposed.

PRINCIPLES AND POLICIES

The furtherance of CGD Group's risk profile enshrines the following principles:

• Focus on risk-weighted return;

• Sustained growth and business diversification;

• Definition and monitoring of the use of limits by type of risk;

• Proactive risk management;

• Prompt response from the risk management area.

CREDIT RISK

Credit risk is associated with the losses and level of uncertainty over a customer/counterparty's capacity to meet their obligations.

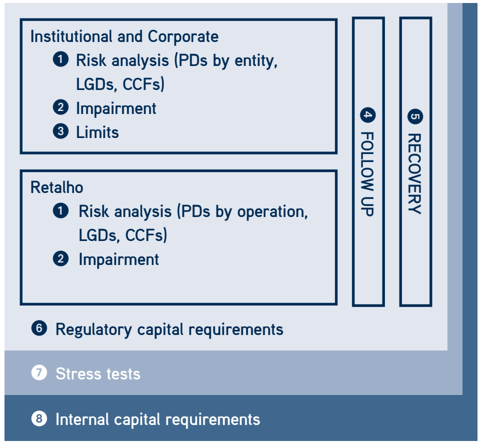
Given the nature of banking activity, credit risk is particularly important, owing to its materiality, notwithstanding its interconnection with the remaining risks.

EVOLUTION OF RISK FACTORS

2009 continued to be a year of a general worsening of the credit quality trend in line with last year's developments, which in CGD Group took the form of a deterioration in impairment provisions set up over December 2008.

METHODOLOGY

❶ **Analysis and Risk** – CGD Group has implemented an identification, assessment and control of its credit risk portfolio system, which includes all customer segments and is active both at the time when loans are made and in the monitoring of risk over the lifetime of the operations.



• In the case of companies with more significant levels of exposure, credit risk assessment, in addition to the use of internal rating models (incorporating both financial information and qualitative elements) is subject to a separate risk analysis by a team of analysts which produces credit risk assessment reports and issues an independent opinion on the respective credit risk. This analysis is performed periodically and whenever there are any changes to the relationship with the customer or endogenous or exogenous factors recommending a reassessment of the risk are identified.

• The assessment of credit risk in the retail segment uses statistical risk assessment tools (scoring and rating models) based on a series of internal regulations which define objective criteria to be complied with when loans are being made, in addition to the delegating of competencies in accordance with the risk ratings allocated to customers.

2 The credit **impairment** model developed by CGD Group, under IAS 39, enables credit risks with objective evidence of impairment and impaired credit to be identified and monitored.

The risk factors used in the impairment model are updated annually with an adjustment being made in the impairment analysis, for the effects of the market's current conditions which were not noted in past historical periods.

The credit impairment model is used to analyse and process the credit portfolio which is subdivided in conformity with the following approaches:

• Collective impairment analysis – impairment provisions per risk sub segments are set up for exposures which are not considered to be individually significant. They include assets with similar risk characteristics (credit segment, type of collateral, payments history, *inter alia*);

• Individual impairment analysis – an individual assessment is made on a quarterly basis for customers with exposures considered to be individually significant. It involves CGD's commercial areas, credit recovery and risk management areas.

Individual assessments on customers with major exposure levels essentially focus on the following items:

• Compliance with the contractual terms agreed with CGD Group;

• Assessment of economic-financial situation;

• Prospects for the evolution of the customer's activity;

• 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 customers' behaviour and good payment record.

For significant exposures with no objective signs of impairment, a collective provision is determined, in conformity with the risk factors determined for credits with similar characteristics.

(EUR million)

	2007	2008	2009
Impairment on loans and advances to customers (consolidated)	1 729	2 121	2 405

3 **Limits** – to support the credit analysis process, CGD Group has developed and implemented a model for the definition of short term exposure limits on companies, parameterised on the basis of economic-financial indicators and risk ratings providing guidelines on the recommended short term risk exposure for each customer. The model permits the use of the same collection of clear and objective rules for the calculation of reference levels, which limits are then subject to a detailed analysis for validation purposes.

• In the case of the financial institutions segment, internal limits are approved for each institution. The definition of such limits is based on the entity's status in the financial sector and its peers, rating, VaR, and other relevant elements.

• Compliance with limits, credit exposures and counterparty and group risk profile is regularly monitored by analysts.

4 **Monitoring** – The process for following up the risk classification models is particularly important for CGD. This provides it with powerful indications, obtained from the processing of information on the use of internally developed models relating to the adequacy thereof. Guidelines on any needs to re-estimate the referred to models and information on the use thereof are therefore obtained.

5 **Recovery** – 2009 was a year of great pressure for credit recovery owing to the existing environment, characterised by a general economic crisis, higher unemployment and more bankruptcies. These developments, *per se*, would leverage an increase in casework for credit recovery areas and therefore the need to involve more people in the recovery operations.

In light of the above, the Credit Recovery Division met with all of the commercial areas with the aim of making them aware of the importance of monitoring default levels in the first days of their appearance or even before the occurrence of the default based on early warning signs.

This attitude made it possible to avoid an increase in the number of individual customers' case files allocated to the recovery area (which occurs automatically after the end of the third instalment in default), resulting in a decrease in terms of a comparison between the portfolio under management in December 2009 (13 476 customers) and December 2008 (13 790 customers).

The number was higher in December 2009 (769 customers) than in December 2008 (574) in the case of corporate customers. This situation derived not only from the higher number of defaults but also the expanding to various commercial divisions of automatic allocations of corporate defaults (90 days for companies up to EUR 100 thousand in debt or 180 days for companies with more than EUR 100 thousand in debt).

At the end of 2009, the Credit Recovery Division was dealing with 97.6% of total overdue mortgage loans (involving negotiations and legal proceedings) and 77.8% of the total corporate overdue credit which, as a whole, represented 4% of Caixa's total loans and advances to customers.

Caixa created new intervention instruments this year for debtors at risk, in the form of a property investment fund for home rentals (FIIAH) and the formation of a property company for interventions on guarantees allocated to mortgage loans, enabling faster and specialised credit recovery procedures. It also implemented support measures for unemployed debtors in the form of lines of credit set up with the state for the said purpose.

In conjunction with all of the structures involved (Recovery Division, Commercial Divisions, Contact Center, etc.) Caixa succeeded in improving the total overdue credit ratio (2.3% in October 2009 and 2.26% in December 2009) in relation to the banking system (3.04% in October 2009). The ratio, in December 2008 was 1.86% for the banking system and 1.91% for Caixa.

In terms of collections and settlements, the Credit Recovery Division achieved figures of EUR 1 553 million, of which only EUR 196 million (12.6%) was related with judicial proceedings and the bank therefore retains its approach of preference for negotiations as opposed to legal action at any stage of the process and endeavours to comprehend customers' circumstances in its quest for solutions.

6 **Regulatory Capital Requirements** – for derivatives instruments, repos operations, loans made or issued on securities or commodities, long term settlement operations and loan operations with the imposition of a margin, the mark to market assessment method is used as defined in Part 3 of Annex V of the Bank of Portugal's (BdP) Official Notice 5/2007, which consists of adding to the operation's market value when positive, its future valuation potential, resulting from the multiplication of the notional amount by a prudential factor based on the type of contract.

• The standard method described in BdP Official Notice 5/2007 is applied to receivables

• The "Market Discipline 2009" document, scheduled for publication in first half 2010 will provide detailed information on the regulatory requirements for CGD Group capital.

7 The realisation of **stress tests** aims to provide an analytical appraisal of CGD Group's position in terms of solvency when subject to extreme scenarios. An adequate tool for the institution's circumstances and needs was developed and implemented in 2009, enabling the requirements of BdP Instruction 18/2007 to be complied with.

8 **Internal capital requirements** per operation result from the use of credit risk factors (probabilities of default – PDs, value loss on defaults – LGDs and conversion factors into internally estimated credit equivalents – CCFs).

MARKET RISK

This translates, in simplistic terms into potentially negative impacts on an institution's income or capital, deriving from unfavourable price movements of portfolio assets based on their transaction levels.

Market risk exists on instruments such as shares, funds, commercial paper, bonds, borrowing and lending operations, spot or forward foreign currency operations, interest rate derivatives, foreign exchange derivatives, shares/indices/baskets, commodities and credit. Exposure to this type of risk is therefore transversal to various categories: price, interest rate, foreign exchange rate, volatility and commodities. CGD Group is exposed to major market risk concentration in the first three categories, owing to the major contribution of simple, liquid assets although there is space for an innovation and a market accompaniment component present in the products to which it is exposed.

Executory functions on market operations and associated risk control are completely separate.

EVOLUTION OF RISK FACTORS

2009 was a year of uncertainty for financial markets. Notwithstanding the fact that a strong recovery of the main stock market indices was witnessed during the year there was no certainty of an effective upturn or that such a recovery could be sustained.

LIMITS

The practice of setting diverse limits and the monitoring thereof, is an extremely important factor for mitigating market risk. These global limits are submitted by the risk management area to management for discussion and approval. The management rules established on each portfolio or business unit, include, *inter alia*, market risk limits and limits on the type of instruments authorised and maximum acceptable loss levels. There are also specific management rules governing the foreign exchange risk position for CGD Group units.

Market risk hedge operations are decided by portfolio managers, on the basis of the risk limits and authorised instruments, with the risk management division collaborating on an assessment of the impact of hedges on the total risk or change in authorised market risk levels, if recommended by the circumstances.

VaR amounts and limits are calculated on CGD Group's total open and currency positions.

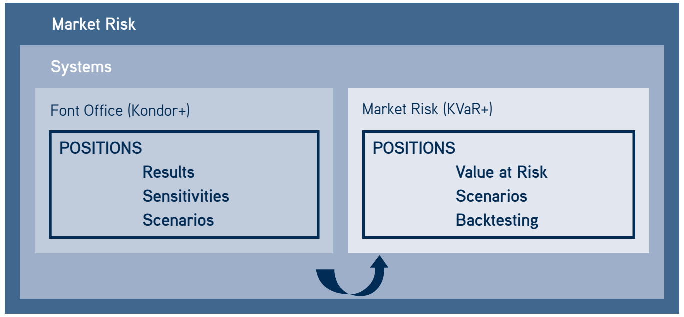
METHODOLOGY

The risk management area has, since 2002, used the Value at Risk (VaR) measure to monitor the Group's market risk with market risk limits being based on this measure and, in several cases, complemented by tolerance to changes of risk factors - basis point value (bpv) for interest rates and other sensitivity indicators commonly applied to options portfolios. VaR is assessed for all types of market risk (interest rates, shares, exchange rates and volatility), using the historic simulation method, whose confidence levels are contingent upon the reasons for holding the portfolios.

Stress-testing has also been developed to assess the impact of extreme scenarios on results.

The risk management area calculates and monitors such measures on a daily basis, having designed an exhaustive VaR report, sensitivity analysis, profitability indicators, compliance with limits and stress testing structure, for all entities with market risk exposure in their balance sheet trading and currency portfolios.

Foreign exchange risk control and assessment are performed separately on a daily level in the case of domestic activity and for each of the branches and subsidiaries and fortnightly on a consolidated level for the whole of the Group.

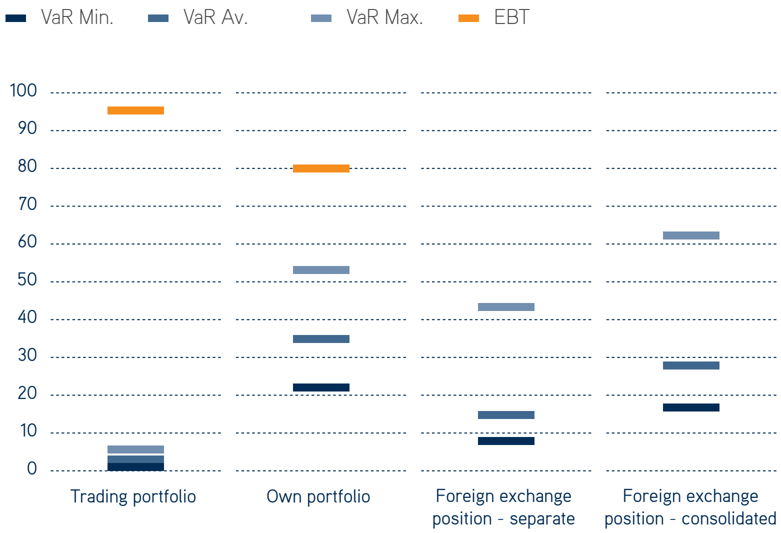


The VaR model is continuously put to the test either through its day-to-day use or daily backtesting exercises, as well as the real monthly determining of backtesting values.

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.

The following measures for the principal market risk indicators and most relevant perimeters have been extracted for 2009:

(EUR million)



Trading portfolio – Headquarters (VaR 95% 1d)
Foreign exchange position – Separate (VaR 99% 10d)
Own portfolio – Group (VaR 99% 10d)
Foreign exchange position – Consolidated (VaR 99% 10d)

INTEREST RATE RISK IN BALANCE SHEET

This is the risk incurred in the activity of an institution whenever it contracts for operations whose financial flows are sensitive to interest rate changes. Put in different words it is the risk of the occurrence of a change in the interest rate associated with the mismatching of maturities and revision of interest rates between assets and liabilities held, with a decrease in yield or increase in financial cost.

METHODOLOGY

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 to obtain the corresponding interest rate gaps.

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.

To monitor the effect of the referred to gaps on net interest income, a regular quarterly forecast of the monthly evolution of sensitive assets and liabilities scenarios is produced. These scenarios include relevant financial activity behaviour and trends, evolution of different market rates and expectations reflected in the yield curve.

Pursuant to an ALCO resolution, a set of guidelines on interest rate risk in the balance and banking portfolio, including a definition of limits on certain significant changes in the level of exposure to this type of risk, was established. 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 control the results of the risk policies and positions assumed at any point of time.

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 resources and investment balances.

In the analysis of interest rate risk, the assets and liabilities management referred to as BancWare ALM, enables an assessment of the most materially relevant CGD Group entities to be made.

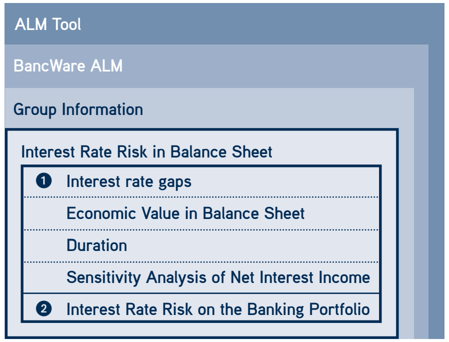
The outputs produced, for each of the institutions, in consolidated terms, are set out below:

• In static terms, every month: contractual balance, current value and duration; interest rates and duration gaps;

• In dynamic terms, every quarter: forecast balance for the desired simulation period and net interest income with a sensitivity analysis to rate changes (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 maturity periods for new contracts.

The outputs produced are for the bank's management and the risk management area. Monthly information is also produced for the assessment of ALCO meetings. Every six months interest rate tables on the banking portfolio are sent to the Bank of Portugal.



❶ Interest rate gaps – The accumulated static interest rate gap of up to 12 months was significantly up, in 2009, although it always remained positive, with a year end total of EUR 20 622.7 million.

INTEREST RATE GAP, ON 31.12.2009 (*)

(EUR million)

	7 D	1 M	3 M	6 M	12 M	3 Y	>3 Y
Total assets	6 742	24 769	32 099	20 682	2 453	1 771	3 149
Total liabilities + capital	3 042	10 227	22 133	12 679	5 285	29 280	11 716
Total swaps interest rates	461	-2 512	-5 546	-3 507	-1 622	5 459	7 232
Total futures and options interest rates	0	0	500	-331	-200	-44	-356
Period gap	4 161	12 030	4 920	4 166	-4 654	–	-1 690
Accumulated gap	4 161	16 192	21 111	25 277	20 623	-1 472	-3 162

(*) Perimeter: CGD, offshore (financial) branches, Spain, France, 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.

❷ Interest rate risk on the banking portfolio - The assessment and measurement of this type of risk is based on the accumulated impact of instruments sensitive to interest rates, resulting from a parallel movement of +/-200 bp on the yield curve (Bank of Portugal Instruction 19/05). 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.

The impact on own funds (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 200 bp movement in the yield curve, were 13% and 42%, respectively.

(EUR million)

Impact on Shareholders' equity		Impact on Interest Income	
Time Band	Shareholders' Equity	Time Band	Interest Income
Spot – 1 month	-11 943	Spot	43 364
1 – 3 months	-26 134	Spot – 1 month	245 000
3 – 6 months	-55 432	1 – 2 months	51 183
6 – 12 months	51 208	2 – 3 months	82 825
1 – 2 years	546 795	3 – 4 months	27 954
2 – 3 years	314 060	4 – 5 months	22 532
3 – 4 years	88 460	5 – 6 months	42 420
4 – 5 years	395 955	6 – 7 months	-14 641
5 – 7 years	10 983	7 – 8 months	2 686
7 – 10 years	-4 019	8 – 9 months	-2 228
10 – 15 years	-77 845	9 – 10 months	-679
15 – 20 years	-12 902	10 – 11 months	-1 247
> 20 years	-23 880	11 – 12 months	-1 043
Total	1 195 307	Total	498 127
Impact on shareholders' equity/own funds			13%
Accumulated impact of instruments sensitive to interest rates with a maturity of up to one year as a percentage of interest income			42%

LIQUITY RISK

This involves the possibility of the occurrence of a time-lag or mismatch between a bank's payment and reception of funds, creating a situation in which a bank is unable to satisfy its commitments, i.e. in this kind of situation an institution's reserves and cash assets are insufficient to meet its obligations when they occur.

Liquidity risk in the banking business area can occur in the event of:

• Difficulties in securing resources to finance assets, normally leading to higher costs in securing such finance but which may also imply a restriction on the growth of assets;

• Difficulties in promptly meeting obligations to third parties caused by significant mismatches between residual periods on assets and liabilities.

METHODOLOGY

Liquidity risk management in CGD uses 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, both for the period and accumulated, are shown for each of the different time bands considered.

The structural liquidity concept is used for analysis purposes which, according to studies and models developed internally on a permanent basis and based on the behaviour of depositors, translates the distribution of sight and term deposits by the different buckets (time bands) considered.

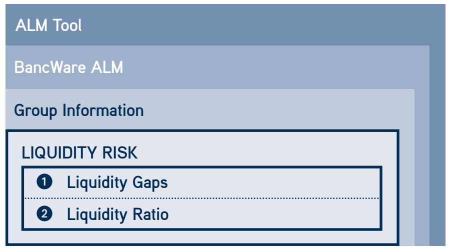
Therefore, in the case of sight deposits, 82% of the balance (core deposits) is considered in the more than 10 years time bucket with the rest (non-core deposits) being allocated to buckets of up to 12 months, in line with seasonality studies and minimum noted balance. Term deposits and savings accounts 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 merit 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.

The tool used to manage structural interest rate management risks is also used for the analysis of balance sheet liquidity.

The monthly outputs produced, for each of the institutions, in consolidated terms, are: liquidity gap structural liquidity gap and the table of the source and application of funds.



1 The amounts of the liquidity gaps, at end 2009, were as follows:

LIQUIDITY GAPS AT 31.12.2009 (*)

(EUR million)

	1 M	3 M	6 M	12 M	3 Y	5 Y	10 Y	>10 Y
Total assets	19 928	4 652	5 916	4 403	15 891	9 678	13 574	17 981
Total liabilities + capital	8 729	9 634	8 461	8 296	20 818	13 219	9 605	15 601
Total swaps	0	-13	0	1	-25	10	-10	-1
Period gap	11 199	-4 995	-2 545	-3 892	-4 951	-3 531	3 960	2 379
Accumulated gap	11 199	6 205	3 659	-233	-5 184	-8 715	-4 755	-2 376

(*) Perimeter: CGD, SFE, Spain, France, London, New York and Cayman Islands, Banco Caixa Geral, Caixa-Banco de Investimento, CGD Finance, Caixa Geral Finance, CGD North America and Macau Offshore Branch..

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.

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 its mortgage loans, Caixa continued to use medium and long term resource-taking instruments in domestic and international markets, in 2009.

❷ The value of the liquidity ratio, calculated up to last August, monthly information on which is sent to the Bank of Portugal, was always in line with the established objectives. Since September in accordance with the Bank of Portugal's new guidelines and requirements Caixa has produced a new monthly liquidity report (Instruction 13/2009), comprising a diversified range of tables and charts, designed to provide better knowledge and control of banking liquidity.

OPERATIONAL RISK

The management of operational risk in CGD Group is based on a series of guidelines, methodologies and regulations recognised as "good practice":

• Operational risk management principles and approaches deriving from the Basel II Accord;

• Internal control methodologies proposed by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and defined in the sphere of CobiT (Control Objectives for Information and related Technology);

• Approach underpinning the Risk Assessment Model implemented by the Bank of Portugal.

CGD Group has adopted an end-to-end operational risk management methodology, having obtained the Bank of Portugal's approval to adopt the standard TSA method for own funds calculation requirements to hedge operational risk, on a consolidated basis, effective from and including 30 June 2009. This calculation method also includes, on a separate basis, Caixa-Banco de Investimento, Caixa Leasing e Factoring and Caixagest which will be subject to the eligibility criteria applicable to the referred to method.

The South African Reserve has also formally approved the use of this method by Mercantile Bank (South Africa). In the case of the Group's other institutions abroad, the determining of own funds requirements for operational risk hedging purposes, on a separate basis, is determined in accordance with the basic indicator method.

The application of the Standard method, at 31.12.2009, on a consolidated basis, resulted in own funds requirements for operational risk hedges of EUR 331 million as against the EUR 360 million which would result from the application of the basic indicator method.

On an organisational level, CGD's operational risk management is the responsibility of the following structures and funds with specific responsibilities in this process:

• 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 within the Group and assessing/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, in order to ensure harmonisation between practices on a Group entity level;

• Process owners who are responsible for facilitating and promoting the operational risk and internal control process, within their respective spheres;

• 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).

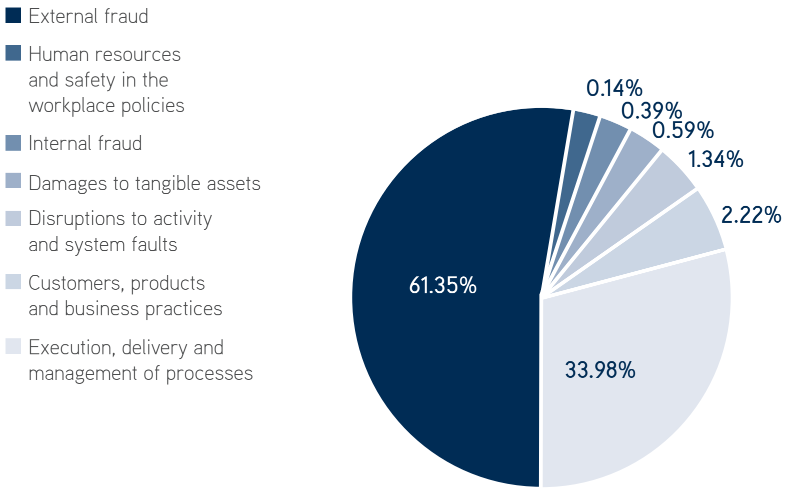
The methodology adopted by the Group for its operational risk management has been integrated with the internal control assessment system and may be characterised by the following components distributed among the 4 cycle stages of the risk management cycle:

Stages of process	Management support components
Identification	• Group process catalogue; • Documentation on activities, potential operational risks, control and mitigating activities.
Assessment	• Decentralised collection of operational risk events, losses and recoveries, including near-misses, reinforced and supported by control procedures and communication/stimulus actions to help guarantee database integrity; • 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 (implementation stage); • Disclosure of information on operational risk, sourced from the various methodological components, to diverse management parties.
Mitigation	• Promotion and monitoring of the implementation of action plans as a corollary to the remaining methodological components.

This methodology was first implemented in 2007 in CGD with an expansion programme for subsidiaries being launched in 2008. At 31 December 2009, the process had been completed in Caixa Gestão de Activos, Caixa-Banco de Investimento, Caixa Capital, Caixa Leasing e Factoring, Banco Caixa Geral (Spain), Macau Offshore branch and Banco Comercial do Atlântico (Cape Verde) and is still being implemented in Banco Interatlântico (Cape Verde) and Banco Nacional Ultramarino (Macau). CGD Group also agreed to expand the methodology to all Group institutions subject to Bank of Portugal supervision on a consolidated basis by 2011.

The following charts provide the information on operational risk contained in the losses database, based on the occurrence of events in 2008 and 2009:

Distribution of Losses by Type of Risk within CGD Group



In addition to the referred to operational risk management methodology and with the objective of guaranteeing the continuous operation of activity, CGD is 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 to guarantee the continuity of information systems and protect all critical information.

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;
- General incapacity of workers to travel to their workstations.

The solutions to be adopted for 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 global business continuation strategy is based on an integrated crises management approach scheduled for completion in 2010. 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.

Innumerable stages of different projects have been completed over the course of the years. The experience acquired has been incorporated in day-to-day activities, with direct or indirect reference being made thereto in the description of the management methodologies of diverse risks.

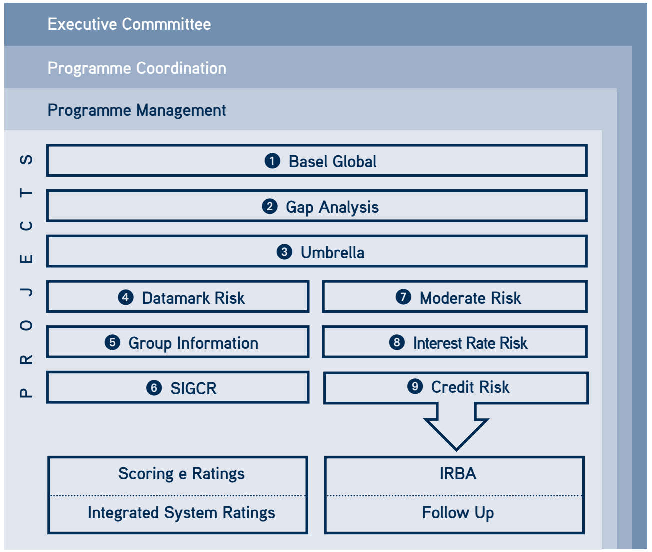
The following is a short summary of each project's purpose and their respective evolution in 2009.

❶ **Basel Global** has the principal objective of guaranteeing the coordination of transversal activities to the Programme.

❷ The **Gap Analysis** project was the programme's departure point and enabled the whole of the consequent action plan to be established.

❸ The **Umbrella** project encompasses the development of training actions related with the risk categories present in the programme and the production of risk management and control handbooks for CGD Group.

2009 witnessed continuity in the preparation of a training action for a very large number of CGD workers, with a combination of e-learning and classroom training designed to improve credit risk management competencies. This action will be operational in 2010.



❻ The **DataMart Risk** (DMR) project aims to integrate all relevant information for the other Programme projects in a centralised repository. The functional validation and technical implementation of the last models were completed in 2009. A development project for the assessment of automatic procedures was also developed to assess the quality of DMR's data input.

❺ The **Group Entities Information** project deriving from the need to ensure the centralisation of information relating to the operations of entities continued through 2009:

• Harmonising of information sent by entities;

• Support to entities in terms of the developments necessary for the periodic sending of information.

❻ The principal objectives of the **Integrated Risk Management and Control System** (SIGCR) are to define the implementation of an integrated management risk model supported by a capital requirements calculation tool in addition to the implementation of an internal capital adequacy assessment process (ICAAP).

• Under the scope of this project it was possible, in 2009, to complete the implementation of the regulatory capital calculation tool for credit and market risk, both based on a standard approach as for the use of internal models.

• The first internal capital adequacy assessment process report and stress-testing exercise were also produced and provided to the regulator with reference to 30 June 2009 under the terms of BdP Instruction 18/2007.

7 The principal objective of the **Market Risk** project is to use advanced market risk methodologies for CGD Group.

LD – production of market risk application

8 The **Interest Rates and Balance Sheet Liquidity project** results from the need to adopt the Basel II recommendations under the management and supervision of interest rates and balances sheet liquidity risk.

8 The Credit Risk project combines:

• The **Scoring and Rating** project which aims to endow CGD with internal models for estimating the probability of default as required by internal models in the Basel II Accord.

Developments for the use of the internal scoring and rating models in support of the credit decision were completed in 2009.

• The principal objective of the **Internal Rating Based Advanced** models is the development of internal models for estimating Loss Given Default – LGD and Exposure-at-Default – EAD factors, enabling an advanced IRBA approach to be adopted.

In 2009 CGD, through an internal project and using real loss data, estimated the LGDs on the most important credit portfolios. LGDs have therefore been estimated on individual customers, mortgage loans, consumer credit and credit cards portfolios. It is expected to be used in first half 2010 for Caixa's credit process (mortgage loans and consumer credit), via the calculation thereof by CGD's operational systems.

LGDs were also calculated in 2009 for diverse corporate segments to which CGD has credit exposure. LGDs associated with large enterprises, small and medium sized enterprises and self-employed businesspeople were calculated. The data obtained will be used for CGD's daily credit process operations.

• The **Ratings Integrator System** (SIR) consists of a repository of financial statements and information on collective persons as part of a workflow for the allocation, management and disclosure of information on internal ratings. It permits and facilitates an economic-financial analysis of the referred to collective persons. The technical implementation of SIR was completed at the end of 2009 and it is expected to enter into service in the first quarter of 2010.

• The **Monitoring of Internal Credit Risk Models** project aims to implement a support application for monitoring internal models. CGD allocated resources to the selection process for a follow-up computer tool, in 2009. This will be implemented in 2010.

OBJECTIVES FOR 2010

2010 is intended to be the year in which the result of all of the developments within the scope of the diverse Basel II programme projects converge with the candidatures for the use of internal models both in credit as in market risk.

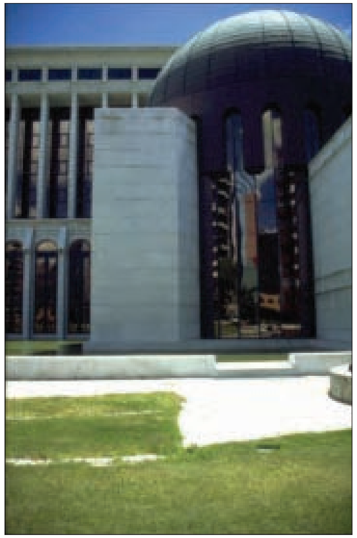
Stress-testing exercises, reviewed under the framework of national supervision and discussion in international forums will be continuously revised to keep them in line with the best available practice.

Risk aggregation and the determining of internal capital ratios to the institution's risk profile will continue to be an area of risk management focus.

The recent convulsions in the international financial system have fuelled a multiplicity of initiatives by the Bank of International Settlements (BIS) for a review of the current Basel Accord with the aim of improving institutions' sustainability.

The relevant actions for monitoring and integrating the resulting directives will be taken within such a framework.

Subsequent Events



SUBSEQUENT EVENTS

Shares in ZON MULTIMÉDIA - Serviços de Telecomunicações e Multimédia, SGPS, SA, comprising 2.5% of its respective share capital were disposed of on 29 January 2010.

CGD was informed that under a ruling issued by the Government of the National Bank of Angola, on 13 January 2010, it was authorised to form Banco para Promoção e Desenvolvimento, SA, jointly owned on an equal basis between CGD Group and Sonangol Group.

CGD launched its third public issue under its covered bonds programme in January 2010 for an amount of EUR 1 billion and a maturity of 10 years, placed with institutional investors.

Caixa Geral de Depósitos, SA entered into a shareholders' agreement with Votorantim Cimentos, SA, on 03 February 2010 for concerting their respective positions as leading shareholders in CIMPOR. The objective of the agreement was to enable CIMPOR to establish shareholding stability and benefit from an adequate corporate governance model for a major international company. Votorantim is an international cement manufacturer with major strategic and cultural affinities with CIMPOR and is aligned with the vision of sustained growth envisaged for the company by CGD.

In early 2010, Caixa Geral de Depósitos was considered to be the most valuable Portuguese brand according to the Brand Finance Banking 500 ranking. The Caixa brand was valued EUR 1 billion, a significant amount which rewards the bank's financial strength and prudence in the markets in which it operates.

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 241 069 109 for the year is hereby proposed:

1. 20% (EUR 48 213 822) to the legal reserve;

2. EUR 24 709 087 to retained earnings;

3. EUR 168 146 200 for dividends;

and that the payment of a dividend of EUR 81 853 800 from free reserves totalling EUR 250 000 000.00 in dividends should also be approved.

Lisbon, 17 March 2010

The state's representative at CGD´s general meeting of 22 April 2010 cast his vote in favour of the appropriation of net income for 2009, as set out below:
• Legal reserve - EUR 48 213 822 – 20%;
• Retained earnings – EUR 22 698 563 – 9.42%;
• Dividends - EUR 170 156 724 – 70.58%.
• Net income for the year – EUR 241 069 109 – 100%.

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

DECLARATIONS ON THE CONFORMITY OF THE PRESENTATION OF FINANCIAL INFORMATION

BOARD OF DIRECTORS

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 2009 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, 17 March 2010

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

AUDIT BOARD

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 2009 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, 17 March 2010

Audit Board

Chairman:	Eduardo Manuel Hintze da Paz Ferreira
Acting Members:	José Emílio Coutinho Garrido Castel-Branco
	Maria Rosa Tobias Sá

BONDS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

(Article 447 of the Commercial Companies Code)

Bondholders	Security	No. securities at 31.12.2009
Members of the Board of Directors:		
Fernando Faria Oliveira	CGD Anniversary Bonds 132 – 2nd series	2 000
Francisco Bandeira	CGD subordinated bonds 2007-2017 – 1st issue	225
	Subordinated cash bonds - CGD 2007/2017 – 2nd issue	300
	CGD Anniversary Bonds 132 – 2nd series	500
Norberto Rosa	CGD subordinated bonds - CGD 2007-2017	200
	CGD Anniversary Bonds 132	1 000
Rodolfo Lavrador	Subordinated cash bonds - CGD 2008/2018 – 1st issue	300
Jorge Tomé	CGD subordinated bonds 2007-2017 – 1st issue	1 500
	CGD Anniversary Bonds 132 – 2nd series	1 000
	Subordinated cash bonds - CGD 2008/2018 – 1st issue	200
	CGD subordinated bonds – 2009/2019 – Anniversary	25
José Araújo e Silva	CGD Anniversary Bonds 132 – 2nd series	100
	CGD subordinated bonds – 2009/2019 – Anniversary	20

INFORMATION ON CGD SHAREHOLDERS

(Article 448 of Commercial Companies Code)

Shareholders	Share Capital at 31.12.2009	% Equity Investment at 31.12.2009
Portuguese State	EUR 4 500 000 000	100%

Separate and Consolidated Financial Statements

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CAIXA GERAL DE DEPÓSITOS, SA

BALANCE SHEET (SEPARATE)

AT 31 DECEMBER 2009 AND 2008 (*)

(Translation of Balance Sheets Originally Issued in Portuguese – Note 45)

	2009			2008
	Amounts before impairment, amortisation and depreciation	Provisions, impairment and amortisation and depreciation	Net assets	Net assets
ASSETS				
Cash and cash equivalents at central banks	1 479 260 153	-	1 479 260 153	1 502 425 800
Cash balances at other credit institutions	749 658 913	-	749 658 913	407 973 691
Financial assets held for trading	4 949 541 580	-	4 949 541 580	3 668 824 768
Other financial assets at fair value through profit or loss	819 863 784	-	819 863 784	661 446 984
Available-for-sale financial assets	8 855 926 947	(420 442 299)	8 435 484 648	6 028 398 641
Loans and advances to credit institutions	16 628 140 411	(170 457 412)	16 457 682 999	13 404 982 032
Loans and advances to customers	67 095 454 508	(1 498 584 712)	65 596 869 796	64 007 020 018
Hedging derivatives	178 690 037	-	178 690 037	189 207 437
Non-current assets held for sale	242 904 432	(37 686 342)	205 218 090	161 018 569
Investment property	6 294 730	-	6 294 730	6 294 730
Other tangible assets	1 361 899 914	(739 456 984)	622 442 930	628 266 518
Intangible assets	466 982 365	(330 288 809)	136 693 556	153 423 389
Investments in associates, subsidiaries and joint ventures	3 171 992 332	(72 586 156)	3 099 406 176	2 761 009 072
Current tax assets	110 101 853	-	110 101 853	8 085 704
Deferred tax assets	660 797 294	-	660 797 294	719 683 156
Other assets	2 342 752 324	(42 058 540)	2 300 693 784	2 342 496 309
Total Assets	109 120 261 577	(3 311 561 254)	105 808 700 323	96 650 556 818

(*) Including domestic activity and that of France, London, Spain, Luxembourg, New York, Grand Cayman, East Timor, Zhuhai and Madeira Offshore branches.

(EUR)

	2009	2008
LIABILITIES		
Resources of central banks	2 545 619 655	649 223 193
Financial liabilities held for trading	2 275 135 565	2 465 926 687
Resources of other credit institutions	7 127 415 816	9 883 990 419
Customer resources	53 712 685 373	50 550 799 933
Debt securities	26 076 966 883	20 387 015 274
Financial liabilities associated with transferred assets	46 489 713	103 964 920
Hedging derivatives	289 487 498	429 467 902
Provisions	1 204 722 119	1 297 287 549
Current tax liabilities	9 325 009	127 700 236
Deferred tax liabilities	93 316 629	26 648 987
Other subordinated liabilities	3 477 279 572	3 423 453 035
Other liabilities	3 104 727 273	2 714 844 541
Total Liabilities	99 963 171 105	92 060 322 676
Share capital	4 500 000 000	3 500 000 000
Revaluation reserves	(80 403 795)	(415 726 782)
Other reserves and retained earnings	1 184 863 904	1 021 710 052
Net income for the year	241 069 109	484 250 872
Total Equity	5 845 529 218	4 590 234 142
Total Liabilities and Equity	105 808 700 323	96 650 556 818

Certified Public Accountant
Joaquim Maria Florêncio

Board of Directors
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CAIXA GERAL DE DEPÓSITOS, SA

INCOME STATEMENTS (SEPARATE)

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (*)

(Translation of Income Statements Originally Issued in Portuguese – Note 45)

(EUR)

	2009	2008
Interest and similar income	5 367 347 168	8 052 366 194
Interest and similar costs	(4 272 502 963)	(6 415 371 472)
NET INTEREST INCOME	1 094 844 205	1 636 994 722
Income from equity instruments	225 915 797	256 133 064
Income from services and commissions	453 017 339	417 550 262
Costs of services and commissions	(87 385 326)	(88 857 695)
Net results of assets and liabilities measured at fair value through profit or loss	148 047 511	72 785 476
Net gain on available-for-sale financial assets	45 798 089	71 368 493
Net foreign exchange revaluation gain	(33 866 945)	(36 895 789)
Net gain on the sale of other assets	418 647	321 970 826
Other operating income	109 490 684	113 341 112
NET OPERATING INCOME	1 956 280 001	2 764 390 471
Staff costs	(632 191 030)	(630 516 734)
Other administrative costs	(415 067 999)	(414 858 997)
Depreciation and amortisation	(119 547 824)	(111 773 025)
Provisions net of reversals	122 602 409	(129 025 902)
Correction of the amount of loans and advances to customers and receivables from other debtors, net of reversals	(459 341 845)	(267 767 155)
Impairment of other financial assets net of reversals	(194 463 081)	(619 759 547)
Impairment of other assets net of reversals	(2 579 108)	9 858 221
INCOME BEFORE TAX	255 691 523	600 547 332
Income tax		
Current	66 640 209	(271 655 839)
Deferred	(81 262 623)	155 359 379
	(14 622 414)	(116 296 460)
Net income for the year	241 069 109	484 250 872
Average number of ordinary shares outstanding	819 452 000	653 534 247
Earnings per share (in Euros)	0.29	0.74

(*) 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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Board of Directors
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CAIXA GERAL DE DEPÓSITOS, SA

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Translation of Statements of Comprehensive Income Originally Issued in Portuguese – Note 45)

(EUR thousand)

	2009	2008
Adjustments to fair value of available-for-sale financial assets		
Changes in period	251 853	(1 502 989)
Reclassification of adjustments of fair value reserves to results:		
Recognition of impairment for the year	176 809	476 961
Sale of available-for-sale financial assets	(43 093)	(58 929)
Tax effect	(50 245)	240 289
Post employment benefits - amortisation of transition to IAS's impact		
Change in period	(33 457)	(54 062)
Tax effect	8 748	14 224
Exchange fluctuations	1 649	(3 043)
Other	1 963	293
Total comprehensive income for the year recognised in reserves	314 226	(887 257)
Net income for the year	241 069	484 251
Total comprehensive income for the year	555 295	(403 006)

CAIXA GERAL DE DEPÓSITOS, SA

CASH FLOW STATEMENTS (SEPARATE)

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Translation of Cash Flow Statements Originally Issued in Portuguese - Note 45)

(EUR thousand)

	2009	2008
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	6 082 917	8 396 716
Interest, commissions and similar costs paid	(3 873 198)	(5 074 516)
Recovery of principal and interest	35 689	48 613
Results of foreign exchange operations	(8 777)	(36 896)
Payments to employees and suppliers	(957 939)	(946 153)
Payments and contributions to pensions funds, health plan and other benefits	(129 542)	(108 626)
Other assets	75 057	58 653
	1 224 207	2 337 791
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(5 419 307)	(7 663 908)
Assets held for trade and other assets at fair value through profit or loss	(1 440 715)	3 408 828
Other assets	57 055	(885 115)
	(6 802 967)	(5 140 195)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(822 520)	(3 615 053)
Customer resources	3 371 044	5 042 379
Other liabilities	418 091	(424 514)
	2 966 615	1 002 812
Net cash from operating activities before taxation	(2 612 144)	(1 799 593)
Income tax	(150 957)	(242 918)
Net cash from operating activities	(2 763 102)	(2 042 511)

...Continued

(EUR thousand)

	2009	2008
INVESTING ACTIVITIES		
Capital gains from the disposal of equity instruments	128 201	150 057
Capital gains from available-for-sale financial assets	97 714	106 076
Acquisition of investments in subsidiary and associated companies, net of disposals	(336 793)	(2 695)
Acquisition of available-for-sale financial assets, net of disposals	(2 177 619)	(2 347 663)
Acquisition of tangible and intangible assets, net of disposals	(126 098)	12 850
Net cash from investing activities	(2 414 595)	(2 081 376)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(141 891)	(152 087)
Interest on debt securities	(608 087)	(839 396)
Issue of subordinated liabilities, net of repayments	109 625	449 113
Issue of debt securities	5 436 569	4 114 384
Share capital increase	1 000 000	400 000
Dividends paid	(300 000)	(340 000)
Net cash from financing activities	5 496 216	3 632 014
Increase (decrease) in cash and cash equivalents	318 520	(491 873
Cash and cash equivalents at beginning of year	1 910 399	2 402 272
Cash and cash equivalents at end of year	2 228 919	1 910 399

CAIXA GERAL DE DEPÓSITOS, SA

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (SEPARATE)

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Translation of Statements of Changes in Equity Originally Issued in Portuguese – Note 45)

		Revaluation reserves			
	Share capital	Fair value reserves	Reserves for deferred tax	Fixed assets	Total
Balances at 31 December 2007	3 100 000	306 940	(86 997)	241 027	460 971
Appropriation of net income for 2007:					
Transfer to reserves and retained earnings	-	-	-	-	-
Dividends paid to the State	-	-	-	-	-
Other entries directly recorded in equity:					
Valuation of available-for-sale financial assets	-	(1 084 958)	240 289	-	(844 669)
Amortisation of the impact of the transition to the IAS relative to post-employment benefits	-	-	-	-	-
Currency changes in subsidiaries	-	-	-	-	-
Other	-	-	-	-	-
Total gains and losses for the year recognised in equity	-	(1 084 958)	240 289	-	(844 669)
Share capital increase	400 000	-	-	-	-
Transfer of revaluation reserves to retained earnings	-	-	-	(32 029)	(32 029)
Net income for the year	-	-	-	-	-
Balances at 31 December 2008	3 500 000	(778 017)	153 292	208 998	(415 727)
Appropriation of net income for 2008:					
Transfer to reserves and retained earnings	-	-	-	-	-
Dividends paid to the State	-	-	-	-	-
Other entries directly recorded in equity:					
Valuation of available-for-sale financial assets	-	385 568	(50 245)	-	335 323
Amortisation of the impact of the transition to the IAS relative to post-employment benefits	-	-	-	-	-
Currency changes in subsidiaries	-	-	-	-	-
Other	-	-	-	-	-
Total gains and losses for the year recognised in equity	-	385 568	(50 245)	-	335 323
Share capital increase	1 000 000	-	-	-	-
Net income for the year	-	-	-	-	-
Balances at 31 December 2009	4 500 000	(392 449)	103 047	208 998	(80 404)

(EUR thousand)

Other reserves and retained earnings					
Legal reserve	Other reserves	Retained earnings	Total	Net income for the year	Total
575 170	186 006	(55 044)	706 132	666 137	4 933 239
133 227	137 865	55 045	326 137	(326 137)	-
-	-	-	-	(340 000)	(340 000)
-	-	-	-	-	(844 669)
-	-	(39 838)	(39 838)	-	(39 838)
-	(3 043)	-	(3 043)	-	(3 043)
(6)	284	15	293	-	293
(6)	(2 759)	(39 823)	(42 588)	-	(887 257)
-	-	-	-	-	400 000
-	-	32 029	32 029	-	-
-	-	-	-	484 251	484 251
708 391	321 112	(7 793)	1 021 710	484 251	4 590 234
96 850	79 608	7 793	184 251	(184 251)	-
-	-	-	-	(300 000)	(300 000)
-	-	-	-	-	335 323
-	-	(24 709)	(24 709)	-	(24 709)
-	1 649	-	1 649	-	1 649
-	(48)	2 011	1 963	-	1 963
-	1 601	(22 699)	(21 097)	-	314 226
-	-	-	-	-	1 000 000
-	-	-	-	241 069	241 069
805 241	402 321	(22 699)	1 184 864	241 069	5 845 529

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2009 AND 2008

(Translation of Balance Sheets Originally Issued in Portuguese - Note 45)

		2009			2008
	Notes (a)	Amounts before impairment, amortisation and depreciation	Impairment and amortisation and depreciation	Net assets	Net assets
ASSETS					
Cash and cash equivalents at central banks	4	1 926 260 193	-	1 926 260 193	1 897 820 922
Cash balances at other credit institutions	5	1 238 202 409	-	1 238 202 409	614 792 851
Loans and advances to credit institutions	6	8 512 776 918	(159 562 963)	8 353 213 955	5 554 828 346
		11 677 239 520	(159 562 963)	11 517 676 557	8 067 442 119
Financial assets at fair value through profit or loss	7	6 209 572 540	-	6 209 572 540	4 807 138 916
Available-for-sale financial assets	8	19 286 185 186	(435 033 047)	18 851 152 139	15 911 400 182
Unit-linked investments	9	867 966 717	-	867 966 717	620 486 490
Hedging derivatives	10	179 622 760	-	179 622 760	184 050 090
Held-to-maturity investments		3 048	-	3 048	12 178
		26 543 350 251	(435 033 047)	26 108 317 204	21 523 087 856
Loans and advances to customers	11	79 627 232 746	(2 405 224 478)	77 222 008 268	75 311 211 468
Non-current assets held for sale	12	409 502 371	(59 824 725)	349 677 646	258 881 335
Investment property	13	354 257 620	-	354 257 620	321 362 365
Other Tangible assets	14	2 202 758 106	(1 018 700 460)	1 184 057 646	1 041 949 461
Intangible assets	15	902 077 559	(496 010 160)	406 067 399	395 814 998
Investments in associates	16	26 332 467	(160 793)	26 171 674	86 806 712
Current tax assets	17	127 886 055	-	127 886 055	41 057 896
Deferred tax assets	17	950 600 970	-	950 600 970	1 066 937 021
Technical provisions for outwards reinsurance	18	258 378 805	-	258 378 805	240 188 384
Other assets	19	2 624 171 175	(144 428 873)	2 479 742 302	2 705 342 661
Total assets		125 703 787 645	(4 718 945 499)	120 984 842 146	111 060 082 276

(a) The annex is an integral part of these balance sheets.

(EUR)

	Notes (a)	2009	2008
LIABILITIES AND EQUITY			
Resources of central banks and other credit institutions	20	6 478 633 482	6 951 848 542
		-	-
Customer resources	21	64 255 684 982	60 127 755 761
Liability of unit-linked products	9	867 966 716	620 486 491
Debt securities	22	25 182 312 789	19 929 097 259
		90 305 964 487	80 677 339 511
Financial liabilities at fair value through profit or loss	10	1 901 977 385	2 213 954 434
Hedging derivatives	10	270 773 352	421 854 328
Provisions for employee benefits	23 and 37	556 971 293	505 886 423
Provisions for other risks	23	239 409 251	236 173 438
Technical provisions for insurance contracts	24	6 439 224 865	7 192 350 219
Current tax liabilities	17	58 982 381	148 576 789
Deferred tax liabilities	17	169 803 702	64 435 070
Other subordinated liabilities	25	3 201 597 691	3 144 758 739
Other liabilities	26	4 204 653 802	4 018 766 451
Total liabilities		113 827 991 691	105 575 943 944
Share capital	27	4 500 000 000	3 500 000 000
Fair value reserves	28	(331 153 551)	(873 304 267)
Other reserves and retained earnings	28	1 454 730 693	1 241 868 732
Net income attributable to the shareholder of CGD	28	278 899 370	459 023 469
Equity attributable to the shareholder of CGD		5 902 476 512	4 327 587 934
Minority interest	29	1 254 373 943	1 156 550 398
Total equity		7 156 850 455	5 484 138 332
Total liabilities and equity		120 984 842 146	111 060 082 276

Certified Public Accountant
Joaquim Maria Florêncio

Board of Directors
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CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Translation of Income Statements Originally Issued in Portuguese – Note 45)

(EUR)

	Notes (a)	2009	2008
Interest and similar income	30	5 317 030 003	7 325 538 679
Interest and similar costs	30	(3 784 086 960)	(5 244 380 759)
Income from equity instruments	31	108 401 937	120 251 768
NET INTEREST INCOME		1 641 344 980	2 201 409 688
Income from services rendered and commissions	32	592 462 610	532 689 989
Cost of services and commissions	32	(144 694 768)	(113 909 251)
Results from financial operations	33	199 496 583	246 558 766
Other net operating income	34	219 628 830	179 463 919
NET OPERATING INCOME		2 508 238 235	3 046 213 111
TECHNICAL MARGIN ON INSURANCE OPERATIONS			
Premiums net of reinsurance	35	1 774 167 325	2 213 704 954
Result of investments relating to insurance contracts	35	250 124 578	227 092 081
Cost of claims net of reinsurance	35	(1 425 806 306)	(1 805 581 559)
Commissions and other income and cost relating to insurance contracts	35	(107 250 308)	(120 258 959)
		491 235 289	514 956 517
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS		2 999 473 524	3 561 169 628
Staff costs	36	(1 040 370 452)	(1 003 810 347)

...Continued

(EUR)

	Notes (a)	2009	2008
Other administrative costs	38	(698 079 988)	(675 889 974)
Depreciation and amortisation	14 and 15	(197 980 611)	(158 972 570)
Provisions net of reversals	23	(8 059 296)	130 627 361
Loan impairment net of reversals and recovery	39	(416 846 034)	(447 555 496)
Other assets impairment net of reversals and recovery	39	(259 280 023)	(774 093 037)
Result of associated companies	28	(4 404 140)	30 384 479
INCOME BEFORE TAX AND MINORITY INTEREST		374 452 980	661 860 044
Current	17	8 562 265	(322 880 062)
Deferred	17	(78 772 636)	166 186 888
		(70 210 371)	(156 693 174)
Consolidated net income for the year, of which:		304 242 609	505 166 870
Minority interest	29	(25 343 239)	(46 143 401)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		278 899 370	459 023 469
Average number of ordinary shares outstanding	27	819 452 000	653 534 247
Earnings per share (in Euros)		0.34	0.70

(a) The annex is an integral part of these statements.

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CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Translation of Statements of Comprehensive Income Originally Issued in Portuguese - Note 45)

(EUR thousand)

	2009	2008
Adjustments to fair value of available-for-sale financial assets		
Changes in period	495 511	(1 940 733)
Reclassifications of adjustments of fair value reserves to results		
Recognition of impairment for the year	212 889	680 304
Sale of available-for-sale financial assets	(24 024)	(46 253)
Tax effect	(137 850)	277 297
Exchange fluctuations		
Changes in period	42 363	(24 004)
Tax effect	(7 061)	-
Other	(4 004)	177
Total comprehensive income for the year recognised in reserves	577 824	(1 053 213)
Net income for the year	304 243	505 167
Total comprehensive income for year, of which:	882 067	(548 046)
Minority interest	(7 177)	(37 110)
Total comprehensive income attributable to the shareholder of CGD	874 890	(585 157)

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Translation of cash flow statements originally issued in portuguese - Note 45)

(EUR thousand)

	2009	2008
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	6 071 483	7 771 052
Interest, commissions and similar costs paid	(3 509 845)	(4 259 615)
Premiums received (insurance)	1 810 993	2 238 623
Cost and claims paid (insurance)	(2 182 202)	(2 255 247)
Recovery of principal and interest	40 567	53 144
Results of foreign exchange operations	33 899	(12 108)
Payments to employees and suppliers	(1 641 241)	(1 557 833)
Payments and contributions to pension funds	(150 645)	(108 626)
Other results	864 302	167 974
	1 337 312	2 037 364
(Increases) decreases in operating assets		
Loans and advances to credit institutions and customers	(5 470 739)	(9 710 172)
Assets held for trade and other assets at fair value through profit or loss	611 257	4 886 944
Other assets	134 462	(129 811)
	(4 725 020)	(4 953 039)
Increases (decreases) in operating liabilities		
Resources of central banks and other credit institutions	(455 460)	(1 859 962)
Customer resources	2 914 572	4 585 959
Other liabilities	(588 209)	(678 026)
	1 870 904	2 047 972
Net cash from operating activities before taxation	(1 516 804)	(867 703)
Income tax	(167 860)	(340 461)
Net cash from operating activities	(1 684 664)	(1 208 163)

...Continued

	2009	(EUR thousand) 2008
INVESTING ACTIVITIES		
Dividends received from equity instruments	108 402	120 252
Acquisition of investments in subsidiary and associated companies, net of disposals	2 856	531 785
Acquisition of available-for-sale financial assets, net of disposals	(2 421 072)	(2 571 702)
Acquisition of tangible and intangible assets and investment property, net of disposals	(429 473)	(111 248)
Net cash from investing activities	(2 739 287)	(2 030 913)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(133 904)	(132 928)
Interest on debt securities	(594 531)	(880 283)
Dividends paid on preference shares	(14 396)	(34 493)
Issue of subordinated liabilities, net of repayments	80 071	460 624
Issue of debt securities, net of repayments	5 030 229	3 400 606
Share capital increase	1 000 000	400 000
Dividends paid	(300 000)	(340 000)
Net cash from financing activities	5 067 467	2 873 526
Increase (decrease) in cash and cash equivalents	643 516	(365 551)
Cash and cash equivalents at the beginning of the year	2 512 614	2 878 165
Changes in the consolidation perimeter	8 333	-
Cash and cash equivalents at the end of the year	3 164 463	2 512 614

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Translation of Statements of Changes in Equity Originally Issued in Portuguese - Note 45)

	Share capital	Fair value reserve	Other reserves and retained earnings		
			Other reserves	Retained earnings	Total
Balances at 31 December 2007	3 100 000	381 177	813 207	(309 383)	503 824
Appropriation of net income for 2007:					
Transfer to reserves and retained earnings	-	-	461 267	55 044	516 311
Dividends paid to the State	-	-	-	-	-
Other entries directly recorded in equity:					
Valuation of available-for-sale financial assets	-	(1 073 556)	43 011	-	43 011
Currency changes	-	-	(21 517)	-	(21 517)
Other	-	-	7 837	45	7 882
Total gains and losses for the year recognised in equity	-	(1 073 556)	29 331	45	29 376
Share capital increase	400 000	-	-	-	-
Reclassification of unrealised gains	-	(180 925)	180 925	-	180 925
Transfer of revaluation reserves to retained earnings	-	-	(32 029)	32 029	-
Changes in Group perimeter:					
Acquisition of Parcaixa, SGPS, SA	-	-	-	-	-
Sale of part of the equity participation held in Caixa Leasing e Factoring - IFIC, SA	-	-	11 433	-	11 433
Sale of the equity participation in Compal	-	-	-	-	-
Dividends paid on preference shares	-	-	-	-	-
Net income for the year	-	-	-	-	-
Balances at 31 December 2008	3 500 000	(873 304)	1 464 133	(222 265)	1 241 869
Appropriation of net income for 2008:					
Transfer to reserves and retained earnings	-	-	151 230	7 793	159 023
Dividends paid to the State	-	-	-	-	-
Other entries directly recorded in equity:					
Valuation of available-for-sale financial assets	-	587 135	(29 772)	-	(29 772)
Currency changes	-	-	39 369	-	39 369
Other	-	-	(742)	-	(742)
Total gains and losses for the year recognised in equity	-	587 135	8 855	-	8 855
Share capital increase	1 000 000	-	-	-	-
Reclassification of unrealised gains	-	(44 984)	44 984	-	44 984
Changes in Group´s perimeter:	-	-	-	-	-
Acquisition of preference shares issued by Caixa Geral Finance	-	-	-	-	-
Dividends paid on preference shares	-	-	-	-	-
Reclassification between reserves and retained earnings	-	-	(25 232)	25 232	-
Net income for the year	-	-	-	-	-
Balances at 31 December 2009	4 500 000	(331 154)	1 643 971	(189 240)	1 454 731

(EUR thousand)

	Net income for the year	Subtotal	Minority interest	Total
	856 311	4 841 312	699 785	5 541 097
	(516 311)	-	-	-
	(340 000)	(340 000)	-	(340 000)
	-	(1 030 545)	1 159	(1 029 386)
	-	(21 517)	(2 487)	(24 004)
	-	7 882	(7 705)	177
	-	(1 044 180)	(9 033)	(1 053 213)
	-	400 000	-	400 000
	-	-	-	-
	-	-	-	-
	-	-	490 000	490 000
	-	11 433	(11 563)	(130)
	-	-	(23 129)	(23 129)
	-	-	(34 493)	(34 493)
	459 023	459 023	44 983	504 006
	459 023	4 327 588	1 156 550	5 484 138
	(159 023)	-	-	-
	(300 000)	(300 000)	-	(300 000)
	-	557 362	(10 837)	546 525
	-	39 369	(4 067)	35 302
	-	(742)	(3 262)	(4 004)
	-	595 990	(18 166)	577 824
	-	1 000 000	-	1 000 000
	-	-	-	-
	-	-	132 855	132 855
	-	-	(27 812)	(27 812)
	-	-	(14 396)	(14 396)
	-	-	-	-
	278 899	278 899	25 343	304 243
	278 899	5 902 477	1 254 374	7 156 850

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(Amounts expressed in thousands of euros – EUR thousand, unless otherwise specified)

1. INTRODUCTORY NOTE

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 2009 Caixa had a national network of 848 branch offices, a branch in France with 46 branch offices, a branch in East 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 17 March 2010, the Board of Directors approved the consolidated financial statements as at 31 December 2009.

The financial statements of CGD and some of its subsidiaries and associated companies at 31 December 2009 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 2009 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.

The accounting polices described in this note were applied in a consistente way in all periods presented in the financial statements.

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, for 2009, 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 2009. The following changes were relevant to CGD Group:

– 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. The operating segments disclosures are presented in Note 40 of these financial statements.

– IAS 1 (Amended) – "Presentation of Financial Statements" – This standard introduces changes to the denomination and presentation requirements of financial statements, as well as certain transactions that affect shareholders' equity headings. Its application is mandatory for the financial years starting on or after 1 January 2009. As a result of adopting the amendments established in this standard Caixa introduced a Statement of Comprehensive Income for the years ended 2009 and 2008.

– 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 revision made to the text of these standards basically clarifies the criteria to be considered for classifying a put option (option that allows the holder of a financial instrument to require the issuer to repurchase or liquidate, through the delivery of cash or other financial instrument) as a financial liability or equity instruments. In this context, IAS 1 defined specific disclosure requirements for these financial instruments. The adoption of the revised standards is mandatory for financial years starting on or after 1 January 2009. Its adoption had no impact on the preparation of the financial statements for 2009.

– IAS 27 – "Consolidated and separate financial statements" – "Cost of an investment in a subsidiary, jointly controlled entity or associate" (Amendment) – The revised version of this standard clarifies the measurement criteria of an investment in a subsidiary, jointly controlled entity, and associate 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. Its adoption had no impact on the preparation of the financial statements for 2009.

– IFRS 7 (Amendment) – "Financial instruments: Disclosures" – With the amendment made to the text of IFRS 7, IASB intended to clarify and complement the existing requirements relating to the disclosure of financial instruments at the fair value through profit or loss and liquidity risk management. Principal amendements to be considered as a result of the adoption of the revised standard are as follows:

1) Financial instruments measured at fair value in the financial statements are categorised using a three-level fair value hierarchy, as follows: (a) Level 1 – financial instruments valued based on prices in active markets; (b) Level 2 – financial instruments valued based on market prices for instruments with similar characteristics or through models or inputs used and accepted by the market for this purpose (inputs which are mainly observable in the market); (c) Level 3 - financial instruments valued through valuation techniques that use one or more relevant inputs that are not observable in the market. For fair value measurements in the Level 3 of the fair value hierarchy, the amendments require disclosure of the impact of financial statements of changes in the fair value of financial instruments.

2) In addition, the amendments clarify the scope of liquidity risk disclosure requirements for derivative and non-derivative financial instruments. The requirement to present an analysis in accordance with maturity of contractual cash flows is only applicable to derivative financial instruments.

The adoption of the revised standard is mandatory for financial years starting on or after 1 January 2009. The specific requirements of disclosure introduced by this standard are presented in Note 42 of these financial statements.

– IAS 39 (Amendment) and IFRIC 9 (Amendment) – "Embeded Derivatives" – As a result of the publication in October 2008 of the amendments to the text of IAS 39, it was allowed the reclassification of some financial assets classified as financial assets held for trading into other categories. Subsequents amendments to the text of the standard, and the interpretation of March 2009, clarified the procedures to be adopted at the date of reclassification of embedded derivatives in contracts to be reclassified.The adoption of this revised standard and respective interpretation is mandatory for the financial years ending on or after 30 June 2009. Its adoption had no impact on the preparation of Caixa's financial statements.

– IFRIC 16 – "Hedges of a net investment in foreign operations" – This interpretation intended 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 can hold the hedging instrument in order to comply with the requirements for application of hedge accounting; and (iii) procedures and impact on reserves and net income for the year resulting from the sale of the hedged operation. The adoption of this amendment is mandatory for financial years starting on or after 1 October 2008. Its adoption had no impact on the preparation of financial statements for the year ended 31 December 2009.

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 2009:

– IFRS 3 (Amendment) – "Business combinations" and IAS 27 – "Consolidated and separate financial statements" – The revision to the text of these standards introduced changes to the measurement and recording of goodwill arising from business combinations both at the inception date and considering the effect of events subsequent to that date with an effect on the fair vale of the acquired entity and the accounting procedures of acquisition. This standard also defines the accounting treatment of acquisition in several phases 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 financial years starting on or after 1 July 2009.

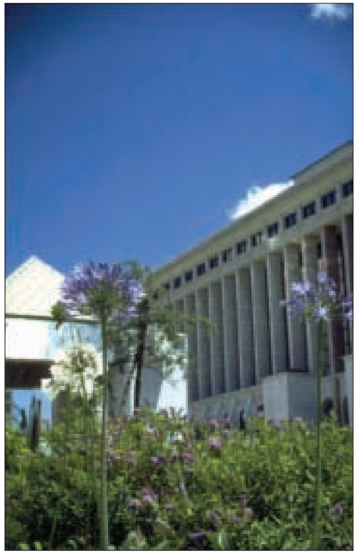
– IAS 39 – "Hedge accounting" (Amendment) – The revised version of this standard intends to clarify certain aspects relating to the use of hedge accounting for the inflation risk component as well as the use of purchased options in fair value hedge operations. The adoption of this standard is mandatory for the financial years starting on or after 1 July 2009.

– IAS 32 – "Classification of Rights Issues" (Amendment) – As a result of the change to the text of the standard, the derivative instruments issued by an entity with the purpose of acquiring a fixed number of instruments of its own equity in exchange of an amount previously fixed, irrespective of the currency the operation is agreed upon, should be recognised as equity instruments and not liabilities, provided that they comply with the remaining presentation requirements defined by the standard for this purpose. The adoption of this revised standard is mandatory for financial years starting on or after 1 February 2010.

– IAS 27 – "Consolidated and separate financial statements – Cost of an investment in a subsidiary, jointly controlled entity or associate" (Amendment) – The revised version of this standard clarifies the measurement criteria of an investment in a subsidiary, jointly controlled entity or associate in terms of the restructuring of a group with changes at the level of the parent company. The adoption of this revised standard is mandatory for the financial years starting on or after 1 July 2009.

– IFRIC 17 – "Distribution of non-cash assets to owners" – This interpretation intended to clarify the accounting treatment relating to the distribution of non-cash assets to owners. The adoption of this standard is mandatory for financial years starting on or after 1 July 2009.

In addition, the following standards and interpretations not yet endorsed by the European Union had also been issued up to the date of approval of the financial statements:



– IFRS 2 (Amendment) – "Share-based Payment" – The revised version of this standard clarifies the procedures to be adopted by a subsidiary in its separate financial statements regarding share-based transactions when payment is made by the parent company or by any other group company. The adoption of the revised standard is mandatory for the financial years starting on or after 1 January 2010.

– IFRS 9 – "Financial instruments" – This standard represents the first phase of the process in progress to replace IAS 39 – "Financial instruments: Classification and Measurement" and IFRS 7 – "Financial instruments: Disclosures". The text of the new standard introduces changes to the current classification and measurement criteria of financial assets, including:

a) The debt instruments held so as to receive contractual flows (therefore not being managed on the basis of the changes in their fair value) the contractual cash flows represent only payments of principal and interest on the principal amount outstanding, should be measured at amortised cost. Debt instruments that do not meet the criteria for amortised cost measurement should be measured at their fair value through profit or loss (FVTPL);

b) Equity instruments are measured at fair value through profit or loss there being an irrevocable option at initial recognition to measure non trading equity investments at fair value through other comprehensive income (FVTOCI). Designation as at FVTOCI means that all subsequent valuations of the instruments (including capital gains realised on sale except dividends received) are recognised through the equity heading "Reserves";

c) Financial assets with embeded derivatives, should be measured and classified considering the total characteristics of the instruments, no longer being possible to separate the embeded derivative from the host contract;

d) There is also an option to measure at FVTPL on initial recognition a debt instrument if the fair value designation would eliminate or significantly reduce an accounting mismatch that would exist, had the instrument been measured at amortised cost;

e) The standard is required to be applied retrospectively. However, the classification and measurement of financial assets under the terms of the new requirements of IFRS 9 are to be made on the basis of the facts and circumstances that existed at the date of its first application (irrespective of the circumstance and purposes considered at the date of the initial recognition of the assets that remain on the balance sheet at the reference date for the standard's adoption).

The adoption of this standard is mandatory for the financial years starting on or after 1 January 2013.

– IAS 24 (Amendment) – "Related Party Disclosures" – The review made to the text of the standard introduces a partial exemption to the general disclosure requirements related to entities in which the State has control, joint control or significant influence. Accordingly, only balances and transactions made directly with the State or entities related to the State, whose nature or amount (individual or cumulatively) are significant, must be disclosed. The adoption of this standard is mandatory for financial years starting on or after 1 January 2011.

– IFRIC 14 – "The limit on a defined benefit asset, minimum funding requirements and their interaction" (Amendment) – The review made to the text of this interpretation clarifies composition and accounting treatment of the minimum funding and liability requirements of recording employee benefits associated with future services. The adoption of this standard is mandatory for the financial years starting on or after 1 January 2011.

– IFRIC 19 – "Settlement of liabilities through the issuance of equity instruments " – This interpretation intends to clarify the accounting treatment related to the settlement of liabilities through the issuance of equity instruments as well as the measurement criteria of these instruments. This interpretation is mandatory for the financial years starting on or after 1 July 2010.

Although an assessment of the effect of adopting the standards above and interpretations on CGD's consolidated financial statements has not yet been made. 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 2009 and 2008 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, 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.

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 2009 and 2008 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 prohibited.

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:

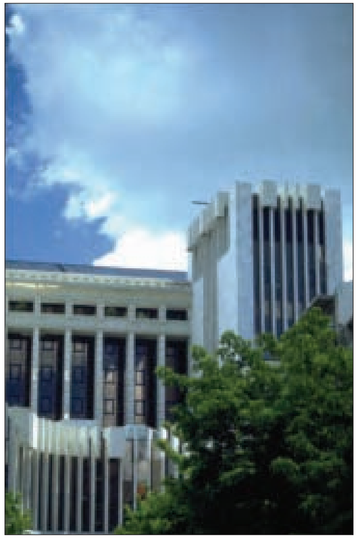
– Prices of significant transactions between independent entities over the last six months;

– 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 abovementioned 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.



Amortised Cost

Financial instruments at amortised cost are initially recorded at fair value, plus or minus income or costs directly attributable to the transaction. Interest is recognised in accordance with the effective interest rate method.

Whenever the estimated payments or collections relating to financial instruments measured at amortised cost is revised, their book value is adjusted to reflect the revised cash flows. The new amortised cost is calculated based on the present value of future cash flows adjusted to the inititial efective interest rate of the financial instrument. The adjustment of the amortised cost is recognised in the income statement.

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 2009 and 2008 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 and during 2009, of a certain number of swaps which were hedging interest rate risk of liabilities issued. Gains on 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.

Trading Derivatives

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 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 loans 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 abovementioned 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 analysis on available-for-sale financial assets at each balance sheet date taking into consideration the nature and specific and individual characteristics of the referred to assets.

In addition to the abovementioned impairment analysis, the following events were considered as impairment objective evidence in equity instruments:

- Existence of unrealised losses exceeding 50% of the corresponding acquisition cost;

- When the fair value of an equity instrument is bellow the respective acquisition cost for a period over 24 months.

Existence of unrealised losses exceeding 30%, over a period of more than nine months, was also considered as impairment objective evidence.

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 analysis 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 also recorded in this heading at repossessed values.

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".

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.

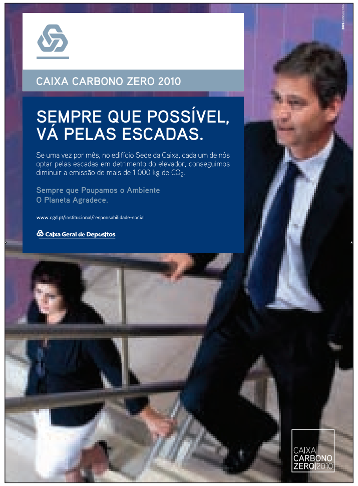
Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which correspond to the periods over which the assets are expected to be available for use, which are:

	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 (the highest between the value in use and the fair 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 Code"). 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, SA 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

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.

Provisions

In the calculation of taxable income for 2009 and 2008, 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.

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 2009 and 2008 as a change 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 the first half 2009 and in 2008, 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.

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 the years ended 31 December 2009 and 2008 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 tax 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, SA (Fidelidade Mundial) and Império Bonança, Companhia de Seguros, SA (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, on 31 December, 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;

– 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 Workman's Compensation Insurance Claims

The provision for workman's compensation insurance claims includes the mathematical provision, provision for temporary assistance expenses and provision for lifelong assistance expenses.

The mathematical provision for workman's compensation 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 workman's compensation insurance, relating to ratified or defined pensions are set out below:

	Compulsory 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%

The estimated mathematical provision for presumed pensions on workman's compensation insurance is based on the development triangles of historical 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" – Workman's Compensation 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 workman's compensation 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 workman's compensation 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 information databases are used to calculate workman's compensation 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, workman's compensation, 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 actuarial value of future payments to life insurance beneficiaries including profit sharing attributed and after deduction of the actuarial value of future premiums, 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.

For the products in general this provision is calculated considering assets assigned, including realised gains or losses and impairment losses recorded in the period and deducted from the negative balances from previous years whereas this deduction is contractually foreseen.

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 Portuguese interest rate debt, future cash flows on claims, 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 Portuguese interest rate debt with a maturity equal to the duration of the respective liability plus the attributable profit sharing provision and the fair value reserve.

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 abovementioned 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 losses 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 is 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 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 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:

Activity / Entity	Head Office	% Effective Participating Interest	31.12.2009 Equity (a)	31.12.2009 Net Income	31.12.2008 Equity (a)	31.12.2008 Net Income
Holding Companies						
Bandeirantes, SGPS, SA	Madeira	100.00%	11	(4)	15	(4)
Caixa – Gestão de Activos, SGPS, SA	Lisbon	100.00%	24 695	10 587	31 100	7 467
Caixa – Participações, SGPS, SA	Lisbon	100.00%	39 205	8 709	32 894	2 524
Caixa Desenvolvimento, SGPS, SA	Lisbon	99.62%	25 835	(1 722)	64 671	1 393
Caixa Seguros e Saúde, SGPS, SA	Lisbon	100.00%	988 942	23 885	1 005 057	97 229
Caixaweb, SGPS, SA (in liquidation)	Lisbon	100.00%	5 976	713	6 723	127
Gerbanca, SGPS, SA	Lisbon	100.00%	10 598	20 998	41 770	12 602
Parbanca, SGPS, SA	Madeira	100.00%	1 312	148	13 240	5 631
Parcaixa SGPS, SA	Lisbon	51.00%	1 015 636	14 088	1 000 000	-
Banking						
Banco Caixa Geral, SA [b]	Vigo	99.75%	417 565	(1 548)	419 405	10 744
Banco Comercial do Atlântico, SARL	Praia	59.33%	29 150	3 530	15 474	9 789
Banco Comercial e de Investimentos, SARL	Maputo	51.00%	55 434	18 365	52 871	14 645
Banco Caixa Geral Brasil, SA	São Paulo	100.00%	50 117	13	38 734	(1 096)
Banco Interatlântico, SARL	Praia	70.00%	10 070	1 239	9 222	1 955
Banco Nacional Ultramarino, SA (Macau)	Macau	100.00%	199 445	27 203	200 523	35 821
Caixa-Banco de Investimento, SA [b]	Lisbon	99.62%	258 573	45 607	190 438	30 242
Caixa Geral de Depósitos – Subsidiária Offshore de Macau	Macau	100.00%	20 899	(332)	31 913	13 827
CGD – North America	Delaware	100.00%	1	-	1	-
CGD – Representação de Bancos, SA	São Paulo	100.00%	479	-	371	-
Mercantile Lisbon Bank Holdings, Ltd. [b]	Joanesbourg	91.75%	134 755	13 880	95 990	32 141
Insurance						
Cares – Companhia de Seguros, SA	Lisbon	100.00%	14 295	3 248	10 610	431
Companhia de Seguros Fidelidade Mundial, SA	Lisbon	100.00%	954 033	25 498	707 634	14 387
Companhia Portuguesa de Resseguros, SA	Lisbon	88.00%	18 487	635	20 978	769
Garantia – Companhia de Seguros de Cabo Verde, SARL	Praia	65.36%	6 057	873	5 510	800
Império Bonança – Companhia de Seguros, SA	Lisbon	100.00%	210 177	(6 364)	201 751	27 000
Multicare – Seguros de Saúde, SA	Lisbon	100.00%	26 994	470	26 153	1 669
Via Directa – Companhia de Seguros, SA	Lisbon	100.00%	30 084	156	29 433	416

...Continued

Activity / Entity	Head Office	% Effective Participating Interest	31.12.2009 Equity (a)	31.12.2009 Net Income	31.12.2008 Equity (a)	31.12.2008 Net Income
Specialised Credit						
Caixa Leasing e Factoring – Instituição Financeira de Crédito, SA	Lisbon	51.00%	131 210	4 807	126 624	4 788
CREDIP – Instituição Financeira de Crédito, SA	Lisbon	80.00%	11 044	425	10 618	461
Asset Management						
Caixagest – Técnicas de Gestão de Fundos, SA	Lisbon	100.00%	32 688	1 595	35 450	4 298
CGD Pensões – Sociedade Gestora de Fundos de Pensões, SA	Lisbon	100.00%	6 141	879	5 978	1 025
Fundimo – Sociedade Gestora de Fundos de Investimento Imobiliário, SA	Lisbon	100.00%	7 252	3 604	8 876	5 227
Venture Capital						
A Promotora, Sociedade de Capital de Risco, SARL	Praia	52.72%	3 312	52	3 260	93
Caixa Capital – Sociedade de Capital de Risco, SA	Lisbon	99.62%	28 092	3 346	24 746	(2 739)
Property						
Imocaixa – Gestão Imobiliária, SA	Lisbon	100.00%	967	388	2 723	482
Caixa-Imobiliário SA	Lisbon	100.00%	49	(1)	-	-
Fidelidade Mundial, SGII, SA	Lisbon	100.00%	21 361	1 363	25 098	1 281
Inmobiliaria Caixa Geral, SL	Madrid	99.75%	(6 141)	(6 147)	-	-
Other Financial Entities						
CGD Finance	Cayman	100.00%	5 065	4 844	221	(40)
Caixa Geral Finance [c]	Cayman	0.00%	614 447	14 446	634 494	34 493
Other Companies						
Caixanet – Telemática e Comunicações, SA	Lisbon	80.00%	1 765	9	1 756	22
Caixatec, Tecnologias de Comunicação, SA	Lisbon	100.00%	(506)	(170)	(302)	46
Culturgest – Gestão de Espaços Culturais, SA	Lisbon	100.00%	(4 171)	2	(4 175)	(29)
Cares RH – Companhia de Assistência e Representação de Seguros, SA	Lisbon	100.00%	1 130	24	1 239	133
Cares Multiassistance, SA	Lisbon	51.00%	928	591	337	115
EAPS – Empresa de Análise, Prevenção e Segurança, SA	Lisbon	100.00%	97	33	240	13
EPS – Gestão de Sistemas de Saúde, SA	Lisbon	100.00%	682	(15)	2 165	37
LCS – Linha de Cuidados de Saúde, SA	Lisbon	100.00%	2 121	1 435	687	(1 267)
Cetra – Centro Técnico de Reparação Automóvel, SA	Lisbon	50.00%	2 019	65	1 012	66
GEP – Gestão de Peritagens Automóveis, SA	Lisbon	100.00%	131	32	99	(4)
HPP – Hospitais Privados de Portugal, SGPS, SA	Lisbon	100.00%	10 129	(11 311)	21 440	(12 419)
HPP International Ireland, Ltd.	Dublin	100.00%	30 951	(19)	30 970	(30)
HPP International – Luxembourg, SARL	Luxembourg	100.00%	(15 396)	(21 105)	5 699	3 784
Wolfpart, SGPS, SA	Lisbon	100.00%	7 909	6 242	1 668	(927)

...Continued

Activity / Entity	Head Office	31.12.2009 % Effective Participating Interest	31.12.2009 Equity (a)	31.12.2009 Net Income	31.12.2008 Equity (a)	31.12.2008 Net Income
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris	100.00%				
Sogrupo – Serviços Administrativos, ACE	Lisbon	100.00%				
Sogrupo – Sistemas de Informação, ACE	Lisbon	100.00%				
Sogrupo IV – Gestão de Imóveis, ACE	Lisbon	100.00%				
Special Purpose Entities and Investment Funds						
Fundo Nostrum Consumer Finance, FTC	Lisbon	100.00%	51 293	4 397	110 200	(2 055)
Fundo Nostrum Mortgage 2003-1	Lisbon	100.00%	529 968	46	582 413	(1 046)
Nostrum Mortgages PLC	Dublin	100.00%	2 472	(5 691)	8 163	(6 800)
Nostrum Consumer Finance PLC	Dublin	100.00%	623	(793)	1 416	(1 487)
Intermoney Banking Cx Geral Resid MBS1	Madrid	99.75%	-	-	-	-
Fundo de Capital de Risco – Grupo CGD – Caixa Capital	Lisbon	99.98%	335 784	5 342	165 730	(16 229)
Fundo de Capital de Risco – Energias Renováveis – Caixa Capital	Lisbon	90.65%	52 993	1 460	48 449	(4 651)
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	24 856	(144)	-	-
Fundo de Capital de Risco Caixa Mezzanine – Caixa Capital	Lisbon	100.00%	99 727	(273)	-	-
Fundo de investimento Imobiliário Fechado para Arrendamento Habitacional – Caixa Arrendamento	Lisbon	99.15%	30 159	201	-	-
Fundo Invest. Imobil. Fechado Imocentro	Lisbon	100.00%	5 224	316	-	-
Caixagest Estratégia Dinâmica	Lisbon	53.41%	66 808	(1 329)	-	-
Fundo Esp. Inv. Aberto Estrat. Alternat.	Lisbon	71.08%	31 445	(2 355)	-	-
Fundo Esp. Inv. Aberto Caixa Fundo Capitalização	Lisbon	63.12%	16 655	562	-	-
Caixagest Renda Mensal – Fundo de Investimento Mobiliário Aberto de Obrigações de Taxa Variável	Lisbon	73.80%	260 169	(14 306)	-	-
Fundo de Investimento Imobiliário Fechado Saudeinvest	Lisbon	81.94%	85 338	2 150	83 188	(1 040)
Fundo de Investimento Imobiliário Fechado Bonança 1	Lisbon	100.00%	15 081	(122)	15 203	(19)
Companies Recorded by the Proportional Method						
Esegur – Empresa de Segurança, SA	Lisbon	50.00%	11 040	1 541	10 963	3 031
Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA	Lisbon	50.00%	3 559	1 337	-	-
Partang, SGPS, SA	Lisbon	50.00%	87 483	(2)	-	-
Banco Caixa Geral Totta de Angola, SA	Luanda	25.50%	172 211	36 429	-	-

(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 1 and 600 000 non-voting preference shares of EUR 1 000 each.

Financial data on 31 December 2009 was taken from the provisional financial statements subject to changes before the respective approval by the Shareholder's General Meeting.

Changes in the group's subsidiaries, in 2009 and 2008, were as follows:

HPP – HOSPITAIS PRIVADOS DE PORTUGAL, SGPS, SA

Caixa Geral de Depósitos acquired in 2007, through Caixa Seguros e Saúde, a 10% participating interest in the largest private health agent in the Iberian peninsula – USP Hospitales Group. The investment of Caixa Seguros e Saúde in the USP Hospitales Group was made through the companies HPP International – LUX, SARL and HPP International Ireland Limited. In the joint venture agreement, USP Hospitales Group received a 25% participating interest in HPP – Hospitais Privados de Portugal, SGPS, SA, the holding indirectly held by Caixa Seguros for the health area.

Under the terms of the agreement, on 5 June 2007, HPP – Hospitais de Portugal, SGPS, SA made a share capital increase of EUR 1 833 thousand 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.

In the first half 2009, Caixa Seguros e Saúde and USP Hospitales Group agreed to review the existing contractual terms of the Joint Venture.

As a result, Caixa Seguros e Saúde re-acquired 25% of the share capital of HPP – Hospitais Privados de Portugal, SGPS, SA, becoming the sole shareholder of the company. It also sold its 10% equity participation in USP Hospitales, ceasing any participation in that group. As a result of this operation, Caixa Group recorded a loss of EUR 23 100 thousand recognised in "Interest and similar costs" heading.

PARTANG, SGPS, SA (PARTANG) AND BANCO CAIXA GERAL TOTTA DE ANGOLA, SA (BCGTA)

Under the terms of an agreement entered into between Caixa Geral de Depósitos and Banco Santander Totta (BST) in a view to realising a joint venture investment in the Angolan market through a participation in Banco Totta de Angola, SA (BTA), and after obtaining the necessary authorizations from the competent Angolan and Portuguese authorities, Partang, SGPS, SA was incorporated on 4 June 2009 with a share capital of EUR 10 942 thousand, fully paid up in kind by BST and Madeisisa (a fully owned subsidiary of BST) through the delivery of 40 474 059 shares of BTA, representing 51% of the share capital and voting rights of that bank.

The following developments regarding this operation also took place during 2009:

• On 2 July 2009 the shareholders general meeting of Partang SGPS, SA decided to increase the company's share capital by EUR 10 942 thousand through the issuance of 1 094 233 040 shares of EUR 0.01 per share, to be paid up in cash;

• At the same date, Caixa, BST and Madeisisa entered into an agreement under which the two latter entities ceded to Caixa the subscription rights which they owned, in the share capital increase of Partang, SGPS, SA. The ceding of the subscription rights corresponding to 50% participation in the share capital of Partang was made by the global amount of EUR 15 280 thousand;

• As a result of the agreement, Caixa subscribed for the full amount of the new shares resulting from the capital increase of Partang, SGPS, SA, at a total cost of EUR 36 083 thousand, of which EUR 10 942 thousand corresponds to the shares nominal value and EUR 25 141 thousand to the issuance premium.

• Also on 2 July 2009, BTA increased its capital by Angolan kwanzas (AON) 7 781 391 000, through the issuance of 778 139 100 shares of AON 10 each. The capital increase was paid up in cash of AON 7 780 600 000 (corresponding to USD 100 000 000) and through the incorporation of free reserves of AON 791 000. The amount of capital paid up by Partang in this operation was AON 3 968 106 000 (corresponding to USD 51 000 000). In addition, BTA changed the nominal value of the shares from AON 10 to AON 500, and changed its corporate name to the present one.

At 31 December 2009 and as a result of these operations, Caixa held 50% of Partang's share capital. The total cost of the operation was EUR 51 363 thousand. Also under the terms of the agreement entered into between Caixa and BST:

• Caixa has a call option over 1% of capital and voting rights of Partang to be exercised with BST, during a period of five working days as from the first anniversary of Partang's share capital increase held on 2 July 2009;

• BST has a put option over the total participation held in Partang, to be exercised with Caixa during the four year period and as from two years after the subscription date of the share capital increase made by Partang on 2 July 2009;

• In addtion, Caixa has a second call option over the shares held by BST, up to a maximum of 80% of the capital and voting rights of Partang, to be exercised on the first month of the fifth anniversary of the subscription of Partang's share capital increase held on 2 July 2009.

The exercise price of the referred to options varies based on the evolution of BCGTA´s equity.

BANCO COMERCIAL DO ATLÂNTICO, SARL (BCA)

In the first half of 2009 BCA had a share capital increase of CVE (Cape Verde Escudos) 324 765 000, through the issue of 324 765 shares at CVE 1000 each, of which 156 099 shares were subscribed by Caixa Geral de Depósitos, 41 058 shares by Garantia and 16 347 shares by Banco Interatlântico, SARL.

The Group's participating interest in BCA increased to 59.33% as a result of this operation.

SOCIMMOBIL

In the first half 2009, CGD granted to the company Establishment for International Properties, Commerce and Market Research, its total participation in Socimmobil for the agreed price of 1 Euro.

LOCARENT – COMPANHIA PORTUGUESA DE ALUGUER DE VIATURAS, SA (LOCARENT)

In October 2009, CGD acquired 52 500 shares of Locarent representing 5% of its share capital. The total price agreed for the transaction was EUR 450 thousand, corresponding to EUR 8.5714 per share. As a result of this operation, Caixa increased its participation interest in Locarent to 50%.

FUNDO DE CAPITAL DE RISCO PARA INVESTIDORES QUALIFICADOS GRUPO CGD – CAIXA CAPITAL

In 2008, Caixa Geral de Depósitos acquired 100 trust fund units of Fundo de Capital de Risco para Investidores Qualificados Grupo CGD – Caixa Capital from Direcção Geral do Tesouro (Treasury), for EUR 5 582 thousand, representing 2.86% of the fund's share capital. As a result of this operation, Caixa increased its participation in this entity to 99.94%.

The participants general meeting of the Fund held on 30 April 2009, decided to increase the share capital by EUR 164 713 thousand through the issue of 3 240 new trust fund units at EUR 50.837 each, of which 2 822 units were subscribed by Caixa Geral de Depósitos. At 31 December 2009, EUR 84 000 thousand had been paid up by Caixa.

As a result of this operation, Caixa's equity participation in the fund is 99.99%.

FUNDO DE CAPITAL DE RISCO CAIXA MEZZANINE – CAIXA CAPITAL

Fundo de Capital de Risco Mezzanine – Caixa Capital (Fundo Caixa Mezzanine) was incorporated on 1 June 2009, with a share capital of EUR 100 000 thousand, represented by 2 000 trust fund units at EUR 50 000 each, fully subscribed by Caixa Geral de Depósitos.

The fund's objective is to operate in the venture capital area through investments related to the development, strategic reorientation and reorganization of equity capital in medium sized companies.

At 31 December 2009, only EUR 30 000 thousand of Fundo Caixa Mezzanine's share capital was paid up, the remaining capital being expected to be paid up in accordance with the financial needs of investments to be made by the fund.

FUNDO DE CAPITAL DE RISCO EMPREENDER MAIS – CAIXA CAPITAL

Fundo de Capital de Risco Empreender Mais – Caixa Capital (Fundo Caixa Empreender Mais) was incorporated on 10 March 2009, with a share capital of EUR 25 000 thousand, represented by 500 trust fund units at EUR 50 000 each fully subscribed for by Caixa Geral de Depósitos.

The fund's objective is to operate in the venture capital area through investments in corporate projects associated with entrepreneurial dynamics, innovation and sustainability.

At 31 December 2009, only EUR 7 500 thousand of Fundo Caixa Empreender Mais's share capital was paid up, the remaining capital being expected to be paid up according to the financial needs of investments.

FUNDO DE INVESTIMENTO IMOBILIÁRIO FECHADO PARA ARRENDAMENTO HABITACIONAL – CAIXA ARRENDAMENTO

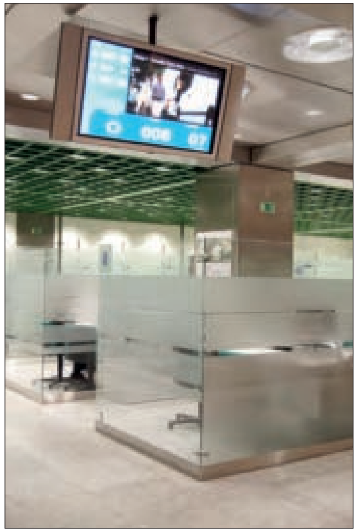
Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional – Caixa Arrendamento started its business activity on 19 January 2009, with a share capital of EUR 30 000 thousand represented by 30 000 trust fund units at EUR 1 000 each. At the date of the fund's incorporation, Caixa subscribed 16 245 trust fund units corresponding to 54.15% of its share capital and Caixa Seguros subscribed 13 500 trust fund units representing 45% of its share capital. Accordingly, CGD Group has 99.15% of the fund's share capital. In accordance with the applicable legislation, the fund´s assets must correspond at all times to residential property based in Portugal intended for permanent housing, in a percentage not lower than 75%.

CAIXA IMOBILIÁRIO, SA

Caixa Imobiliário, SA was incorporated on 18 November 2009, with a share capital of EUR 50 000 fully subscribed for by Wolpart, SGPS, SA. Its purpose is to acquire property for resale, property promotion and lease.

INMOBILIÁRIA CAIXA GERAL, SL

Inmobiliária Caixa Geral was incorporated on 9 December 2008, with a share capital of EUR 6 thousand fully subscribed for by Banco Caixa Geral, SA. The purpose of this company is to acquire, develop, lease or use property.



INTERMONEY BANKING CAIXA GERAL RMBS1 FONDO DE TITULIZACIÓN DE ACTIVOS

Intermoney Banking Caixa Geral RMBS1 Fondo de Titulización de Activos was incorporated on 30 October 2009, through the issue of bonds totalling EUR 400 000 thousand fully subscribed by Caixa Geral de Depósitos. The fund's management is made by InterMoney, a company outside CGD Group.

CAIXA GERAL DE DEPÓSITOS – SUBSIDIÁRIA OFFSHORE DE MACAU (CGD MACAU)

In 2008 Macau Offshore Branch increased its share capital, by 51 million Patacas, through the issue of 51 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 one hundred and seventy one million Patacas.

CULTURGEST – GESTÃO DE ESPAÇOS CULTURAIS, SA (CULTURGEST) (IN LIQUIDATION)

On 2 October 2007 the Fundação Caixa Geral de Depósitos – Culturgest, recognised by resolution of the Secretário de Estado da Presidência do Conselho de Ministros (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.

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 representing 19.5% of share capital	2 150
Sagesecur – Sociedade de Estudos, Desenvolvimento e Participação em Projectos, SA - Grant of credit rights representing 19.5% of shareholders' loans made to this company by Parpública	27 240
	490 000
	1 000 000

No result was recognised in the Group consolidated financial statements regarding this operation.

PORTAL EXECUTIVO – SOCIEDADE DE SERVIÇOS, CONSULTORIA E INFORMAÇÃO EM GESTÃO, SA (PORTAL EXECUTIVO) (IN LIQUIDATION)

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 at 31 October 2008 decided a share capital increase of BRL 86 million, fully subscribed and paid up by Caixa Geral de Depósitos, SA.

OTHER EVENTS

BANCO PARA PROMOÇÃO E DESENVOLVIMENTO, SA

On 13 January 2010, CGD was informed that it was authorised to found Banco para Promoção e Desenvolvimento, SA through order of the Governor of Banco Nacional de Angola. This bank will be held in equal parts by CGD Group and Sonangol Group.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This heading comprises the following:

	31.12.2009	31.12.2008
Cash	644 408	555 586
Demand deposits in central banks		
Principal	1 281 209	1 340 629
Accrued interest	644	1 606
	1 926 260	1 897 821

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 2009 and 2008, 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:

	31.12.2009	31.12.2008
Cheques for collection		
Portugal	429 482	236 840
Abroad	13 825	14 477
	443 307	251 317
Demand deposits		
Portugal	369 804	74 448
Abroad	421 943	288 988
	791 747	363 435
Accrued interest	3 148	40
	1 238 202	614 793

"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 period.

6. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This heading comprises the following:

	31.12.2009	31.12.2008
Interbank Money Market	1 472 041	1 252 504
Term deposits		
Portugal	353 816	244 018
Abroad	1 590 351	1 354 352
Loans		
Portugal	3 606 487	1 097 409
Abroad	742 406	614 541
Other applications		
Portugal	64 838	98 309
Abroad	665 878	925 703
Purchase operations with repurchase agreement	-	61 098
	8 495 817	5 647 934

...Continued

	31.12.2009	31.12.2008
Adjustments to assets under hedging operations	35	-
Accrued interest	18 687	15 839
Deferred income	(1 763)	(2 563)
	8 512 777	5 661 210
Impairment (Note 39.)	(159 563)	(106 381)
	8 353 214	5 554 828

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 (BPN), an entity nationalised under the terms of Law 62-A/2008 of 11 November.

On 31 December 2009, the heading "Loans - Portugal" comprised EUR 3 000 000 thousand relating to five commercial paper issues made by BPN and which are guaranteed by the Portuguese State. The funding, under the Commercial Paper Programme enabled the former credit and liquidity support operations made by Caixa to be repaid. In addition, at 31 December 2009 the heading "Interbank Money Market" included EUR 1 195 000 thousand of applications made in BPN. The issue by the Portuguese state of additional guarantees to cover the referred to operation, is in the process of finalisation.

Caixa recorded impairment of EUR 53 819 thousand and EUR 40 593 thousand, respectively, at 31 December 2009 and 2008, for applications in banks based in Iceland. Impairment was also recorded on applications in a North-American bank which, on 31 December 2009 and 2008, amounted to EUR 62 474 thousand and EUR 64 669 thousand, respectively. 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. As referred to in Note 19, at 31 December 2009 and 2008 the receivable outstanding balances to this entity and the respective impairment are recorded in the "Other assets – debtors and other applications" and "Other assets - impairment" headings.

The changes in impairment of loans and advances to credit institutions in 2009 and 2008 are presented in Note 39.

7. FINANCIAL ASSETS HELD FOR TRADING AND OTHER ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These headings comprise the following:

	31.12.2009			31.12.2008		
	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	113 179	-	113 179	264 221	-	264 221
Treasury bills	561 137	-	561 137	302 560	-	302 560
Bonds of other public issuers:						
Domestic	2 624	6 998	9 622	2 921	-	2 921
Foreign	694 197	18 524	712 721	355 936	29 980	385 916
Issued by international financial organisations	20 895	-	20 895	-	7	7
Other issuers:						
Bonds and other securities:						
Issued by residents	331 347	62 290	393 637	219 382	55 877	275 258
Issued by non-residents	976 331	103 874	1 080 205	247 111	252 477	499 588
	2 699 710	191 686	2 891 396	1 392 131	338 342	1 730 472
Equity instruments						
Issued by residents	54 800	546 685	601 485	38 678	53 078	91 757
Issued by non-residents	24 929	-	24 929	38 651	-	38 651
	79 729	546 685	626 414	77 329	53 078	130 408
Other financial instruments						
Trust fund units						
Issued by residents	45 176	401 940	447 116	51 292	426 854	478 146
Issued by non-residents	42 988	-	42 988	44 499	-	44 499
Other						
Issued by non-residents	-	-	-	-	96 509	96 509
	88 164	401 940	490 104	95 791	523 363	619 154
Loans and receivables	-	7 008	7 008	-	7 217	7 217
Derivatives with positive fair value (Note 10.)						
Swaps	1 582 816	-	1 582 816	1 279 298	-	1 279 298
Futures and other forward operations	25 664	-	25 664	20 813	-	20 813
Options	472 946	-	472 946	925 679	-	925 679
Caps and floors	108 624	-	108 624	83 163	-	83 163
Other	4 601	-	4 601	10 935	-	10 935
	2 194 651	-	2 194 651	2 319 887	-	2 319 887
	5 062 253	1 147 319	6 209 573	3 885 139	922 000	4 807 139

Financial assets held for trading and other financial assets at fair value through profit or loss at 31 December 2009, include participating units in unit trust and property funds managed by Group entities, in the amounts EUR 191 684 thousand and EUR 78 958 thousand, respectively (EUR 272 527 thousand and EUR 78 852 thousand, respectively on 31 December 2008).

On 31 December 2009 and 2008 the heading "Debt instruments" comprises securities given as collateral to several entities in the amounts of EUR 1 280 698 thousand and EUR 492 063 thousand, respectively. In Note 23 these securities are recognised at their nominal value.

On 31 December 2009 the heading "Financial assets held for trading – Debt instruments" includes securities allocated to the issue of covered bonds in the amount of EUR 600 514 thousand (Note 22).

On 31 December 2009, the heading "Financial assets at fair value through profit or loss – equity instruments", includes EUR 414 066 thousand relative to an equity participation held in Cimpor, within the scope of an acquisition of 64 406 000 shares by Caixa, representing 9.584% of the share capital of this company. These shares were purchased in February 2009 for EUR 317 844 thousand. The seller has an option to purchase the equity participation to Caixa, at acquisition cost, capitalised at a Euribor indexed rate. The option's negative valuation at 31 December 2009 was recorded in the "Options – Shares and indexes" (Note 10).

On 31 December 2009, the "Financial assets at fair value through profit or loss – Equity instruments" heading, includes EUR 57 309 thousand relative to and equity participation of 19.4% in Sumol + Compal, SA (Note 16).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This heading comprises the following:

	31.12.2009	31.12.2008
Debt instruments		
Public debt	211 555	171 736
Other public issuers	2 500 874	3 054 611
International financial organisations	182 979	275 574
Other issuers	11 441 964	8 523 541
	14 337 371	12 025 462
Equity instruments		
Measured at fair value	2 713 959	2 690 868
Measured at historical cost	201 809	198 984
	2 915 767	2 889 852
Other instruments	2 033 046	1 703 910
	19 286 185	16 619 224

...Continued

	31.12.2009	31.12.2008
Impairment (Note 39.)		
Equity instruments	(318 040)	(650 234)
Debt instruments	(62 064)	(52 666)
Other instruments	(54 929)	(4 924)
	(435 033)	(707 824)
	18 851 152	15 911 400

The "Other instruments" heading at 31 December 2009, includes participating units in unit trust and property funds managed by Group entities in the amounts of EUR 1 099 810 thousand and EUR 159 361 thousand, respectively (EUR 926 841 thousand and EUR 155 717 thousand, respectively at 31 December 2008).

The "Debt instruments" heading at 31 December 2009 and 2008 includes securities given as collateral to several entities in the amounts of EUR 2 345 093 thousand and EUR 735 022 thousand, respectively. In Note 23 these securities are recognised at their nominal value.

The "Debt instruments" heading at 31 December 2009, includes securities relative to the issue of covered bonds in the amount EUR 342 934 (Note 22).

On 31 December 2009 and 2008, impairment of debt instruments includes EUR 26 706 thousand relative to bonds issued by banks based in the Republic of Iceland. It also includes impairment of EUR 8 516 thousand and EUR 9 148 thousand, respectively, to cover estimated losses in debt instruments issued by a North-American bank.

On 31 December 2009, impairment of "Other instruments" includes EUR 39 056 thousand relative to property investment funds, managed by Group companies, which presented a long-standing decline in their market value, below cost price.

The equity instruments heading include the following investments.

	31.12.2009							
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Fair value reserve	Effective participating interest (%)
Measured at fair value								
EDP – Energias de Portugal, SA	629 492	9 309	-	638 801	-	638 801	(74 119)	5.44
Portugal Telecom, SA	469 211	81 882	-	551 093	-	551 093	15 235	7.30
ZON – Serviços de Telecomunicações e Multimédia, SGPS, SA	408 758	20 367	-	429 125	(240 504)	188 621	25 094	14.07
Banco Comercial Português, SA	85 516	18 870	-	104 385	(778)	103 607	(7 517)	2.72
Galp Energia, SGPS, SA	184 098	-	-	184 098	-	184 098	(4 902)	1.57
Redes Energéticas Nacionais, SGPS, SA	17 606	11	-	17 617	-	17 617	8 814	1.14
Instituto da Habitação e da Reabilitação Urbana, IP	82 941	-	-	82 941	-	82 941	(4 012)	52.49
Brisa – Auto-Estradas de Portugal, SA	64 620	2 655	-	67 275	-	67 275	1 678	1.65
La Seda Barcelona, SA	45 304	-	-	45 304	(40 774)	4 530	-	7.23
SICAR NovEnergia II	-	-	42 790	42 790	-	42 790	7 790	14.70
Finpro, SGPS, SA	-	-	38 733	38 733	-	38 733	14 916	17.16
EDP Renováveis, SA	9	4 058	14 612	18 679	-	18 679	(3 509)	0.35
A. Silva & Silva – Imobiliário e Serviços, SA	-	-	21 300	21 300	-	21 300	-	23.90
Martifer, SGPS, SA	-	-	6 296	6 296	(3 701)	2 596	-	0.76
Foreign entities' shares	3 418	357 226	4 621	365 265	(5 610)	359 655	(38 008)	
Other instruments with characteristics of equity	47 537	-	-	47 537	(5 252)	42 285	(3)	
Other	4 458	15 795	32 464	52 717	(14 459)	38 258	9 037	
	2 042 969	510 173	160 817	2 713 959	(311 077)	2 402 881	(49 506)	
Measured at historical cost								
Águas de Portugal, SA	153 003	-	-	153 003	-	153 003	-	9.69
VAA - Vista Alegre Atlantis, SA	1 178	-	-	1 178	(1 178)	-	-	5.02
Other	39 875	244	7 508	47 627	(5 785)	41 842	-	
	194 056	244	7 508	201 809	(6 963)	194 845	-	
	2 237 025	510 417	168 325	2 915 767	(318 040)	2 597 727	(49 506)	

	31.12.2008							
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Fair value reserve	Effective participating interest (%)
Measured at fair value								
EDP – Energias de Portugal, SA	502 229	8 027	-	510 256	-	510 256	(153 923)	5.23
ZON – Serviços de Telecomunicações e Multimédia, SGPS, SA	404 206	18 810	-	423 015	(262 227)	160 788	-	14.02
Portugal Telecom, SA	334 285	58 336	-	392 621	-	392 621	(143 236)	7.28
Banco Comercial Português, SA	335 577	19 068	-	354 645	(210 205)	144 440	(8 455)	3.78
Instituto da Habitação e da Reabilitação Urbana, IP	91 877	-	-	91 877	-	91 877	4 924	52.49
Redes Energéticas Nacionais, SGPS, SA	86 608	11	-	86 619	-	86 619	35 686	5.08
Galp Energia, SGPS, SA	70 537	140	-	70 678	-	70 678	(56 767)	1.21
La Seda Barcelona, SA	-	-	51 979	51 979	(36 575)	15 404	-	7.35
Brisa – Auto-Estradas de Portugal, SA	48 159	2 002	-	50 161	-	50 161	(16 205)	1.60
Finpro, SGPS, SA	-	-	37 428	37 428	-	37 428	13 611	17.17
EDP – Energias Renováveis, SA	14 981	4 415	11 026	30 423	-	30 423	2 952	0.74
SICAR NovEnergia II	-	-	39 510	39 510	-	39 510	(2 792)	23.70
A. Silva & Silva – Imobiliário e Serviços, SA	-	-	14 000	14 000	-	14 000	-	23.90
Martifer, SGPS, SA	-	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	(135 221)	
Other	17	18 180	23 004	41 201	(21 100)	20 101	(39 072)	
	1 889 824	**615 326**	**185 718**	**2 690 868**	**(628 309)**	**2 062 559**	**(498 498)**	
Measured at historical cost								
Águas de Portugal, SA	153 003	-	-	153 003	-	153 003	-	9.69
VAA - Vista Alegre Atlantis, SA	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**	**(498 498)**	

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 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 years 2009 and 2008 comprises the following (Note 39):

	2009	2008
Banco Comercial Português, SA	31 082	219 986
La Seda Barcelona, SA	8 608	36 575
ZON – Serviços de Comunicações e Multimédia, SGPS, SA	-	262 222
Equity instruments – Insurance	96 366	110 204
Other	209	3 667
	136 265	632 654

On 31 December 2009 and 2008, the fair value reserve of available-for-sale financial assets comprises the following:

	2009	2008
Fair value reserve		
(gross values before minority interest)		
Debt instruments	(221 313)	(517 475)
Equity instruments		
– Positive fair value	90 110	32 458
– Negative fair value		
· Unrealised loss lower than 20% of acquisition cost	(102 433)	(9 131)
· Unrealised loss between 20% and 30% of acquisition cost	(29 869)	(352 637)
· Unrealised loss between 30% and 40% of acquisition cost	(3 014)	(40 354)
· Unrealised loss between 40% and 50% of acquisition cost	(4 300)	(128 834)
	(49 506)	(498 498)
Other instruments	(184 818)	(181 555)
	(455 638)	(1 197 528)
Effect of instruments allocated to life insurance with profit sharing portfolios	-	69 733
Balance attributable to minority interest	10 107	2 091
	(445 531)	(1 125 704)
Deferred tax reserve	114 377	252 400
	(331 154)	(873 304)

The effect of unrealised gains and losses in instruments allocated to life insurance with profit sharing portfolios are recorded in "Other reserves" at 31 December 2009.

The changes in the main equity instruments recorded as "Available-for-sale financial assets" in 2009 and 2008 were as follows:

EDP – ENERGIAS DE PORTUGAL, SA (EDP)

During 2009, CGD acquired 1 830 000 shares of EDP for EUR 4 789 thousand. Also in that period Caixa sold 1 830 000 shares for EUR 4 792 thousand. As a result of these operations, the Group recorded a capital loss of EUR 1 607 thousand (Note 33).

In 2008 CGD acquired 37 752 139 shares for EUR 153 375 thousand. Also in that period 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, SA (BCP)

During 2009, CGD acquired 101 440 535 shares for EUR 100 539 thousand. Also in that period Caixa sold 154 989 329 shares for EUR 140 635 thousand. As a consequence, the Group recorded a capital gain of EUR 30 545 thousand (Note 33).

During 2008 CGD acquired 96 570 846 shares for EUR 143 696 thousand. Also in that period Caixa sold 25 894 321 shares for EUR 41 825 thousand, recording a capital loss of EUR 16 365 thousand (Note 33).

ZON – SERVIÇOS DE TELECOMUNICAÇÕES E MULTIMÉDIA, SGPS, SA (ZON)

During 2009, CGD acquired 3 656 619 shares of ZON for EUR 15 793 thousand. Also in that period Caixa sold 3 507 249 for EUR 15 120 thousand. As a result, the Group recorded a capital gain of EUR 2 030 thousand (Note 33)

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).

In December 2009, Caixa Geral de Depósitos signed up an agreement with Kento Holding Limited for the sale of 7 727 420 shares of ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, SA (ZON), corresponding to 2.5% of the respective share capital, for EUR 5.3 per share. The completion of that operation depended on the approval, of the sale of 14 006 437 shares to Kento Holding Limited, which took place in the shareholders general meeting of Zon at 29 January 2010. Since it is a conditional sale CGD only recorded in the financial statements for 2009 the commitment resulting from the sale's obligation of the referred to shares, under the terms of the agreement.

GALP ENERGIA, SGPS, SA (GALP)

During 2009, CGD acquired 490 514 shares for EUR 4 330 thousand. Also in that period Caixa sold 580 000 shares for EUR 5 120 thousand recording a total capital loss of EUR 2 305 thousand as a result of these operations (Note 33).

During 2008, CGD acquired 14 359 466 shares for EUR 218 668 thousand. Also in that period Caixa sold 12 827 822 shares for EUR 193 789 thousand recording a capital gain of EUR 51 508 thousand as a result of these operations (Note 33).

EDP RENOVÁVEIS, SA (EDP RENOVÁVEIS)

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.

During 2009, CGD acquired 12 433 shares of EDP Renováveis for EUR 66 thousand. Also in 2009, Caixa sold 3 005 508 shares for EUR 17 454 thousand, recording a capital gain of EUR 1 492 thousand as a result of these operations (Note 33).

VAA – VISTA ALEGRE ATLANTIS, SGPS, SA (VAA)

On 6 March 2009, Caixa signed with Cerutil – Cerâmicas Utilitárias, SA, a company of the Visabeira Group, in a share purchase and sales contracts and settlement of credits under which Caixa sold to Cerutil 14 503 999 shares representing 10% of VAA's capital, having also ceded the right of return over credit granted to VAA as supplementary capital contributions for EUR 11 784 thousand. This operation resulted in a capital gain of EUR 1 279 thousand, corresponding to the total price agreed for the transfer of shares and credits (Note 33).

REN – REDES ENERGÉTICAS NACIONAIS, SA (REN)

In December 2009, CGD sold to Parpública – Participações Públicas, SGPS, SA 20 826 000 shares of REN, representing 3.9% of its share capital. The operation price agreed was EUR 64 561 thousand, corresponding to EUR 3.1 per share. Caixa recorded a capital gain of EUR 24 833 thousand (Note 33) as a result of this operation.

FUNDO MARGUEIRA CAPITAL

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, SA

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 E FUNDO NOVENERGIA 2010

In 2008, the Fundo de Capital de Risco Grupo CGD – Caixa Capital subscribed for 82 trust fund units of SICAR NovEnergia II for the amount of EUR 5 000 thousand.

MARTIFER, SGPS, SA

In 2008 FCR Energias Renováveis acquired 349 020 shares of Martifer, SGPS, SA for EUR 1 241 thousand.

BRISA – AUTO-ESTRADAS DE PORTUGAL, SA (BRISA)

In 2008, CGD acquired 9 000 000 shares of Brisa for EUR 63 000 thousand.

Reclassification of Securities

At 1 July 2008, Caixa reclassified securities from the "Financial assets held for trade" category to "Available-for-sale financial assets" category under the terms of the amendment to IAS 39 approved on 13 October 2008. Owing to the financial turmoil experienced in 2008, Caixa 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 fair value reserves 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 between the date of reclassification and 31 December 2008, 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
Book value of securities reclassified on 31 December 2009	**560 350**
Capital gains / (losses) associated with the change in the securities' fair value between 31 December 2008 and 31 December 2009, of which:	
Unrealised net capital losses recognised in the fair value reserve	6 315
Impairment recorded in period	(6 673)
Capital gains / (losses) recorded in net income for the year	(60 758)

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 2009 and 2008 comprise the following:

	31.12.2009	31.12.2008
Unit-linked investments:		
Debt instruments	748 651	507 146
Equity instruments	28 461	31 111
Other	28	1 189
Derivatives		
Positive fair value	4 335	5 736
Loans and advances to credit institutions	86 492	75 304
	867 967	620 486
Liability to subscribers of unit-linked products	867 967	620 486

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 2009 and 2008 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 abovementioned dates were as follows:

	2009							
	Notional value			Book value				
	Trading 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				18 388	(3 549)	-	-	14 839
Purchase	1 189 447	-	1 189 447					
Sale	1 179 578	-	1 179 578					
NDF's (no deliverable forward)				5 253	(4 122)	-	-	1 131
Purchase	122 860	-	122 860					
Sale	122 349	-	122 349					
FRA (forward rate agreements)	152 500	-	152 500	1 587	(16)	-	-	1 570
Swaps								
Currency swaps				74 297	(8 475)	-	-	65 821
Purchase	3 500 964	-	3 500 964					
Sale	3 433 518	-	3 433 518					
Interest rate swaps and cross currency interest rate swaps				1 476 415	(1 154 683)	179 623	(270 773)	230 581
Purchase	74 248 865	4 450 178	78 699 043					
Sale	74 224 268	4 494 946	78 719 214					
Loan swaps				1 576	(49 060)	-	-	(47 484)
Purchase	1 014 670	-	1 014 670					
Sale	1 014 670	-	1 014 670					
Shares and indexes				30 528	-	-	-	30 528
Purchase	79 892	-	79 892					
Sale	79 892	-	79 892					
Futures								
Currency				-	-	-	-	-
Long positions	309 647	-	309 647					
Short positions	(62 782)	-	(62 782)					
Interest rate				-	-	-	-	-
Long positions	(12 262)		(12 262)					
Short positions	1 414 119		1 414 119					
Shares and indexes				19	-	-	-	19
Long positions	9 280	18	9 298					
Short positions	-	-	-					
Other				417	-	-	-	417
Traded on behalf of customers								
Long positions	157 425	-	157 425					
Short positions	(98 182)	-	(98 182)					
Options								
Currency				7 818	(7 031)	-	-	788
Purchase	10 958	-	10 958					
Sale	10 958	-	10 958					
Shares and indexes				465 128	(558 824)	-	-	(93 696)
Purchase	-	-	-					
Sale	-	-	-					
Interest rates (Caps & Floors)				108 624	(105 040)	-	-	3 584
Purchase	1 020 148	-	1 020 148					
Sale	1 044 112	-	1 044 112					
Other				3 025	(188)	-	-	2 837
Purchase	1 054	-	1 054					
Sale	1 379	-	1 379					
Other				1 576	(10 989)	-	-	(9 413)
	164 169 327	8 945 142	173 114 468	2 194 651	(1 901 977)	179 623	(270 773)	201 523

	2008							
	Notional value			Book value				
						Hedging derivatives		
	Trading derivatives	Hedging derivatives	Total	Assets held for trading (Note 7.)	Liabilities held for trading	Assets	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 e 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.

The Group's derivative transactions at 31 December 2009 and 2008, by residual terms to maturity, are as follows:

	2009					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Foreign exchange						
Purchase	939 153	166 880	30 845	52 568	-	1 189 447
Sale	929 717	167 071	32 430	50 360	-	1 179 578
NDF's (no deliverable forward)						
Purchase	118 037	2 125	2 365	332	-	122 860
Sale	116 870	2 415	2 687	377	-	122 349
FRA (forward rate agreements)	140 000	12 500	-	-	-	152 500
Swaps						
Currency swaps						
Purchase	3 177 727	317 608	5 630	-	-	3 500 964
Sale	3 116 692	311 265	5 562	-	-	3 433 518
Interest rate swaps and cross currency interest rate swaps						
Purchase	7 131 643	7 077 245	9 605 060	45 340 489	9 544 606	78 699 043
Sale	7 111 953	7 079 857	9 615 979	45 354 445	9 556 979	78 719 214
Loan swaps						
Purchase	-	27 766	74 003	609 948	302 952	1 014 670
Sale	-	27 766	74 003	609 948	302 952	1 014 670
Shares and indexes						
Purchase	-	79 892	-	-	-	79 892
Sale	-	79 892	-	-	-	79 892
Futures						
Currency						
Long positions	194 169	50 044	37 640	27 793	-	309 647
Short positions	(59 093)	(3 654)	(35)	-	-	(62 782)
Interest rate						
Long positions	(12 262)	-	-	-	-	(12 262)
Short positions	900 898	311 875	201 345	-	-	1 414 119
Shares and indexes						
Long positions	572	1 750	-	6 976	-	9 298
Short positions	-	-	-	-	-	-
Other						
Traded on behalf of customers						
Long positions	58 015	91 175	-	8 234	-	157 425
Short positions	(32 527)	(55 774)	-	(9 881)	-	(98 182)
Options (Currency and shares and indexes)						
Purchase	1 650	2 998	5 501	810	-	10 958
Sale	1 650	2 998	5 501	810	-	10 958
Interest rates (Caps & Floors)						
Purchase	15 000	0	13 127	429 392	562 630	1 020 148
Sale	15 000	2 000	13 127	414 050	599 935	1 044 112
Other						
Purchase	690	364	-	-	-	1 054
Sale	1 379	-	-	-	-	1 379
	23 866 934	15 756 061	19 724 770	92 896 649	20 870 055	173 114 468

	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	63 721 545
Sale	6 570 673	4 102 757	6 140 700	38 826 609	8 151 907	63 792 645
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	-	25 000	-	-	-	25 000
Sale	1 865	-	-	-	-	1 865
Interest rates (Caps & Floors)						
Purchase	25 000	-	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

The Group's derivative transactions at 31 December 2009 and 2008, by type of counterparty, are as follows:

	2009		2008	
	Notional value	Book value	Notional value	Book value
Foreign forward exchange transactions				
Foreign exchange				
Financial institutions	1 632 554	10 829	56 155	77
Customers	736 471	4 010	838 826	7 144
	2 369 025	14 839	894 981	7 222
NDF's (non deliverable forward)				
Financial institutions	102 573	(2 674)	41 582	1 945
Customers	142 636	3 806	70 285	(3 734)
	245 209	1 131	111 868	(1 789)
FRA (forward rate agreements)				
Financial institutions	152 500	1 570	55 000	219
Swaps				
Currency swaps				
Financial institutions	6 934 483	65 821	6 581 554	(149 176)
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	148 327 227	13 584	118 609 542	(133 397)
Customers	9 091 030	216 997	8 904 649	190 026
	157 418 257	230 581	127 514 190	56 629
Loan swaps				
Financial institutions	2 029 340	(47 484)	1 391 724	(40 057)
Shares and indexes				
Customers	119 784	17 208	-	-
Financial institutions	40 000	13 321	199 783	34 742
	159 784	30 528	199 783	34 742
Futures				
Currency				
Customers	99 984	-	-	-
Stock exchange	146 880	-	-	-
Financial institutions	-	-	121 538	-
	246 864	-	121 538	-

...Continued

	2009		2008	
	Notional value	Book value	Notional value	Book value
Interest rate				
Financial institutions	114 685	-	66 237	-
Customers	4 825	-	-	-
Stock exchange	1 282 347	-	636 998	3 193
	1 401 857	-	703 235	3 193
Shares and indexes				
Financial institutions	1 750	-	-	-
Stock exchange	7 548	19	9 604	-
	9 298	19	9 604	-
Other				
Financial institutions	-	417	-	-
Stock exchange	59 243	-	83 448	-
	59 243	417	83 448	-
Options (Shares and indexes)				
Financial institutions	-	46 359	25 000	379 783
Customers	21 916	(139 268)	3 053	(374 729)
	21 916	(92 909)	28 053	5 054
Caps & Floors				
Financial institutions	450 000	(40 793)	189 200	(39 332)
Customers	1 614 260	44 376	1 776 093	45 091
	2 064 260	3 584	1 965 293	5 759
Other options				
Financial institutions	-	-	32 128	4 542
Customers	2 433	2 837	-	-
	2 433	2 837	32 128	4 542
Other				
Financial institutions	-	(6 233)	-	-
Customers	-	(3 180)	-	(8 650)
	-	(9 413)	-	(8 650)
	173 114 468	201 523	139 692 399	(82 310)

11. LOANS AND ADVANCES TO CUSTOMERS

This heading comprises the following:

	31.12.2009	31.12.2008
Domestic and foreign loans		
Loans	55 139 878	52 196 484
Current account loans	4 420 718	4 996 221
Other	8 421 546	8 149 540
Other loans and amounts receivable - securitised		
Commercial Paper	2 780 203	3 471 212
Other	1 272 089	1 270 024
Property leasing operations	1 665 652	1 632 129
Discounts and other loans secured by bills	683 709	1 090 780
Purchase operations with repurchased agreement	5 948	5 698
Equipment leasing operations	1 309 278	1 163 645
Loans taken – factoring	660 233	608 018
Overdrafts	694 467	462 066
	77 053 721	75 045 817
Adjustment to assets under hedging operations	1 579	1 558
Accrued interest	304 481	600 808
Deferred income, commissions and other cost and income associated with amortised cost	(15 786)	(58 117)
	77 343 994	75 590 066
Overdue loans and interest	2 283 239	1 842 232
	79 627 233	77 432 298
Impairment (Note 39.)	(2 405 224)	(2 121 086)
	77 222 008	75 311 211

The "Domestic and foreign – other loans" heading at 31 December 2009 and 2008 includes EUR 79 685 thousand and EUR 73 338 thousand, respectively, relating to mortgage and personal loans granted by CGD to its employees.

The "Loans" heading at 31 December 2009 and 2008 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 2009 and 2008 were as follows:

	Mortgage	Consumer	Total
Balances at 31.12.2007	645 411	207 077	852 488
Payments	(64 585)	(99 075)	(163 660)
Write-offs	-	-	-
Other	378	(2 959)	(2 581)
Balances at 31.12.2008	581 204	105 043	686 247
Payments	(52 484)	(55 064)	(107 548)
Write-offs	-	(2 751)	(2 751)
Other	(197)	(104)	(301)
Balances at 31.12.2009	528 523	47 124	575 647

These loans serve as collateral for the securities issued by the SPEs in these operations, which amounted to EUR 580 742 thousand and EUR 694 586 thousand, respectively, at 31 December 2009 and 2008 (Note 22).

The heading "Loans" at 31 December 2009 and 2008 includes mortgage loans given as collateral in the issue of covered bonds with a book value of EUR 6 542 786 thousand and EUR 6 335 883 thousand, respectively (Note 22). At 31 December 2009 the autonomous pool of assets allocated to the issue of covered bonds also included debt securities with a book value of EUR 943 448 thousand.

Also at 31 December 2009, the heading "Loans" included EUR 1 485 274 thousand of loans allocated to the issue of public sector covered bonds (Note 22).

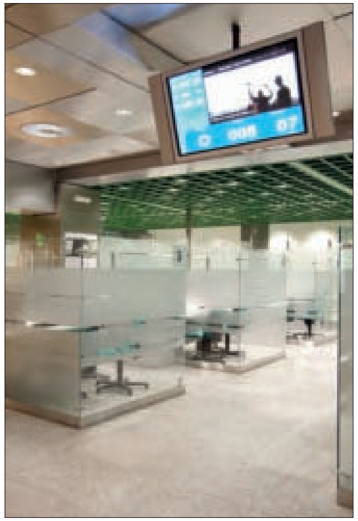
At 31 December 2009 and 2008, the aging of "Overdue loans and interest" was as follows:

	31.12.2009	31.12.2008
Up to three months	318 086	297 457
Three to six months	92 351	122 335
Six months to one year	297 705	190 495
One to three years	761 833	584 904
Over three years	813 264	647 040
	2 283 239	1 842 232

Loans and advances to customers at 31 December 2009 and 2008, except adjustments to the value of assets under hedging operations, by business sector are made up as follows:

	31.12.2009								
	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	277	-	277	418 281	29 325	447 606	418 557	29 325	447 882
Mining industries	70	-	70	554 440	2 575	557 015	554 510	2 575	557 085
Manufacturing industries									
Food, beverages and tobacco	194	-	194	902 050	54 462	956 511	902 243	54 462	956 705
Textiles	8 928	-	8 928	384 140	25 145	409 286	393 068	25 145	418 213
Leather and by-products	-	-	-	50 842	3 189	54 031	50 842	3 189	54 031
Wood and cork	-	-	-	228 553	18 868	247 420	228 553	18 868	247 420
Pulp, paper, printing and publishing	70	-	70	180 382	7 728	188 110	180 452	7 728	188 179
Coal, oil products and nuclear fuel	-	-	-	135 097	8	135 105	135 097	8	135 105
Chemical products and synthetic or artificial fibres	-	-	-	269 435	7 343	276 777	269 435	7 343	276 777
Rubber and plastic goods	-	-	-	151 740	3 051	154 791	151 740	3 051	154 791
Non-metallic mineral products	1	-	1	300 997	14 994	315 991	300 999	14 994	315 993
Basic metallurgy industries and metallic products	3 762	-	3 762	590 834	24 049	614 883	594 596	24 049	618 645
Machinery and equipment	-	-	-	85 626	7 159	92 785	85 626	7 159	92 785
Electrical and optical equipment	-	-	-	143 838	667	144 505	143 838	667	144 505
Transport equipment	14 487	-	14 487	173 138	9 377	182 515	187 625	9 377	197 002
Miscellaneous manufacturing industries	-	-	-	188 447	7 326	195 773	188 447	7 326	195 773
Electricity, water and gas	167 684	-	167 684	1 582 303	7 282	1 589 585	1 749 987	7 282	1 757 269
Building	92 172	-	92 172	6 218 658	309 012	6 527 670	6 310 831	309 012	6 619 842
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	1 013	-	1 013	3 910 058	153 435	4 063 493	3 911 071	153 435	4 064 506
Restaurants and hotels	7 445	-	7 445	1 229 589	39 032	1 268 621	1 237 034	39 032	1 276 067
Transports, warehousing and communications	186 965	-	186 965	2 070 497	19 646	2 090 143	2 257 463	19 646	2 277 108
Financial activities									
Financial intermediation excluding insurance and pension funds	2 003	17	2 020	5 178 589	17 618	5 196 207	5 180 592	17 635	5 198 227
Insurance, pension funds and supplementary social security activities	3 498	2	3 500	396 216	7 394	403 610	399 714	7 396	407 110
Other financial intermediation activities	219	0	219	1 397 683	11 963	1 409 646	1 397 902	11 963	1 409 865
Real estate activities, rental and services provided to companies									
Real estate activities	16 797	430	17 227	3 552 705	177 825	3 730 529	3 569 501	178 255	3 747 756
Other activities	19 840	3 384	23 224	1 982 490	73 005	2 055 494	2 002 330	76 388	2 078 718
Public administration, defence and mandatory social security contributions	2 899 568	98 134	2 997 703	355 729	715	356 444	3 255 298	98 849	3 354 146
Education	48 602	20 229	68 832	187 856	1 702	189 558	236 458	21 931	258 389
Healthcare and welfare	24 151	260	24 411	422 276	6 105	428 381	446 427	6 365	452 792
Other activities and social and personal services	60 024	1	60 025	1 029 639	93 221	1 122 861	1 089 664	93 223	1 182 886
Families with domestic employees	3 752	8	3 760	680	1 202	1 882	4 432	1 210	5 642
International entities and other institutions	3	-	3	2 326	2	2 328	2 329	2	2 331
	3 561 526	122 466	3 683 992	34 275 134	1 134 421	35 409 556	37 836 660	1 256 888	39 093 548
Individual									
Housing	-	-	-	35 932 661	895 159	36 827 820	35 932 661	895 159	36 827 820
Other	-	-	-	3 573 095	131 192	3 704 286	3 573 095	131 192	3 704 286
	-	-	-	39 505 755	1 026 351	40 532 106	39 505 755	1 026 351	40 532 106
	3 561 526	122 466	3 683 992	73 780 890	2 160 772	75 941 662	77 342 415	2 283 239	79 625 654

	31.12.2008								
	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	98	3 500	3 598	357 204	13 010	370 214	357 302	16 510	373 812
Mining industries	13 932	-	13 932	455 084	2 542	457 626	469 016	2 542	471 558
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	55 707	52 593	3 114	55 707
Wood and cork	-	-	-	227 723	9 245	236 968	227 723	9 245	236 968
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	-	18 576	18 576	-	18 576
Chemical products and synthetic or artificial fibres	-	-	-	374 113	3 084	377 197	374 113	3 084	377 197
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	151 644	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	-	-	-	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	6 086 346
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	219	-	219	3 732 295	96 865	3 829 160	3 732 514	96 865	3 829 379
Restaurants and hotels	151	-	151	999 620	18 149	1 017 769	999 771	18 149	1 017 920
Transports, warehousing and communications	87 386	-	87 386	1 748 061	22 973	1 771 034	1 835 447	22 973	1 858 420
Financial activities									
Financial intermediation excluding insurance and pension funds	-	-	-	1 078 039	2 334	1 080 373	1 078 039	2 334	1 080 373
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	4 343 352	4 230 045	115 580	4 345 625
Other activities	481 297	2 194	483 491	7 029 552	22 539	7 052 091	7 510 849	24 733	7 535 582
Public administration, defence and mandatory social security contributions	3 059 733	138 498	3 198 231	78 817	5 160	83 977	3 138 550	143 658	3 282 208
Education	1 617	10	1 627	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	1 195 656	25 524	1 221 180	1 241 240	25 618	1 266 858
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	248 106	255 945	6 935	262 880
	4 338 569	145 355	4 483 924	33 425 718	750 121	34 175 839	37 764 287	895 476	38 659 764
Individual									
Housing	-	-	-	34 574 541	786 414	35 360 955	34 574 541	786 414	35 360 955
Other	-	-	-	3 249 679	160 342	3 410 021	3 249 679	160 342	3 410 021
	-	-	-	37 824 220	946 757	38 770 976	37 824 220	946 756	38 770 976
	4 338 569	145 355	4 483 924	71 249 938	1 696 878	72 946 815	75 588 507	1 842 232	77 430 740



12. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2009 and 2008, these headings comprised the following:

	31.12.2009	31.12.2008
Subsidiaries	-	319
Property and equipment	409 502	296 339
	409 502	**296 657**
Impairment (Note 39.)	(59 825)	(37 777)
	349 678	**258 880**

As explained in Note 2.8., the Group records in this heading, property and other assets obtained in the recovery of credit.

Entries in assets during 2009 and 2008 were as follows:

	2009								
	Balance at 31.12.2008							Balance at 31.12.2009	
	Gross value	Accumulated impairment	Adjustments	Sales and write-offs	Transfers of tangible assets (Note 14.)	Impairment (Note 39.)	Other entries	Gross value	Accumulated impairment
Non-current assets held for sale									
Property	293 940	(36 063)	152 291	(61 972)	23 188	(20 888)	(1 300)	406 148	(56 951)
Other	2 717	(1 714)	-	-	-	(1 160)	637	3 354	(2 874)
	296 657	(37 777)	152 291	(61 972)	23 188	(22 048)	(663)	409 502	(59 825)

	2008								
	Balance at 31.12.2007							Balance at 31.12.2008	
	Gross value	Accumulated impairment	Adjustments	Sales and write-offs	Transfers of tangible assets (Note 14.)	Impairment (Note 39.)	Other entries	Gross value	Accumulated impairment
Non-current assets held for sale									
Property	198 450	(30 860)	138 235	(43 595)	1 101	(3 259)	(2 194)	293 940	(36 063)
Other	2 270	(1 324)	2 192	(1 512)	-	(2 577)	1 954	2 717	(1 714)
	200 720	(32 184)	140 426	(45 107)	1 101	(5 836)	(240)	296 657	(37 777)

In 2009 and 2008, net gains on non-current assets held for sale were EUR 5 857 thousand and EUR 10 769 thousand, respectively (Note 34).

13. INVESTMENT PROPERTY

The changes in the heading "Investment property" in 2009 and 2008 were as follows:

Balances at 31.12.2007	410 341
Acquisitions	678
Revaluations	4 516
Sales	(5 405)
Transfers for tangible assets	(88 768)
Balances at 31.12.2008	321 362
Acquisitions	35 822
Revaluations	12 368
Sales	(21 440)
Entries in consolidation perimeter	6 271
Transfers for tangible assets	12
Other	(137)
Balances at 31.12.2009	354 258

As referred to in Note 2.9 investment properties are recorded at fair value and mainly correspond to property held in the scope of the insurance business. Gains and losse arising from the revaluation of this property are recognised in the "Other income and operating charges" heading.

VALUATION METHODS

INSURANCE OPERATIONS

Valuations of investment properties relating to Caixa Seguros e Saúde's operations are made with the objective of obtaining their "presumable transaction price", which is normally their market value, namely the price at the valuation date at which the land or building could be sold under a private agreement between an independent, interested vendor and purchaser, the property being put up for sale on the open market, under standard sales conditions with a normal period for negotiating the sale, taking the type of property into account. If there are any rental agreements, determination of the "presumable transaction price" takes the rental value into consideration.

The most commonly used valuation methods are:

a) Comparative market method: consisting of the valuation of the land or building by comparison, i.e. based on transactions and/or effective proposals for the acquisition of land or buildings with similar physical and functional characteristics, located in the same property market area;

b) Cost method: consisting of the determination of the value of the building based on the sum of the market value of the land and all of the costs necessary for the construction of a building with the same physical and functional characteristics, depreciated on the basis of its age, state of repair and estimated useful life, plus the required profit margin;

c) Income method: consisting of the assessment of the value of the land or building based on the annual effective rent discounted at and an adequate capitalisation rate.

d) Residual value method: consisting of a variation of the cost method in which the current value of a property is obtained by subtracting all associated costs and margins not yet incurred from the value of property after the works have been completed.

PROPERTY INVESTMENT FUNDS

The valuation of investment properties owned by Property Investment Funds is determined by individual expert appraisers registered with the CMVM and comply with the requirements and technical standards defined by that entity.

Therefore, property is valued with the objective of determining the best price to be obtained from its sale under normal market conditions. To determine the amount of the revaluation of the property, the expert appraisers must use at least two of the following valuation methods: (a) comparative method; (b) income method; and (c) cost method.

14. OTHER TANGIBLE ASSETS

In 2009 and 2008, the changes in "Other tangible assts" (net) were as follows:

	2009										
	Balance at 31.12.2008										
	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 2009
Premises for own use											
Land	154 000	-	-	-	(177)	46 244	(8 861)	-	-	(1 573)	189 633
Buildings	787 771	(280 178)	2 191	4 216	(3 110)	56 786	(9 162)	(18 215)	(135)	(4 200)	535 964
Leasehold improvements	113 155	(61 941)	49	1 968	770	126	(1 176)	(7 521)	-	(1 081)	44 349
Other premises	80	-	-	-	-	-	-	-	-	-	80
Equipment	-										
Fittings and office equipment	104 698	(85 070)	172	6 497	(299)	(1 102)	41	(5 645)	-	(416)	18 876
Machinery and tools	31 320	(24 520)	43	1 416	(101)	(28)	(92)	(2 368)	-	(117)	5 553
Computer equipment	153 436	(129 899)	162	11 871	398	1 646	1 720	(11 524)	-	(180)	27 630
Indoor facilities	320 562	(261 831)	50	7 728	(142)	13 016	759	(16 597)	79	(429)	63 195
Transport material	8 166	(4 241)	156	1 244	(911)	5	499	(1 447)	-	(585)	2 886
Safety / security equipment	27 211	(20 648)	-	3 463	(229)	(1)	36	(2 265)	-	(159)	7 408
Other equipment	28 416	(22 275)	139 412	58 947	130	-	(1 369)	(27 130)	(20)	(23 344)	152 767
Assets under finance lease	97 342	(40 022)	-	20 081	1	(590)	45	(18 946)	-	(264)	57 647
Other tangible assets	20 961	(13 161)	-	2 018	1	-	(845)	(1 193)	-	(117)	7 664
Tangible assets in progress	138 617	-	2 683	53 430	(1 193)	(116 102)	(7 029)	-	-	-	70 406
	1 985 735	(943 786)	(144 918)	172 879	(4 862)	-	(25 434)	(112 851)	(77)	(32 465)	1 184 058

	2008									
	Balance at 31.12.2007									
	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

At 31 December 2009, 'acquisitions in subsidiaries' include EUR 139 451 thousand relative to balances originated in the scope of Locarent's business activity.

Accumulated impairment of other tangible assets at 31 December 2009 and 2008 amounted EUR 18 760 thousand and EUR 19 172 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 2009 and 2008, the column "Other transfers and adjustments" includes EUR 23 188 thousand and EUR 1 101 thousand relating to the reclassification of premises for own use to "Non-current assets held for sale" (Note 12.).

15. INTANGIBLE ASSETS

The changes in this heading in 2009 and 2008 were as follows:

	2009								
	Balance at 31.12.2008								
	Gross book value	Accumulated amortisation	Acquisition / (sale) of subsidiaries	Additions	Net disposals	Transfers and adjustments	Exchange differences	Amortisation for the year	Net book value in 2009
Goodwill									
Império Bonança	146 707	-	-	-	-	-	-	-	146 707
Banco Caixa Geral Totta de Angola	-	-	-	8 786	-	-	-	-	8 786
Value-in-force – Império Bonança (Note 2.16. n))	46 386	(15 462)	-	-	-	-	-	(3 866)	27 058
Computer software	529 618	(390 840)	157	17 781	(88)	56 827	(64)	(79 743)	133 648
Other intangible assets	15 474	(2 754)	70	28 160	(1 170)	(8 705)	(43)	(1 521)	29 511
Intangible assets in progress	66 686	-	-	50 015	(1 007)	(56 490)	1 153	-	60 357
	804 871	(409 056)	227	104 742	(2 265)	(8 368)	1 046	(85 129)	406 067

	2008								
	Balance at 31.12.2007								
	Gross book value	Accumulated amortisation	Acquisition / (sale) of subsidiaries	Additions	Net disposals	Transfers and adjustments	Exchange differences	Amortisation for the year	Net 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)	(416)	65 296	(618)	(4 537)	132	(75 220)	395 815

Intangible assets in progress at 31 December 2009 and 2008 refer essentially to costs incurred with the development of computer software, which had not yet started operating on those dates.

At 31 December 2009 and 2008, accumulated impairment of intangible assets amounted to EUR 957 thousand (Note 39.).

As referred to in Note 3, in 2009 Caixa acquired, through the subscription of 50% of the share capital of Partang, SGPS, SA, an equity participation in Banco Caixa Geral Totta de Angola. A goodwill of EUR 8 786 thousand was recognised as a result of this operation.

Goodwill of Império Bonança – Companhia de Seguros, SA arose in 2005 upon to the acquisition of all Império Bonança, SGPS, SA's share capital, which owned the following companies:

- Império Bonança – Companhia de Seguros, SA;
- Seguro Directo Gere – Companhia de Seguros, SA;
- Impergesto – Assistência e Serviços, SA; and
- Servicomercial – Consultoria e Informática, Lda..

In authorising this operation, the Competition Authority required the equity participation of Caixa Seguros in Seguro Directo Gere – Companhia de Seguros, SA to be sold, which occurred in 2005.

The insurance area also liquidated companies Impergesto – Assistência e Serviços, SA in 2006 and Servicomercial – Consultoria e Informática, Lda. in 2008. It also merged Império Bonança, SGPS, SA into Caixa Seguros, in 2008 and so Bonança – Companhia de Seguros, SA is now a wholly owned subsidiary.

At 31 December 2009, goodwill of Império Bonança was subject to impairment testing.

The valuation included the information available at the time it was carried out, notably, macroeconomic conditions and the situation of financial markets *inter alia*. The valuation established that the recoverable value of the asset exceeded its book value and that there was therefore no need to recognise any impairment losses.

The following is a description of the methodology and main assumptions used to perform the valuation:

VALUATION METHODOLOGY

In order to determine the value of use of the insurance company, the method normally applied for the valuation of companies in the sector was used, resulting in the determination of the following values:

- Net asset value – consists of the total equity value, comprising shareholders' net assets. This value takes into account: shareholder capital and retained earnings; share premiums; revaluation reserves; shadow reserves (reflecting the valuation of property and investment at market prices); other reserves.
- Intrinsic value of the business portfolio – considered as the present value of future cash flows resulting from the volume of business currently in the company's portfolio;
- Embedded value = net asset value + intrinsic value of the business portfolio;
- Goodwill of future business - present value of future business cash flows;
- Total appraisal value = embedded value + goodwill of future business.

The life insurance portfolio is generally valued based on studies made by actuaries, based on valuation of the non-life portfolio being valued through of income assessments.

VALUATION BASED ON AN INCOME ASSESSMENT

This methodology is based on the assumption that the financial valuation of a company must be based on the discounted value of its expected future income (discounted cash flows). In accordance with this valuation methodology, a company's value is estimated by discounting its expected future income – cash flows – resulting from its operations, at an adequate discount rate considering the risk of the company.

In the case of financial valuation of insurance companies considering the specific nature of their operations in which insurance companies must comply with regulatory own funds ratios, it is standard practice to value companies from an income based on cash flows available to the shareholder.

PROJECTION PERIOD

Acquisition of Império Bonança by CGD Group resulted from a strategic decision to consolidate the Group's leadership of the Portuguese insurance market while simultaneously achieving a dimension that enables the implementation of synergies to improve operational efficiency resulting from a junction between the structure of Império Bonança with other Group insurance companies, particularly Fidelidade Mundial.

Being a structural concentration it is reasonable to consider a valuation period of up to 2017 plus a residual value.

RESIDUAL VALUE

The residual value was calculated by the formula VR = CFt / (KCPt – g), in which:

VR = Residual value
CFt = Cash flow in year t (cruise speed)
g = Nominal perpetuity growth
KCPt = Required return on equity.

MACROECONOMIC ASSUMPTIONS

The main macroeconomic assumptions considered in the projections were the inflation rate and real GDP growth. An IRC rate (corporate tax rate) of 25% plus the corresponding municipal surcharge of 1.5%, were considered.

DISCOUNT RATE

The cash flow discount rate corresponds to the cost of shareholder's capital, determined based on Capital Asset Pricing Model ("CAPM") model, a discount rate of approximately 8.7%, having been used, which remained unchanged during the period of the projection.

VALUE OF SHAREHOLDERS' EQUITY

On the basis of the economic-financial projections for the next few years, the expected future income levels (cash flows) were calculated and discounted to the valuation date.

GROSS PREMIUMS

In historical terms there is a strong correlation between the evolution of the non-life insurance market and the evolution of economy. Evolution of gross premiums written was, therefore, indexed to nominal GDP growth for the projection period, although a discount in respect of that growth was assumed.

As regards provisions for unearned premiums, percentage values of gross premiums written were assumed, in line with the averages noted over the last few years.

CLAIMS COSTS

Claims costs for each of the insurance areas were assumed to be in line with the average of the last few years.

ACQUISITION COSTS AND ADMINISTRATIVE COSTS

A percentage of gross premiums earned was considered for acquisition costs relating to premium sales (i.e. commissions), in line with the last few years, inflation indexed growth having been assumed for the remaining acquisition costs.

As regards administrative costs, the company considered the indexing of administrative costs directly related with premium sales (i.e. remunerations of brokers) to the projected growth of gross premiums. Other administrative costs were indexed to the projected rate of inflation.

RESEARCH AND DEVELOPMENT EXPENSES

Caixa spent EUR 8 000 thousand and EUR 12 199 thousand, on research, development and innovation projects in 2009 and 2008 respectively.

16. INVESTMENTS IN ASSOCIATES

This heading includes the following:

	2009		2008	
	Effective participating interest (%)	Net book value	Effective participating interest (%)	Net book value
SIBS – Sociedade Interbancária de Serviços, SA	21.60	13 384	21.60	14 013
Banco Internacional de São Tomé e Príncipe, SA	27.00	2 732	27.00	2 686
Prado – Cartolinas da Lousã, SA	38.14	4 157	38.14	2 479
Companhia de Papel do Prado, SA	38.14	1 301	38.14	1 302
Torre Ocidente, Imobiliária, SA	25.00	197	25.00	35
Sumol + Compal, SA	-	-	20.62	54 994
Locarent – Companhia Portuguesa Aluguer de Viaturas, SA	-	-	45.00	2 350
Prado Karton – Companhia do Cartão, SA	-	-	38.14	1 828
Torre Oriente, Imobiliária, SA	-	-	25.00	1 728
Other		4 401		5 392
		26 172		86 807

Financial provisional data of the principal associated companies at 31 December 2009 and 2008 is as follows:

Business sector / Entity	Registered office	2009 Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	47 905	37 788	10 117	1 182	7 037
Property						
Torre Ocidente, Imobiliária, SA	Lisbon	11 876	11 089	787	149	265
Vale do Lobo, Resort Turístico de Luxo, SA	Lisbon	399 458	410 218	(10 760)	(13 072)	47 619
Other						
Companhia de Papel do Prado, SA	Tomar	4 326	916	3 410	(4)	1
Prado – Cartolinas da Lousã, SA	Lousã	20 556	9 658	10 898	2 764	21 106
SIBS – Sociedade Interbancária de Serviços, SA	Lisbon	136 488	74 522	61 966	12 551	142 120

(a) Equity includes net income for the year and excludes minority interest.

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, SA	Lisbon	7 862	7 724	138	(124)	(81)
Torre Oriente, Imobiliária, SA	Lisbon	38 260	31 347	6 913	948	57 259
Vale do Lobo, Resort Turístico de Luxo, SA	Lisbon	404 118	409 869	(5 751)	(3 740)	n.a.
Other						
Companhia de Papel do Prado, SA	Tomar	4 400	987	3 413	(3)	4
Locarent – Companhia Portuguesa Aluguer de Viaturas, SA	Lisbon	320 322	315 101	5 222	1 051	94 542
Prado – Cartolinas da Lousã, SA	Lousã	16 164	9 666	6 498	625	185
Prado Karton – Companhia do Cartão, SA	Tomar	14 336	9 545	4 791	(906)	17
SIBS – Sociedade Interbancária de Serviços, SA	Lisbon	n.a.	n.a.	64 881	8 011	n.a.
Sumol + Compal, SA (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.

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).

TORRE ORIENTE, IMOBILIÁRIA, SA

In December 2009, Wolfpart sold its 25% equity participation in Torre Oriente, Imobiliária, SA for EUR 8 147 thousand. As a result of this operation, the Group recorded a capital gain of EUR 5 406 thousand in the heading "Other operating income".

PRADO KARTON – COMPANHIA DE CARTÃO, SA (PRADO KARTON) AND COMPANHIA DE PAPEL DO PRADO, SA

Within the reorganisation process of Prado Group, CGD agreed to sell to Prado – Cartolinas da Lousã 187 000 shares of Prado Karton representing 37.4% of its share capital. As a result of this transaction formalised in September 2009, Caixa recognised a capital gain of EUR 1 604 thousand.

Also in September 2009, Caixa entered into na agreement with Companhia de Papel do Prado for realizing additional instalments of EUR 1 067 thousand.

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).

SUMOL+COMPAL, SA, FORMER-COMPAL – COMPANHIA PRODUTORA DE CONSERVAS ALIMENTARES, SA (COMPAL)

On 31 December 2007, CGD Group through Caixa Desenvolvimento, SGPS, SA, and Fundo de Capital de Risco Grupo CGD – Caixa Capital had an 80% equity participation in the share capital of Compal – Companhia Portuguesa de Conservas Alimentares, SA.

The following developments occurred, in 2008:

– The declaration of non-opposition to the sale of Compal was decided by the Autoridade da Concorrência (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.

In December 2009 the Fundo Capital de Risco Grupo CGD – Caixa Capital sold 1 200 000 shares for EUR 3 532 thousand, representing 1.2% of the share capital of Sumol+Compal, SA. As a result of this operation the Group had a capital gain of EUR 6 724 thousand recorded in the heading "Result of other financial assets at fair value trough profit or loss" (Note 33). At 31 December 2009 the Group had shares representing 19.4% of the share capital of Sumol+Compal, SA, which were recorded in the heading "Financial assets at fair value through profit or loss" (Note 7).

17. INCOME TAX

Income tax assets and liabilities at 31 December 2009 and 2008 were as follows:

	31.12.2009	31.12.2008
Current tax assets		
Income tax recoverable	116 134	37 059
Other	11 752	3 999
	127 886	41 058
Current tax liabilities		
Income tax payable	(37 593)	(147 463)
Other	(21 390)	(1 114)
	(58 982)	(148 577)
Deferred tax assets	950 601	1 066 937
Deferred tax liabilities	(169 804)	(64 435)
	780 797	1 002 502

Changes in deferred tax in 2009 and 2008 were as follows:

	2009					
	Balance at 31.12.2008	Change in Equity	Change in Profit or loss	Transfer to current tax	Other	Balance at 31.12.2009
Impairment and adjustments to property and tangible and intangible assets	48 684	-	(59)	-	(285)	48 340
Provisions and impairment temporarily not tax deductible	505 121	-	(61 798)	(2 863)	(2 874)	437 586
Measurement of derivatives	822	-	(97)	-	14	739
Measurement of available-for-sale assets	252 400	(144 912)	-	-	248	107 736
Measurement of securities	42 188	-	(15 428)	-	(282)	26 477
Tax loss carry forward	18 164	-	2 312	-	179	20 655
Employee benefits	120 312	-	(2 493)	-	(1 322)	116 497
Commissions	43 491	-	2 442	-	(870)	45 062
Legal revaluation of other tangible assets	(7 230)	-	561	-	-	(6 669)
Pluriannual costs	4 365	-	(1 381)	-	-	2 984
Other	(25 815)	-	(2 832)	-	10 038	(18 610)
	1 002 502	(144 911)	(78 773)	(2 863)	4 844	780 797

	2008					
	Balance at 31.12.2007	Change in		Transfer to current tax	Other	Balance at 31.12.2008
		Equity	Profit or loss			
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)	277 297	-	-	2 994	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	277 297	166 187	(5 508)	34 532	1 002 502

Income tax for period, as well as the tax burden measured by the ratio of income tax to pre-tax income, is as follows:

	2009	2008
Current tax		
For the year	128 913	354 075
Prior year adjustments (net)	(137 475)	(31 195)
	(8 562)	322 880
Deferred tax	78 773	(166 187)
	70 210	156 693
Consolidated income before tax and minority interest	374 453	661 860
Tax charge	18.75%	23.67%

In 2009 and 2008, the "Prior year adjustments" heading comprises the following:

	2009	2008
Excess of estimated tax for 2008 and 2007	(98 370)	(34 558)
Adjustments to taxable income (2003, 2006 and 2007)	(40 390)	-
Additional liquidations	1 542	6 573
Other	(257)	(3 210)
	(137 475)	(31 195)

In March 2009 following the explanation presented by Caixa to Direcção Geral das Contribuições e Impostos (General Directorate of Taxes) regarding the tax deductibility of impairment of investment bonds and equity investments under the terms of article 34 of the Income Tax Code, the reasoning of which was accepted by the tax authorities, Caixa changed the procedures it had been using up to that date, regarding the fiscal treatment of these operations.

As a result of this change, the calculation of income tax for 2008, included in the income tax returned filed in May 2009, already considered the new procedures which resulted in a tax reduction of EUR 101 105 thousand in current income tax for the year. Deferred tax relating to the recording of impairment of these investments was changed based on the new criteria, this having significantly offset the reduction of current tax.

Reconciliation between nominal rate and effective tax rate for 2009 and 2008 is as follows:

	2009		2008	
	Rate	Tax	Rate	Tax
Income before income tax		374 453		661 860
Tax at the nominal rate	26.27%	98 369	26.29%	174 003
Madeira Offshore Financial Branch (Note 2.13)	(1.50%)	(5 604)	(0.66%)	(4 392)
Investments recorded in accordance with the equity method	0.09%	352	(0.45%)	(2 964)
Impact of companies with tax rates different from the nominal rate in Portugal	1.48%	5 537	(0.05%)	(347)
Definitive differences to be deducted:				
Dividends from available-for-sale equity instruments	(5.05%)	(18 912)	(4.24%)	(28 042)
Non tax deductible provisions	0.00%	-	(2.88%)	(19 040)
Tax exempted capital gains	(13.67%)	(51 196)	(1.94%)	(12 861)
Tax loss on corporate groupings	(0.09%)	(333)	(0.07%)	(465)
Other	(0.30%)	(1 106)	(0.08%)	(518)
Impairment on available-for-sale financial assets	11.83%	44 307	11.79%	78 066
Definitive difference to be added:				
Non tax deductible provisions	2.06%	7 707	0.00%	-
Other	1.32%	4 942	0.21%	1 387
Tax benefits	(0.59%)	(2 213)	(0.22%)	(1 483)
Autonomous taxation	0.28%	1 054	0.40%	2 634
Deduction of tax losses not offset by deferred tax	(0.01%)	(41)	(1.53%)	(10 148)

...Continued

	2009		2008	
	Rate	Tax	Rate	Tax
Record in the year of deferred tax previously not recognised – Mercantile	0.00%	-	(2.03%)	(13 446)
Other	1.17%	4 399	0.52%	3 413
	23.30%	87 261	25.05%	165 798
Tax adjustments relative to prior years				
Adjustment to taxable income from previous years	(5.52%)	(20 653)	-	-
Deficiency / (excess) of tax estimate relative to 2008 and 2007, net of deferred tax	0.68%	2 553	(1.64%)	(10 832)
Other	0.28%	1 049	0.26%	1 727
	(4.55%)	(17 051)	(1.38%)	(9 105)
	18.75%	70 210	23.67%	156 693

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 2009, CGD's nominal tax rate considering the municipal surcharge (derrama) applicable to its operations was 26.27% (26.29% in 2008). 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 (2006 to 2009 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 at 31 December 2009 and 2008:

	31.12.2009	31.12.2008
Caixa Seguros		
Life insurance:		
Mathematical provision	5 266	4 767
Provision for claims:		
Reported claims	15 402	16 880
Unreported claims (IBNR)	3 618	5 013
	19 020	21 893
Total life insurance	24 286	26 660
Non-life insurance:		
Provision for unearned premiums	41 936	40 655
Provision for claims:		
Reported claims	176 661	178 171
Unreported claims (IBNR)	12 263	8 304
	188 924	186 475
Total non-life insurance	230 860	227 130
Adjustments	-	(16 241)
Subtotal Caixa Seguros	255 146	237 549
Other	3 233	2 639
	258 379	240 188

The provision for unearned premiums for outwards reinsurance at 31 December 2009 and 2008 is made up as follows:

	2009			2008		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Personal and passenger accident	10 378	(5 135)	5 242	7 819	(3 846)	3 973
Health	3 626	(2 298)	1 328	5 826	(3 709)	2 117
Fire and other damage	29 841	(4 334)	25 507	30 120	(5 085)	25 035
Marine, air and transport	4 348	(434)	3 914	5 446	(551)	4 895
General third party liability	3 224	(205)	3 019	3 245	(196)	3 049
Credit and guarantees	147	(4)	143	96	(2)	94
Legal protection	54	-	54	11	-	11
Assistance	17	-	17	107	-	107
Miscellaneous	4 010	(1 298)	2 711	1 669	(295)	1 374
	55 644	(13 708)	41 936	54 339	(13 684)	40 655

The provision for outwards reinsurance claims at 31 December 2009 and 2008 is made up as follows:

	2009			2008		
	Reported	Unreported	Total	Reported	Unreported	Total
Life insurance:	15 402	3 618	19 020	16 880	5 013	21 893
Non-life insurance:						
Labour accident	2 339	-	2 339	3 250	3	3 253
Personal and passenger accident	4 185	145	4 329	3 880	384	4 264
Health	209	-	209	130	-	130
Fire and other damage	94 974	8 925	103 899	63 986	4 821	68 807
Motor	19 748	103	19 851	24 902	88	24 990
Marine, air and transport	35 058	584	35 642	42 742	404	43 146
General third party liability	18 026	561	18 587	23 682	719	24 401
Credit and guarantees	43	3	46	42	3	45
Legal protection	-	213	213	-	213	213
Miscellaneous	2 080	1 728	3 809	15 557	1 669	17 226
	176 661	12 263	188 924	178 171	8 304	186 475
	192 063	15 880	207 944	195 051	13 317	208 368

Changes in the technical provisions for outwards reinsurance for 2009 and 2008 are summarised in Note 24.

19. OTHER ASSETS

This heading comprises the following:

	31.12.2009	31.12.2008
Other assets		
Debt certificates of the Territory of Macau	227 856	243 042
Other	28 230	19 318
Debtors and other applications		
Premiums receivable – Insurance	114 648	151 474
Other debtors	617 559	436 259
Central and local government	7 859	23 204
Shareholders' loans	130 392	228 261
Debtors – futures contracts	42 245	17 904
Amount receivable from the sale of REN (Note 8)	64 561	-
Amount receivable from the sale of CLF (Note 3)	-	150 000
Amount receivable from the sale of AdP (Note 16)	-	50 612
Grants receivable from		
The State	39 938	11 167
Other entities	12 815	18 581

...Continued

	31.12.2009	31.12.2008
Amount receivable from the sale of assets received as settlement of defaulting loans	321	1 865
Other	637 360	589 615
Liability for pensions and other benefits		
Excess coverage of liabilities		
Caixa Seguros e Saúde (Note 37)	1 419	3 145
Insufficient coverage of liabilities		
Other	(352)	-
Actuarial gains and losses:		
CGD (Note 37)	287 198	227 651
Caixa Seguros e Saúde	18 798	12 750
Other	7 701	(1 703)
Income receivable	53 688	29 728
Deferred costs		
Rent	6 020	6 197
Other	34 252	23 081
Deferred income	(3 168)	(1 926)
Asset operations pending settlement	269 702	479 148
Stock exchange operations	25 127	166 221
	2 624 171	2 885 594
Impairment (Note 39.)	(144 429)	(180 251)
	2 479 742	2 705 343

The changes in impairment of debtors and other applications in 2009 and 2008 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. On 31 December 2009 these balances were recorded in the headings "Loans and advances to credit institutions – other applications" and "Impairment for loans and advances to credit institutions", respectively (Note 6.).

On 31 December 2009 and 2008 the amounts receivable for the sale of REN, CLF and AdP result from the sale from CGD to Parpública of equity participations in these entities, as referred to in detail in Notes 3., 8. and 16.

On 31 December 2009 and 2008, the "Debtors and other applications – other debtors" heading includes EUR 308 430 thousand and EUR 165 371 thousand, respectively, relative to surety accounts in several financial institutions under the "Interest rate swaps" agreement signed 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 2009 and 2008 amounted to EUR 227 856 thousand and EUR 243 042 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 2009 and 2008 shareholders' loans granted were made up as follows:

	2009	2008
Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA	55 000	160 500
Sagesecur – Estudo, Desenvolvimento e Participações em Projectos, SA	27 242	27 242
Other	48 150	40 519
	130 392	228 261

At 31 December 2009, the shareholders' loans attributed to Locarent represent 50% of the amounts granted to this entity (consolidated in compliance with the proportional method as from 2009) with the follows characteristics:

• Shareholders' loan of EUR 60 000 thousand. This operation bears interest at a 3 month Euribor rate. Interest is paid quarterly at the end of the period on 1 February, May, August and November each year. In 2009 na additional clause to the shareholders' loan was signed by Caixa to this entity. The original maturity of this operation, 1 December 2009, was postponed one more year;

• Sharelders' loan 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.

During 2009, Locarent paid shareholders' loans in the amount of EUR 58 000 thousand. These shareholders' loans bor interest at a 3 month Euribor rate.

On 31 December 2009 and 2008, this heading also includes the ceding to Parcaixa of the credit rights over 19.5% of the shareholders' loans granted to Sagesecur by Parcaixa, 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:

	31.12.2009	31.12.2008
Resources of central banks		
Deposits and other resources		
Of domestic credit institutions	501	458
Of foreign credit institutions	36 795	38 763
Very short term resources		
Of foreign credit institutions	-	107 782
Loans		
Of foreign credit institutions	2 500 000	500 000
Sales operations with repurchase agreement	2 406	-
Other resources	3 664	-
Accrued interest	8 334	2 220
	2 551 699	649 223
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	225 749	605 652
Of foreign credit institutions	3 318 862	3 367 714
Interbank Money Market resources	115 930	363 826
Very short term resources		
Of domestic credit institutions	26 491	83 033
Of foreign credit institutions	52 669	1 158 432
Loans		
Of domestic credit institutions	122 503	85 000
Of foreign credit institutions	52 062	382 256
Resources of international financial entities	23 943	192 231
Sales operations with repurchase agreement	-	32 958
Adjustments to liabilities under hedging operations	(18 929)	-
Accrued interest	8 125	31 954
Charges with deferred cost	(469)	(431)
	3 926 934	6 302 625
	6 478 633	6 951 849

21. CUSTOMER RESOURCES

This heading comprises the following:

	31.12.2009	31.12.2008
Savings deposits	5 752 686	5 968 702
Other debts		
Repayable on demand	18 646 723	17 178 710
Term		
Deposits	32 577 160	31 217 574
Fixed rate products - insurance	5 919 675	4 472 692
Mandatory deposits	581 210	633 493
Other resources:		
Cheques and orders payable	196 277	86 779
Loans	307 894	60 667
Sales operations with repurchase agreement	10 237	21 285
Other	57 128	47 532
	39 649 580	36 540 022
Accrued interest	206 797	437 242
Deferred costs net of deferred income	(19 393)	4 581
Adjustments to liabilities under hedging operations	31 566	7 720
Commissions associated with amortised cost (deferred)	(12 274)	(9 222)
	206 695	440 321
	64 255 685	60 127 756

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 the following:

	31.12.2009	31.12.2008
Bonds issued:		
Bonds issued under the EMTN Programme		
Remuneration indexed to interest rates	3 603 944	3 324 656
Fixed interest rate	3 570 609	201 784
Remuneration indexed to shares / indexes	1 491 957	1 828 527
Remuneration indexed to exchange rates	435 445	259 161
	9 101 955	5 614 127

...Continued

	31.12.2009	31.12.2008
Covered bonds	6 015 350	5 784 586
Public sector covered bonds	1 000 000	-
Other cash bonds		
Remuneration indexed to interest rates	256 493	64 110
Remuneration indexed to shares / indexes	5 026	31 120
Fixed interest rate		
Increasing interest rate products	-	29 906
Other	1 319 881	1 732 539
	17 698 705	13 256 388
Other:		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
Commercial Paper	3 232 118	4 086 249
Certificates of Deposit	2 600 220	1 654 440
	5 832 339	5 740 689
Issues under the US Commercial Paper Programme		
Commercial Paper	1 162 710	337 048
Other certificates of deposit	7	215 564
Securities issued under securitisation operations (Note 11):		
Mortgage loans	529 176	584 533
Consumer credit	51 566	110 053
	7 575 798	6 987 888
Adjustments to liabilities under hedging operations	(167 052)	(299 381)
Deferred costs net of income	(111 441)	(165 039)
Accrued interest	186 302	149 242
	25 182 313	19 929 097

On 31 December 2009 and 2008 the heading "Bonds issued – other cash bonds – remuneration indexed to interest rates" includes EUR 1 189 500 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 1219-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 10 000 000 000 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 2009 and 2008, debt securities issued under the Euro Commercial Paper and Certificates of Deposit programmes were in the following foreign currencies:

	31.12.2009	31.12.2008
Euros	3 341 207	3 316 295
US dollars	2 157 407	875 548
Pounds sterling	276 433	1 451 438
Swiss francs	57 293	83 502
Hong-Kong dollars	-	13 907
	5 832 339	5 740 689

(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 15 000 000 000. 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.

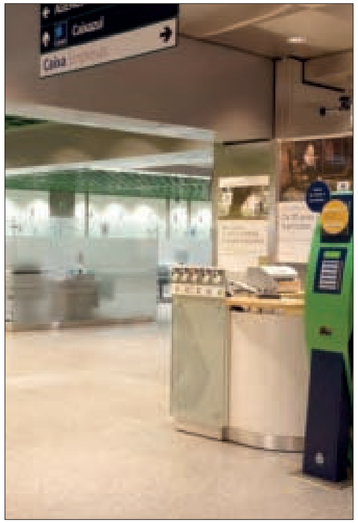
These securities may be issued at a discount and bear interest at fixed or variable rates or indexed to the performance of indexes or shares.

(IV) COVERED BONDS

In November 2006, CGD started a programme for the 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 a cover pool 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 cover pool 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 2009 and 2008 the nominal value of covered bonds issued by Caixa was EUR 6 015 350 thousand and EUR 5 870 000 thousand, respectively with the following characteristics:

Designation	Nominal	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 31.12.2009	Interest rate at 31.12.2008
Hipotecárias Série 1 2006/2016 1st tranche	1 999 600	06.12.2006	06.12.2016	Annually, on 6 December	Fixed rate	3.875%	3.875%
Hipotecárias Série 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%	1.06%	5.355%
Hipotecárias Série 3 2007/2012	1 991 200	28.06.2007	28.06.2012	Annually, on 28 June	Fixed rate	4.625%	4.625%
Hipotecárias Série 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%	1.05%	3.041%
Hipotecárias Série 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%	1.20%	3.302%
Hipotecárias Série 6 2008/2016	200 000	27.02.2008	29.02.2016	Half yearly, on 27 February and 27 August	6 month Euribor rate + 0.16%	1.26%	3.22%
Hipotecárias Série 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%	0.72%	3.29%
Hipotecárias Série 1 2006/2016 2nd tranche	129 550	09.09.2008	06.12.2016	Annually, on 6 December	Fixed rate	3.875%	3.875%
Hipotecárias Série 8 2008/2038	20 000	01.10.2008	01.10.2038	Annually, on 1 October	Fixed rate	5.38%	5.38%
	5 840 350						
Hipotecárias Série 9 15.09.2016	175 000	08.10.2009	15.09.2016	Half yearly, on 15 September and 15 March	6 month Euribor rate + 0.575%	1.51%	-
	6 015 350						

The cover pool, which back the issues, comprise mortgage loans originated exclusively in Portugal. At 31 December 2009 and 2008 their book value was EUR 6 542 786 thousand and EUR 6 335 883 thousand (Note 11), respectively. At 31 December 2009 the autonomous assets which backed the issues also comprised debt securities whose book value was EUR 943 448 thousand (Notes 7 and 8). Moody's awarded these covered bonds an AAA rating.

(V) PUBLIC SECTOR COVERED BONDS

In February 2009, CGD started a programme for the issue of public sector covered bonds up to the maximum amount of EUR 5 000 000 thousand. The bonds are backed by a public sector 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 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 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 a cover pool comprise 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 of one of the EU member States and other limited category of assets over which the public sector bond owners have a special legal credit privilege.

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 the public sector bonds in circulation cannot exceed 100% of the total value of mortgage loans and other assets related to the referred to bonds;

• The average maturity of the public sector bonds issued cannot exceed, for all issues, the average life of associated mortgage loans;

• The total amount of accrued interest on the public sector bonds cannot exceed, for all issues, the amount of interest receivable from the borrowers of mortgage loans related to the referred to bonds;

• The present value of the public sector 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 cover pool 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 2009 the nominal value of public sector covered bonds issued by Caixa was EUR 1 000 000 thousand as a result of an issue of EUR 1 000 000 thousand made on 21 July 2009 with a 5 year maturity paying interest annually at a 3.625% fixed rate.

The cover pool which backed the issue comprises credits granted to public sector originated in Portugal with a book value of EUR 1 485 274 thousand at 31 December 2009 (Note 8). Moody's and Fitch awarded the public sector bonds an AAA rating.

At 31 December 2009 and 2008 the bonds issued, by type of remuneration and residual term to maturity, were as follows:

	31.12.2009						
	EMTN Programme Type of asset or underlying index used to calculate the remuneration						
	Shares / Indexes	Exchange rate	Interest rate	Subtotal	Covered bonds	Other bonds	Total
Up to one year	177 341	3 755	2 243 553	2 424 649	-	117 000	2 541 649
One to five years	956 778	220 000	4 588 419	5 765 197	1 991 200	212 107	7 968 504
Five to ten years	151 542	5 632	293 685	450 859	3 754 150	2 248 383	6 453 392
Over ten years	206 296	206 058	48 896	461 250	270 000	3 910	735 160
	1 491 957	435 445	7 174 553	9 101 955	6 015 350	2 581 400	17 698 705

	31.12.2008						
	EMTN Programme Type of asset or underlying index used to calculate the remuneration						
	Shares / Indexes	Exchange rate	Interest rate	Subtotal	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

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. CONTINGENT LIABILITIES AND COMMITMENTS

PROVISIONS

The changes in the provisions for employee benefits and provisions for other risks in 2009 and 2008 were as follows:

	2009							
	Balances at 31.12.2008	Acquisition of subsidiaries	Additions	Reversals	Write-offs	Exchange differences	Other	Balances at 31.12.2009
Provision for employee benefits (Note 37)	505 886	103	10 784	(5 136)	(21 451)	383	66 402	556 971
Provision for litigation	21 761	–	95	(6 617)	(398)	824	1 116	16 781
Provision for guarantees and other commitments	94 108	191	24 117	(9 924)	(173)	(147)	45	108 217
Provision for other risks and charges	120 304	61	95 297	(100 558)	(1 032)	(369)	708	114 411
	236 173	252	119 509	(117 099)	(1 603)	308	1 869	239 409
	742 059	355	130 294	(122 235)	(23 054)	691	68 271	796 380

	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

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.

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:

	31.12.2009	31.12.2008
Contingent liabilities		
Guarantees and sureties	4 078 428	3 913 718
Assets given as collateral	4 385 871	2 022 253
Stand by letters of credit	51 682	80 500
Open documentary credits	162 233	171 479
Acceptances and endorsements	1 186	1 171
Transactions with recourse	31	259
Other contingent liabilities	4 315	4 315
	8 683 746	6 193 695
Commitments		
Revocable commitments	14 935 936	14 780 739
Irrevocable lines of credit	3 038 369	2 703 038
Other irrevocable commitments	1 922 500	1 946 877
Securities subscribed for	2 523 025	1 930 705
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	153 207	151 985
Investors' indemnity system	9 601	9 601
Term operations	72 369	24 796
Forward deposit agreements		
Receivable	90 214	1 564 782
To be created	62 253	410 733
Other	99 470	118 613
	22 906 944	23 641 869
Deposit and custody of securities	48 546 951	49 838 643

Assets given as collateral cannot be used freely by the Group in its operations and are recorded at their nominal value. At 31 December 2009 these assets corresponded to the following situations:

Consigned resources	
European Development Bank	1 439 852
European Central Bank	2 166 474
Bank of Portugal	554 873
Deposit Guarantee Fund	176 901
Royal Bank of Scotland	5 000
Investors' Indemnity System (futures)	9 602
Other	42 771
	4 395 473

At 31 December 2009 and 2008, 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 186 502 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 2009 and 2008, in accordance with the applicable regulations, was EUR 12 261 thousand and EUR 11 431 thousand, respectively. Part of this commitment, in the amounts of EUR 1 222 thousand and EUR 1 140 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 153 207 thousand and EUR 151 985 thousand, respectively.

In 2009, CGD was notified by the Portuguese tax authorities of the report of the tax administration relative to 2005 income tax which included corrections to taxable income in the amount of EUR 155 602 thousand. In addition to other matters the referred to amount includes a correction of EUR 135 592 thousand since Caixa benefited from total elimination of double taxation on its share of the profit of Caixa Brasil, SGPS, SA in that year. Caixa will contest the referred to correction since it considers the procedure adopted was in compliance with the legislation in force and Caixa has data that enables it to prove that the income from Caixa Brasil, SA was subject to taxation. Therefore, no provision was recorded for that correction in the financial statements as of 31 December 2009.

24. TECHNICAL PROVISION FOR INSURANCE CONTRACTS

At 31 December 2009 and 2008 this heading is made up as follows:

	31.12.2009	31.12.2008
Caixa Seguros		
Direct insurance and inwards reinsurance:		
Life insurance:		
Mathematical provision:		
Insurance contracts	255 666	262 819
Insurance contracts with discretionary profit sharing	3 605 208	4 295 409
	3 860 874	4 558 228
Provision for profit sharing	56 969	33 225
Provision for unearned premiums	5 209	4 610
Provision for claims:		
Reported claims	150 331	160 777
Unreported claims (IBNR)	19 125	26 397
	169 457	187 174
Other technical provisions		
Provision for commitments to rate	9 522	4 804
Provision of stabilization of portfolio	13 112	13 112
	22 634	17 916
Total life insurance	4 115 142	4 801 153
Non-life insurance:		
Provision for unearned premiums	302 686	338 967
Provision for claims:		
Reported claims	1 836 687	1 909 347
Unreported claims (IBNR)	127 960	117 192
	1 964 647	2 026 539
Provision for risks in progress	31 392	17 091
Other technical provisions		
Provision for profit sharing	221	269
Total non-life insurance	2 298 947	2 382 866
Total life and non-life insurance	6 414 089	7 184 019
Other provisions for the insurance activity	15 942	-
Garantia	9 193	8 331
Total	6 439 225	7 192 350

The mathematical provision for life insurance and provision for profit sharing in direct insurance and inwards reinsurance at 31 December 2009 and 2008 are made up as follows:

	2009			2008		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
Insurance contracts:						
Individual s/ Participação nos Resultados	6 417	-	6 417	4 712	-	4 712
Seguro de Dependência	98	-	98	88	-	88
Protecção Sénior	209	-	209	260	-	260
Educação Garantida	243	-	243	274	-	274
LUX-Imperio	237	-	237	233	-	233
Individual com Participação nos Resultados	9 396	9 521	18 917	10 220	8 933	19 153
Hipoteca Futura	7 964	-	7 964	5 740	-	5 740
Capital Vida 4%	4 808	164	4 971	4 836	160	4 996
Rendas Individual 4%	13 657	2 585	16 241	13 362	2 354	15 716
Grupo sem Participação nos Resultados	67 045	-	67 045	73 437	-	73 437
Grupo com Participação nos Resultados	26 925	13 011	39 937	29 811	11 002	40 813
Rendas	118 667	1 098	119 765	119 846	1 061	120 907
	255 666	26 378	282 044	262 819	23 510	286 329
Investment contracts with discretionary profit sharing:						
Top Reforma 4% - Ind.	78 385	1 523	79 908	86 889	34	86 923
Seg. Poupança 1st S. 4%	-	-	-	1 165	-	1 165
Seg. Poupança 2nd S. 2.75%	1 984	507	2 490	10 787	216	11 003
Seg. Poupança 3rd and 4th S. 3.5%	28 929	2 682	31 612	45 004	579	45 583
Garantia Crescente 2.75% - Bco	322	-	322	386	-	386
Super Garantia 2.75% (Med)	7 227	-	7 227	10 127	-	10 127
PIR 4%	22 756	4 458	27 214	25 980	7 002	32 982
Postal Poup. Invest. 3.25%	8 614	-	8 614	11 833	-	11 833
Postal Poup. Futuro 3%	6 141	-	6 141	8 097	-	8 097
Seg. Poupança 5th S. 2.75%	521 626	126	521 752	758 525	126	758 651
Seg. Poupança 6th S. 2.25%	145 122	32	145 154	146 593	32	146 625
Postal Poup. Futuro Series B	2 807	-	2 807	2 743	-	2 743
Postal Poupança Segura	28 143	-	28 143	22 841	-	22 841
F. Poupança 7th S. 2%	163 858	1	163 859	168 585	1	168 586
Caixa Seguro 4.5%	98 247	1 945	100 192	98 437	-	98 437
Caixa Seguro 4.25%	96 537	1 480	98 017	96 708	-	96 708
Caixa Seguro Liquidez 2%	81 895	-	81 895	215 133	-	215 133

...Continued

	2009			2008		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
Caixa Seguro 4.4%	46 711	661	47 372	47 372	-	47 372
Postal 4.10%	15 567	740	16 308	16 136	74	16 210
Seg. Poupança 9th S.	39 806	1 616	41 422	19 675	-	19 675
Poupança / PoupaInveste	2 151	-	2 151	1 783	-	1 783
Top Reforma 4% Grupo	5 500	70	5 570	6 615	3	6 618
Top Reforma 2.75% Grupo	11 970	224	12 194	7 518	151	7 669
Complementos Reforma	4 007	107	4 114	4 241	122	4 363
Jubilacion BCG (ESP)	1 801	-	1 801	1 757	-	1 757
PPR/E Fidelidade 4%	173 428	637	174 065	192 148	27	192 175
PPR/E Rendimento 1st / 2nd S. 3.5%	208 951	7 089	216 040	228 200	184	228 384
PPR (Clássico) 4%	48 013	72	48 085	55 479	118	55 597
Multiplano PPR/E 3%	10 822	-	10 822	12 387	-	12 387
PPR/E MC Series A 3%	32 081	-	32 081	35 449	-	35 449
Postal PPR/E Series A 3.25%	9 273	-	9 273	10 616	-	10 616
PPR/E Rend. 3rd S. 2.75%	319 195	-	319 195	520 188	-	520 188
PPR/E MC Series B 2.75%	236 738	10	236 748	265 042	10	265 052
Postal PPR/E Series B 2.75%	13 656	-	13 656	24 148	-	24 148
PPR/E Capital Garantido	4 641	1	4 642	5 319	1	5 320
PPR/E Rend. 4th S 2.25%	176 231	-	176 231	176 682	-	176 682
PPR/E Investimento Garantido 1st S.	49 648	3	49 650	46 546	3	46 549
PPR/E Capital Mais FRN	75 548	-	75 548	74 287	-	74 287
PPR - Leve Duo	43 377	1 389	44 767	41 288	-	41 288
Postal PPR 4.10%	6 665	-	6 665	6 507	-	6 507
Postal PPR/E Série E	1 582	-	1 582	1 220	-	1 220
Épargne Libre (FRF) 3	244 155	-	244 155	241 325	-	241 325
Épargne Libre Plus (FRF)	17 939	-	17 939	14 464	-	14 464
Poupança Reforma Individual	77 419	3 311	80 730	88 243	267	88 510
Plano Império Investimento	-	73	73	-	75	75
PUR	29 639	67	29 706	30 975	2	30 977
PUR 3.25%	13 581	7	13 587	24 897	7	24 904
PUR 2.4%	16 841	143	16 985	16 841	83	16 924
Conta Poupança Reforma 3%	14 903	104	15 007	19 442	104	19 546
Poupaunverste 2nd S.	3 963	-	3 963	4 093	-	4 093
Grupo Capitalização	3 671	16	3 687	3 605	15	3 620
PoupaInveste Empresas	151	-	151	137	-	137
PUR 3.25% – Grupo	540	-	540	1 158	-	1 158
PUR 2.4% – Grupo	306	31	337	286	31	317

...Continued

	2009			2008		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
PPR	77 783	215	77 998	87 801	215	88 016
PPR	31 570	1	31 571	35 863	1	35 864
PPR 3%	46 791	1 101	47 891	51 756	86	51 842
Império Bonança PPR/E 412	88 646	55	88 701	84 700	55	84 755
Império Bonança PPR/E 413	22 442	4	22 446	29 822	4	29 826
Império Bonança PPR/E Ganha Mais	9 394	14	9 409	9 577	14	9 591
PPR Ganha +	25 412	24	25 436	25 315	24	25 339
PPR Ganha + 3rd S	6 383	-	6 383	5 558	-	5 558
IB PPR Leve Duo	290	4	294	74	1	75
IB - Luxemburgo	11 085	48	11 133	9 041	48	9 089
Cx 10ºS. Postal Series E	25 144	-	25 144	-	-	-
Postal PPR Series F	1 777	-	1 777	-	-	-
PPR Ganha + 4th S. Transferências	5 428	-	5 428	-	-	-
PPR Rendimento Garantido 5th S. Transfer.	3	-	3	-	-	-
	3 605 208	30 590	3 635 799	4 295 409	9 715	4 305 124
	3 860 874	56 969	3 917 843	4 558 228	33 225	4 591 453

Changes in mathematical provision and provision for profit sharing in direct insurance and inwards reinsurance and mathematical provision for outwards reinsurance in 2009 and 2008 are as follows:

	2009				2008			
	Opening balance	Liabilities originated in period and interest paid	Profit sharing	Closing balance	Opening balance	Liabilities originated in period and interest paid	Profit sharing	Closing balance
Direct insurance and inwards reinsurance:								
Mathematical provision:								
Insurance contracts	262 819	(11 351)	4 198	255 666	236 561	19 474	6 784	262 819
Investment contracts with profit sharing having a discretionary component	4 295 409	(693 288)	3 087	3 605 208	4 763 259	(499 465)	31 615	4 295 409
	4 558 228	(704 639)	7 285	3 860 874	4 999 820	(479 991)	38 399	4 558 228
Provision for profit sharing:								
Insurance contracts	23 510	7 088	(4 220)	26 378	18 038	7 472	(2 000)	23 510
Investment contracts with profit sharing having a discretionary component	9 715	23 962	(3 087)	30 590	34 578	6 752	(31 615)	9 715
	33 225	31 051	(7 307)	56 969	52 616	14 224	(33 615)	33 225
	4 591 453	(673 589)	(22)	3 917 842	5 052 436	(465 767)	4 784	4 591 453
Outwards reinsurance:								
Mathematical provision:								
Insurance contracts	(4 760)	(499)	-	(5 259)	(5 166)	406	-	(4 760)
Investment contracts with profit sharing having a discretionary component	(7)	-	-	(7)	(7)	-	-	(7)
	(4 767)	(499)	-	(5 266)	(5 173)	406	-	(4 767)
	4 586 686	(674 088)	(22)	3 912 576	5 047 263	(465 361)	4 784	4 586 686

Provisions for unearned premiums on direct insurance and inwards reinsurance (non-life) at 31 December 2009 and 2008, are as follows:

	2009			2008		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Workman's compensation	15 983	(2 876)	13 107	18 933	(3 132)	15 801
Personal and passenger accidents	18 392	(2 374)	16 018	17 579	(2 271)	15 308
Health	29 077	(3 485)	25 593	31 266	(4 653)	26 613
Fire and other damage	84 617	(15 171)	69 446	87 752	(15 491)	72 261
Motor	189 025	(34 603)	154 423	221 737	(36 758)	184 979
Marine, air and transport	6 073	(460)	5 613	7 546	(671)	6 875
General third party liability	12 097	(1 695)	10 402	11 656	(1 645)	10 011
Credit and guarantees	305	(25)	280	299	(57)	242
Legal protection	740	(121)	619	1 386	(270)	1 116
Assistance	4 449	(561)	3 888	4 728	(691)	4 037
Miscellaneous	4 072	(774)	3 299	2 068	(344)	1 724
	364 831	(62 145)	302 686	404 950	(65 983)	338 967

Changes in provisions for unearned premiums and deferred acquisition costs for direct insurance and outwards reinsurance in 2009 and 2008 are as follows:

	2009			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Provision for unearned premiums:				
Workman's compensation	18 933	(2 950)	-	15 983
Personal and passenger accidents	17 579	813	-	18 392
Health	31 266	(2 189)	-	29 077
Fire and other damage	87 752	(3 135)	-	84 617
Motor	221 737	(32 712)	-	189 025
Marine, air and transport	7 546	(1 473)	-	6 073
General third party liability	11 656	441	-	12 097
Credit and guarantees	299	6	-	305
Legal protection	1 386	(646)	-	740
Assistance	4 728	(279)	-	4 449
Miscellaneous	2 068	2 004	-	4 072
	404 950	(40 119)	-	364 831

...Continued

	2009			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Deferred acquisition costs:				
Workman's compensation	(3 132)	256	-	(2 876)
Personal and passenger accidents	(2 271)	(103)	-	(2 374)
Health	(4 653)	1 168	-	(3 485)
Fire and other damage	(15 491)	320	-	(15 171)
Motor	(36 758)	2 155	-	(34 603)
Marine, air and transport	(671)	211	-	(460)
General third party liability	(1 645)	(50)	-	(1 695)
Credit and guarantees	(57)	32	-	(25)
Legal protection	(270)	149	-	(121)
Assistance	(691)	130	-	(561)
Miscellaneous	(344)	(430)	-	(774)
	(65 983)	3 838	-	(62 145)
	338 967	(36 281)	-	302 686
Outwards reinsurance:				
Provision for unearned premiums:				
Personal and passenger accidents	7 819	2 559	-	10 378
Health	5 826	(2 200)	-	3 626
Fire and other damage	30 120	(279)	-	29 841
Marine, air and transport	5 446	(1 098)	-	4 348
General third party liability	3 245	(21)	-	3 224
Credit and guarantees	96	51	-	147
Legal protection	11	43	-	54
Assistance	107	(90)	-	17
Miscellaneous	1 669	2 341	-	4 010
	54 339	1 305	-	55 644
Deferred acquisition costs:				
Personal and passenger accidents	(3 846)	(1 289)	-	(5 135)
Health	(3 709)	1 411	-	(2 298)
Fire and other damage	(5 085)	751	-	(4 334)
Marine, air and transport	(551)	117	-	(434)
General third party liability	(196)	(9)	-	(205)
Credit and guarantees	(2)	(2)	-	(4)
Miscellaneous	(295)	(1 003)	-	(1 298)
	(13 684)	(24)	-	(13 708)
	40 655	1 281	-	41 936

	2008			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Provision for unearned premiums:				
Workman's compensation	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:				
Workman's compensation	(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:				
Workman's compensation	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

...Continued

	2008			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
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

The provision for claims for direct insurance and inwards reinsurance at 31 December 2009 and 2008 comprises the following:

	2009			2008		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance:	150 331	19 125	169 457	160 777	26 397	187 174
Non-life insurance:						
Workman's compensation						
Mathematical provision	500 144	2 837	502 980	499 413	1 672	501 085
Provision for lifelong assistance	255 878	24 254	280 132	134 483	96	134 579
Provision for temporary assistance	11 281	-	11 281	141 851	23 476	165 327
	767 302	27 090	794 393	775 747	25 244	800 991
Other insurance :						
Personal and passenger accidents	17 176	3 033	20 209	15 227	3 225	18 452
Health	29 608	13 860	43 468	31 677	12 618	44 295
Fire and other damage	150 690	21 111	171 801	106 122	16 399	122 521
Motor	700 683	42 851	743 534	796 875	41 326	838 201
Marine, air and transport	43 562	2 741	46 303	53 849	2 052	55 901
General third party liability	97 847	14 200	112 047	90 606	13 674	104 280
Credit and guarantees	510	109	619	481	25	506
Legal protection	7 507	272	7 779	7 148	299	7 447
Assistance	16 870	0	16 870	12 784	24	12 808
Miscellaneous	4 932	2 692	7 624	18 831	2 306	21 137
	1 069 385	100 870	1 170 255	1 133 600	91 948	1 225 548
	1 836 687	127 960	1 964 647	1 909 347	117 192	2 026 539
	1 987 018	147 086	2 134 104	2 070 124	143 589	2 213 713

The changes in provisions for direct insurance and inwards reinsurance and outwards reinsurance claims during 2009 and 2008 were as follows:

	2009				
	Opening balance	Liabilities originated in period	Claims	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:					
Provision for claims					
Life insurance	187 174	1 384 773	(1 402 491)	-	169 457
Non-life insurance					
Workman's compensation	800 991	124 403	(131 001)	-	794 393
Other insurance:					
Personal and passenger accidents	18 452	15 059	(13 302)	-	20 209
Health	44 295	147 407	(148 233)	-	43 468
Fire and other damage	122 521	153 588	(104 309)	-	171 801
Motor	838 201	288 799	(383 465)	-	743 534
Marine, air and transport	55 901	(2 738)	(6 860)	-	46 303
General third party liability	104 280	21 220	(13 453)	-	112 047
Credit and guarantees	506	18	95	-	619
Legal protection	7 447	1 005	(673)	-	7 779
Assistance	12 808	27 841	(23 779)	-	16 870
Miscellaneous	21 137	18 034	(31 547)	-	7 624
	1 225 548	**670 233**	**(725 526)**	**-**	**1 170 255**
	2 026 539	**794 636**	**(856 528)**	**-**	**1 964 647**
	2 213 713	**2 179 409**	**(2 259 018)**	**-**	**2 134 104**
Outwards reinsurance (Note 18):					
Provision for claims					
Life insurance	**21 893**	**6 372**	**(9 246)**	**-**	**19 020**
Non-life insurance					
Workman's compensation	**3 253**	**(75)**	**(840)**	**-**	**2 339**
Other insurance:					
Personal and passenger accidents	4 264	904	(838)	-	4 329
Health	130	409	(330)	-	209
Fire and other damage	68 807	77 906	(42 814)	-	103 899
Motor	24 990	(1 429)	(3 710)	-	19 851
Marine, air and transport	43 146	(4 262)	(3 242)	-	35 642
General third party liability	24 401	(2 968)	(2 846)	-	18 587
Credit and guarantees	45	-	-	-	46
Legal protection	213	-	-	-	213
Miscellaneous	17 226	861	(14 278)	-	3 809
	183 222	**71 421**	**(68 058)**	**-**	**186 585**
	186 475	**71 346**	**(68 897)**	**-**	**188 924**
	208 368	**77 719**	**(78 143)**	**-**	**207 944**

	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)	(179)	187 174
Non-life insurance					
Workman's compensation	766 590	162 142	(124 902)	(2 839)	800 991
Other insurance:					
Personal and passenger accidents	17 475	23 539	(22 561)	(1)	18 452
Health	48 358	139 161	(142 906)	(318)	44 295
Fire and other damage	126 424	115 166	(119 046)	(23)	122 521
Motor	922 901	305 394	(396 900)	6 806	838 201
Marine, air and transport	54 786	9 772	(8 657)	-	55 901
General third party liability	109 382	16 677	(17 006)	(4 773)	104 280
Credit and guarantees	548	(410)	44	324	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)	(13)	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:					
Provision for claims					
Life insurance	22 010	9 619	(9 736)	-	21 893
Non-life insurance					
Workman's compensation	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
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

The changes in the provision for risks in progress of direct insurance and inwards reinsurance during 2009 and 2008 were as follows:

	2009			
	Opening balance	Appropriations in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Workman's compensation	4 095	(372)	-	3 723
Personal and passenger accidents	-	99	-	99
Health	4 923	(1 175)	-	3 748
Fire and other damage	5 328	870	-	6 198
Motor	364	15 473	-	15 837
Marine, air and transport	67	5	-	72
General third party liability	675	207	-	882
Credit and guarantees	-	50	-	50
Legal protection	1	14	-	15
Assistance	258	(193)	-	65
Miscellaneous	1 380	(677)	-	703
	17 091	14 301	-	31 392

	2008			
	Opening balance	Appropriations in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Workman's compensation	-	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

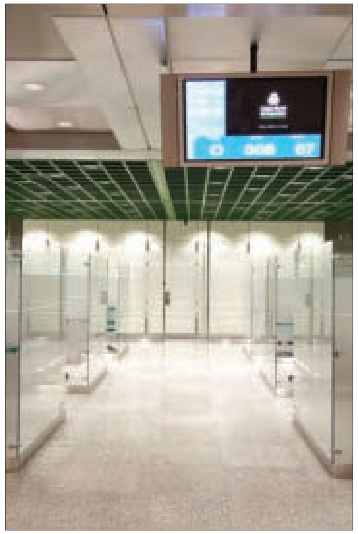
25. OTHER SUBORDINATED LIABILITIES

This heading comprises the following:

	31.12.2009	31.12.2008
CGD Finance – EUR 400 000 000 6.25 percent Notes due 2009	-	396 455
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	27 818	28 710
CGD Finance – EUR 110 000 000 Floating Rate Undated Subordinated Notes	80 611	104 786
CGD Finance – USD 265 000 000 Floating Rate Subordinated Notes due 2016	178 576	196 037
CGD (France Branch) – EUR 110 000 000 Floating Rate Undated Subordinated Notes	89 568	106 506
CGD (France Branch) – EUR 250 000 000 Floating Rate Subordinated Notes	245 400	250 000
CGD (France Branch) – EUR 21 000 000 Floating Rate 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 (5 issues)	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	112 646	118 915
Subordinated Cash Bonds – CGD 2009/2019 – Aniversário	538 552	-
Subordinated Cash Bonds – CGD 2007/2017 – 1st issue	393 486	400 000
Subordinated Cash Bonds – CGD 2007/2017 – 2nd issue	81 595	81 595
Subordinated Cash Bonds CGD 2008/2018 - 1st issue	369 045	369 045
Subordinated Cash Bonds – CGD 2007/2012 (5 issues)	100 000	100 000
Subordinated Cash Bonds – Renda Mais 2005/2015	104 891	98 519
Subordinated Cash Bonds – CGD 2006/2016	99 986	91 056
Subordinated Cash Bonds Fixed to Floater 27 Dec. 2017	125 000	125 000
Subordinated Cash Bonds Floating Rate Notes Dec. 2017	111 000	120 000
Subordinated Cash Bonds Floating Rate Notes Dec. 2017	50 000	50 000
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 Fund Linked to Floating Rate Notes Dec. 2017	6 000	6 000
Schuldshein Loan "Caja Madrid"	34 708	35 927
Caixa Geral de Depósitos – EUR 100 000 000 5.980% 20 year lower tier	100 000	100 000
Subordinated loan Fundo de Pensões do Banco de Moçambique	4 530	-
Subordinated loan IFC	5 620	-
Subordinated loan BCI	2 449	2 860
	3 181 481	3 101 411
Interest payable	25 854	32 449
Deferred expenses net of profits	(34 593)	32 091
Value adjustment of liabilities subject to hedging operations	28 855	(21 191)
	3 201 598	3 144 759

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 31.12.2009	Nominal interest rate at 31.12.2008	Early redemption clause
CGD Finance – EUR 400 000 000 6.25 percent Notes due 2009	-	12.10.1999	12.10.2009	12 October each year.	Fixed rate.	-	6.25%	n/a
CGD Finance – EUR 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%.	1.18%	5.52%	n/a
CGD (France Branch) – EUR 110 000 000 Floating Rate Undated Subordinated Notes	27 818	03.12.2001	03.12.2011	Quarterly, on 3 March, June, September and December.	3 month Euribor rate + 0.65%.	0.67%	4.47%	From 3 December 2006 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 – EUR 110 000 000 Floating Rate Subordinated Notes	80 611	18.12.2002	Perpetual	Quarterly, on 18 March, June, September and December.	3 month Euribor rate + 1.3%.	2.02%	4.50%	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	178 576	06.12.2006	20.12.2016	Quarterly on 20 March, June, September and December. First payment on 20 March 2007.	3 month Euribor rate + 0.25%.	0.26%	3.38%	From 20 December 2016 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate +0.75%.
CGD Finance – EUR 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%.	1.80%	4.32%	From 17 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) – EUR 110 000 000 Floating Rate Undated Subordinated Notes	89 568	18.12.2002	Perpetual	Quarterly on 18 March, June, September and December.	3 month Euribor rate + 1.30%.	2.02%	4.50%	From 18 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor +2.80%.
CGD (France Branch) – EUR 250 000 000 Floating Rate Subordinated Notes	245 400	27.04.2005	27.04.2015	Quarterly on 27 January, April, July and October.	3 month Euribor rate + 0.25%.	0.98%	5.17%	From 27 April 2010 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor +0.75%.
CGD (France Branch) – EUR 21 000 000 Floating Rate Subordinated Notes	21 000	14.07.2005	28.06.2016	Half yearly on 28 June and December.	6 months Euribor rate + 0.22%.	1.43%	3.28%	n.a.
CGD (France Branch) – EUR 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.	Fixed rate 15.5% (1st coupon); 3 month Euribor rate + 0.65%.	1.64%	4.03%	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
CGD (France Branch) – EUR 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.	Fixed rate 16.5% (1st coupon); 3 month Euribor rate + 0.65%.	1.64%	4.03%	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
CGD (France Branch) – EUR 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.	Fixed rate 18% (1st coupon); 3 month Euribor rate + 0.65%.	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
CGD (France Branch) – EUR 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 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 will redeem the loan early.



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Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 31.12.2009	Nominal interest rate at 31.12.2008	Early redemption clause
CGD (France Branch) – EUR 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 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 will redeem the loan early.
CGD (France Branch) – EUR 2 000 000 Index Linked to Floating rate Note Due 2016 (5 issues of equal amount, global amount of EUR 10 000 000)	10 000	07.08.2006	08.08.2016	Quarterly on 8 February, May, August and November. On 11 August 2011 a remuneration indexed to the performance of a funds basket will be paid.	3 month Euribor rate + 0.62%.	1.18%	5.21%	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
CGD (France Branch) – JPY 15 000 000 000 Fixed Rate Subordinated Notes Due 2036	112 646	15.12.2006	15.12.2036	Half yearly on 15 June and 15 December.	Fixed rate.	2.88%	2.88%	From 15 December 2016 onwards. For the last 20 years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds – CGD 2009/2019 – Aniversário	538 552	11.05.2009	13.05.2019	Yearly.	1st year: 4%; 2nd year: 4.25% or switch remuneration; 3rd year: 4.5% or switch remuneration; 4th year: 4.75% or switch remuneration; 5th year: 5.00% or switch remuneration. From the 6th coupon onwards, remuneration will be indexed to the 12 month Euribor rate +1.65%.	4.00%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds – CGD 2007/2017 – 1st issue	393 486	12.11.2007	13.11.2017	Yearly.	12 month Euribor rate.	1.23%	4.53%	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%; each year plus 0.50% up to the 3rd year; in the 4th and 5th year, remuneration will be indexed to indices.	6.00%	5.10%	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.	12 month Euribor rate + 0.125%.	1.36%	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 nominal value on the dates of the payments of coupons from the 6th year onwards. If there is no early redemption, the applicable interest rate from the 6th year onwards will be the 12 month Euribor rate +1.50%.
Subordinated Cash Bonds – CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2008. From 30 July 2012 onwards up to the redemption date, quarterly on 30 January, April, July and October.	Fixed rate 21% (1st coupon); 3 month Euribor rate + 0.65%.	-	21.00%	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds – CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2009. From 30 July 2012 onwatds up to the redemption date, quarterly on 30 January, April, July and October.	Fixed rate 21.5% (1st coupon); 3 month Euribor rate + 0.65%.	21.50%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds – CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2010. From 30 July 2012 onwatds up to the redemption date, quarterly on 30 January, April, July and October.	Fixed rate 22% (1st coupon); 3 month Euribor rate + 0.65%.	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds – CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2011. From 30 July 2012 onwatds up to the redemption date, quarterly on 30 January, April, July and October.	Indexed to Caixagest Fund (1st coupon); 3 month Euribor rate + 0.65%.	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.

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Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at		Early redemption clause
						31.12.2009	31.12.2008	
Subordinated Cash Bonds – CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2012. From 30 July 2012 onwatds up to the redemption date, quarterly on 30 January, April, July and October.	Indexed to Caixagest Fund (1st coupon); 3 month Euribor rate +0.65%.	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds – Renda Mais 2005/2015	104 891	29.06.2005	03.07.2015	Quarterly on 3 January and July.	6 month Euribor rate + 0.25%.	1.32%	5.40%	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	99 986	28.12.2006	28.12.2016	Yearly.	12 month Euribor rate.	1.25%	4.30%	From 28 December 2011 onwards. If there is no early redemption after this date the applicable interest rate will be the 12 month Euribor rate +0.50%.
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 up to redemption date, quarterly on 27 March, June, September and December.	Fixed rate 5.733% (until 2012); 3 month Euribor rate + 1.70%.	5.73%	5.73%	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds Floating Rate Notes Dec. 2017	111 000	17.12.2007	17.12.2017	Quarterly on 17 March, June, September and December.	3 month Euribor rate + 1.08%.	1.80%	4.32%	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 Notes Dec. 2017	50 000	28.12.2007	28.12.2017	Quarterly on 28 March, June, September and December.	3 month Euribor rate + 1.08%.	1.79%	4.07%	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%.
Subordinated 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 December.	Fixed rate 22.5% (1st coupon); 3 month Euribor rate + 0.85%.	-	22.50%	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated 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.	Fixed rate 23% (1st coupon); 3 month Euribor rate + 0.85%.	23.00%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated 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.	Fixed rate 23.5% (1st coupon); 3 month Euribor rate + 0.85%.	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated 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 Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%.	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Subordinated Cash Bonds Fund Linked to Floating Rate Notes Dec. 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2012. From 3 December 2012 onwards up to redemption date, quarterly on 3 March, June, September and December.	Indexed to Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%.	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early.
Schuldschein Loan "Caja Madrid" – USD 50 000 000	34 708	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 will redeem the loan early.
Caixa Geral de Depósitos – EUR 100 000 000 5.980% 20 year lower tier	100 000	03.03.2008	03.03.2028	Yearly.	Fixed rate.	5.98%	5.98%	n/a

...Continued

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at		Early redemption clause
						31.12.2009	31.12.2008	
Subordinated Loans BCI	2 449	30.07.2008	30.07.2018	Quarterly on 30 January, April, July and October.	3 month Libor rate + 3.00%.	3.59%	7.86%	Principal redemption term is 10 years. BCI will pay to CGD the entire amount of principal on 30 June 2018.
Subordinated Loans IFC	5 620	20.03.2009	15.06.2015	Quarterly on 15 March, June, September and December.	3 month Libor rate + 3.00% + 0.5% if contractual conditions are to be met.	3.61%	-	Early redemption may occur at any interest payment date after 15 December 2009, after prior notice to IFC no less than 30 days in advance.
Subordinated Cash Bonds BCI 2008/2018 – MZN 216 000 000	4 530	16.10.2008	16.10.2018	Quarterly on 16 January, April, July and October.	1st coupon: 15.25%. Remainder coupons indexed to weighted average rate of the last six Treasury Bills issues with maturity equal or higher than 90 days +1%.	11.94%	15.25%	Early redemption may occur at any interest payment date after 16 April 2009, with prior notice in the Listed Price Bulletin in the Mozambique Stock Exchange, no less than 15 days in advance.

n.a. – Not available.

26. OTHER LIABILITIES

This heading comprises the following:

	31.12.2009	31.12.2008
Creditors		
Consigned resources	1 734 501	1 802 839
Suppliers of finance leasing assets	26 642	27 987
Other suppliers	99 682	67 276
Resources – collateral account	273 993	96 581
Resources – subscription account	14 701	9 111
Resources – secured account	753	1 109
Other creditors:		
Creditors for direct insurance and reinsurance	312 927	247 071
Creditors for factoring ceded	34 168	33 749
Caixa Geral de Aposentações	3 315	16 218
Creditors for futures contracts	31 338	19 211
Creditors for operations on securities	748	754
Other	476 020	533 946
Other liabilities:		
Notes in circulation – Macau (Note 16)	238 320	251 514
Withholding taxes	53 418	69 193
Social Security contributions	11 645	11 696
Other taxes payable	15 536	24 719
Collections on behalf of third parties	17 511	2 296
Other	34 966	19 388
Accrued costs:		
Interest and similar costs	3 879	12 831
Staff costs		
Long service bonus – CGD (Note 37)	44 145	40 925
Other	166 062	173 911
General administrative costs	38 319	44 122
Other accrued costs	84 554	45 114
Deferred income	86 052	80 783
Liabilities pending settlement	392 586	380 112
Stock exchange operations	8 873	6 312
	4 204 654	4 018 766

At 31 December 2009 and 2008 the "Resources – collateral account" heading includes EUR 271 960 thousand and EUR 65 430 thousand relating to deposits in CGD from several financial institutions in the scope of interest rates swaps contracts.

At 31 December 2009, the conditions of the consigned resources were as follows:

Operation	Counterparty	Balance at 31.12.2009	Starting date	Maturity
KfW 300 EUR million	KfW - Kreditanstalt für Wiederaufbau	300 000	07.04.2007	17.03.2014
KfW 250 EUR million	KfW - Kreditanstalt für Wiederaufbau	250 000	22.11.2004	22.11.2013
CGD Empréstimo Global XI	European Investment Bank	186 667	25.06.2003	15.06.2023
CGD Empréstimo Global X	European Investment Bank	173 333	21.11.2002	15.09.2022
CGD/BNU Global Loan IX	European Investment Bank	150 000	27.10.2000	15.09.2012
Mid-Cap I revisable rate	European Investment Bank	100 000	14.12.2007	15.09.2022
Framework Loan Agreement	CEB - Council of Europe Development Bank	100 000	23.06.2004	23.06.2014
CGD - Empréstimo Global XII - B	European Investment Bank	93 750	19.11.2004	15.09.2024
CGD - Empréstimo Global XII - A	European Investment Bank	83 333	15.12.2004	15.09.2014
CGD - Empréstimo Global XIII	European Investment Bank	75 000	12.10.2006	15.09.2026
CGD Reabilitação Urbana	European Investment Bank	69 223	11.12.2003	15.12.2023
Projecto Scut Açores	European Investment Bank	60 000	11.01.2008	15.09.2034
CEB - Educação	CEB - Council of Europe Development Bank	46 667	21.11.2008	21.11.2023
CEB - PARES	CEB - Council of Europe Development Bank	25 000	23.12.2009	23.12.2024
Projecto Municipal Infra EG - III - B	European Investment Bank	6 832	14.11.1997	15.09.2012
EB - Pré - Escolar	CEB - Council of Europe Development Bank	5 676	05.09.2001	25.10.2012
Hospital Braga	European Investment Bank	5 000	28.07.2009	09.06.2020
Projecto Municipal Infra EG - III	European Investment Bank	951	18.04.1995	15.03.2010
Operations carried out by BCI Moçambique		1 337		
Other		1 732		
		1 734 501		

At 31 December 2009, CGD's consigned resources bore interest at the annual average rate of 0.98%.

27. SHARE CAPITAL

At 31 December 2009 CGD's share capital, made up of 900 000 000 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 2009 decided to distribute a dividend of EUR 0.43 per share out of net income for 2008 to the State, corresponding to a total of EUR 300 000 thousand. The remainder was transferred to the legal reserve (EUR 96 850 thousand), other reserves (EUR 79 608 thousand) and EUR 7 793 thousand to cover the negative balance of retained earnings.

At 27 May 2009, CGD increased its share capital by EUR 1 000 000 thousand through the issue of 200 000 000 shares of EUR 5 each, totally paid up in cash, as a result of a deliberation of the shareholder.

28. RESERVES, RETAINED EARNINGS AND NET INCOME FOR PERIOD

At 31 December 2009 and 2008, this heading comprises the following:

	31.12.2009	31.12.2008
Fair value reserve, net of deferred tax	(331 154)	(873 304)
Other reserves and retained earnings		
Legal reserve – CGD	805 241	708 391
Other reserves	838 730	755 743
Retained earnings	(189 240)	(222 265)
	1 454 731	1 241 869
Net income attributable to the shareholder of CGD	278 899	459 023
	1 402 477	827 588

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 805 241 thousand at 31 December 2009, 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 2009 and 2008, and were recorded in compliance with the following legislation:

Tangible fixed assets:	
Decree-Law 219/82, of 2 June	31 515
Decree-Law 399 – G/84, of 28 December	18 850
Decree-Law 118 – B/86, of 27 May	27 017
Decree-Law 111/88, of 2 April	11 082
Decree-Law 49/91, of 25 January	31 270
Decree-Law 264/92, of 24 November	34 861
Decree-Law 31/98, of 11 February	53 680
Financial fixed assets	723
	208 998

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:

	31.12.2009	31.12.2008
Caixa Geral de Depósitos, SA		
Caixa Geral de Depósitos	142 684	310 986
Spain Branch	(33 680)	(10 195)
London Branch	23 226	18 493
New York Branch	9 899	(60 052)
Madeira Offshore Financial Branch	6 129	17 018
Cayman Branch	5 270	4 593
France Branch	4 318	277
East Timor Branch	2 235	2 766
Luxembourg Branch	395	449
Monaco Branch	(49)	140
Zhuhai Branch	10	53
	160 436	284 530
Contribution of subsidiaries to net income:		
Caixa–Banco de Investimento, SA [a]	37 702	18 275
Banco Nacional Ultramarino, SA (Macau)	32 941	38 104
Caixagest Renda Mensal – Fundo de Investimento Mobiliário Aberto de Obrigações de Taxa Variável	(19 047)	-
Mercantile Bank Holdings, Ltd.	12 735	31 936
Fundo de Capital de Risco – Grupo CGD	10 322	(12 043)
Banco Comercial e de Investimentos, SARL	9 366	7 370
Caixa Seguros e Saúde, SGPS, SA [a]	9 350	12 347
Parcaixa, SGPS, SA	7 185	-
Banco Caixa Geral Totta de Angola	6 709	-
Wolfpart, SGPS	6 173	(927)
Inmobiliaria Caixa Geral, SL	(6 132)	-
CGD Finance, SA	4 660	(40)
Nostrum Mortgages (Fundo and Plc)	(4 428)	(5 108)

...Continued

	31.12.2009	31.12.2008
Fundimo – Sociedade Gestora de Fundos de Investimento Imobiliário, SA	3 604	5 227
Caixa Leasing e Factoring – IFIC, SA	2 451	4 594
Banco Comercial do Atlântico, SA	2 020	4 484
Caixagest – Técnicas de Gestão de Fundos, SA	1 595	4 298
Banco Caixa Geral, SA [(a)]	(1 545)	15 934
Nostrum Consumer (Fundo and Plc)	1 429	(392)
Parbanca, SGPS	(1 320)	1 425
Fundo Especial Investimento Aberto Estratégias Alternativas	(1 234)	-
Caixa Geral Finance Limited	1 062	-
CGD Pensões	879	1 091
Esegur	770	1 058
Banco Interatlântico	748	1 221
Macau Offshore Branch	(332)	13 953
Banco Caixa Geral Brasil, SA	13	(1 329)
Other	2 952	2 938
	120 630	144 415
Contribution of associates to net income:		
Sumol + Compal, SA	(3 310)	(2 496)
Vale de Lobo - Resort Turístico de Luxo, SA	(3 137)	(898)
SIBS – Sociedade Interbancária de Serviços, SA	2 711	1 730
Prado – Cartolinas da Lousã, SA	1 054	239
REN – Rede Eléctrica Nacional, SA	-	26 963
Águas de Portugal	-	4 411
Other	515	130
	(2 167)	30 079
Consolidated net income attributable to the shareholder of CGD	278 899	459 023

(a) Data taken from the consolidated financial statements.

29. MINORITY INTEREST

Third party investments in subsidiary companies, by entity, are made up as follows:

	31.12.2009	31.12.2008
Caixa Geral Finance	572 188	600 000
Parcaixa, SGPS, SA (Note 3)	488 454	478 437
Caixagest Renda Mensal	70 273	-
Caixagest Estratégia Dinâmica	31 126	-

...Continued

	31.12.2009	31.12.2008
Banco Comercial e de Investimentos, SARL	27 172	26 129
Fundo de Investimento Imobiliário Fechado Saudeinvest	15 117	14 825
Mercantile Bank Holdings, Ltd.	11 115	7 918
Fundo Especial Investimento Aberto Caixagest Estratégias Alternativas	9 094	-
Banco Comercial do Altlântico, SARL	8 885	8 664
Fundo Especial Investimento Aberto Caixa Fundo Capitalização	5 997	-
FCR Energias Renováveis – Caixa Capital	4 769	4 206
Banco Interatlântico, SARL	2 711	2 572
Credip - IFIC, SA	2 209	2 124
A Promotora – Sociedade de Capital de Risco, SARL	1 251	1 233
Garantia – Companhia de Seguros de Cabo Verde, SARL	1 163	1 207
Banco Caixa Geral, SA	1 029	1 044
Other	1 820	8 192
	1 254 374	1 156 550

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.

In 2009 the Group re-acquired preference shares issued by Caixa Geral Finance in the amount of EUR 27 812 thousand.

The proportion of consolidated net income attributable to minority shareholders for 2009 and 2008 is as follows:

	31.12.2009	31.12.2008
Caixa Geral Finance	13 384	34 493
Caixagest Renda Mensal – Fundo de Investimento Mobiliário Aberto de Obrigações de Taxa Variável	(9 175)	-
Banco Comercial e de Investimentos, SARL	8 999	7 081
Parcaixa, SGPS, SA	6 903	-
Caixa Leasing Factoring, IFIC	2 355	196
Banco Comercial do Altlântico, SARL	1 384	3 094
Mercantile Bank Holdings, Ltd.	1 145	2 871
Fundo Especial Investimento Aberto Caixagest Estratégias Alternativas	(681)	-
Caixa Seguros, SGPS	637	(3 085)
Caixagest Estratégia Dinâmica	(619)	-
Banco Interatlântico, SARL	321	523
Other	691	972
	25 343	46 143

30. INTEREST AND SIMILAR INCOME AND COSTS

These headings are made up as follows:

	31.12.2009	31.12.2008
Interest and similar income		
Interest on loans and advances to domestic credit institutions	71 628	50 487
Interest on loans and advances to foreign credit institutions	42 353	166 811
Interest on domestic credit	2 249 268	3 544 598
Interest on foreign credit	265 816	356 962
Interest on overdue credit	52 411	57 001
Interest on financial assets held for trade		
Derivatives	1 703 727	2 017 114
Securities	64 917	89 859
Interest on financial assets at fair value through profit or loss	14 243	95 023
Interest on available-for-sale financial assets	289 725	303 576
Interest on hedging derivatives	144 564	288 556
Interest on debtors and other applications	16 706	15 464
Interest on cash equivalents	20 261	57 224
Interest on loans and other amounts receivable	100 960	146 613
Other interest and similar income	6 194	10 186
Commissions received relating to amortised cost	152 252	82 496
Other	122 004	43 569
	5 317 030	7 325 539

...Continued

	31.12.2009	31.12.2008
Interest and similar costs		
Interest on deposits of		
Central and local government	46 970	125 647
Other residents	666 965	922 469
Emigrants	63 046	80 197
Other non-residents	88 731	147 773
Fixed rate products - insurance	183 464	139 405
Other	1 829	1 382
Interest on resources of foreign credit institutions	55 347	206 849
Interest on resources of domestic credit institutions	13 383	35 452
Interest on swaps	1 622 313	2 051 055
Interest on other trading liabilities	9 222	2 195
Interest on unsubordinated debt securities	630 247	864 649
Interest on subordinated liabilities	76 644	138 304
Interest on hedging derivatives	127 310	365 252
Other interest and similar costs	54 862	107 446
Commissions paid relating to amortised cost	16 256	16 455
Other	127 498	39 852
	3 784 087	5 244 381

31. INCOME FROM EQUITY INSTRUMENTS

This heading comprises the following:

	31.12.2009	31.12.2008
Portugal Telecom, SGPS, SA	45 752	47 550
EDP – Energias de Portugal, SA	31 659	25 497
ZON	6 545	21 807
REN – Redes Energéticas Nacionais, SA	4 405	-
Brisa	2 963	-
Unicre – Cartão Internacional de Crédito, SA	2 816	1 848
Galp Energia, SGPS, SA	2 761	3 767
BCP	2 617	-
Fundo Margueira	-	1 139
Other	8 885	18 644
	108 402	120 252

32. INCOME AND COSTS FROM SERVICES AND COMMISSIONS

These headings comprise the following:

	31.12.2009	31.12.2008
Income from services rendered and commissions:		
Payment means	203 168	184 528
Operations carried out on behalf of third parties	142 054	121 671
Credit operations	99 549	69 938
Assets management	49 037	61 681
Guarantees given	46 511	42 332
Operations on financial instruments	26 890	34 079
Mounting of operations	23 957	18 461
Other	1 296	-
	592 463	532 690
Cost of services and commissions:		
Payment means	81 098	65 891
Operations carried out on behalf of third parties	43 772	19 350
Operations on financial instruments	8 748	15 241
Other	11 076	13 427
	144 695	113 909

33. RESULTS FROM FINANCIAL OPERATIONS

These headings comprise the following:

	31.12.2009	31.12.2008
Result of foreign exchange operations:		
Revaluation of foreign exchange position	(217 151)	(9 227)
Result of currency derivatives	225 960	(3 293)
	8 809	(12 520)
Result of financial assets and liabilities held for trading:		
Securities:		
Debt instruments	41 765	(18 436)
Equity instruments	30 534	(101 893)
Other	8 091	(36 931)
	80 390	(157 260)
Derivatives:		
Interest rate	135 855	119 890
Shares	(114 606)	145 514

...Continued

	31.12.2009	31.12.2008
Credit	(11 310)	(39 880)
Other	(7 876)	18 552
	2 063	244 076
	82 453	86 816
Result of other financial assets at fair value through profit or loss		
Debt instruments	2 040	12 668
Equity instruments	135 055	(98)
Other	9 861	(18 914)
Loans and other amounts receivable	(213)	-
	146 743	(6 345)
Result of available-for-sale financial assets:		
Debt instruments	(21 064)	2 236
Equity instruments		
Banco Comercial Português, SA (Note 8)	30 545	(16 365)
REN (Notes 8 and 16)	24 833	83 498
Galp (Note 8)	(2 305)	51 508
Zon (Note 8)	2 030	(13 648)
EDP - Energias de Portugal, SA (Note 8)	(1 607)	22 904
EDP Renováveis (Note 8)	1 492	-
VAA - Vista Alegre Atlantis (Note 8)	1 279	-
AdP - Águas de Portugal, SGPS, SA (Note 16)	-	72 401
La Seda Barcelona (Note 8)	-	(31 056)
Compal (Note 16)	-	9 236
Other	(2 857)	(11 877)
	53 410	166 601
Other securities	(51 325)	12 119
	(18 979)	180 956
Result of hedging operations:		
Interest rate swaps	150 442	324 244
Options	(290)	-
Value adjustments of hedged assets and liabilities	(173 745)	(327 097)
	(23 592)	(2 853)
Other	4 062	505
	199 497	246 559

In 2009, the Group sold shares representing 1.2% of the share capital of Sumol+Compal, as referred to in greater detail in Note 16. As a result of this operation the Group recognised a captal gain of EUR 6 724 thousand. At 31 December 2008, the equity participation in Sumol+Compal was recorded in the "Investments in associates" heading.

34. OTHER NET OPERATING INCOME

These headings comprise the following:

	31.12.2009	31.12.2008
Other operating income:		
Rendering of miscellaneous services	231 739	103 072
Expense reimbursement	7 668	6 171
Gains on subsidiaries and associates	7 260	11 752
Operating lease instalments	2 826	2 605
Gains on non-financial assets:		
Non-current assets held for sale (Note 12)	6 106	11 212
Other tangible assets	2 351	63 931
Investment property	23 090	10 161
Other	409	795
Secondment of employees to Caixa Geral de Aposentações	5 683	12 376
Sale of cheques	16 314	12 338
Compal (Note 16)	-	9 816
Other	35 497	30 758
	338 944	274 985
Other operating costs:		
Donations and subscriptions	10 588	8 905
Losses on non-financial assets:		
Non-current assets held for sale (Note 12)	249	443
Other tangible assets	1 025	427
Other	2 224	2 317
Other taxes	20 925	19 858
Contribution to the Deposit Guarantee Fund	12 261	11 431
Fines and penalties	1 186	1 083
Other	70 856	51 057
	119 315	95 521
	219 629	179 464

In 2009, the heading "Gains on subsidiaries and associates" includes EUR 5 406 thousand relative to capital gains on the sale of the Group's equity participation in Torre Oriente (Nota 16).

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

The caption for the years 2009 and 2008, is made up as follows:

	31.12.2009	31.12.2008
Caixa Seguros e Saúde		
Direct insurance and inwards reinsurance		
Gross premiums written		
Life insurance	714 113	1 002 465
Non-life insurance	1 198 457	1 359 745
Outwards reinsurance premiums	(182 798)	(185 323)
	1 729 771	2 176 887
Other	44 396	36 818
	1 774 167	2 213 705

Earned premiums, net of reinsurance, issued by Caixa Seguros, are made up as follows:

	2009			2008		
	Direct insurance and inwards reinsurance	Outwards reinsurance	Net	Direct insurance and inwards reinsurance	Outwards reinsurance	Net
Life insurance:						
Insurance contracts						
Without profit sharing	138 225	(21 082)	117 143	158 047	(19 067)	138 980
With profit sharing	54 651	(1 659)	52 992	59 052	(1 568)	57 484
Investment contracts with discretionary profit sharing	521 236	(1)	521 236	785 366	(1)	785 365
	714 113	(22 742)	691 371	1 002 465	(20 636)	981 829
Non-life insurance:						
Gross premiums written						
Workman's compensation	183 149	(1 121)	182 028	222 711	(1 150)	221 561
Personal and passenger accidents	37 976	(11 143)	26 833	52 971	(14 886)	38 085
Health	168 747	575	169 322	170 759	(3 118)	167 641
Fire and other damage	234 096	(99 583)	134 513	236 825	(97 285)	139 540
Motor	470 047	(2 230)	467 817	572 763	(2 454)	570 309
Marine, air and transport	32 548	(26 656)	5 892	34 762	(26 849)	7 913
General third party liability	35 086	(10 245)	24 841	34 833	(10 543)	24 290
Credit and guarantees	880	(556)	324	681	(194)	487
Legal protection	1 644	(62)	1 582	4 725	(70)	4 655
Assistance	16 709	(59)	16 650	11 956	(71)	11 885
Miscellaneous	17 575	(8 978)	8 598	16 759	(8 067)	8 692
	1 198 457	(160 057)	1 038 400	1 359 745	(164 687)	1 195 058
Total premiums, net of reinsurance	1 912 569	(182 798)	1 729 771	2 362 210	(185 323)	2 176 887
Change in provision for unearned premiums						
Workman's compensation	2 949	-	2 949	221	(12)	209
Personal and passenger accidents	(812)	2 559	1 747	(2 272)	307	(1 965)
Health	2 189	(2 200)	(11)	1 304	315	1 619
Fire and other damage	3 136	(280)	2 856	963	3 828	4 791
Motor	32 712	0	32 712	25 094	(237)	24 857
Marine, air and transport	1 474	(1 098)	375	726	(811)	(85)
General third party liability	(441)	(21)	(461)	(1 243)	859	(384)
Credit and guarantees	(7)	51	44	14	(3)	11
Legal protection	641	48	689	1 924	13	1 937
Assistance	186	2	188	1 120	77	1 197
Miscellaneous	(2 005)	2 341	336	(1)	737	736
	40 022	1 402	41 425	27 850	5 073	32 923

...Continued

	2009			2008		
	Direct insurance and inwards reinsurance	Outwards reinsurance	Net	Direct insurance and inwards reinsurance	Outwards reinsurance	Net
Premiums earned:						
Workman's compensation	186 098	(1 121)	184 977	222 932	(1 162)	221 770
Personal and passenger accidents	37 163	(8 584)	28 580	50 699	(14 579)	36 120
Health	170 936	(1 625)	169 311	172 063	(2 803)	169 260
Fire and other damage	237 232	(99 862)	137 369	237 788	(93 457)	144 331
Motor	502 758	(2 230)	500 529	597 857	(2 691)	595 166
Marine, air and transport	34 021	(27 754)	6 267	35 488	(27 660)	7 828
General third party liability	34 645	(10 266)	24 379	33 590	(9 684)	23 906
Credit and guarantees	873	(505)	368	695	(197)	498
Legal protection	2 286	(14)	2 271	6 649	(57)	6 592
Assistance	16 896	(57)	16 839	13 076	6	13 082
Miscellaneous	15 571	(6 637)	8 934	16 758	(7 330)	9 428
	1 238 479	(158 654)	1 079 825	1 387 595	(159 614)	1 227 981
Total	1 952 592	(181 396)	1 771 196	2 390 060	(180 250)	2 209 810

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

The caption for 2009 and 2008, is made up as follows:

	2009			2008		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Interest	111 029	44 024	155 053	172 960	65 674	238 634
Dividends	14 391	5 330	19 721	20 679	6 659	27 338
Net realised capital gains and losses	37 932	10 815	48 746	4 353	8 728	13 081
Net unrealised capital gains and losses	(791)	8 757	7 966	(47 886)	(23 986)	(71 872)
Other	204	18 433	18 637	526	19 385	19 911
	162 765	87 360	250 125	150 632	76 460	227 092

35.3. COST OF CLAIMS, NET OF REINSURANCE

The caption for 2009 and 2008, is made up as follows:

	2009			2008		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Caixa Seguros e Saúde						
Direct insurance and inwards reinsurance						
Claims paid	1 402 513	856 528	2 259 041	1 465 410	880 480	2 345 890
Change in provision for claims	(17 276)	(61 121)	(78 397)	13 951	(42 074)	(28 123)
	1 385 237	795 407	2 180 643	1 479 361	838 406	2 317 767
Provision for profit sharing	1 366	6	1 372	12 449	95	12 544
Change in other technical provisions	(692 586)	14 301	(678 284)	(420 377)	5 309	(415 068)
	694 018	809 713	1 503 731	1 071 433	843 810	1 915 243
Balance of outwards reinsurance	(6 872)	(71 488)	(78 360)	(9 242)	(102 336)	(111 578)
Subtotal Caixa Seguros e Saúde	687 146	738 225	1 425 371	1 062 191	741 474	1 803 665
Other	-	436	436	-	1 917	1 917
	687 146	738 661	1 425 806	1 062 191	743 391	1 805 582

The cost of claims relating to Caixa Seguros e Saúde non-life insurance operations, by type of insurance, is made up as follows:

	2009					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Workman's compensation	131 001	(5 900)	125 101	(372)	-	124 730
Personal and passenger accidents	13 302	1 495	14 797	99	(11)	14 885
Health	148 233	(135)	148 098	(1 175)	-	146 923
Fire and other damage	104 309	48 800	153 108	870	-	153 979
Motor	383 465	(94 389)	289 077	15 473	-	304 550
Marine, air and transport	6 860	(9 583)	(2 723)	5	-	(2 718)
General third party liability	13 453	7 810	21 263	207	-	21 471
Credit and guarantees	(95)	125	30	50	-	80
Legal protection	673	336	1 009	13	-	1 023
Assistance	23 779	4 066	27 844	(193)	16	27 667
Miscellaneous	31 547	(13 746)	17 801	(677)	-	17 124
	856 528	(61 121)	795 407	14 301	6	809 713

...Continued

	2009					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Outwards reinsurance:						
Workman's compensation	(840)	914	74	-	-	74
Personal and passenger accidents	(838)	(70)	(908)	-	-	(908)
Health	(330)	(79)	(409)	-	-	(409)
Fire and other damage	(42 814)	(35 240)	(78 054)	-	-	(78 054)
Motor	(3 710)	5 139	1 429	-	-	1 429
Marine, air and transport	(3 242)	7 504	4 262	-	-	4 262
General third party liability	(2 846)	5 824	2 978	-	-	2 978
Credit and guarantees	0	(1)	(1)	-	-	(1)
Legal protection	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	(14 278)	13 419	(860)	-	-	(860)
	(68 897)	(2 591)	(71 488)	-	-	(71 488)
Net:						
Workman's compensation	130 162	(4 986)	125 176	(372)	-	124 804
Personal and passenger accidents	12 464	1 425	13 889	99	(11)	13 977
Health	147 903	(214)	147 689	(1 175)	-	146 514
Fire and other damage	61 495	13 559	75 054	870	-	75 925
Motor	379 756	(89 250)	290 505	15 473	-	305 979
Marine, air and transport	3 618	(2 079)	1 539	5	-	1 544
General third party liability	10 607	13 634	24 241	207	-	24 449
Credit and guarantees	(95)	124	29	50	-	79
Legal protection	673	336	1 009	13	-	1 023
Assistance	23 779	4 066	27 844	(193)	16	27 667
Miscellaneous	17 269	(327)	16 942	(677)	-	16 264
	787 630	(63 712)	723 918	14 301	6	738 225

	2008					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Workman's compensation	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

...*Continued*

	2008					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
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	17 881	15 582	33 463	720	-	34 183
	880 479	(42 074)	838 405	5 308	95	843 808
Outwards reinsurance:						
Workman's compensation	(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						
Workman's compensation	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	9 288	1 749	11 037	720	-	11 757
	798 633	(63 049)	735 584	5 793	95	741 472

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: Workman's Compensation

Accumulated amounts Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	130 420	-	-	-	-	-	-	-	130 420
2003	142 655	142 469	-	-	-	-	-	-	285 124
2004	153 668	143 255	197 014	-	-	-	-	-	493 937
2005	161 276	155 076	182 114	172 376	-	-	-	-	670 842
2006	162 666	160 052	195 728	193 813	171 468	-	-	-	883 727
2007	171 215	164 710	199 531	193 324	186 491	179 194	-	-	1 094 465
2008	175 879	169 013	199 393	195 103	189 002	179 290	190 399	-	1 298 079
2009	176 768	169 803	202 481	197 279	190 139	174 241	165 586	138 352	1 414 649

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	116 572
- Claims from previous years	8 257
- Costs charged to claims settlement	38 302
- Costs with claims of inwards reinsurance	46
	163 177

Accumulated payments made to-date

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	149 562	155 894	155 630	158 256	149 882	125 220	102 752	33 291	1 030 487

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	44 754	43 351	75 856	42 428	41 421	44 237	60 083	108 888	461 018

Provision for claims prior to 2002	333 041
Total direct insurance	794 059
Provision for claims of inwards reinsurance	335
Total	794 394

Type of insurance: Fire and Other Damage

Accumulated amounts Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	80 450	-	-	-	-	-	-	-	80 450
2003	85 868	82 113	-	-	-	-	-	-	167 981
2004	87 491	82 036	111 921	-	-	-	-	-	281 448
2005	87 737	85 556	112 070	94 631	-	-	-	-	379 994
2006	85 815	83 938	110 019	96 767	84 220	-	-	-	460 759
2007	89 740	80 636	111 927	103 217	88 676	86 044	-	-	560 240
2008	90 471	80 935	110 549	102 111	83 468	87 971	132 778	-	688 283
2009	90 066	81 775	110 147	101 961	82 048	86 687	132 377	152 815	837 876

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	149 593
- Claims from previous years	(1 205)
- Costs charged to claims settlement	13 391
- Costs with claims of inwards reinsurance	4 720
	166 499

Accumulated payments made to-date

2009	92 929	79 959	110 133	75 629	97 790	80 682	113 701	57 960	708 783

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2009	2 947	6 029	4 619	9 461	5 868	6 027	18 705	96 832	150 488

Provision for claims prior to 2002	12 631
Total direct insurance	163 119
Provision for claims of inwards reinsurance	8 682
Total	171 801

Type of insurance: Motor

Accumulated amounts Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	576 632	-	-	-	-	-	-	-	576 632
2003	600 484	550 502	-	-	-	-	-	-	1 150 986
2004	630 630	564 933	554 251	-	-	-	-	-	1 749 814
2005	643 504	579 156	536 454	498 157	-	-	-	-	2 257 271
2006	641 486	587 860	543 465	491 652	438 945	-	-	-	2 703 408
2007	605 102	583 395	548 256	492 711	431 929	417 514	-	-	3 078 907
2008	642 737	579 115	533 898	483 104	425 696	399 699	407 495	-	3 471 744
2009	616 258	560 755	514 830	477 279	438 158	415 155	401 703	358 477	3 782 615

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	310 872
- Claims from previous years	(21 461)
- Costs charged to claims settlement	45 298
- Costs with claims of inwards reinsurance	(335)
	334 374

Accumulated payments made to-date

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	584 527	526 293	469 884	421 410	381 478	318 282	302 673	179 145	3 183 692

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	37 851	47 158	56 439	55 914	71 704	94 739	102 925	188 114	654 844

Provision for claims prior to 2002	84 458
Total direct insurance	739 302
Provision for claims of inwards reinsurance	4 232
Total	743 534

Type of insurance: Marine and Transport

Accumulated amounts

Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	4 371	-	-	-	-	-	-	-	4 371
2003	4 168	2 546	-	-	-	-	-	-	6 714
2004	3 290	2 439	2 514	-	-	-	-	-	8 243
2005	3 385	2 527	2 739	3 810	-	-	-	-	12 461
2006	3 347	2 307	2 408	3 878	2 329	-	-	-	14 269
2007	3 054	2 019	2 577	3 871	2 658	3 654	-	-	17 833
2008	2 406	1 992	2 864	3 904	2 501	3 852	2 148	-	19 667
2009	2 403	2 036	2 843	3 757	2 502	3 796	2 085	1 630	21 052

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	1 386
- Claims from previous years	129
- Costs charged to claims settlement	73
- Costs with claims of inwards reinsurance	90
	1 678

Accumulated payments made to-date

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	3 075	2 970	2 758	3 640	2 199	3 370	1 463	712	20 187

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	43	218	269	264	304	426	622	918	3 064

Provision for claims prior to 2002	373
Total direct insurance	3 437
Provision for claims of inwards reinsurance	720
Total	4 157

Type of insurance: Air

Accumulated amounts Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	686	-	-	-	-	-	-	-	686
2003	719	607	-	-	-	-	-	-	1 326
2004	672	1 111	3 117	-	-	-	-	-	4 900
2005	667	4 379	2 735	2 506	-	-	-	-	10 287
2006	562	4 368	22 813	2 369	883	-	-	-	30 995
2007	432	4 244	23 807	2 250	985	454	-	-	32 172
2008	563	4 546	29 010	2 249	1 037	446	457	-	38 308
2009	563	4 332	29 010	1 885	1 037	474	564	894	38 759

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	449
- Claims from previous years	(9 691)
- Costs charged to claims settlement	152
- Costs with claims of inwards reinsurance	(2 531)
	(11 621)

Accumulated payments made to-date

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	1 023	4 885	3 145	1 761	960	397	275	28	12 474

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	-	88	26 124	318	94	76	293	868	27 861

Provision for claims prior to 2002	1 755
Total direct insurance	29 616
Provision for claims of inwards reinsurance	1 084
Total	30 700

Type of insurance: Transport of Goods

Accumulated amounts

Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	6 685	-	-	-	-	-	-	-	6 685
2003	8 118	4 893	-	-	-	-	-	-	13 011
2004	7 030	4 320	4 796	-	-	-	-	-	16 146
2005	6 876	4 536	5 039	4 272	-	-	-	-	20 723
2006	6 737	4 620	4 934	4 865	3 979	-	-	-	25 135
2007	5 474	4 527	4 999	4 623	4 597	5 643	-	-	29 863
2008	6 415	4 419	4 785	4 683	4 899	5 452	4 524	-	35 177
2009	6 532	4 389	4 717	4 599	5 205	5 771	5 086	5 994	42 293

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	7 117
- Claims from previous years	409
- Costs charged to claims settlement	201
- Costs with claims of inwards reinsurance	(81)
	7 646

Accumulated payments made to-date

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	6 965	5 221	4 855	4 165	3 777	5 090	3 026	1 060	34 159

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	315	245	140	477	1 431	685	2 060	4 935	10 288

Provision for claims prior to 2002	1 015
Total direct insurance	11 303
Provision for claims of inwards reinsurance	143
Total	11 446

Type of insurance: General Third Party Liability

Accumulated amounts Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	12 802	-	-	-	-	-	-	-	12 802
2003	19 174	11 948	-	-	-	-	-	-	31 122
2004	17 817	28 066	13 042	-	-	-	-	-	58 925
2005	19 145	32 492	16 643	13 576	-	-	-	-	81 856
2006	19 753	21 360	16 073	14 563	13 613	-	-	-	85 362
2007	18 891	21 729	17 622	14 401	16 350	9 615	-	-	98 608
2008	18 602	21 721	18 092	13 507	17 811	14 104	10 805	-	114 642
2009	19 203	22 687	18 802	14 877	18 875	15 713	13 563	14 793	138 513

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	23 871
- Claims from previous years	(4 472)
- Costs charged to claims settlement	541
- Costs with claims of inwards reinsurance	1 864
	21 804

Accumulated payments made to-date

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	14 717	14 785	15 255	9 073	12 177	9 464	6 312	3 168	84 951

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	5 281	7 608	5 614	7 127	6 803	6 409	7 476	12 521	58 839

Provision for claims prior to 2002	17 050
Total direct insurance	75 889
Provision for claims of inwards reinsurance	36 158
Total	112 047

Type of insurance: Miscellaneous Financial Losses

Accumulated amounts

Accounting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
2002	2 207	-	-	-	-	-	-	-	2 207
2003	2 294	4 783	-	-	-	-	-	-	7 077
2004	2 385	4 340	7 095	-	-	-	-	-	13 820
2005	2 470	4 593	7 533	2 926	-	-	-	-	17 522
2006	2 438	4 424	7 328	4 189	5 079	-	-	-	23 458
2007	2 450	4 346	7 796	4 173	6 005	8 953	-	-	33 723
2008	2 451	4 352	7 738	4 216	6 192	9 745	32 351	32 351	99 396
2009	2 451	4 366	7 747	4 247	5 486	9 802	34 047	39 847	107 993

Cost of claims recorded in 2009:

- Claims from 2002 to 2009	8 597
- Claims from previous years	(72)
- Costs charged to claims settlement	894
- Costs with claims of inwards reinsurance	1 945
	11 364

Accumulated payments made to-date

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	2 296	5 346	8 024	4 165	5 303	9 414	29 636	5 754	69 938

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2002	2003	2004	2005	2006	2007	2008	2009	Total
2009	3	3	1	96	183	412	4 431	1 757	6 886

Provision for claims prior to 2002	73
Total direct insurance	6 959
Provision for claims of inwards reinsurance	657
Total	7 616

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 e Saúde for 2009 and 2008, by type of insurance, is made up as follows:

	2009					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Insurance contracts						
Without profit sharing	48 308	(2 930)	45 379	(2 531)	-	42 847
With profit sharing	35 108	(4 147)	30 961	(4 821)	6 526	32 666
Investment contracts with discretionary profit sharing	1 319 097	(10 199)	1 308 897	(685 233)	(5 160)	618 504
	1 402 513	(17 276)	1 385 237	(692 586)	1 366	694 018
Outwards reinsurance:						
Insurance contracts						
Without profit sharing	(6 540)	2 172	(4 368)	(584)	-	(4 952)
With profit sharing	(2 705)	700	(2 005)	84	-	(1 921)
Investment contracts with discretionary profit sharing	-	1	1	-	-	1
	(9 246)	2 873	(6 372)	(500)	-	(6 872)
Net:						
Insurance contracts						
Without profit sharing	41 768	(757)	41 011	(3 115)	-	37 896
With profit sharing	32 403	(3 447)	28 956	(4 737)	6 526	30 745
Investment contracts with discretionary profit sharing	1 319 097	(10 199)	1 308 898	(685 233)	(5 160)	618 505
	1 393 268	(14 403)	1 378 865	(693 085)	1 366	687 146

	2008					
	Claims paid	Change in provision for claims	Subtotal	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)	4 729	942 467
	1 465 410	13 951	1 479 361	(420 377)	12 449	1 071 434
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)	4 729	942 476
	1 455 674	14 038	1 469 712	(419 969)	12 449	1 062 192

35.4. COMMISIONS AND OTHER INCOME AND COSTS RELATING TO INSURANCE

This heading for the years 2009 and 2008, is made up as follows:

	2009			2008		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Technical income:						
Commissions:						
Outwards reinsurance	5 058	21 121	26 179	11 578	27 017	38 595
Co-insurance management charges	139	760	899	129	1 115	1 244
Pensions Funds management charges	7	-	7	74	-	74
Other technical income						
Other technical income	27	5 531	5 558	-	2 250	2 250
	5 231	27 412	32 644	11 781	30 382	42 163
Technical costs:						
Commissions:						
Direct insurance operations:						
Mediation and brokerage charge	(2 776)	(95 426)	(98 202)	(6 946)	(119 118)	(126 064)
Collection charges	(115)	(9 451)	(9 566)	(113)	(10 250)	(10 363)
Other	(22)	(19 697)	(19 719)	(1 277)	(7 763)	(9 040)
Inwards reinsurance operations	-	(3 556)	(3 556)	-	(12 112)	(12 112)
Co-insurance management charges	(10)	(433)	(443)	(7)	(676)	(683)
Other technical costs						
Provision for premiums receivable	(436)	735	298	(490)	5 938	5 448
Taxes specific to the insurance business	(1 543)	(6 587)	(8 131)	(1 252)	(9 734)	(10 986)
Other	(825)	(1)	(826)	(12)	(2)	(14)
	(5 728)	(134 416)	(140 144)	(10 097)	(153 717)	(163 814)
Other	-	-	250	-	-	1 392
	(496)	(107 004)	(107 250)	1 684	(123 335)	(120 259)

36. STAFF COSTS

This heading is made up as follows:

	31.12.2009	31.12.2008
Remuneration of the management and supervisory bodies	18 064	14 026
Remuneration of the staff	751 935	720 813
Provision for suspension of labour agreements (Note 37)	(1 343)	(140)
	768 656	734 699
Other charges relating to remuneration	71 981	64 106
Healthcare – CGD		
Normal cost (Note 37.)	32 416	30 948
Contributions relating to current staff	30 367	29 532
Amortisation of deviations exceeding the corridor (Note 37.)	2 634	4 684
Pension liability – CGD (Note 37.)		
Normal cost	68 231	69 654
Retirements before the normal retirement age	455	1 247
Amortisation of deviations exceeding the corridor (Note 37.)	694	-
Other pension costs		
Caixa Seguros e Saúde	1 820	1 636
Other	7 217	8 182
Other mandatory social charges	25 282	22 213
	241 097	232 201
Other staff costs	30 618	36 910
	1 040 370	1 003 810

The average number of employees of Caixa and subsidiaries in 2009 and 2008, by function, was as follows:

	2009			2008		
	Banking	Insurance	Group	Banking	Insurance	Group
Senior management	349	241	590	313	208	521
Management	2 675	543	3 218	2 720	544	3 264
Technical staff	4 074	1 910	5 984	3 764	1 504	5 268
Administrative staff	7 665	2 089	9 754	7 629	2 042	9 671
Auxiliary	1 259	592	1 851	1 282	341	1 623
	16 022	5 375	21 397	15 707	4 639	20 345
Number of employees at the end of the year	16 530	5 634	22 164	16 168	4 629	20 797

These numbers at 31 December 2009 and 2008 do not include staff employed by the Support Department of Caixa Geral de Aposentações (274 in 2009 and 295 in 2008), those assigned to CGD's Social Services (73 in 2009 and 72 in 2008) and those on secondment abroad (73 in 2009 and 78 in 2008).

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 January 1992. 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 abovementioned time of service.

Accordingly, Caixa's pensions liability at 31 December 2009 and 2008 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 2009 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, SA AND IMPÉRIO BONANÇA – COMPANHIA DE SEGUROS, SA

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 THE LIABILITY

Actuarial calculations were made by specialised entities to determine the liability for retirement pensions under payment and for past services of current employees as at 31 December 2009 and 2008.

The assumptions and technical bases used in respect of CGD and the Group insurance companies were as follows:

	2009		2008	
	CGD	Caixa Seguros e Saúde	CGD	Caixa Seguros e Saúde
Actuarial method	Projected Unit Credit		Projected Unit Credit	
Mortality table				
Men	TV 73/77 (-1 year)	TV 73/77	TV 73/77	
Women	TV 88/90 (-1 year)	TV 88/90	TV 88/90	
Disability table	EKV 80		EKV 80	
Discount rate	5.50%	5.50%	5.75%	5.75%
Yield of funds assets	5.25%	5.25%	5.25%	4.55%
Salary growth rate	3.50%	3.00%	3.50%	3.00%
Pension growth rate	2.25%	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.

n.a. – Not available.

In the studies relating to CGD, for 2009 and 2008, the normal retirement age was considered to be 60 years of age.

The discount rate used in the actuarial calculations is based on the iboxx index of private debt bonds of the Eurozone with high credit quality ("AA") for maturities similar to those of the liabilities to be funded (around 19 years).

CGD Pensões calculates the return rate through the application of the annual expected rate of returns in the medium and long term for each class of assets, to the benchmark structure of the fund portfolio. These annual expected returns result from an estimate model of an international consulting company whose inputs are the recorded historical returns for each class of assets and the prospects of an international panel of financial analysts.

Following is a comparison between the actuarial and financial assumptions used to determine CGD's pension costs for 2009 and 2008 and the actual amounts:

	2009		2008	
	Assumption	Actual	Assumption	Actual
Yield of fund asset	5.25%	7.09%	5.25%	-6.97%
Salary growth rate	3.50%	4.33%	3.50%	3.69%
Pension growth rate	2.25%	1.56%	2.50%	2.65%

The Group's past service liability in accordance with the actuarial calculations and the funds and provisions available to cover them at 31 December 2009 and 2008 are as follows:

	2009				2008			
	CGD	Caixa Seguros e Saúde	Other	Total	CGD	Caixa Seguros e Saúde	Other	Total
Past service liability:								
Current employees	914 244	36 818	29 606	980 669	746 831	32 402	21 074	800 308
Retired and early retired employees	418 124	184 987	19 645	622 756	390 350	183 382	15 557	589 289
	1 332 368	221 806	49 251	1 603 425	1 137 181	215 785	36 631	1 389 597
Autonomous pension funds	1 332 368	153 155	675	1 486 197	1 137 181	145 822	667	1 283 670
Mathematical provisions	-	70 070	-	70 070	-	72 969	-	72 969
Provision for pensions and similar charges	-	-	54 486	54 486	-	-	39 305	39 305
	1 332 368	223 225	55 161	1 610 753	1 137 181	218 791	39 972	1 395 944
Difference	-	1 419	5 909	7 329	-	3 006	3 341	6 347
Funding level	100.00%	100.64%	112.00%	100.46%	100.00%	101.39%	109.12%	100.46%

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 2009 and 2008 was fully funded.

The future service liability for CGD's current employees at 31 December 2009 and 2008 totalled EUR 1 168 606 thousand and EUR 1 105 522 thousand, respectively.

At 31 December 2009 and 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 2009 and 2008 was as follows:

	2009		2008	
	CGD	Caixa Seguros e Saúde	CGD	Caixa Seguros e Saúde
Current employees	10 287	2 515	10 539	2 608
Retired and early retired employees	4 009	3 201	3 772	2 810
	14 296	5 716	14 311	5 418

The changes in the pension funds, mathematical provisions and provision for pensions and similar costs in 2009 and 2008 were as follows:

	CGD	Caixa Seguros e Saúde	Other	Total
Balances at 31 December 2007	1 106 441	231 406	38 728	1 403 501
Contributions paid				
Regular contributions				
By employees	27 053	-	174	27 227
By the entity	69 168	9 738	282	79 188
Extraordinary contributions	39 458	-	-	39 458
Change in provisions for pensions and similar charges	-	-	4 113	4 113
Change in mathematical provisions	-	(2 040)	(1 123)	(3 162)
Pensions paid	(25 447)	(15 239)	(43)	(40 729)
Net income of the pension fund	(79 493)	(3 518)	-	(83 011)
Other changes	-	(1 555)	(2 159)	(3 714)
Balances at 31 December 2008	1 137 181	218 791	39 972	1 422 870
Contributions paid				
Regular contributions				
By employees	27 124	-	178	27 302
By the entity	69 803	14 295	307	84 405
Extraordinary contributions	42 038	-	-	42 038
Change in provisions for pensions and similar charges	-	-	3 884	3 884
Change in mathematical provisions	-	(2 899)	-	(2 899)

...Continued

	CGD	Caixa Seguros e Saúde	Other	Total
Pensions paid	(27 482)	(15 902)	(1 168)	(44 552)
Net income of the pension fund	83 704	9 682	9	93 395
Other changes	-	(743)	11 978	11 235
Balances at 31 December 2009	1 332 368	223 225	55 161	1 637 679

The assets of both CGD and Caixa Seguros e Saúde pension funds at 31 December 2009 and 2008 can be analysed as follows:

PENSION FUNDS - CGD

	31.12.2009	31.12.2008
Shares	113 741	69 782
Other variable yield securities	267 409	203 950
Bonds	546 470	486 158
Property	271 730	251 289
Deposits at credit institutions	128 825	123 119
Other variable yield securities	4 193	2 883
Total	1 332 368	1 137 181

PENSION FUNDS - CAIXA SEGUROS E SAÚDE

	31.12.2009	31.12.2008
Shares	16 604	11 747
Other variable yield securities	4 921	9 832
Bonds	99 525	92 695
Property	15 705	15 705
Deposits at credit institutions	14 950	9 497
Other variable yield securities	1 448	3 647
Total	153 155	143 123

At 31 December 2009 and 2008 CGD's pension fund was managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, SA.

At 31 December 2009 and 2008 CGD's pension fund had property leased to Group companies in the amount of EUR 199 862 thousand and EUR 200 275 thousand, respectively. CGD's pension fund also has securities and trust funds units managed by Group companies in the amount of EUR 184 058 thousand and EUR 274 031 thousand, respectively.

The evolution of both liabilities and balance of CGD's pension fund as well as actuarial gains and losses of the present and last four years is as follows:

	31.12.2009		31.12.2008		31.12.2007		31.12.2006		31.12.2005	
	Retirement pensions	Medical Plan	Retirement pensions	Medical Plan	Retirement pensions	Medical Plan	Retirement pensions	Medical Plan	Retirement pensions	Medical Plan
Liabilities	1 332 368	460 025	1 137 181	427 832	1 106 429	443 888	955 302	419 195	824 576	399 585
Value of the fund	1 332 368	-	1 137 181	-	1 106 441	-	955 302	-	824 576	-
Provisions	-	460 025	-	427 832	-	443 888	-	419 195	-	399 585
Under (Over) financed liabilities	-	-	-	-	(12)	-	-	-	-	-
Gains / (Losses) resulting from liabilities	(64 890)	(19 720)	102 449	27 526	(33 422)	(14 543)	(19 322)	(9 377)	(89 256)	(76 356)
Gains / (Losses) resulting from the fund's assets	21 735	-	(140 187)	-	(4 222)	-	11 658	-	73 878	-

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 2009 and 2008 are as follows:

	CGD	Caixa Seguros e Saúde	Other	Total
Situation at 31 December 2007	12	6 901	4 487	11 400
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)	(8 729)	1 077	(8 899)
Changes with impact on profit or loss	(70 901)	(10 128)	912	(80 117)
Liability	102 449	8 657	449	111 554
Income	(140 186)	(10 633)	(36)	(150 855)
Actuarial gains and losses	(37 738)	(1 976)	413	(39 301)
Contributions made	108 626	9 738	282	118 646
Other	-	(1 527)	(2 753)	(4 281)
Situation at 31 December 2008	-	3 006	3 341	6 348
Current service cost	(65 681)	(1 244)	(1 325)	(68 249)
Interest cost	(64 519)	(7 753)	(2 675)	(74 947)
Expected return on plan assets	61 969	7 281	37	69 287
Normal cost for the year (Note 36)	(68 231)	(1 716)	(3 963)	(73 910)
Increase in liabilities due to early retirements (Note 36)	(455)	(7 382)	(701)	(8 538)
Changes with impact on profit or loss	(68 686)	(9 098)	(4 664)	(82 448)
Liability	(64 890)	(8 772)	(50)	(73 712)
Income	21 735	2 440	16 205	40 381
Actuarial gains and losses	(43 155)	(6 332)	16 155	(33 332)
Contributions made	111 841	14 295	307	126 443
Other	-	(452)	(9 230)	(9 683)
Situation at 31 December 2009	-	1 419	5 909	7 329

Actuarial gains and losses relating to CGD's liability in 2009 and 2008 were as follows:

	2009	2008
Change in the discount rate (from 5% to 5.75% in 2008) and from 5.75% to 5.5% in 2009)	(57 334)	157 315
Change in the salary growth rate (from 3% to 3.5%)	-	(34 473)
Change in pension growth rate (from 2% to 2.5%)	34 143	-
Adjustment of one year in the mortality rate for women (TV 88/90)	(15 426)	-
Adjustment of one year in the mortality rate for men (TV 88/90)	(19 163)	-
Other actuarial gains and losses	(7 110)	(20 393)
	(64 890)	102 449

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 2009 and 2008, in the amount of EUR 460 025 thousand and EUR 427 832 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 26 333 thousand and EUR 24 517 thousand respectively, at 31 December 2009 and 2008.

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 2009 and 2008 amounted to EUR 44 145 thousand and EUR 40 925 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 2009 and 2007, the corresponding liability amounted to EUR 1 982 thousand and EUR 2 059 thousand, respectively, recorded in the "Provisions" heading.

The France branch also pays long term benefits to its employees. The corresponding liability at 31 December 2009 and 2008 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 2009 and 2008 in respect of CGD, are as follows:

	Corridor		Above the corridor		Total
	Pensions	Healthcare	Pensions	Healthcare	(Note 19)
Balances at 31 December 2007	105 598	44 389	-	72 136	222 123
Actuarial gains and losses for the year	27 375	(1 606)	10 363	(25 920)	10 212
Amortisation (Note 36)	-	-	-	(4 684)	(4 684)
Balances at 31 December 2008	132 973	42 783	10 363	41 532	227 651
Actuarial gains and losses for the year	19 519	3 219	23 636	16 501	62 875
Amortisation (Note 36)	-	-	(694)	(2 634)	(3 328)
Balances at 31 December 2009	152 492	46 002	33 305	55 399	287 198

Actuarial gains and losses above the corridor are being amortised over a period of approximately 14.5 years up to the retirement of current employees.

PROVISIONS

The provisions for employee benefits at 31 December 2009 and 2008 are made up as follows:

	2009	2008
CGD		
Provision for post-employment healthcare	460 025	427 832
Provision for labour suspension agreements	3 699	5 042
Provision for death grant liability	1 982	2 059
France branch liability	1 500	1 500
	467 206	436 433
Provision for pension and other liabilities		
Banco Comercial do Atlântico, SA	52 929	38 268
Other	1 557	1 037
	54 486	39 305
Provision for post-employment healthcare		
Caixa Seguros e Saúde (Império Bonança)	26 333	24 517
Other	4 885	3 593
	31 218	28 110
Other	4 061	2 039
	556 971	505 886

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 2009 and 2008 are as follows (Note 23):

	2009	2008
Balance at the beginning of the year	505 886	531 625
Provisions recognised as a change to staff costs:		
Healthcare – CGD (Note 36)	32 416	30 948
Labour suspension agreements (Note 36)	(1 343)	(140)
Actuarial gain and loss on post-employment healthcare liability:	19 720	(27 526)
Other	15 712	996
	66 505	4 278
Net increase recorded by corresponding entry to "Provisions"	5 649	2 102
Utilisation:		
Payments to SAMS and CGD's Social Services	(20 020)	(19 478)
Other	(1 431)	(12 091)
Other	383	(550)
Balance at the end of the year	556 971	505 886

...Continued

38. OTHER ADMINISTRATIVE COSTS

This heading comprises the following:

	31.12.2009	31.12.2008
Specialised services		
Computer services	106 945	102 624
Cleaning	12 082	11 006
Studies and consultancy	9 968	11 464
Contracts and service fees	9 381	10 157
Safety and security	8 044	7 100
Information services	7 489	7 661
Other	215 780	183 839
Rent	81 688	80 450
Advertising and publications	52 994	68 329
Communications and postage	56 985	56 437
Maintenance and repairs	48 531	47 748
Water, energy and fuel	23 592	23 420
Travel, lodging and representation expenses	18 257	20 524
Transport of cash and other values	14 810	14 143
Standard forms and office supplies	10 250	10 844
Other	21 285	20 145
	698 080	675 890

In 2009, the value of charges relative to car leasing contracts signed up between CGD and Locarent rose to about EUR 4 740 thousand. The total future payments of car leasing contracts in force at 31 December 2009 is as follows:

Up to 1 year: EUR 4 099 thousand
One to 5 years: EUR 2 669 thousand

39. ASSET IMPAIRMENT

The changes in impairment in 2009 and 2008 were as follows:

	2009								
	Balance at 31.12.2008	Acquisition / (sale) of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2009	Credit recovery interest and expenses
Impairment of loans and advances to customers (Note 11.)	2 121 086	901	1 176 650	(719 237)	(166 955)	(5 440)	(1 781)	2 405 224	(40 567)
Impairment of loans and advances to credit institutions (Note 6.)	106 381	-	69 041	(15 189)	-	(2 218)	1 548	159 563	-
Impairment of available-for-sale financial assets (Note 8.)									
Equity instruments	650 234	-	136 265	-	(468 109)	(55)	(296)	318 040	
Debt instruments	52 666	-	26 618	(641)	(3 715)	(433)	(12 431)	62 064	
Other	4 924	-	50 005	-	-	-	-	54 929	
Impairment of other tangible assets (Note 14.)	19 172	-	2 822	(2 745)	(489)	-	-	18 760	-
Impairment of intangible assets (Note 15.)	957	-	-	(10)	-	-	10	957	
Impairment of non-current assets held for sale									
Property and equipment (Note 12.)	37 777	-	34 420	(11 992)	(367)	(13)	-	59 825	
Impairment of other assets (Note 19.)	180 251	1 857	17 264	(46 739)	(3 652)	(77)	(4 473)	144 429	
Impairment in associates	-	-	161	-	-	-	-	161	
	1 052 363	1 857	336 596	(77 316)	(476 333)	(2 796)	(15 643)	818 728	-
	3 173 449	2 757	1 513 247	(796 553)	(643 288)	(8 236)	(17 424)	3 223 952	(40 567)

	2008								
	Balance at 31.12.2007	Acquisition / (sale) of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2008	Credit recovery 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	32 184	-	14 364	(8 528)	(691)	(1)	449	37 777	
Impairment of other assets (Note 19.)	174 202	27	46 387	(13 258)	(1 403)	(46)	(25 658)	180 251	
	448 747	984	851 939	(77 846)	(173 265)	4 167	(2 363)	1 052 363	-
	2 177 596	1 070	1 903 908	(629 116)	(281 400)	5 687	(4 295)	3 173 449	(53 144)

40. SEGMENT REPORTING

In compliance with IFRS 8 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;

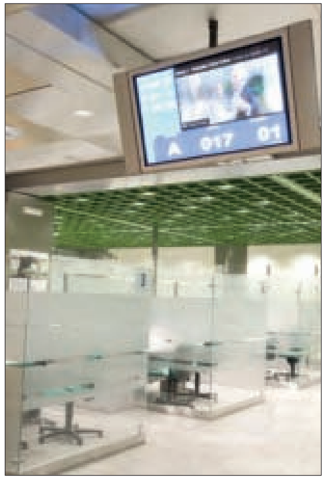
RETAIL BANKING: comprises banking operations with individuals, businessmen and micro-companies. This segment also includes consumer finance, mortgage lending, credit cards and deposits taken from private customers;

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;

ASSET 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 2009 and 2008, distributed by business segment and geographic market, are as follows:



BUSINESS SEGMENT

	2009								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Insurance (life)	Non-life insurance	Other	Total
Net interest income	1 751	978 449	428 517	10 197	129 528	(20 322)	2 135	2 687	1 532 943
Income from equity instruments	18 084	450	79 969	987	2 524	1 101	5 286	1	108 402
Income from services rendered and commissions	27 941	142 572	105 673	34 960	73 677	1 987	-	205 654	592 463
Cost of services and commissions	(9 622)	(19 781)	(4 493)	(2 289)	(28 832)	(415)	(845)	(78 418)	(144 695)
Results from financial operations	199 042	16 529	7 119	(32 425)	3 359	12 405	1 944	(8 476)	199 497
Other net operating income	2 432	11 842	44 917	(180)	7 669	(32)	(10 586)	163 520	219 582
Premiums net of reinsurance	-					691 425	1 082 743	-	1 774 167
Results of investments relating to insurance contracts	-				-	162 746	87 379	-	250 125
Claims costs net of reinsurance	-					(686 742)	(739 064)	-	(1 425 806)
Commissions and other income and costs relating to insurance contracts	-				-	(446)	(106 800)	-	(107 245)
Net operating income from banking and insurance operations	**239 628**	**1 130 060**	**661 703**	**11 249**	**187 926**	**161 707**	**322 192**	**284 968**	**2 999 432**
Other costs and income								-	(2 720 532)
Net income attributable to the shareholder of CGD					-			-	**278 899**
Cash balances and loans and advances to credit institutions (net)	10 256 078	1 044 151	55 212	4 147	4	44 004	34 710	79 370	11 517 677
Investments in securities and derivatives (net)	13 993 089	80 840	129 073	347 644	406 885	8 875 275	2 019 602	255 908	26 108 317
Loans and advances to customers (net)	1 368 887	39 903 470	35 460 952	61 332	1 099 629	2 662	3 181	(678 105)	77 222 008
Technical provision for outwards reinsurance	-	-	-	-	-	24 371	234 008	-	258 379
Total net assets	25 618 055	41 028 461	35 645 237	413 124	1 506 518	8 946 313	2 291 501	5 535 634	120 984 842
Resources of central banks and credit institutions	6 261 645	57 475	141 514	636	10 647	-	-	6 716	6 478 633
Customer resources	1 580 827	46 389 406	10 322 932	26 767	5 907	5 919 676	-	10 171	64 255 685
Debt securities	24 601 282	581 041	-	-	-	-	-	-	25 182 323
Technical provision for insurance contracts	-	-	-	-	-	4 118 696	2 320 529	-	6 439 225
Liability to subscribers of unit-linked products	-	-	-	-	-	867 967	-	-	867 967

	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

GEOGRAPHIC MARKETS

	2009								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Interest and similar income	7 103 874	853 844	74 347	35 772	5 761	109 836	162 165	(3 028 569)	5 317 030
Interest and similar costs	(5 991 800)	(606 382)	(70 870)	(17 556)	(4 243)	(61 917)	(71 129)	3 039 810	(3 784 087)
Income from equity instruments	268 586	18 230	-	-	-	409	2 787	(181 610)	108 402
Income from services rendered and commissions	543 884	60 053	387	4 269	1 925	24 343	34 608	(77 006)	592 463
Cost of services and commissions	(144 828)	(15 600)	(18)	(79)	(52)	(11 717)	(10 439)	38 038	(144 695)
Results from financial operations	172 991	(3 450)	3 600	239	5 234	1 758	31 342	(12 217)	199 497
Other net operating income	356 397	(2 015)	(76)	(550)	(134)	4 413	4 162	(142 615)	219 582
Premiums net of reinsurance	1 770 597	-	-	-	-	-	3 571	(1)	1 774 167
Results of investments relating to insurance contracts	263 558	-	-	-	-	-	-	(13 433)	250 125
Claims cost net of reinsurance	(1 425 371)	-	-	-	-	-	(436)	1	(1 425 806)
Commissions and other income and cost relating to insurance contracts	(140 485)	-	-	-	-	-	657	32 583	(107 245)
Net income from banking and insurance operations	**2 777 403**	**304 680**	**7 370**	**22 095**	**8 491**	**67 125**	**157 288**	**(345 019)**	**2 999 432**
Other costs and income									(2 720 532)
Net income attributable to the shareholder of CGD									**278 899**
Cash balances and loans and advances to credit institutions (net)	22 881 353	14 784 152	987 284	2 112 912	13 285	2 880 488	467 596	(32 609 393)	11 517 677
Investments in securities and derivatives (net)	27 895 569	1 863 513	1 193 626	444 671	43 532	69 044	232 955	(5 634 593)	26 108 317
Loans and advances to customers (net)	63 954 050	9 138 290	1 011 552	766 229	37 693	1 081 028	1 364 811	(131 645)	77 222 008
Technical provision for outwards reinsurance	255 146	-	-	-	-	-	3 233	-	258 379
Total net assets	126 267 607	26 056 372	3 195 869	3 326 836	106 583	4 290 152	2 281 761	(44 540 338)	120 984 842
Resources of central banks and credit institutions	22 507 668	10 751 384	999 681	1 892 476	5 647	732 519	159 665	(30 570 407)	6 478 633
Customer resources	55 590 001	4 825 187	1 054 521	312 420	28 450	3 046 713	1 636 474	(2 238 081)	64 255 685
Liability to subscribers of unit-linked products	867 967	-	-	-	-	-	-	-	867 967
Debt securities	19 493 005	7 058 998	1 057 946	1 163 012	-	-	4 661	(3 595 299)	25 182 323
Technical provision for insurance contracts	6 430 032	-	-	-	-	-	9 193	-	6 439 225

	2008								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Interest and similar income	10 234 522	1 644 956	191 605	89 239	-	171 951	154 697	(5 161 431)	7 325 539
Interest and similar costs	(8 564 829)	(1 439 357)	(169 404)	(72 482)	-	(122 546)	(64 891)	5 189 128	(5 244 381)
Income from equity instruments	208 495	21 916	-	-	-	137	3 411	(113 707)	120 252
Income from services rendered and commissions	494 401	61 225	1 047	2 976	-	18 215	34 227	(79 401)	532 690
Cost of services and commissions	(120 211)	(17 564)	(142)	(59)	-	(8 746)	(8 500)	41 313	(113 909)
Results from financial operations	195 477	(11 880)	(3 117)	(232)	2 023	23 159	15 701	25 428	246 559
Other net operating income	416 252	(3 618)	(1 089)	(457)	228	6 714	5 158	(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)	20 763 089	17 615 097	1 223 508	954 973	34	2 706 928	498 164	(35 694 351)	8 067 442
Investments in securities and derivatives (net)	23 555 995	1 555 653	671 322	251 589	40 383	59 201	275 368	(4 886 423)	21 523 088
Loans and advances to customers (net)	62 555 979	9 119 872	973 405	680 299	-	1 160 189	970 288	(148 821)	75 311 211
Technical provision for outwards reinsurance	237 549	-	-	-	-	-	2 639	-	240 188
Total net assets	117 640 419	28 592 368	2 917 973	1 892 664	44 330	4 200 770	1 918 241	(46 146 683)	111 060 082
Resources of central banks and credit institutions	25 404 058	12 556 068	1 184 332	1 682 347	-	288 959	76 601	(34 240 516)	6 951 849
Customer resources	51 659 771	3 905 825	1 264 354	50 740	-	3 384 005	1 454 577	(1 591 516)	60 127 756
Liability to subscribers of unit-linked products	620 486	-	-	-	-	-	-	-	620 486
Debt securities	13 958 697	8 261 468	423 474	215 867	-	-	4 661	(2 935 070)	19 929 097
Technical provision for insurance contracts	7 184 019	-	-	-	-	-	8 331	-	7 192 350

The column "Other" includes the balances between Group companies reversed in consolidation.

During 2009 and 2008, the Group's contribution for results by business sector, according to the internal management criteria is brokendown as follows:

	2009					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	5 452 374	1 241 725	257 084	354 788	(1 988 941)	5 317 030
Interest and similar costs	(4 509 348)	(832 098)	(220 058)	(307 158)	2 084 575	(3 784 087)
Income from equity instruments	214 428	21 426	21 091	10 532	(159 075)	108 402
Net interest income including income from equity investments	1 157 455	431 053	58 117	58 163	(63 442)	1 641 345
Income from services rendered and commissions	409 404	125 585	94 427	1 987	(38 940)	592 463
Cost of services and commissions	(78 122)	(37 907)	(36 420)	(8 477)	16 230	(144 695)
Results from financial operations	180 670	38 722	30 028	(9 923)	(40 000)	199 497
Other net operating income	77 422	5 800	2 388	112 009	22 010	219 629
Non-interest income	589 374	132 199	90 423	95 597	(40 700)	866 893
Premiums net of reinsurance	-	3 571	-	1 770 597	-	1 774 167
Results of investments relating to insurance contracts	-	-	-	263 558	(13 434)	250 125
Claims cost net of reinsurance	-	(436)	-	(1 425 371)	-	(1 425 806)
Commissions and other income and cost relating to insurance contracts	-	657	-	(140 485)	32 577	(107 250)
Technical margin on insurance operations	-	3 792	-	468 299	19 144	491 235
NET INCOME FROM BANKING AND INSURANCE OPERATIONS	1 746 829	567 045	148 540	622 059	(84 999)	2 999 474
Other costs and income	(1 604 145)	(493 180)	(99 875)	(612 709)	89 335	(2 720 574)
Net income attributable to the shareholder of CGD	142 684	73 864	48 665	9 350	4 337	278 899

	2008					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	8 028 557	2 252 448	294 468	235 850	(3 485 784)	7 325 539
Interest and similar costs	(6 525 530)	(1 868 680)	(269 440)	(185 967)	3 605 235	(5 244 381)
Income from equity instruments	171 310	25 464	12 784	14 738	(104 045)	120 252
Net interest income including income from equity investments	1 674 337	409 232	37 811	64 622	15 407	2 201 410
Income from services rendered and commissions	375 480	117 691	67 229	2 955	(30 664)	532 690
Cost of services and commissions	(76 755)	(35 012)	(9 592)	(7 216)	14 666	(113 909)
Results from financial operations	249 844	25 655	(33 365)	(13 943)	18 368	246 559
Other net operating income	244 812	6 936	9 171	47 619	(129 074)	179 464
Non-interest income	793 380	115 270	33 442	29 414	(126 704)	844 803
Premiums net of reinsurance	-	3 578	-	2 210 127	-	2 213 705
Results of investments relating to insurance contracts	-	-	-	250 917	(23 825)	227 092
Claims cost net of reinsurance	-	(1 916)	-	(1 803 666)	-	(1 805 582)
Commissions and other income and cost relating to insurance contracts	-	1 392	-	(149 655)	28 004	(120 259)
Non-interest income	-	3 054	-	507 723	4 179	514 957
NET INCOME FROM BANKING AND INSURANCE OPERATIONS	2 467 718	527 557	71 254	601 760	(107 118)	3 561 170
Other costs and income	(2 156 731)	(439 678)	(65 038)	(589 412)	148 714	(3 102 146)
Net income attributable to the shareholder of CGD	310 986	87 879	6 215	12 347	41 596	459 023

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 2009 and 2008 include the following balances and transactions with related parties, excluding management boards:

	2009			2008		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:						
Loans and Advances to Credit Institutions	-	4 195 000	-	-	-	-
Bonds and trading derivatives	899 874	40 475	4 005	736 760	-	27 032
Loans and advances to customers	65 083	538 025	679 673	41 243	31 578	740 332
Provisions for loans / Impairment	-	-	2 583	-	7	8 190
Other assets	25 146	8 940	32 341	21 152	18 581	232 408
Liabilities:						
Customer resources	3 077	1 769 215	38 041	147 825	1 072 780	27 805
Other liabilities	309	1 559	2 840	918	-	2 094
Guarantees given	-	3 212	15 393	-	1 634	9 373
Income:						
Interest and similar income	18 108	47 521	168 634	23 009	1 176	34 621
Gains from financial operations	28 149	397	1 463	37 146	-	5 583
Income from services rendered and commissions	3	6 542	372	-	187	202
Insurance premiums	-	-	191	-	-	5 523
Other operating income	0	1 424	6 246	-	-	477
Costs:						
Interest and similar costs	0	14 726	1 933	83	4 424	7 101
Losses from financial operations	15 781	-	861	19 615	-	2 220
Commissions	-	2 335	26	-	-	52
Other operating costs	2	820	3 481	4	-	5 876

Transactions with related parties are generally made based on market values on the respective dates.

At 31 December 2009 and 2008 the column "Other Portuguese State entities" does not include balances with Local Government.

During 2009 and 2008 CGD sold to Parpública equity participations held in REN as specified in greater detail in Notes 3, 8 and 16. As a result of these operations, a capital gain of EUR 24 833 thousand and EUR 83 498 thousand was recognised. Also in 2008, CGD sold to Parpública equity participations in CLF and AdP. As a result of these operations a global capital gain of EUR 72 401 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 2009 costs incurred with remuneration and other benefits of the Boards of Directors of Caixa and Group companies amounted to EUR 19 391 thousand (EUR 19 058 thousand in 2008).

Loans granted to members of the Boards of Directors at 31 December 2009 and 2008 totalled EUR 980 thousand and EUR 712 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.

MARKET RISK

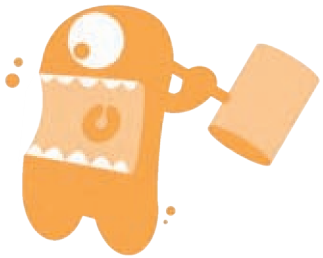
The CGD Group's market risk management rules established for each portfolio or business unit include market risk limits, and exposure limits regarding credit risk, market and liquidity risk, required level of return, types of instruments authorised and maximum loss levels allowed.

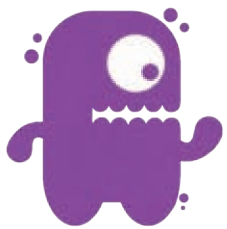
Trading functions and risk control functions are completely segregated.

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 AND INTEREST RATE 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 one 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.

Liquidity stress tests were also made in accordance with different methodologies, articulated with a contingency plan in order to determine the funding perspectives at any moment, the strenghtening of the resilience capacity of the institution to meet adverse obstacles and the study of alternatives in terms of funding.

The interest rate 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 guidelines 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 guidelines 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 Group's operations as required under IFRS 7.

CREDIT RISK

MAXIMUM EXPOSURE TO CREDIT RISK

At 31 December 2009 and 2008, the Group's maximum exposure to credit risk is broken down as follows:

	2009	2008
Trading securities		
Public debt	1 371 137	925 638
Private debt	1 328 573	466 493
	2 699 710	1 392 131
Financial assets at fair value as against results		
Public debt	25 523	29 980
Private debt	166 163	308 362
	191 686	338 342
Assets held for sale		
Public debt	3 142 640	3 501 920
Private debt	11 132 668	8 470 876
	14 275 308	11 972 796
	17 166 704	13 703 269
Derivatives	2 374 273	2 503 937
Loans and advances to credit institutions	8 353 214	5 554 828
Loans and advances to customers	77 241 139	75 370 606
Other debtors	1 650 781	1 683 361
Other operations pending settlement	269 702	479 148
	89 889 110	85 591 880
Other commitments		
Personal/institutional guarantees given		
Guarantees and sureties	3 970 211	3 819 610
Stand-by letters of credit	51 682	80 500
Open documentary credits	162 233	171 479
Other personal guarantees and other contingent liabilities	5 531	5 745
Forward deposits agreements	62 253	410 733
Irrevocable lines of credit	3 038 369	2 703 038
Other irrevocable commitments	1 922 500	1 946 877
Credit Default Swaps	1 014 670	695 862
	10 227 449	9 833 844
Maximum exposure to credit risk	117 283 263	109 128 993

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 2009 and 2008 considering the rating fixed in accordance with the internal assessment model developed by Caixa for financial institutions or similar, and by country and counterparty:

	2009						
	Portugal	European Union	North America	Brazil	Asia	Other	Total
AA- to AA+	-	639 864	-	-	38 715	35 523	714 102
A- to A+	590	612 581	101 460	-	29 261	6 659	750 551
Lower than A-	5 242 441	717 199	19 240	95 095	65 117	87 945	6 227 038
No Rating	222 788	23 624	3	694	-	33 074	280 183
Central and Supranational banks	-	-	-	-	44 468	336 871	381 339
	5 465 820	1 993 268	120 703	95 790	177 561	500 073	8 353 214

	2008						
	Portugal	European Union	North America	Brazil	Asia	Other	Total
AA- to AA+	-	1 359 623	16 689	-	5 055	95 125	1 476 491
A- to A+	551 043	621 798	96 499	-	570	37 193	1 307 104
Lower than A-	1 885 154	263 759	31 373	32 127	228 256	135 077	2 575 746
No Rating	94 100	1 207	-	-	6 997	7 126	109 430
Central and Supranational banks	-	-	-	-	-	86 057	86 057
	2 530 297	2 246 386	144 560	32 127	240 879	360 578	5 554 828

Under the Basel Programme II – Scoring and Rating Models Project, a rating model for the financial institutions segment was developed. This model allows the achievement of the Expected Default Frequency calculated for a one year horizon. This is a statistical model which uses financial, geographical framework information and main business activity of each rated financial institution.

The model's rating scale ranges from AAA (best risk rating corresponding to a lower probability of default) and CCC (worst risk rating corresponding to a bigger PD).

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 2009 and 2008 by the Standard & Poor's rating or similar, by guarantee or issuer and by their respective geographical region:

	2009				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets held for trade					
AAA	71 395	951 347	27 330	-	1 050 073
AA- to AA+	4 331	327 775	2 910	-	335 016
A- to A+	926 052	134 297	5 304	10 831	1 076 484
Lower than A-	2 465	187 715	-	43 913	234 093
No Rating	-	-	-	4 045	4 045
	1 004 243	1 601 135	35 544	58 789	2 699 710
Issued by:					
Corporates	1 041	44 531	2 910	5 851	54 333
Government and local authorities	676 940	663 750	-	30 447	1 371 137
Financial institutions	183 855	887 620	32 634	18 447	1 122 557
Other issuers	142 406	5 232	-	4 045	151 683
	1 004 243	1 601 134	35 544	58 790	2 699 710
Financial assets at fair value through profit or loss (Fair Value Option)					
AAA					-
AA- to AA+	4 182	3 479	-	-	7 661
A- to A+	21 059	46 269	-	-	67 328
Lower than A-	377	10 173	-	18 524	29 074
No Rating	35 238	42 893	-	9 492	87 623
	60 856	102 814	-	28 016	191 686
Issued by:					
Corporates	27 226	-	-	-	27 226
Government and local authorities	-	-	-	25 522	25 522
Financial institutions	-	29 649	-	2 494	32 143
Other issuers	33 630	73 165	-	-	106 795
	60 856	102 814	-	28 016	191 686

...Continued

	2009				
	Portugal	Rest of European Union	North America	Other	Total
Available-for-sale financial assets (net of impairment)					
AAA	544 129	1 915 824	138 959	11 684	2 610 596
AA- to AA+	43 350	2 354 401	154 580	315 806	2 868 137
A- to A+	966 219	4 617 545	393 114	183 405	6 160 283
Lower than A-	46 646	1 471 433	66 033	205 493	1 789 605
No Rating	531 948	162 450	1 466	150 824	846 688
	2 132 293	10 521 652	754 152	867 212	14 275 308
Issued by:					
Corporates	831 572	975 838	103 706	44 423	1 955 539
Government and local authorities	211 555	2 184 776	100 022	222 013	2 718 366
Financial institutions	1 012 687	7 264 745	517 557	594 752	9 389 741
Other issuers	76 479	96 293	32 867	6 023	211 663
	2 132 293	10 521 652	754 152	867 211	14 275 308

	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

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	2008				
	Portugal	Rest of European Union	North America	Other	Total
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	7 049 033
Other issuers	16 331	10 712	-	99 771	126 814
	865 338	9 281 036	600 880	1 225 542	11 972 796

EXPOSURE TO CREDIT RISK AFFECTED BY THE FINANCIAL TURMOIL

On 31 December 2009 and 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 that characterised the financial markets during the year, and comprise the following:

				31.12.2009			31.12.2008		
Type	Rating	Seniority level of the tranche held	Geographical area of the issuer	Book value (net of impairment)	Accumulated impairment	Fair value reserve	Book value (net of impairment)	Accumulated impairment	Fair value reserve
Available-for-sale financial assets									
Commercial mortgage-backed securities									
	AAA	Senior	European Union	15 427	-	(4 019)	14 939	-	(336)
	AA- to AA+	Senior	European Union	20 543	-	(6 407)	19 252	-	(479)
	Lower than A-	Senior	European Union	3 451	-	(718)	4 013	-	(227)
	Lower than A-	Mezzanine	European Union	18 590	-	(2 498)	16 177	-	(4 132)
				58 012	-	(13 642)	54 381	-	(5 174)
Residential mortgage-backed securities									
	AAA	Senior	European Union	135 832	-	(4 450)	168 605	-	(7 670)
	AAA	Senior	North America	3 280	-	(1)	5 238	-	(6)
	AAA	Senior	Other	2 964	-	84	13 291	-	615
	AA- to AA+	Senior	European Union	4 582	-	(2 212)	5 489	-	(2 824)
	AA- to AA+	Mezzanine	European Union	38 236	-	(4 732)	30 388	-	(5 815)
	A- to A+	Mezzanine	European Union	17 087	-	(8 764)	14 787	-	(3 131)
	Lower than A-	Mezzanine	European Union	28 123	-	(23 251)	35 292	-	(13 970)
	CCC	Mezzanine	North America	151	(8 527)	-	783	(8 199)	-
				230 254	(8 527)	(43 326)	273 873	(8 199)	(32 801)
Asset-backed securities									
	AAA	Senior	North America	-	-	-	3 415	-	(181)
	AAA	Senior	European Union	2 733	-	(9)	3 719	-	(89)
	AA- to AA+	Senior	North America	3 475	-	3	2 407	-	(1 189)
	AA- to AA+	Mezzanine	European Union	1 568	-	(295)	-	-	-
	Lower than A-	Mezzanine	European Union	285	-	(128)	385	-	(31)
				8 061	-	(430)	9 926	-	(1 490)

Type	Rating	Seniority level of the tranche held	Geographical area of the issuer	31.12.2009 Book value (net of impairment)	31.12.2009 Accumulated impairment	31.12.2009 Fair value reserve	31.12.2008 Book value (net of impairment)	31.12.2008 Accumulated impairment	31.12.2008 Fair value reserve
Collateralized loan obligations									
	AAA	Senior	European Union	21 213	-	(2 102)	11 638	-	(1 860)
	AAA	Senior	Other	11 684	-	(1 663)	15 120	-	(644)
	AA- to AA+	Senior	Other	18 556	-	(1 755)	16 359	-	(6 777)
	AA- to AA+	Senior	European Union	5 231	-	(698)	-	-	-
	AA- to AA+	Mezzanine	European Union	7 623	-	(4 295)	234	-	(73)
	A- to A+	Mezzanine	European Union	13 495	-	(10 710)	5 270	-	(619)
	Lower than A-	Mezzanine	European Union	34 834	-	(19 326)	23 589	-	(21 452)
	CCC	Mezzanine	European Union	2 333	-	(3 995)	2 624	-	(3 750)
				114 969	-	(44 545)	74 834	-	(35 174)
Collateralized debt obligations									
	Lower than A-	Other	European Union	2 676	-	(4 113)	-	-	-
	C	Other	North America	-	(2 500)	-	-	-	-
	CCC	Other	North America	198	(6 063)	-	-	-	-
				2 874	(8 563)	(4 113)	-	-	-
Other financial instruments									
	A- to A+	Other	European Union	9 320	-	(10 372)	10 998	-	(8 458)
	C	Senior	Other	120	(3 870)	-	-	-	-
	No rating	Senior	European Union	11 700	(26 706)	-	16 042	(28 471)	-
	No rating	Mezzanine	North America	1 045	(3 814)	-	1 308	(3 722)	-
	n.a.	Funds	European Union	79 583	(10 537)	(11 558)	48 645	-	(41 198)
				101 767	(44 928)	(21 930)	76 992	(32 194)	(49 656)
				515 936	(62 017)	(127 985)	490 007	(40 393)	(124 296)
Financial assets at fair value through profit or loss									
Other financial instruments	AA- to AA+	Senior	European Union	42 893	-	-	51 983	-	-
				558 829	(62 017)	(127 985)	541 991	(40 393)	(124 296)

n.a. – Not available.

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 2009 and 2008, the changes in these securities were as follows:

Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Net book value at 31.12.2008	2009						Net book value at 31.12.2009
							Impact in results for the year				
					Amortisations	Acquisitions	Capital gains / (losses) recognised against results	Impairment for the year	Change in the fair value reserve	Acquisition (sale) of subsidiaries	
Available-for-sale financial assets											
Commercial mortgage-backed securities											
	AAA	Senior	European Union	14 939	(294)	-	(241)	-	(3 061)	4 085	15 427
	AA- to AA+	Senior	European Union	19 252	(274)	-	(143)	-	(4 161)	5 868	20 543
	Lower than A-	Senior	European Union	4 013	(54)	-	(18)	-	(490)	-	3 451
	Lower than A-	Mezzanine	European Union	16 177	(289)	-	1 069	-	1 633	-	18 590
Residential mortgage-backed securities											
	AAA	Senior	European Union	168 605	(35 498)	-	(2 404)	-	3 427	1 703	135 832
	AAA	Senior	North America	5 238	(1 775)	-	(188)	-	5	-	3 280
	AAA	Senior	Other	13 291	(9 956)	-	161	-	(531)	-	2 964
	AA- to AA+	Senior	European Union	5 489	(1 309)	-	(210)	-	612	-	4 582
	AA- to AA+	Mezzanine	European Union	30 388	(1 439)	-	(304)	-	1 965	7 625	38 236
	A- to A+	Mezzanine	European Union	14 787	(5 623)	-	36	-	379	7 507	17 087
	Lower than A-	Mezzanine	European Union	35 292	(16 845)	-	847	-	1 750	7 078	28 123
	CCC	Mezzanine	North America	783	-	-	(5)	(627)	-	-	151
Asset-backed securities											
	AAA	Senior	North America	3 415	(3 596)	-	-	-	181	-	(0)
	AAA	Senior	European Union	3 719	(3 169)	1 987	(30)	-	86	139	2 733
	AA- to AA+	Senior	North America	2 407	-	-	(124)	-	1 192	-	3 475
	AA- to AA+	Mezzanine	European Union	-	-	-	-	-	-	1 568	1 568
	Lower than A-	Mezzanine	European Union	385	-	-	(4)	-	(97)	-	285

...Continued

Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Net book value at 31.12.2008	2009 Amortisations	Acquisitions	Impact in results for the year Capital gains / (losses) recognised against results	Impairment for the year	Change in the fair value reserve	Acquisition (sale) of subsidiaries	Net book value at 31.12.2009
Collateralized loan obligations											
	AAA	Senior	European Union	11 638	(2 334)	-	339	-	1 251	10 319	21 213
	AAA	Senior	Other	15 120	(1 565)	-	(852)	-	(1 019)	-	11 684
	AA- to AA+	Senior	Other	16 359	-	-	(2 825)	-	5 022	-	18 556
	AA- to AA+	Senior	European Union	-						5 231	5 231
	AA- to AA+	Mezzanine	European Union	234	-	-	(3)	-	(51)	7 444	7 623
	A- to A+	Mezzanine	European Union	5 270	-	-	46	-	(2 427)	10 605	13 495
	Lower than A-	Mezzanine	European Union	23 589	-	-	(107)	-	7 104	4 248	34 834
	CCC	Mezzanine	European Union	2 624	-	-	(46)	-	(246)	-	2 333
Collateralized debt obligations											
	Lower than A-	Other	European Union	-	-	-	-	-	-	2 676	2 676
	C	Other	North America	-	-	-	-	-	-	-	-
	CCC	Other	North America	-	-	-	-	-	-	198	198
Other financial instruments											
	A- to A+	Other	European Union	10 998	-	-	236	-	(1 913)	-	9 320
	C	Senior	Other	-					-	120	120
	No rating	Senior	European Union	16 042	(1 140)	-	(1 252)	(1 950)	-	-	11 700
	No rating	Mezzanine	North America	1 308	-	-	(37)	(226)	-	-	1 045
	n.a.	Funds	European Union	48 645	-	10 399	1 436	(10 537)	29 640	-	79 583
				490 007	(85 159)	12 386	(4 622)	(13 340)	40 251	76 413	515 936
Financial assets at fair value through profit or loss											
Other financial instruments	AA- to AA+	Senior	European Union	51 983	(5 384)	715	(4 421)	-	-	-	42 893
				541 991	(90 543)	13 101	(9 043)	(13 340)	40 251	76 413	558 829

(a) Securities presentation in accordance with ratings available on 31.12.2009.
n.a. – Not available.

Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	2008 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
Residential mortgage-backed securities										
	AAA	Senior	European Union	155 332	(11 465)	51 995	(11 274)	-	(10 494)	174 094
	AAA	Senior	North America	5 015	-	-	229	-	(6)	5 238
	AAA	Senior	Other	-	-	13 571	(895)	-	615	13 291
	AA- to AA+	Mezzanine	European Union	28 398	-	4 554	(2 044)	-	(5 235)	25 673
	A- to A+	Mezzanine	European Union	25 212	-	-	(1 999)	-	(3 711)	19 502
	Lower than A-	Mezzanine	European Union	56 262	-	-	(7 000)	-	(13 970)	35 292
	Lower than A-	Mezzanine	North America	4 479	-	-	4 504	(8 199)	-	783
Asset-backed securities										
	AAA	Senior	European Union	9 368	(5 570)	-	11	-	(89)	3 719
	A- to A+	Senior	North America	6 840	-	-	352	-	(1 370)	5 822
	Lower than A-	Mezzanine	European Union	403	-	-	13	-	(31)	385
Collateralized loan obligations										
	AAA	Senior	European Union	22 612	(9 293)	-	179	-	(1 860)	11 638
	AAA	Senior	Other	34 466	-	-	4 434	-	(7 421)	31 479
	AA- to AA+	Mezzanine	European Union	294	-	-	(41)	-	(20)	234
	A- to A+	Mezzanine	European Union	13 168	-	-	(949)	-	(1 025)	11 193
	Lower than A-	Mezzanine	European Union	49 767	-	-	(4 682)	-	(24 795)	20 290
Other financial instruments										
	AA- to AA+	Other	European Union	21 739	-	-	(2 283)	-	(8 458)	10 998
	A- to A+	Mezzanine	North America	4 287	-	-	743	(3 722)	-	1 308
	CCC	Senior	European Union	29 561	-	13 982	1 503	(28 471)	(532)	16 042
	n.a.	Funds	European Union	47 646	-	45 144	(3 824)	-	(40 321)	48 645
				582 447	**(26 329)**	**129 246**	**(31 064)**	**(40 393)**	**(123 898)**	**490 007**
Financial assets at fair value through profit or loss										
Other financial instruments	Lower than A-	Senior	European Union	40 212	-	26 038	(14 267)	-	-	51 983
				622 658	**(26 329)**	**155 284**	**(45 330)**	**(40 393)**	**(123 898)**	**541 991**

(a) Securities presentation in accordance with ratings available on 31.12.2008.
n.a. – Not available.

The "Capital gains / (losses) recognised against results" heading includes accrued interest and the result of foreign exchange revaluation.

In 2009, the acquisition (sale) of subsidiaries refer to the inclusion of Fundo de Investimento Mobiliário Aberto Caixagest Renda Mensal (open ended property fund).

QUALITY OF LOANS AND ADVANCES TO CUSTOMERS

The amount of gross loans and advances to customers at 31 December 2009 and 2008 comprises the following:

	2009						
	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	9 983 851	404 266	201 617	-	1 168 591	11 758 325	
Overdue	11 717	51 795	524 275	-	43 921	631 708	
Individual analysis							
Due for payment	23 278 907	291 890	97 593	3 141 865	187 631	26 997 887	
Overdue	37 785	1 092	30 253	522 986	13 480	605 596	
	33 312 260	749 044	853 737	3 664 852	1 413 623	39 993 516	3 204 260
Mortgage loans							
Due for payment	33 405 547	907 336	1 192 092	2 734	319 849	35 827 558	
Overdue	2 797	39 757	834 755	197	20 432	897 938	
	33 408 343	947 093	2 026 847	2 931	340 281	36 725 495	2 380 370
Consumer loans							
Due for payment	1 349 842	89 176	28 303	-	153 580	1 620 901	
Overdue	100	2 991	34 936	-	5 335	43 362	
	1 349 942	92 167	63 239	-	158 915	1 664 263	88 215
Other loans							
Due for payment	603 245	22 128	2 635	-	221 041	849 050	
Overdue	1 733	52 004	30 917	-	19 981	104 636	
	604 979	74 132	33 551	-	241 023	953 685	2 294
Total loans due for payment	68 621 393	1 714 797	1 522 239	3 144 600	2 050 693	77 053 721	
Total overdue loans	54 132	147 640	1 455 135	523 183	103 149	2 283 239	
Total loans	68 675 525	1 862 436	2 977 374	3 667 783	2 153 841	79 336 959	

	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	

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 2009 and 2008 comprise the following:

2009				
Live credit	Overdue loans	Total	Attributed impairment – collective analysis	Fair value of collateral
370 694	21 643	392 337	(9 268)	145 417

2008				
Live credit	Overdue loans	Total	Attributed impairment – collective analysis	Fair value of collateral
512 956	83 196	596 151	(9 301)	340 707

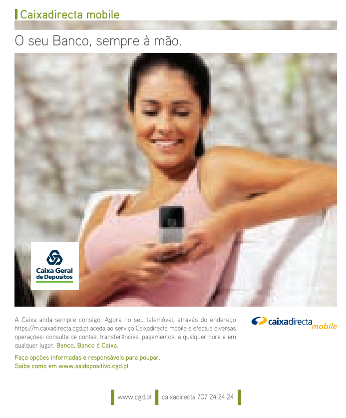
Book value at 31 December 2009 and 2008 was EUR 873 635 thousand and EUR 572 792 thousand, respectively, net of impairment pertaining to:

• 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 period.

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 2009 and 2008 are as follows:

	2009									
	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	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1 926 870	-	-	-	-	-	-	-	-	1 926 870
Cash balances at other credit institutions	1 235 054	-	-	-	-	-	-	-	-	1 235 054
Loans and advances to credit institutions	4 136 229	2 701 689	281 815	1 105 203	181 075	36 453	-	-	(22 362)	8 420 102
Securities										
Trading	255 957	158 976	204 153	206 989	927 854	629 228	629 583	39 980	2 376 090	5 428 811
Other	466 059	574 358	896 985	1 293 896	5 468 830	3 984 777	2 189 180	2 031 719	5 406 989	22 312 793
Investments associated to unit-linked products	-	-	-	-	-	-	-	-	867 967	867 967
Loans and advances to customers (gross)	4 790 166	4 469 780	5 767 784	5 187 941	18 020 345	11 916 084	16 833 427	22 264 199	(25 094)	89 224 633
Investments to be held up to maturity	-	-	-	-	-	-	-	-	3	3
Hedging derivatives	-	-	-	-	-	-	-	-	179 623	179 623
	12 810 336	7 904 803	7 150 737	7 794 029	24 598 104	16 566 543	19 652 190	24 335 899	8 783 217	129 595 856
Liabilities										
Resources of central banks and credit institutions	(2 413 062)	(1 211 071)	(257 847)	(2 576 475)	(119 082)	-	-	-	54 572	(6 522 965)
Customer resources	(27 692 788)	(8 658 153)	(10 585 010)	(3 343 598)	(9 017 935)	(5 701 038)	(1 112 480)	(853 813)	(124 967)	(67 089 783)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(867 967)	(867 967)
Debt securities	(2 698 625)	(3 546 163)	(3 167 421)	(447 405)	(6 113 723)	(4 775 579)	(4 359 757)	(816 466)	309 957	(25 615 183)
Financial liabilities at fair value through profit or loss	(1 658)	(210)	-	-	-	-	-	-	(1 900 110)	(1 901 977)
Hedging derivatives	-	-	-	-	-	-	-	-	(270 773)	(270 773)
Subordinated liabilities	(631)	(2 171)	(4 579)	(122 267)	(1 458 381)	(384 518)	(1 098 880)	(267 798)	1 781	(3 337 445)
Consigned resources	(80)	(26 921)	(22 689)	(48 610)	(394 057)	(769 323)	(312 631)	(253 348)	(331)	(1 827 991)
	(32 806 844)	(13 444 690)	(14 037 548)	(6 538 356)	(17 103 177)	(11 630 458)	(6 883 747)	(2 191 426)	(2 797 838)	(107 434 084)
Derivatives	(3 200)	76 254	32 882	162 296	514 605	295 021	148 421	61 281	-	1 287 561
Difference	(19 999 709)	(5 463 633)	(6 853 929)	1 417 969	8 009 532	5 231 106	12 916 864	22 205 754	5 985 379	23 449 333

	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	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1 899 590	-	-	-	-	-	-	-	-	1 899 590
Cash balances at other credit institutions	614 752	-	-	-	-	-	-	-	-	614 752
Loans and advances to credit institutions	4 143 923	489 621	388 016	256 296	254 181	107 826	-	-	(5 460)	5 634 403
Securities										
Trading	56 352	64 833	244 927	72 105	456 656	201 624	498 050	91 319	2 432 875	4 118 741
Other	206 902	273 370	350 648	842 317	4 750 316	3 038 358	2 408 398	1 559 445	4 610 771	18 040 526
Investments associated to unit-linked products	-	-	-	-	-	-	-	-	620 486	620 486
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	(11 833)	104 344 981
Investments to be held up to maturity	-	-	-	-	-	-	-	-	12	12
Hedging derivatives	-	-	-	-	-	-	-	-	184 050	184 050
	12 272 728	5 743 844	7 094 067	7 323 942	24 652 608	17 932 821	23 591 327	29 015 304	7 830 901	135 457 542
Liabilities										
Resources of central banks	(4 703 007)	(1 895 030)	(154 267)	(136 365)	(67 550)	(3 858)	(25 947)	-	9 218	(6 976 806)
Customer resources	(27 789 816)	(9 522 413)	(12 623 245)	(5 815 566)	(3 180 513)	(1 176 512)	(823 638)	(151 520)	315 785	(60 767 439)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(620 486)	(620 486)
Debt securities	(4 389 512)	(2 023 952)	(762 783)	(1 069 216)	(6 736 527)	(3 766 424)	(4 658 677)	(783 356)	1 395 315	(22 795 132)
Financial liabilities at fair value through profit or loss	(7 287)	(49 562)	-	-	-	-	-	-	(2 157 106)	(2 213 954)
Hedging derivatives	-	-	-	-	-	-	-	-	(421 854)	(421 854)
Subordinated liabilities	(6 241)	(13 022)	(12 709)	(515 677)	(672 858)	(1 653 894)	(802 672)	(341 242)	18 796	(3 999 517)
Consigned resources	(51)	(44 961)	(30 231)	(74 905)	(291 039)	(711 753)	(745 383)	(419 871)	(2 249)	(2 320 442)
	(36 895 914)	(13 548 940)	(13 583 234)	(7 611 730)	(10 948 487)	(7 312 441)	(7 056 317)	(1 695 989)	(1 462 580)	(100 115 631)
Derivatives	(16 912)	(28 554)	(29 332)	(96 359)	(126 571)	(51 214)	(46 521)	(85 480)	-	(480 943)
Difference	(24 640 099)	(7 833 650)	(6 518 500)	(384 146)	13 577 551	10 569 167	16 488 489	27 233 835	6 368 321	34 860 968

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 2009 and 2008.

The following tables show the information relative to structural liquidity risk of CGD at 31 December 2009 and 2008. 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.

	2009									
	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	1 925 616	-	-	-	-	-	-	-	-	1 925 616
Cash balances at other credit institutions	1 235 054	-	-	-	-	-	-	-	-	1 235 054
Loans and advances to credit institutions	4 133 202	2 684 159	276 577	1 089 826	177 627	36 367	-	-	(22 362)	8 375 397
Securities										
Trading	2 300 763	111 650	105 398	11 471	192 969	61 008	308 932	2 780	1 967 282	5 062 253
Other (net of impairment)	6 765 742	462 029	714 584	960 261	4 088 702	3 051 888	1 238 285	689 704	2 027 275	19 998 471
Investments associated to unit-linked products	-	-	-	-	-	-	-	-	867 967	867 967
Loans and advances to customers (gross)	4 635 878	4 120 714	5 177 627	4 451 569	15 477 505	10 205 578	14 027 729	18 982 215	(25 094)	77 053 721
Investments to be held up to maturity	-	-	-	-	-	-	-	-	3	3
	20 996 255	7 378 553	6 274 186	6 513 127	19 936 804	13 354 840	15 574 946	19 674 699	4 815 072	114 518 482
Liabilities										
Resources of central banks and credit institutions	(2 409 525)	(1 207 483)	(255 277)	(2 547 247)	(116 611)	-	-	-	54 570	(6 481 574)
Customer resources	(9 514 435)	(9 489 291)	(10 948 578)	(4 548 755)	(8 571 581)	(5 289 192)	(1 701 827)	(13 876 390)	(108 940)	(64 048 990)
Liabilities associated with unit-linked products										-
Debt securities	(2 692 151)	(3 533 564)	(3 150 917)	(430 428)	(6 033 000)	(4 745 421)	(4 287 729)	(711 251)	309 957	(25 274 504)
Financial liabilities at fair value through profit or loss	(1 658)	(210)	-	-	-	-	-	-	(1 900 110)	(1 901 977)
Subordinated liabilities	-	-	-	(114 891)	(1 432 420)	(369 045)	(1 054 260)	(212 646)	1 781	(3 181 481)
Consigned resources	(79)	(21 026)	(20 108)	(40 240)	(362 870)	(748 589)	(294 718)	(246 541)	(331)	(1 734 501)
	(14 617 848)	(14 251 575)	(14 374 880)	(7 681 561)	(16 516 482)	(11 152 247)	(7 338 534)	(15 046 828)	(1 643 073)	(102 623 027)
Difference	6 378 408	(6 873 022)	(8 100 694)	(1 168 434)	3 420 322	2 202 593	8 236 412	4 627 872	3 171 999	11 895 455

	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 (net of impairment)	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 and credit institutions	(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

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 2009 and 2008 is summarised in the following table:

	2009								
	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	526 007	1 091 613	-	-	-	-	-	307 996	1 925 616
Cash balances at other credit institutions	821 485	32 945	-	-	-	-	-	380 624	1 235 054
Loans and advances to credit institutions	2 229 970	2 087 423	2 854 180	170 705	1 061 355	18 551	1 711	(48 498)	8 375 397
Securities									
Trading	250	246 624	196 482	194 376	162 499	779 896	1 128 566	158 911	2 867 603
Other	563 211	1 941 972	4 566 767	1 152 926	925 795	2 279 673	3 672 137	4 895 989	19 998 471
Investments associated to unit-linked products	-	-	-	-	-	-	-	867 967	867 967
Loans and advances to customers (gross)	3 420 226	21 935 091	25 853 699	20 297 834	1 390 531	1 016 339	3 197 565	(57 564)	77 053 721
Investments to be held up to maturity	-	-	-	-	-	-	-	3	3
	7 561 150	27 335 667	33 471 127	21 815 841	3 540 180	4 094 459	7 999 979	6 505 428	112 323 832
Liabilities									
Resources of central banks and credit institutions	(1 235 629)	(1 250 438)	(1 271 393)	(216 286)	(2 547 247)	(12 745)	-	52 164	(6 481 574)
Financial liabilities at fair value through profit or loss	(1 658)	-	(210)	-	-	-	-	(1 900 110)	(1 901 977)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	(867 967)	(867 967)
Customer resources	(18 941 181)	(8 579 612)	(10 616 423)	(11 279 141)	(3 655 759)	(7 890 960)	(3 039 991)	(45 923)	(64 048 990)
Debt securities	(925 974)	(2 325 419)	(8 975 097)	(3 495 080)	(228 367)	(2 092 390)	(7 541 135)	308 957	(25 274 504)
Subordinated liabilities	(104 891)	(262 470)	(607 981)	(21 000)	(30 000)	(800 068)	(1 364 952)	9 879	(3 181 481)
Consigned resources	-	(676)	(1 731 803)	(332)	-	-	-	(1 690)	(1 734 501)
	(21 209 333)	(12 418 615)	(23 202 907)	(15 011 838)	(6 461 373)	(10 796 162)	(11 946 077)	(2 444 689)	(103 490 994)
Derivatives									
Interest rate swaps (IRSs)	580 544	(2 703 296)	(5 537 617)	(3 698 730)	(941 963)	5 365 789	6 884 081	31 021	(20 171)
Interest rate futures	-	-	(493 810)	(197 190)	(201 345)	(14 000)	(495 512)	-	(1 401 857)
Forward rate agreements (FRAs)	-	-	-	140 000	12 500	-	-	-	152 500
Interest rate options	-	-	-	(30 800)	-	-	-	6 836	(23 964)
	580 544	(2 703 296)	(6 031 427)	(3 786 720)	(1 130 808)	5 351 789	6 388 569	37 857	(1 293 492)
Net exposure	(13 067 639)	12 213 756	4 236 793	3 017 283	(4 052 000)	(1 349 915)	2 442 471	4 098 596	7 539 346

	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 (net of impairment)	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	-	-	-	-	-	-	-	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 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

In producing the above table, minimum cash reserves were classified in the "7 days to 1 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 2009 and 2008:

	2009				
	Balances analysed			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	1 926 256	1 926 621	365	5	1 926 261
Cash balances at other credit institutions	1 238 188	1 238 188	-	14	1 238 202
Loans and advances to credit institutions	8 377 723	8 390 810	13 087	(24 509)	8 353 214
Loans and advances to customers	75 110 752	75 285 552	174 800	2 111 256	77 222 008
	86 652 920	86 841 172	188 252	2 086 766	88 739 686
Liabilities					
Resources of central banks and other credit institutions	6 490 958	6 507 445	(16 487)	(12 325)	6 478 633
Customer resources	63 436 688	63 407 740	28 948	819 007	64 255 695
Debt securities	25 488 443	25 923 582	(435 139)	(306 130)	25 182 313
Subordinated liabilities	3 205 925	3 331 288	(125 363)	(4 327)	3 201 598
Consigned resources	1 732 811	1 736 531	(3 720)	1 690	1 734 501
	100 354 825	100 906 586	(551 761)	497 915	100 852 740

	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

Fair value was determined using the following assumptions:

– The book value of balances 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 of 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 2009 and 2008 is as follows:

	2009			
		Measurement techniques		
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	Total
Financial assets held for trading	1 998 857	868 746	-	2 867 603
Other financial assets at fair value through profit or loss	619 639	369 580	158 100	1 147 319
Available-for-sale financial assets	5 280 392	12 963 339	412 575	18 656 306
Trading derivatives	436	292 237	-	292 673
Hedging derivatives	-	(91 151)	-	(91 151)
	7 899 324	14 402 751	570 675	22 872 750

	2008			
		Measurement techniques		
	Level 1 Market prices	Level 2 Market inputs	Level 3 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	304 371	529 293	88 336	922 000
Available-for-sale financial assets	4 206 149	11 283 582	244 611	15 734 342
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)
	5 665 162	11 907 653	516 907	18 089 722

In producing the above table the following assumptions were used:

• **Level 1 – Market prices** – this column includes the financial instruments measured based on prices in active markets;

• **Level 2 – Measurement techniques – market inputs** – this column includes financial instruments measured based on models using market inputs (interest rates, foreign exchange rates, risk ratings awarded by external entities, other). This column also includes bid-measured financial instruments provided by external counterpaties;

• **Level 3 – Other measurement techniques** – this column includes financial instruments measured though valuation techniques that use one or more relevant non-observable market parameters.

In 2009, the changes in the financial instruments classified in column "Other measurement techniques" are as follows:

Type	2009						
	Book value (net) at 31.12.2008	Acquisitions	Gains / (losses) recognised as against results	Gains / (losses) recognised as against fair value reserves	Transfers from / (to) other levels (Levels 1 and 2)	Transfers on investments in associates	Book value (net) at 31.12.2009
Trading securities	183 960	-	336	-	(184 296) [a]	-	-
Securities at fair value through profit or loss							
Equity instruments	53 047	12 670	16 917	-	-	46 706	129 340
Debt instruments							
Corporate bonds	35 289	(16 300)	(578)	-	10 349 [b]	-	28 760
Available-for-sale financial assets							
Equity instruments	206 806	80 548	666	(4 161)	-	-	283 859
Debt instruments							
Corporate bonds	37 804	87 841	1 228	1 843	-	-	128 716
	516 907	164 759	18 568	(2 318)	(173 947)	46 706	570 675

Transfers between the various levels of the fair value hierarchy have the following bases:

(a) Transfer between levels 3 and 2 in the fair value hierarchy as a result of the provision by counterparties of indicative prices reflecting the evolution of the securities market;

(b) Transfer from level 2 to level 3 in the fair value hierarchy relating to debt securities of non-financial institutions for which there are no active market quotations nor indicative prices provided by external entities which are being measured by the Group based on a discounted future flows model, using as a discount rate market interest rates plus a spread defined based on the characteristics and credit risk of the issuer, considered as appropriate.

In 2009, the transfers from "Investments in associates" to "Financial assets at fair value trough profit or loss" refers to the equity participation in Sumol+Compal. During 2009, the Group sold 1.2% of the capital held in that company (Note 16), having reduced its participation to 19.4%, as a result of this operation.

At 31 December 2009, a positive shift of 100 bp in the interest rate curve used to discount estimated future flows of debt instruments measured on the basis of internal models which are classified in the available-for-sale financial assets portfolio, would result in a decrease in the fair value of the balance sheet and revaluation reserves of EUR 161 thousand. At 31 December 2009, the book value of these debt instruments, presented above in "Available-for--sale financial assets – debt instruments – corporate bonds" amounted to EUR 99 699 thousand.

DEBT INSTRUMENTS OF FINANCIAL AND NON-FINANCIAL ENTITIES

Whenever possible, securities are valued at market prices, in accordance with an algorithm developed internally. This algorithm searches for the most appropriate price for each security in accordance with a hierarchy of contributors defined internally by CGD. Price changes are analysed on a daily basis in order to monitor the quality of the prices used.

There are some securities for which market prices cannot be obtained: assets classified in levels 2 and 3 of the fair value hierarchy. The price of these securities can be obtained by resorting to internal/external theoretical measurements. In general, the valuations include the discount of estimated future cash flows. This estimate can be the result of a more or less complex model ranging from the simple discount of cash flows resulting from forward rates (based on the most appropriate interest rate curve, which in turn is constructed by resorting to money market rates and swaps rates, the money market part being adjusted to interest rate future prices) to a CLO (collaterised loan obligations) cascade payment (an estimate made based information disclosed by Investor Reports).

For discount purposes, internal valuations use the listed credit curve relating to the currency/sector/rating trinomial of the issue in order to consider the risk for each issue. The separation between levels 2 and 3, basically refers to the origin of the rating considered: level 2 for ratings from agencies, level 3 for internal rating. Internal ratings are only used where there is no risk classification for the issue, issuer or guarantor. Level 2 also includes the valuations granted by the stucturers, issuers or counterparties (external measurements).

EQUITY INSTRUMENTS HELD IN VENTURE CAPITAL BUSINESS

Unlisted own equity instruments held in the venture capital business are valued based on the following criteria:

i) Prices of significant transactions made by independent entities in the last six months;

ii) Multiples of comparable companies in terms of business sector, size and profitability;

iii) Discounted cash flows;

iv) Liquidation value corresponding to the net value of the investee´ s assets;

v) Acquisition cost (only in the case of participations acquired in the twelve months prior to the valuation date).

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 vehicles.

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 (investment portfolio) and 1 day (trading portfolio and treasury management);

• confidence level: 99% (investment portfolio) and 95% (trading portfolio and treasury management);

• 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 2009 and 2008, VaR can be broken down as follows (amounts in thousand of Euro):

• Activity of Caixa Geral de Depósitos (head office and branches):

VaR 99%, 10 DAYS

	2009			
	Dec. 09	Maximum	Minimum	Dec. 08
Investment portfolio				
Interest rate	23 178	24 516	11 705	12 441
Foreign exchange rate	3 353	16 252	3 271	5 933
Price	33 631	56 379	22 697	23 270
Volatility	-	821	-	613
Diversification effect	(28 522)			(19 887)
	31 640			22 370

VaR 99%, 1 DAY

	2009			
	Dec. 09	Maximum	Minimum	Dec. 08
Trading portfolio				
Interest rate	1 660	2 366	343	484
Foreign exchange rate	10	2 085	3	47
Price	38	2 086	-	65
Volatility	-	6	-	-
Diversification effect	(41)			(103)
	1 667			493

VaR 95%, 1 DAY

	2009			
	Dec. 09	Maximum	Minimum	Dec. 08
Treasury management				
Interest rate	1 264	1 732	645	709
Foreign exchange rate	1 674	4 609	273	1 672
Price	-	-	-	-
Volatility	-	-	-	-
Diversification effect	(527)			(539)
	2 410			1 841

• Investment banking activity:

VaR 99%, 10 DAYS

	2009			
	Dec. 09	Maximum	Minimum	Dec. 08
Interest rate	2 492	8 080	1 836	4 479
Foreign exchange rate	428	1 318	125	338
Price	2 089	10 173	1 482	1 455
Volatility	107	286	15	22
Diversification effect	(1 873)			(1 446)
	3 244			4 848

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 2009 and 2008, 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:

	2009					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	243	243	243	(268)	(537)	(1 073)
Cash balances at other credit institutions	12 791	11 569	7 039	(7 321)	(14 621)	(29 156)
Securities						
Trading	168 287	88 511	44 256	(43 326)	(85 390)	(166 289)
Other	444 847	198 759	73 208	(173 531)	(289 686)	(510 062)
Loans and advances to customers (gross)	354 517	226 340	127 271	(125 594)	(248 507)	(487 170)
Total sensitive assets	980 684	525 422	252 018	(350 040)	(638 742)	(1 193 750)
Resources of other credit institutions	(22 546)	(19 779)	(10 379)	10 810	21 578	42 986
Customer resources	(569 306)	(317 132)	(163 762)	164 198	324 080	635 846
Debt securities	(843 098)	(446 596)	(234 944)	228 264	449 408	871 880
Subordinated liabilities	(203 532)	(114 936)	(62 940)	59 633	116 139	220 899
Total sensitive liabilities	(1 638 482)	(898 443)	(472 025)	462 904	911 205	1 771 610
Total Profit / Loss	(657 798)	(373 021)	(220 007)	112 864	272 463	577 860

	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

Reference should also be made to the fact that, at 31 December 2009 and 2008, 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 2010 and 2009, 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:

	2010					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Interest income	(863 243)	(690 116)	(367 611)	369 419	738 880	1 477 870
Interest cost	504 098	390 350	219 869	(227 543)	(455 916)	(912 583)
Net interest income	(359 144)	(299 766)	(147 742)	141 875	282 965	565 287

	2009					
	- 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

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 2010 and 2009, 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 2009 and 2008.

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 2009 and 2008 the financial instruments are broken down by currency as follows:

	2009											
	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	1 472 057	51 737	2 420	506	7 284	208 888	57 740	11 780	101 169	12 680	-	1 926 260
Cash balances at other credit institutions	761 578	26 804	7 940	7 361	334 327	39 507	4	46 317	2 181	12 184	-	1 238 202
Loans and advances to credit institutions	6 229 510	1 397 256	43 018	133 001	57 057	127 597	240	17 989	15 954	491 154	-	8 512 777
Financial assets at fair value though profit or loss	3 787 666	75 442	1 146	-	-	1 280	-	24 381	-	125 007	2 194 651	6 209 573
Available-for-sale financial assets	17 918 185	954 918	43 834	-	1 955	9 868	60 462	9 108	93 112	194 743	-	19 286 185
Investments associated with unit-linked products	867 401	1	193	6	-	-	-	-	-	365	-	867 967
Investments held to maturity	3	-	-	-	-	-	-	-	-	-	-	3
Loans and advances to customers (gross)	75 668 687	1 560 128	315 138	14 538	243 895	696 119	261 651	349 366	467 616	50 094	-	79 627 233
Other assets												
Debtor for direct insurance and reinsurance	296 070	-	-	-	-	-	-	-	284	-	-	296 355
Other	2 298 276	1 486 329	5 191	72 101	231 484	180	4 053	2 921	22 008	(417 328)	-	3 705 217
Accumulated impairment	(2 893 417)	(136 625)	(499)	(95)	(28 181)	(1)	(14 488)	(27 153)	(35 848)	(20 320)	-	(3 156 626)
	106 406 017	**5 415 990**	**418 382**	**227 419**	**847 821**	**1 083 438**	**369 662**	**434 709**	**666 476**	**448 579**	**2 194 651**	**118 513 144**
Liabilities												
Resources of central banks and other credit institutions	(4 269 646)	(2 152 141)	-	(2 472)	(7 495)	(5 671)	(7 697)	(25 003)	(455)	(8 053)	-	(6 478 633)
Customer resources	(58 578 008)	(2 167 792)	-	(169 198)	(1 040 202)	(540 763)	(328 056)	(364 649)	(565 972)	(501 044)	-	(64 255 685)
Liabilities associated with unit-linked products	(867 967)	-	-	-	-	-	-	-	-	-	-	(867 967)
Debt securities	(20 923 486)	(3 344 082)	-	(513 019)	-	(48 728)	-	-	(4 018)	(348 980)	-	(25 182 313)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	(1 901 977)	(1 901 977)

...Continued

	2009											
	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
Subordinated liabilities	(2 857 558)	(218 659)	-	(112 646)	-	-	(12 734)	-	-	-	-	(3 201 598)
Other liabilities												
Creditors for direct insurance and reinsurance	(312 586)	-	-	-	-	-	-	-	-	-	-	(312 586)
Consigned resources	(1 733 142)	(33)	-	-	-	-	(1 303)	-	(23)	-	-	(1 734 501)
Other	(2 527 122)	(11 542)	(33 915)	(1 103)	(348 009)	(15 032)	(4 341)	(121 006)	(51 439)	(56 412)	-	(3 169 921)
	(92 069 514)	(7 894 249)	(33 915)	(798 439)	(1 395 706)	(610 193)	(354 131)	(510 658)	(621 907)	(914 489)	(1 901 977)	(107 105 181)
Derivatives (Notional)												
Currency swaps	(2 862 700)	3 099 259	152 573	(145 728)	-	68 929	-	(375)	-	(244 513)	-	67 446
Interest rate swaps	(1 098 774)	(9 777)	6 756	790 027	-	-	-	-	-	291 598	-	(20 171)
Futures	1 452 312	18 086	-	-	-	-	-	-	-	-	-	1 470 398
Caps & Floors	(23 964)	(690)	-	-	-	-	-	-	-	(364)	-	(25 017)
Forward foreign exchange transactions	(518 381)	537 374	111 825	52 658	-	36	-	(26 062)	-	99 795	-	257 244
	(3 051 507)	3 644 252	271 154	696 957	-	68 966	-	(26 437)	-	146 515	-	1 749 899
Net exposure	11 284 996	1 165 993	655 621	125 936	(547 885)	542 210	15 531	(102 387)	44 569	(319 395)	292 673	13 157 862

	2008											
	Currency											
	Euros	US Dollars	Pounds Sterling	Yen	Macao 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

...Continued

	2008											
	Currency											
	Euros	US Dollars	Pounds Sterling	Yen	Macao Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Other	Book value of derivatives	Total
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

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 2009 and 2008, VaR (at 10days with 99% confidence gap) by currency of CGD may be described in the following table:

	VaR			
	Banking		Insurance	
	2009	2008	2009	2008
Hong Kong dollar	47 493	55 253	-	-
Macau pataca	41 663	48 161	50	50
South African rand	24 737	16 774	-	-
US dollar	2 729	4 806	305	311
Mozambican meticais	22 730	1 033	-	-
Pound sterling	457	1 493	1 192	1 206
Japanese yen	80	69	-	-
Other currencies	6 618	5 148	1 603	1 224
Diversification effect	(115 453)	(115 703)	(1 334)	(990)
Total	31 053	17 034	1 817	1 802

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,
- 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 that 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 abovementioned 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 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, and coverage) to be made, 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 THE 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, changes in premium / average rates and changes in distribution of contracts by various business segments.

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 diagnoses are performed on the portfolio evolution, trying to identify problems and causes in the business area, both in a commercial and technical perspective. 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 Group 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 Group operates 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 Group'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 Group'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 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 portfolio)
Fixed income – long rates	70.0 %
Government	70.0 %
Corporate	50.0 %
Fixed income – short rates	100.0 %
Absolute return	2.0 %
Variable income	30.0 %
Gross variable income (Private equity and other)	6% (20% of investment in variable income)
Property	40.0 %

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 to 5 years	A-	A-	3%
5 to 15 years	AA-	A+	6%
15 to 30 years	Non authorised	A+	6%
More than 30 years	Non authorised	AAA	6%

(*) There are no rating limits for the sovereign debt of the Eurozone countries.

ACTIVE MANAGEMENT	Rating (*)	Limit per issue	Limit per issuer
0 to 5 years	BBB-	1%	1%
5 to 10 years	BBB-	0.5%	1%
0 to 5 years	A-	3%	3%
5 to 15 years	A-	2%	3%
0 to 5 years	AA-	5%	5%
5 to 20 years	AA-	3%	5%
0 to 5 years	AAA	6%	6%
5 to 30 years	AAA	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 its use in determining income and 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 its use in determining 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 Group'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 its use in determining income and profit sharing coefficient, 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 (EUR thousand)

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2010	139 121	77 304	-	5 430	28 791	757 684
2011	108 900	58 678	-	5 350	25 813	881 049
2012	98 229	53 157	-	5 269	22 697	341 164

IMPÉRIO BONANÇA (EUR thousand)

Year	Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow
2010	-	11 180	22 620	108 004
2011	-	10 703	19 811	76 282
2012	-	10 219	17 521	62 933

The following tables show the change in these cash inflows and outflows resulting from a 5% increase in expected early redemptions.

FIDELIDADE MUNDIAL (EUR thousand)

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2010	135 676	75 717	-	5 430	28 167	872 090
2011	100 539	54 470	-	5 350	23 956	900 819
2012	85 793	46 695	-	5 269	19 984	358 016

IMPÉRIO BONANÇA (EUR thousand)

Year	Risk		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow
2010	-	11 180	22 002	130 172
2011	-	10 703	18 222	90 273
2012	-	10 219	15 250	71 904

The following tables show the estimated change in liabilities recorded in the balance sheet at 31 December 2009 as a result of changes in some of the assumptions used.

FIDELIDADE MUNDIAL

(in EUR thousand)

Assumption	Change in assumption	Change in liability
Mortality rate	+25%(*)	13 504
Asset yield rate	+0.5%	1 639
Inflation rate	+1%	363
Redemption rate	+5%	5 674

(*) In terms of annuities, the change of the mortality rate was negative.

IMPÉRIO BONANÇA

(EUR thousand)

Assumption	Change in assumption	Change in liability
Mortality rate	+25%*	2 894
Asset yield rate	+0.5%	-
Inflation rate	+1%	33
Redemption rate	+5%	460

(*) 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:

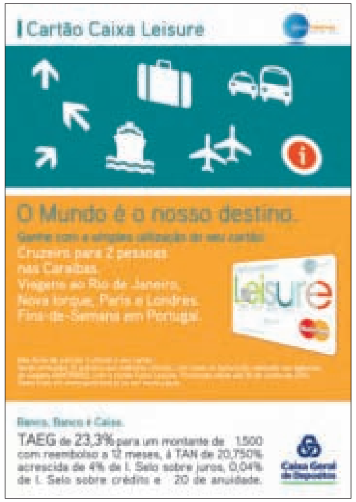
Maturity risk	Amount	Weight	Mod. Dur.
Fixed income	11 185 980	100.0%	
Fixed rate bonds	5 566 704	49.8%	3.8
Maturity 1 – 3	2 852 241	51.2%	2.14
Maturity 4 – 5	1 740 204	31.3%	4.11
Maturity 6 – 7	462 404	8.3%	5.83
Maturity 8 – 10	125 706	2.3%	7.50
Maturity 11 – 19	177 031	3.2%	9.20
Maturity 20 – 35	209 118	3.8%	13.48
Variable rate bonds	4 217 357	37.7%	0.30
Inflation-linked bonds	177 798	1.6%	4.34
Perpetual (fixed rate)	173	0.0%	
Non-performing	1 447	0.0%	
Bonds with maturity < 1 year	1 222 502	10.9%	0.56

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 2009 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:

Notional value (EUR thousand)	Currency	Linked products	Maturity	Rate granted	Rate taken
125 000	EUR	Caixa Seguro 2x4.15	2013	Euribor_3M_360	4.25%
100 000	EUR	Caixa Seguro 4.6%	2010	4.64%	4.60%
125 000	EUR	Caixa Seguro Duplo Invest	2013	Euribor_3M_360	4.04%
76 500	EUR	Caixa Seguro Euro Campeão	2013	Euribor_3M_360-0.25%	1.68%
9 000	EUR	Invest 2	2010	4.60%	4.63%
11 000	EUR	K Investe	2013	4.00%	4.30%
17 500	EUR	Postal 12.2%	2011	3.91%	3.99%
20 000	EUR	Postal 4%	2010	Euribor_3M_360	3.88%
45 000	EUR	Postal 4%	2012	Euribor_3M_360	4.27%
20 000	EUR	Postal 4%	2012	Euribor_3M_360	3.94%
10 000	EUR	Postal 4%	2010	Euribor_3M_360	4.00%
30 000	EUR	Postal Valorização Garantida	2011	4.40%	4.50%
110 000	EUR	Postal Top Rend. CS Invest Mais	2013	Euribor_3M_360	Euribor_1Y_360-0.19%
30 000	EUR	Pst Top Rend. CS Invest Mais	2013	Euribor_3M_360	Euribor_1Y_360-0.18%
65 000	EUR	Pst Top Rend. CS Invest Mais	2013	Euribor_3M_360	Euribor_1Y_360-0.25%
20 000	EUR	Caixa Seguro 4.5%	2010	8.02%	7.38%
15 000	EUR	Postal PPR 20%	2013	3.71%	3.92%
50 000	EUR	Levexpert PPR Série A	2013	4.50%	4.78%
50 000	EUR	Levexpert PPR Série B	2013	Euribor_3M_360	Euribor_1Y_360-0.14%
16 000	EUR	Postal PPR Valor Premium	2013	0.0473	5.01%
5 200	EUR	VANTAGEM DUPLA 2003	2013	Euribor_6M_360+0.450%	4.67%
4 000	EUR	VANTAGEM DUPLA 2003	2013	Euribor_6M_360+0.450%	4.71%
100	EUR	VANTAGEM DUPLA 2003	2013	Euribor_6M_360+0.450%	4.25%
14 373	EUR	REFORMA PPR/E MAIS	2012	5.24%	5.21%
12 000	EUR	Garantido 4%	2013	4.00%	4.30%
2 300	EUR	PPR 4.28	2010	0.72%	3.88%
4 000	EUR	PPR 4.28	2012	0.72%	4.04%
9 500	EUR	Garantido 4.14%	2013	4.11%	4.38%
15 000	EUR	Garantido 4.65%	2011	4.65%	4.76%



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 RISKS

Economic group	Accumulated capital	%
TOTAL	11 185 980	100.00%
Public debt – European Union	2 265 560	20.25%
Italy	582 600	5.21%
Germany	413 027	3.69%
Greece	301 553	2.70%
France	284 432	2.54%
Portugal	203 497	1.82%
Spain	192 339	1.72%
Belgium	188 407	1.68%
Other	99 704	0.89%
Caixa Geral de Depósitos, SA	1 955 485	17.48%
Espírito Santo Financial Group	283 784	2.54%
Banco Santander, SA	238 395	2.13%
Banco Comercial Português, SA	173 992	1.56%
ING Groep NV	171 074	1.53%
General Electric Co	165 980	1.48%
Fortis	155 950	1.39%
Intesa Sanpaolo Spa	154 564	1.38%
Dnb Nor Asa	152 843	1.37%
Banco Bilbao Vizcaya Argentaria	141 024	1.26%
Sns Reaal NV	140 657	1.26%
Svenska Handelsbanken AB	133 130	1.19%
Unicredit Spa	122 701	1.10%
Parpública	116 592	1.04%
Citigroup Inc	113 228	1.01%

...Continued

Economic group	Accumulated capital	%
Skandinaviska Enskilda Banken	106 926	0.96%
Dexia SA	103 188	0.92%
Royal Bank of Scotland Group PLC	99 330	0.89%
Barclays PLC	98 145	0.88%
Bank of America Corp	96 879	0.87%
Unione di Banche Italiane SCPA	91 055	0.81%
Danske Bank A/S	91 011	0.81%
Anglo Irish Bank Corp PLC	89 542	0.80%
Montepio Geral Associação Mutualista	88 878	0.79%
Lloyds Banking Group PLC	88 032	0.79%
Bayerische Motoren Werke AG	84 276	0.75%
Hsbc Holdings Plc	83 194	0.74%
National Australia Bank Ltd	81 109	0.73%
Enel Spa	79 849	0.71%
Nordea Bank AB	76 681	0.69%
E. On AG	76 163	0.68%
Diageo PLC	75 175	0.67%
Australia & New Zealand Banking	74 986	0.67%
Volkswagen AG	74 897	0.67%
BNP Paribas	72 134	0.64%
Société Générale	71 952	0.64%
Deutsche Bank AG	70 891	0.63%
Banco de Sabadell SA	68 639	0.61%
France Telecom SA	68 194	0.61%
Carrefour SA	66 740	0.60%
Caja de Ahorros y Monte de Pie	66 399	0.59%
Gdf Suez	64 580	0.58%
Westpac Banking Corp	63 181	0.56%
UBS AG	62 604	0.56%
National Grid PLC	61 577	0.55%
Nationwide Building Society	59 357	0.53%
JPMorgan Chase & Co	56 219	0.50%
Banco BPI, SA	51 881	0.46%
Rabobank Nederland NV	51 169	0.46%
Other	2 086 189	18.65%

44. CAPITAL MANAGEMENT

Capital management objectives, in Caixa Geral de Depósitos, are guided by the following general principles:

• To comply with the rules established by the supervisory authorities namely 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 the operations that CGD is legally authorised to perform, maintaining a solid capital structure, capable of providing for the growth of operations and is adequate to the risk profile of the institution;

• To ensure the good name of both the institution and the group through maintenance of the integrity of its operations performed.

To achieve the above referred to objectives Caixa Geral de Depósitos plans its short and medium term capital requirements considering the financing of its operations, specially using its own resources and other procured resources. This planning is based on in-house estimates of growth of balance operations and funding through other sources, specially the issue of subordinated debt which within certain limits is included in complementary own funds.

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 latest text of Decree Law 317/2009 of 30 October, which is central to Portuguese prudential regulations and which, to a large extent, reflects Community directives relating to the financial system. The "RGICSF" covers several regulatory areas influencing capital management, including:

• The requirement for credit institutions to maintain a minimum share capital of EUR 17.5 million;

• 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 a legal reserve 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 certain amounts of capital to cover for any unexpected losses;

• The establishment of limits of risk concentration in relation to 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 that group;

• Limits of Investment in other companies – other than credit institutions or insurance sector companies – which, if considered individually, should not exceed 15% of the investing institution's own funds or 60% of those funds taking into account the qualified investments as a whole (≥ 5% of share capital or voting rights of the invested entity).

In addition to these requirements, there are other prudential requirements or recommendations to which banks are subject, which are informed by the Bank of Portugal to the whole financial system via Notices, Instructions and Circular Letters. The guidelines of the Bank of Portugal should be understood as important for the prudent risk management by institutions and complementing their internal valuation and control requirements, taking into account the responsibilities to the shareholders, depositors and other creditors.

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. Regular, mandatory calculation of own funds was introduced, in 1992, by Bank of Portugal's Official Notice 12/92 of 22 December. The solvency ratio is the result of own funds over the amount of the weighted risk positions, the minimum amount of which must be 8%. After the coming into force of IAS on 01.01.2005, two consolidation parameters came into force for purposes of published accounts and the other for prudential purposes. The main difference is the fact that the insurance sector is included in the consolidation perimeter for prudential purposes in accordance with the equity accounting method, whereas in the published accounts the insurance companies are consolidated by the full consolidation method. On the other hand, trust funds are not subject to consolidation for prudential purposes, in contrast to the consolidation requirements for published accounts.

With the publication of Decree Laws 103/2007 and 104/2007, both of 3 April, the Directives 2006/48/CE and 2006/49/CE, of 14 June were transposed into the Portuguese legislation. In practise this resulted in the substitution of "Basel I" as from 01 January 2008, by the so called "Basel II Capital Accord" which considers, besides the new methodologies for calculation requirements of minimum own funds more sensitive to risk, (Pilar I), a set of requirements relative to self-assessment and determination by the credit institutions of the internal capital level considered appropriate for their risk profile (Pilar II), that amount being the bank's economic capital. Although this capital is not a solution for all the crisis contingencies and recession that may occur, it is considered as essential for cushioning the negative impacts on credit institutions, in unfavourable scenarios and frameworks such as that of 2008/2009. It is very important for institutions to plan their internal capital soas to ensure its adequacy on a permanent basis, to risks incurred at any moment in order to cover unexpected losses. With this perspective, it can be asserted that the new capital adequacy structure required by Basel II is an important means for the improvement of assessment and management of the risks that a credit institution is subject to. The credit risk models should consequently culminate in a closer approach between regulatory and economic capital.

For the purpose of analysing and complying with the legal requirements imposed by the banking supervisory authorities, Caixa Geral de Depósitos has its own Prudential Information department, which works in collaboration with the various internal departments, particularly "Credit Risk", in addition to the different entities comprising the Group.

The following table provides information on the CGD Group's regulatory capital at the end 2009 and 2008. During (and also prior to) these years, the entities included in CGD's consolidation perimeter complied separately with the legal requirements to which each of them is subjected, both in Portugal and in the countries in which they are based. Such entities include in Portugal, Caixa-Banco de Investimento and Caixa Leasing e Factoring-IFIC, and abroad Banco Caixa Geral (Spain), BNU Macau (Macau) and Mercantile Bank (South Africa).

(EUR million)

	31.12.2008 (1)	31.12.2009 (2)	Change (2)-(1)
A – BASIS OWN FUNDS (TIER I)	4 664	6 037	1 373
Share capital	3 500	4 500	1 000
Reserves and retained earnings	877	1 233	356
Net income for year	144	54	(90)
Minority shareholders' interests	1 134	1 117	(17)
Impacts of the adoption of IAS (transitional regime)	144	119	(25)
Deduction to basis own funds(*)	(1 135)	(986)	149
B – COMPLEMENTARY OWN FUNDS (TIER II)	2 552	2 966	414
Subordinated liabilities with unspecified maturity	215	174	(41)
Subordinated liabilities with specified maturity	2 561	2 999	438
Revaluation reserves	233	238	5
Other (*)	(457)	(445)	12
C – DEDUCTIONS TO TOTAL BASIS OWN FUNDS	(39)	(37)	2
D – TOTAL ELIGIBLE OWN FUNDS (A+B+C)	7 177	8 966	1 789
E – WEIGHTED RISK POSITIONS	66 851	71 041	4 190

RATIOS			
TIER I (A/E)	7.0%	8.5%	1.5%
CORE TIER I	6.8%	8.3%	1.5%
TIER II (B/E)	3.8%	4.2%	0.4%
DEDUCTIONS (C/E)	-0.1%	-0.1%	0.0%
SOLVENCY RATIO (D/E)	10.7%	12.6%	1.9%

(*) 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 three major aggregates, the amounts of which have some differences in relation to the balance sheet resulting from the application of prudential filters by the regulator. Therefore:

(i) Basis own funds or Tier I, correspond to the bank's more stable capital. The main 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 book value of the prudential perimeter;

• 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 deferral periods were extended to three more years by the Bank of Portugal Official Notice 7/2008 of 14 October and so these impacts will only end in December 2012 and December 2014;

• Deductions from basis own funds, which correspond to several account headings, which the regulator has considered necessary to introduce as correction factors on a prudential perspective. These include contributions to pension funds still not recognised as cost for the year, intangible assets and negative revaluation reserves from which as from October 2008 the Bank of Portugal excluded unrealised losses on debt securities classified as available-for-sale (Official Notice 6/2008 of 14 October). Until September 2008 these deductions also included the part of deferred tax assets exceeding 10% of basis own funds such limit being revoked by Bank of Portugal Official Notice 9/2008 of 28 October. These deductions from basis own funds reference also consider the amount relating to positive equity accounting revaluation differences, as well as the amount corresponding to 50% of the investment in the insurance sector (less certain circumstances the excess of the solvency margin, where this exists) and in the credit institutions where the equity participation is equal to or more than 10%.

(ii) Complementary own funds or Tier II essentially comprise positive revaluation reserves of 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 coming into force of Bank of Portugal Official Notice 6/2008 of 14 October were excluded.

The amount of such complementary 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 while debt with an undeterminate maturity date is fully classified in the Upper Tier II segment;

• Positive revaluation reserves (except for those relating to debt securities classified as available-for-sale) which are included in complementary own funds – only up to 45% of that amount.

As in the case of basis own funds, 50% of investments in credit institutions and insurance companies are also included from complementary own funds. In the first case, if the investment is equal to or exceeds 10% it is deducted in full whereas investments of less than 10% will only be deducted in respect of the part by which the aggregate amount of the investment exceeds 10% of the sum of the 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 : refers to a series of deductions resulting from regulatory requirements , i.e.:

• Amounts relating to property received in repayment of loans granted by CGD, in the institution's possession for more than four years;

• Any amounts exceeding the limits established for the purpose of major risks which, in the case of consolidated prudential elements, corresponds to 20% of own funds for exposures 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.

In terms of the capital requirements in force until 31 December 2007 under Basel I, the weighted assets were ranked in four risk factors (0%, 20%, 50% e 100%), in accordande with the nature of each assets and each counterparty, as well as any possible collateral. Equal treatment was adopted for off-balance sheet positions relating to guarantees given and other potencial commitments assumed.

Starting 1 January 2008, credit institutions started applying the standards of the New Basel Capital Agreement (Basel II) in the calculation of capital requirements, entered into force, which in the case of Caixa resulted in the application of the standard method for calculating credit risk.

The methodology used is an evolution 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.

In 2008 operational risk was also introduced, creating the need for institutions to calculate additional own fund requirements to cover it. In accordance with the basic operational risk analysis method used by Caixa, assets included in the operational risk category totalled EUR 4 521 million.

In 2009, following CGD's initiatives to respond to the new requirements of the Basel II Accord the Bank of Portugal authorised Caixa Geral de Depósitos Group to adopt the standard method for calculating own funds requirements for operational risk hedging purposes, effective as from 30 June 2009, inclusive, also covering, on an individual basis, Caixa-Banco de Investimento, Caixa Leasing e Factoring and Caixagest which will be subject to the eligibility criteria applicable to that method.

Own funds requirements of EUR 4 142 million were determined for operational risk coverage purposes in 2009.

In light of the unfavourable behaviour of international markets, 2008 was particularly marked by regulatory interventions by the Bank of Portugal, with the issue of a large number of Official Notices and Circulars relating to prudential issues. In 2009 there was a slowdown in terms of legislation issued, but for 2010 and following years a significant increase is expected in legislation on a worldwide basis (and, consequently in Europe and Portugal). Several actions and works are expected from Basel Committee and CEBS (Committee of European Banking Supervisors) relating to prudential matters, notably in the market risk, securitisation operations, regulatory capital and liquidity domains areas which are at the public consultation stage.

The objective of the reform package is to improve the banking sector's capacity to absorb shocks deriving from financial and economic stress, whatever its source, reducing the risk of the financial sector contaminating the real economy, improving quality and increasing the coherence and transparency of the capital base.

As regards the frequency reporting to be the Bank of Portugal, own funds on a consolidated basis must officially be sent every six months, no later than 60 days as from the reference date. Internally, however, CGD produces consolidated own funds reports every quarter. On 31 December 2008, the Bank of Portugal through Circular 111/08/DSBDR, requested on an extraordinary basis and until the announcement of guidelines to the contrary, that information on consolidated own funds and respective capital requirements, should be sent monthly on a "best efforts" basis. This exceptional request was justified by the turmoil in the financial markets and it is not known whether it will be a transitory or definitive requirement.

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

ADOPTION OF FINANCIAL STABILITY FORUM (FSF) AND COMMITTEE OF EUROPEAN BANKING SUPERVISORS (CEBS) RECOMMENDATIONS ON INFORMATION TRANSPARENCY AND ASSET VALUATION

BANK OF PORTUGAL CIRCULAR LETTER 97/2008/DSB OF 03 DECEMBER

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; 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.

n.a. – Not available.

Audit Reports and Opinions

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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 Portuguese 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 2009, which comprise the consolidated balance sheet as of 31 December 2009, that reflects total assets of EUR 120 984 842 thousand and total equity of EUR 7 156 850 thousand, including net income attributable to the shareholder of CGD of EUR 278 899 thousand, the consolidated statements of income, comprehensive income, changes in shareholders' equity and of cash flows 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 and comprehensive income of their operations, the changes in consolidated shareholder's equity and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards adopted by the European Union, and that is complete, true, up-to-date, clear, objective and licit as required by the Portuguese Securities Market Code; (iii) adopting adequate accounting policies and criteria and maintaining appropriate systems of internal control; and (iv) the disclosure of any significant facts that have influenced the operations of the companies included in the consolidation, their financial position, results or their comprehensive income.

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 Portuguese 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 sample 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 and 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 assessing if, 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 2009, the consolidated results and comprehensive income of their operations, the changes in consolidated shareholder's equity 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, 7 April 2010

Deloitte & Associados, SROC, SA
Represented by João Carlos Henriques Gomes Ferreira

STATUTORY AUDIT CERTIFICATE

INTRODUCTION

1. We have examined the financial statements of CAIXA GERAL DE DEPÓSITOS, SA comprising its balance sheet, at 31 December 2009 (showing a total balance sheet value of EUR 105 808 700 thousand and total shareholders' equity of EUR 5 845 529 thousand, including net income of EUR 241 069 thousand), income statement, statement of comprehensive income, changes to shareholders' equity and cash flow statement 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.

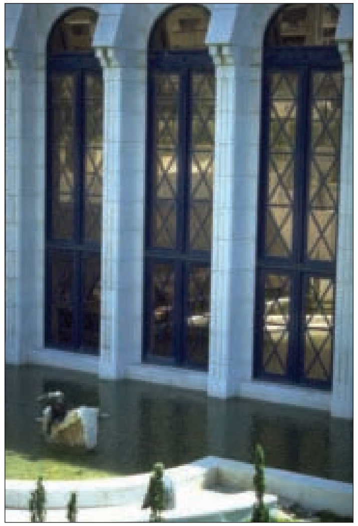
6. We consider that our examination has provided us with an acceptable basis upon which to base our opinion.

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, SA at 31 December 2009, 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, 07 April 2010

Oliveira Rego & Associados
Sociedade de Revisores Oficiais de Contas (Statutory Auditors)
Represented by Manuel de Oliveira Rego (partner)



STATUTORY AUDIT CERTIFICATE ON THE CONSOLIDATED ACCOUNTS

INTRODUCTION

1. We have examined the consolidated financial statements of CAIXA GERAL DE DEPÓSITOS, SA comprising its balance sheet, at 31 December 2009 (showing a total balance sheet value of EUR 120 984 842 thousand and total shareholders' equity of EUR 7 156 850 thousand, including net income of EUR 278 899 thousand), income statement, statement of comprehensive income, changes to shareholders' equity and cash flows for the year then ended and corresponding notes to the financial statements.

RESPONSIBILITIES

2. The board of directors is responsible for preparing 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 so, 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, SA at 31 December 2009, in all materially relevant aspects, 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's consolidation perimeter, our company operates as the statutory auditor for the Caixa Leasing e Factoring – Instituição Financeira de Crédito SA, Caixagest – Técnicas de Gestão de Fundos, SA, Culturgest – Gestão de Espaços Culturais, SA (currently being liquidated), Caixanet – Telemática e Comunicações, SA and Credip – Instituição Financeira de Crédito, SA 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, 07 April 2010

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. Under articles 420 and 508-D of the Commercial Companies Code, the audit board 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, SA, (hereinafter referred to as Caixa or CGD) for the year ended 31 December 2009.

2. The inspection of the company is the responsibility of an audit board and a statutory auditor or statutory audit company, which is not 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, within its sphere of competency and taking the governance model adopted by CGD into consideration, monitored and inspected the board of director's management acts, having been given access to the minutes of the weekly meetings held by this body, the documentation explaining the resolutions adopted, prepared by the various internal services, task forces and external entities (consultants / auditors) and arranged for meetings to be periodically held with the statutory audit company providing it with assistance, in its capacity as a technical specialist.

4. The audit board also ascertained that the law and CGD's articles of association have been complied with, issuing the quarterly report referred to in no. 2 of article 6 of Decree Law 287/93 of 20 August, sent to the offices of the Ministers of State and Finance and Secretary of State for the Treasury and Finance; having duly informed the chairman of CGD's board of directors.

5. The audit board, under the terms of the Bank of Portugal's Official Notice 5/2008 of 25 June, issued its opinions on the adequacy and efficacy of CGD's (separate and Group) internal control system, on 29 June 2009.

Recognising the existence of an improvement in internal control in terms of the risk management, compliance and internal audit functions, the documents issued also evidenced several flaws and/or aspects requiring approval, the evolution of which should continue to be monitored during the course of 2010.

6. 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 purposes of inclusion in own funds, the provisional positive results determined monthly, in accordance with Official Notice 12/92 of 22 December and circular letter 17/1995/DSB of 07 March, both issued by the Bank of Portugal.

7. The audit board took note of the impairment reports on CGD's loans portfolio, produced every six months by the external auditors, as established by the Bank of Portugal's circulars 17/2002/DSB of 14 February and 38/2008/DSB of 29 May.

8. In terms of decisions made and/or implemented last year, the audit board wishes to make special reference to the following situations:

(I) The *Caixa Arrendamento*, closed end property investment fund for home rentals began its operations on 19 January 2009 with a share capital of EUR 30 million, comprising 30 000 investment units with a unit value of EUR 1 000. Caixa, on the date of formation of the Fund, subscribed for 16 245 Investment units, comprising 54.15% of its capital with Caixa Seguros e Saúde, SGPS, SA, having subscribed for 13 500 investment units, comprising 45% of its capital.

(II) A resolution was passed at the general meeting of 16 April 2009 for 20% of the amount of EUR 484.3 million in net income for 2008 (EUR 96.9 million) to be transferred to the legal reserve; EUR 7.8 million to retained earnings, EUR 300 million in dividends to the state shareholder and EUR 79.6 million to free reserves. A profit sharing proposal for 2008 for up to the amount of EUR 37.5 million for CGD workers and members of the board of directors under the terms of sub-paragraph b) of no. 1 of article 26 of CGD's articles of association was also approved at the same shareholder's meeting.

(III) Banco Caixa Geral Brasil, SA, which is a wholly owned CGD Group company, started its operations in first half 2009.

(IV) The Portuguese state, as CGD's sole shareholder, subscribed for and fully realised the EUR 1 billion increase in share capital, comprising the issue of 200 million new nominative shares at EUR 5 each, which was approved by a Unanimous Resolution set out in Writing, taken under no. 1 of article 54 of the Commercial Companies Code on 27 May 2009. The share capital increase was approved by the Bank of Portugal, under the dispositions of article 6 of Ministerial Order 493-A/2009 of 08 May and with the consent of CGD's audit board, as provided for by no. 1 of article 9 of Law 63-A/2004 of 24 November.

(V) The *Mezzanine – Caixa Capital* and *Empreender Mais – Caixa Capital* venture capital funds were formed within the sphere of the reconfiguration / reorganisation of CGD Group's venture capital area, with a share capital of EUR 100 million and EUR 25 million, respectively, as wholly owned CGD subsidiaries. The investors' meeting of CGD Group's Caixa Capital Venture Capital Fund, held on 30 April 2009, decided an increase in share capital of EUR 164.7 million through the issue of 3 240 new investment units with a unit value of EUR 50 837 of which 2 822 investment units were subscribed for by CGD.

(VI) Under the terms of the agreement between CGD and Banco Santander Totta (BST) for the purpose of forming an investment partnership in Angola through an equity investment in Banco Totta de Angola, SA (BTA), the Partang, SGPS, SA (Partang) company was formed, in June 2009, with a share capital of EUR 10.9 million, fully paid up in kind by BST and Madeisisa (a wholly owned BST subsidiary) in the form of the delivery of 40 474 059 BTA shares, comprising 51% of the share capital and voting rights in the said bank. In July 2009, after the agreement entered into between CGD, BST and Madeisisa, CGD subscribed for the full amount of the EUR 10.9 million increase in Partang's share capital giving it 50% of the said company's capital.

(VII) CGD acquired 45 304 211 La Seda Barcelona, SA shares, comprising 7.2% of its share capital, at a unit price of EUR 1 per share from Caixa-Banco de Investimento, SA, in an over the counter operation in first half 2009. CGD Group recognised impairment of EUR 8.6 million on this investment.

(VIII) The loans made by CGD in past years for the purchase of the shares of listed companies has continued to merit particular attention from the audit board, as set out in the quarterly reports issued to the supervisory authority.

Notwithstanding the decrease in liabilities and increase in the value of guarantees as a consequence of the increase in pledged shares and CGD's reinforced impairment on these operations, the audit board has been systematically recommending the replenishing of contractual guarantees, for the purpose of safeguarding CGD's exposure.

(IX) The loan contract for EUR 450 million, entered into between Banco Privado Português, SA (BPP) and six credit institutions, on 05 December 2008, in which CGD's share was EUR 120 million, was renewed in 2009 and should be repaid, in full, by BPP on 05 June 2010. The extending of the state's personal guarantee for compliance with capital and interest obligations within the sphere of the referred to loan was authorised by a ruling of the Secretary of State for the Treasury and Finance.

(X) The loan contract for EUR 100 million, entered into between CGD and Banco Finantia, SA, on 17 October 2008, was renewed up to 18 October 2012 and scheduled for repayment over the period 2010-2012, with the former guarantees being maintained. The first tranche of capital for the amount of EUR 5 million has already been paid off.

(XI) The recognition of impairment losses on available for sale financial assets, particularly Banco Comercial Português, SA (EUR 31.1 million) and on two securities investment funds managed by Group companies (EUR 78.8 million) which continued to lose market value in comparison to the cost price.

(XII) In December 2009, CGD sold 20 826 000, non-privatised shares comprising 3.9% of the share capital of REN – Redes Energéticas Nacionais, SA, for the total amount of EUR 64.6 million to Parpública – Participações Públicas, SGPS, SA, having recognised capital gains of EUR 33.4 million in its separate accounts.

(XIII) At 31 December 2009 the loans issued to BPN under the state-guaranteed commercial paper programme totalled EUR 3 billion. The loans made by CGD, on the money market, within the sphere of the attribution of functions under article 2 of Law 62-A/2008 of 11 November (nationalisation of BPN) also totalled EUR 1.2 billion, at the same date.

Decree Law 2/2010 of 05 January, approved BPN's reprivatisation operation, in the form of the disposal of all equity shares, held directly by the state, via the Directorate General for the Treasury and Finance.

(XIV) Retirement pension and healthcare liabilities, at 31 December 2009, totalled EUR 1.3 billion (up 17.2% over last year) and EUR 0.5 billion (up 7.5% over last year), respectively, as set out in the actuarial study prepared by an external entity. CGD's pension fund covers its retirement pension liabilities in full. The contributions paid into the fund by CGD in 2009 totalled EUR 111.8 million (EUR 42.0 million in extraordinary contributions). Healthcare liabilities have been fully provisioned.

(XV) The value of the 64 406 000 Cimpor – Cimentos de Portugal, SGPS, SA (Cimpor), shares comprising 9.584% of the capital and voting rights in the company which was acquired in February 2009 from Investifino – Investimentos e Participações, SGPS, SA, in an operation realised outside the regulated market which totalled EUR 414.1 million at 31 December 2009. The vendor has a purchase option on the investment over CGD at the cost price, capitalised at a Euribor indexed rate.

(XVI) CGD entered into a contract with Kento Holding Limited for the disposal of its shares in ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, SA, comprising 2.5% of its respective share capital in December 2009. The operation was realised on 29 January 2010.

(XVII) CGD decided to enter into a shareholders' agreement with Votorantim Cimentos, SA on 03 February 2010 to concert their respective positions as leading shareholders in Cimpor, with the objective of enabling Cimpor to achieve shareholding stability and benefit from an adequate corporate governance model befitting the status of a major domestic and international company.

9. Reference should be made to the following indicators, characterising the company's separate accounts for the year:

(I) Net assets were up 9.5% by EUR 9.2 billion to EUR 105.8 billion over the preceding year, essentially deriving from securities investments (up EUR 3.8 billion), cash and cash equivalents, loans and advances to and resources with credit institutions (up EUR 3.4 billion) and loans and advances to customers (up EUR 1.6 billion).

(II) On the liabilities side, growth mainly derived from the increases recorded in debt securities (up EUR 5.7 billion) and customer resources (up EUR 3.2 billion).

(III) Shareholders' equity was up EUR 1.3 billion over the preceding year to EUR 5.8 billion, owing to the EUR 1 billion increase in share capital and the evolution of revaluation reserves (up EUR 335.3 million).

(IV) There was a 2.2 pp increase in the solvency ratio, calculated under the Basel II regulatory framework, to an end of year figure of 13.9%. Tier I totalled 8.4% (6.8% in the same period last year).

(V) Separate net income was down 50.2% by EUR 243.2 million to EUR 241.1 million, over the preceding year, particularly on account of the significant reduction in net interest income.

10. Reference should be made to the following indicators in respect of CGD's consolidated accounts for the year:

(I) CGD Group's net assets were up 8.9% by EUR 9.9 billion over the preceding year to EUR 121.0 billion, essentially on account of securities investments (up EUR 4.6 billion), cash and cash equivalents, loans and advances to and resources with credit institutions (up EUR 3.4 billion) and loans and advances to customers (up EUR 1.9 billion).

(II) On the liabilities side growth essentially derived from the increases recorded in debt securities (up EUR 5.3 billion) and customer resources (up EUR 4.1 billion).

(III) Shareholders' equity was up EUR 1.7 billion over the preceding year to EUR 7.2 billion, owing to the EUR 1 billion increase and favourable evolution of fair value reserves (up EUR 542.2 million).

(IV) The cost-to-income ratio was 64.7% (51.2% in the preceding year). The increase particularly derived from the reduction of net operating income from banking and insurance activities.

(V) The solvency ratio, on a consolidated basis, calculated under the Basel II regulatory framework and Bank of Portugal regulations, was up 1.9 pp to 12.6% at the end of the year. Tier I totalled 8.5% (7.0% over the same period of the preceding year).

(VI) Consolidated net income was 39.2% down by EUR 180.1 million to EUR 278.9 million, over the preceding year, particularly on account of the significant decrease in net interest income and recognition of impairment on securities.

11. 2009 witnessed positive evolution in terms of the implementation of the "Operational Risk and Internal Control" programme whose expansion to cover subsidiaries has been completed by several entities. CGD Group has committed itself to expanding the methodology in all of the Group's institutions, subject to the supervision of the Bank of Portugal on a consolidated basis, up to 2011. In 2009, the Bank of Portugal authorised CGD Group to adopt the standard method for the purposes of calculating own funds requirements to hedge operational risk. The audit board considers that the "ROCI" programme which has still not been expanded to the whole of the Group has reinforced the coherence of subsidiaries' internal control systems (including subsidiaries abroad and offshore branches).

12. In the period following the year end closing of the accounts and pursuant to 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, which it has articulated, in technical terms with the statutory auditor.

13. The audit board examined the contents of the statutory audit certificate issued on the separate and consolidated accounts by the statutory auditor and the audit report on the separate and consolidated accounts issued by the external auditor under the terms of article 245 of the Securities Market 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 2009;
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, 07 April 2010

AUDIT BOARD

Eduardo Manuel Hintze da Paz Ferreira
(Chairman)

Maria Rosa Tobias Sá
(Member)

José Emílio Coutinho Garrido Castel-Branco
(Member)

Corporate Governance Report

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ASSESSMENT OF LEVEL OF COMPLIANCE WITH GOOD GOVERNANCE PRINCIPLES BINDING UPON CGD UNDER COUNCIL OF MINISTERS' RESOLUTION 49/2007

GGP	Recommendations	Level of Compliance[1]	References 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. to 1.3.
	• **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.	1.4.
	• **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.	2.4.1. and 2.4.2.
	• **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.	1.4. and 9.
	• **Compliance with legislation and regulations**, adopting an ethically irreproachable behaviour to the application of fiscal regulations, anti-money laundering operations, competition, consumer protection, the environment and labour relationships;	Accomplished.	2.3.1. to 2.3.5.
	• **Obligation to treat all workers with respect and integrity**, contributing towards their personal advancement;	Accomplished.	2.4.3.
	• **Obligation to treat customers, suppliers and other lawfully entitled persons fairly**, 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, guaranteeing equality of opportunities to 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 all of the company's business affairs with integrity** (having or subscribing to a code of ethics which entails demanding ethical and deontological behaviour and the disclosure thereof);	Accomplished.	2.2.

...Continued

GGP	Recommendations	Level of Compliance[1]	References in Report
Administration and Inspection Structures	• **Number of 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 should spin off the supervisory function by creating an audit board or a board 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 external 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.	7.1. and 7.2.
	• **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 information on total remuneration** (fixed and variable) paid to **each member of the board of directors**;	Accomplished.	6. and Annex II
	• Annual disclousure of information on remuneration paid to **each member of the inspection body**;	Accomplished.	6. and Annex II
	• **Annual disclosure of information on 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.	5.7.
	• **Obligation of members of statutory bodies** to declare any important financial investments they may have in the company;	Accomplished.	5.7.
	• **Obligation of members of statutory bodies** to declare any relevant relationships with suppliers, customers, credit institutions or other relationships which may create a conflict of interest.	Accomplished.	5.7.

...Continued

GGP	Recommendations	Level of Compliance[1]	References 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.	8.1. to 8.3.
	• To provide for the disclosure of information on the state's corporate websites, 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.	8.4.
	• 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 GGP);	Accomplished.	8.5.
	• Nomination of ombudsman, when justified.	Not applicable.	10.

(1) Level of compliance – accomplished, accomplished in part, not accomplished, not applicable.

1. MANAGEMENT, MISSION, OBJECTIVES AND CORPORATE POLICIES GUIDELINES

1.1. INFORMATION ON MANAGEMENT GUIDELINES APPLICABLE TO CGD, NOTABLY STRATEGIC GUIDELINES ON COMPANIES OPERATING IN THE STATE'S BUSINESS SECTOR, AS A WHOLE, GENERAL GUIDELINES ON THE FINANCIAL SECTOR AND SPECIFIC GUIDELINES ON THE INSTITUTION AS A SEPARATE ENTITY, DEFINED BY THE MINISTER OF FINANCE

In addition to the strategic guidelines defined for companies in the state's business sector as a whole under the terms of 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".

1.2. MISSION

CGD group will endeavour to consolidate its activity as a Portuguese financial system structuring group, differentiated by 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.

1.3. PRINCIPAL STRATEGIC OBJECTIVES

The strategic directives for its operations are set out below:
I. To consolidate the evolution of profitable growth (in Portugal and in its principal international markets), contributing to 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 of the company's values and culture, knowledge, communication and performance;
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 commercial stimulus 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 operations, 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 with 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 conduct;
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 operationalising 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 a collection of transversal structuring projects, for implementation by 2010:

1. To stimulate the commercial activity of individual customers and small businesses;
2. To stimulate the commercial activities of SMEs;
2.a) To stimulate foreign trade-related business;
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 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.

1.4. INFORMATION ON THE ANNUAL PRODUCTION OF AN ACTIVITY'S PLAN AND A REPORT PROVIDING INFORMATION ON COMPLIANCE WITH THE COMPANY'S MISSION, OBJECTIVES AND POLICIES, INCLUDING SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT POLICIES AND SAFEGUARDING COMPETITIVENESS THROUGH RESEARCH, INNOVATION AND THE INTEGRATION OF NEW TECHNOLOGIES IN TERMS OF PRODUCTION

CGD produces an annual planning process for the consolidated accounts of the Group's 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 vast range of periodic reports on various areas of activity comprises 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 BINDING UPON THE COMPANY

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 and republished 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, in terms of domestic law, to the General Credit Institutions and Financial Companies Regime (acronym "RGICSF"), approved by Decree Law 298/92 of 31 December (republished by Decree Law 1/2008 of 03 January and changed by Decree Law 126/2008 of 21 July, Decree Law 211-A/2008 of 03 November, Law 28/2009 of 19 June, Decree Law 162/2009 of 20 July and Law 94/2009 of 01 September), the Securities Code, approved by Decree Law 486/99 of 13 November (republished by Decree Law 357-A/2007 of 31 October and changed by Decree Law 211-A/2008 of 03 November, Law 28/2009 of 19 June, Decree Law 185/2009 of 12 August) and all regulatory standards issued by the Bank of Portugal and the Securities Market Commission.

In terms of regulatory standards, reference should be made to the following published by the Bank of Portugal, in 2008 and 2009, with the objective of reinforcing the transparency and rigour of the information provided by credit institutions to their customers:

• Bank of Portugal Official Notice 10/2008, which regulates the duties to provide information and transparency on the advertising of products and services and establishes the minimum dimensions of the characters to be used in the advertising of financial products and services on different advertising media;
• Bank of Portugal Official Notice 4/2009, which regulates information requirements on the commercialisation of bank deposits;
• Bank of Portugal Official Notice 5/2009, which regulates information requirements on the commercialisation of indexed and dual deposits, complex financial products in accordance with Decree Law 221-A/2008;
• Bank of Portugal Official Notice 6/2009, which defines rules on the characteristics of bank deposits;
• Bank of Portugal Official Notice 8/2009, which regulates information requirements on prices.

With the same desideratum, the Securities Market Commission published Regulation 1/2009, in 2009, on the information and advertising of complex financial products subject to its supervision.

CGD's activity is also subject to its articles of association the full version of which was published as an annex to Decree Law 106/2007 of 03 April and updated, following the share capital increase of 02 June 2009.

CGD has an internal standards system, published on its intranet. The system is binding on all workers and covers the most relevant aspects of the company's operation and performance of its activity. The referred to internal standards system sets out the rules and competencies on the production, management, means of support, disclosure of information on and access to standards, notably organic structure, employee policy, product and services characteristics and relevant procedures or information.

2.2. CODE OF CONDUCT

Caixa and its workers perform their operations and functions in due respect for demanding ethical and deontological principles which have been systemised in CGD's Code of Conduct.

Published as an internal regulation, in August 2008, the Code of Conduct is binding upon CGD's members of the board of directors, workers and service providers, in addition to its subsidiaries, economic interest groupings, branches, and representative offices and respective workers, adapted as necessary by the requirements of local laws.

In addition to being a part of CGD's internal regulations system, the code is also available on CGD's intranet and its website at http://www.cgd.pt/Corporativo/Governo-Corporativo/Pages/I-Codigo-Conduta-CGD.aspx.

As the proactive nature of its development of best practice in terms of ethical conduct is one of CGD's management priorities, initiatives designed to promote revisions of and continual improvements to the Code are in progress, both on a level of contents as in the management model, with the aim of constantly improving the instruments which contribute to the furtherance of CGD's strategic objectives.

2.3. 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. Its respective 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.

2.3.1. APPLICATION OF FISCAL REGULATIONS

CGD has two inter-complementary technical units for compliance with fiscal legislation and regulations in force. One is geared to CGD's compliance with its own fiscal obligations and the other focuses on logistical support for the interpretation of legislative regulations and those pertaining to CGD itself and products for commercialisation, in addition to other functions attributed to it in matters of tax disputes.

2.3.2. APPLICATION OF ANTI-MONEY LAUNDERING REGULATIONS

Anti-money laundering operations and countering the financing of terrorism activities are currently a priority for the international community.

CGD, in its awareness of this situation, has a Compliance Function Support Office, with a customer transactions monitoring area and another research and reporting area, manned by specialised technical personnel to guarantee the good execution of the internal anti-money laundering operations and countering the financing of terrorism activities.

CGD has the computer tools to monitor transactions and filter its customers, permitting the detection and analysis of operations which may comprise risks of money laundering and financing of terrorism activities and the identification of high risk customers in terms of the said activities.

Day-to-day anti-money laundering / countering the financing of terrorism activities involve compliance with all of the applicable legislation and regulations in due respect for ethical principles and best international practice.

In this context, all Caixa, workers are bound to strict compliance with all of the duties set out in current legislation, notably examination and communicating of all operations which may comprise money laundering and/or financing of terrorism activities.

As training is one of the main pillars of the whole of the prevention system, CGD arranges for involvement in seminars and national and international courses and provides its workers with classroom and e-learning training activities.

2.3.3. APPLICATION OF REGULATIONS ON COMPETITION AND CONSUMER PROTECTION

Competition-Related Standards

CGD's operations comply with ethical performance principles which do not jeopardise its guidelines relating to healthy competition between institutions operating in the financial system, without any possibility of dumping or cartelisation.

Caixa designs its offer of products and services in accordance with the needs and requests of its customers in general and incorporates conditions and suggestions extracted from numerous market surveys (regular studies, customer satisfaction programme, surprise visits) which are systematically used by Caixa for the diverse market segments of its most representative customers, companies, individual customers, premium customers, mass market customers, non-residents and young students.

Reference should also be made to the relevant contribution made by creative and innovative initiatives resulting from the standard practices available to workers, in the form of internal competitions, whose growing acceptance has enabled ideas with a highly positive reflection on the development of new financial products for customers to be adopted.

Consumer Protection

The process for the creation, approval and launch of products and services complies with circuits governed by internal regulations which endeavour to comply with current legislation, business strategy and the objective of meeting customers' requirements. Reference should be made to the following practices:

• The products selection process is based on benchmark information and proposals for the manufacture of products and/or external product units, with the production of estimates of returns and income for the Group while, at the same time as any computer limitations are analysed and compliance with internal regulations and legislation in force is guaranteed by consultations with CGD's Legal Division and its Compliance Function Support Office;

• Product approvals require a decision by the Marketing, Communication and Networks Board (CDMC) which also approves the amounts to be invested and the timing of their respective commercialisation;

• Product launches presuppose the establishing of a procedure, with the opinions of the Risk Management Division and Compliance Function Support Office, from a risk and customer viewpoint, preceded by a communication from the Accounting, Consolidation and Financial Information Division, Financial Markets Division and the Communication Division, for the development of disclosure support processes.

CGD protects consumers through various initiatives:

• Adequacy of products and services to the needs of each customer group, with price adjusted to value, providing adequate information to allow decisions to be made in line with the best access conditions (branch, telephone, internet);

• Assumption of responsibilities for the financial education of younger customers, launching products enabling management of day-to-day expenses or which incentivise medium and long term savings, adopting a line of communication based on "Best Read by Two", simultaneously targeted at young people and those responsible for their education;

• Promotion of an active and positive attitude in relation to senior citizens, contributing towards a feeling of inclusion by older customers in society in general and the bank in particular;

• Improved quality of service at branch offices, improving proximity between workers and customers, reflected in more relevant commercial approaches;

• Public display of the Bank's price list at all customer service points and on distance channels, which, from 01 January 2010, adopted the model defined by the Bank of Portugal (Official Notice 8/2009 and Instruction 21/2009) guaranteeing improvements to the disclosure of information contents on commissions, expenses and interest rates.

Relationship with Customers

Caixa has been progressively adopting a new customer relationship model which has endeavoured to improve the clarity and quality of its provision of information, through its supply, to all individual and corporate customers of a "New Contract for the Opening of Accounts and Provision of Services", starting 01 November 2009, under the Payment Systems Directive, which was transposed into Portuguese legislation by Decree Law 317/2009 of 30 October.

Improvements have, at the same time, been made to information contents in terms of the activity of the reception of bank deposits, either simple or indexed, by providing customers with standardised information sheets and information prospectuses, deriving from the Bank of Portugal's Official Notices 4/2009 and 5/2009, respectively.

Reference should also be made to the fact that the relationship with customers has benefited from various initiatives resulting from the use of relational management and behavioural tools for mass affluent customers, namely:

• A proactive approach to the search for and presentation of adequate financial solutions;

• Choice of means and time of contact with customers in accordance with their preferences;

• Exclusion of customers from commercial campaigns when they have recently received similar proposals or when they have stated that they do not wish to be contacted;

• Use of innovative online manager services, with a guarantee of an exchange of information using secure messages;

• Warning system to guarantee relevant information to be provided to customers who have sought CGD's advice to prevent any risks of default or to ensure justifiable investment opportunities.

2.3.4. APPLICATION OF ENVIRONMENTAL STANDARDS

The environment plays a pivotal role in Caixa's Sustainability Strategy which comprises the broadest external and internal operations areas.

Special reference should be made to the Caixa Carbon Zero 2010 Programme which was initially launched in 2007. This is a strategic programme which is transversal to the whole of the Bank's activity and has been assumed at the highest management level. Its mission is to simultaneously: comply with the responsibility of reducing own emissions; catering for the challenge of bringing new financial solutions into the market to facilitate access to low carbon goods and services; inform a large member audience of the issue and to adopt a behavioural approach leading to a reduction of the energy and carbon intensity of its activities.

Based on five strategic aspects, the Caixa Carbon Zero 2010 Programme represents Caixa Geral de Depósitos's strategic climate strategy. The strategy involves both internal action – assuming responsibility for quantifying, reducing and offsetting own emissions – and market operations and in the social sphere, helping to build a low carbon economy.

These aspects are transversal to Caixa as a whole and encompass actions designed to diminish the environmental effect of both direct and indirect impacts.

Direct impacts are defined as those resulting from the operations of our central buildings, branch offices and travel by workers. They comprise consumption of energy, water and other raw materials, necessary for normal operation, in addition to CO_2 emissions deriving from the consumption of fuel and other energy sources.

Indirect impacts are, in turn, associated with our customers' new investments made with Caixa loans in addition to Caixa's direct investments.

Caixa has, accordingly, been incentivising investment in environmental projects, having also begun to incorporate these issues in such products as its Caixa Carbon Zero credit card or Renewable Energies credit facility for the installation of energy production technologies from renewable sources by individual and corporate customers.

Caixa prepared its third inventory of greenhouse gases for the banking area in Portugal, in 2009.

The inventory was produced in accordance with the methodology established by The Greenhouse Gas Protocol (GHG Protocol), developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

Caixa is also engaged upon the task of broadening the scope of its emissions inventory, with the objective of bringing it progressively more into line with the operating sectors and geographies in which CGD Group is present.

CGD has also been implementing various internal emissions reduction measures, particularly including Portugal's largest solar power unit on its headquarters' roof which enables electricity savings of more than 1 GWh per annum to be achieved, or the photovoltaic solar micro generation project on the branch office network which included 80 branches in 2009.

It is also intervening in the rationalisation of energy consumption by information and communications technology, air conditioning systems and lighting in its buildings in addition to committing to a reduction in paper consumption, increasing the level of waste recycling and reducing emissions associated with mobility through regulations on the acquisition of vehicles based on environmental criteria, increased use of videoconferencing and encouragement of the use of modal transfer in the case of travel.

Caixa has committed to promoting the carbon literacy of its workers, customers and society in general through a series of actions designed to increase public awareness of the issue of climate change and supplying practical, rigorous information on how individual behaviour can reduce emissions.

CGD's website is the prime vehicle for providing information on these initiatives, exemplified by: *Day-to-Day Carbon Zero*, a handbook of practical recommendations for reducing emissions, at work or at home; Carbon Calculator, an online tool providing users with information on their carbon footprint while providing them with a personalised emissions reduction plan; Savings Cycle, initiatives promoting financial and environmental savings concepts for children and young people. This website which has been specially designed for young people, provides them with information on financial savings while saving the planet.

Caixa was the first Portuguese financial institution to sign up to the *Carbon Disclosure Project* (CDP), as an investor, together with the largest worldwide institutional investors. The CDP is an independent NGO which aims to increase investors' knowledge of and trust in the implications of climate change on corporate equity values. It is currently the international reference for the disclosure of information on corporate strategies for climate change and has the largest worldwide database on corporate carbon emissions. Having signed up as an investor, Caixa has special access to information enabling it to integrate the climate factor in its investment decisions and reduce the associated risk.

In 2009, Caixa also became a member of UNEP FI – United Nations Environment Programme Finance Initiative, which has also committed to the integration of environmental aspects within CGD Group business.

CGD came in top place in the financial sector and third in the general ranking of the ACGE Corporate Climate Responsibility Sector Index in 2009. The ACGE is an annual ranking for assessing corporate responses to climate change and a low carbon economy.

CGD also initiated the formal process of defining its Environmental Policy in 2009.

2.3.5. 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 number of actions 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 unusual circumstances.

2.4. 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.

2.4.1. EQUALITY OF TREATMENT AND OPPORTUNITIES FOR MEN AND WOMEN

CGD's staff complement, in 2009, was almost equally split up in terms of gender with 53% (women) and 47% (men). The situation is similar when assessing the level of 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 genders, in which male employees have predominated but in which the current trend involves greater future balance.

The recruitment and selection process fully complies with the principle of equality of opportunities and is based on a résumé and each candidate'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 (26), Lusophone Africa (23), Africa (1), North America (3), Latin America (4), Brazil (5) 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 170 physically handicapped employees – 81 women and 88 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.

2.4.2. CONCILIATION BETWEEN PERSONAL, FAMILY AND PROFESSIONAL LIVES

CGD has endeavoured to implement a series of support measures designed 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 several 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;

• Maintenance of a Social Action Unit and an Office of Psychology coming under the aegis of CGD's Personnel Department which endeavours to intervene preventatively and which has support and advisory programmes for employees and their respective families.

2.4.3. 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.

There were 700 thousand internal monthly accesses to Caixapessoal, in 2009, comprising a 60% growth over the preceding year. October 2009 recorded the highest number of accesses to Caixapessoal, with more than 1.5 million.

Caixapessoal also provides support through a Helpdesk, for the clarification of any doubts raised by employees and endeavours to provide personalised, targeted responses to each specific case. More than 1 200 requests for clarification were made, in 2009, with an average response time of 48 hours.

Access to training is generally available to all workers who are encouraged to undergo permanent training during the course of their professional careers, notably via the e-learning platform, which can also be accessed from home without any time constraints. There were 171 728 classroom or e-learning training sessions, in 2009, 56% of which were taken by women and 44% by men.

Individual training support is also given in addition to the training programme provided by CGD. CGD provided assistance to 1811 workers, in 2009, of which 843 relating to conferences, seminars and congresses in Portugal and abroad, 844 relating to foreign language training and 124 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 and associated companies are set out below:

• Caixa Leasing e Factoring, IFIC, SA;

• Companhia de Seguros Fidelidade Mundial, SA;

• ESEGUR – Empresa de Segurança, SA;

• Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA;

• Sogrupo – Serviços Administrativos, ACE.

CGD's financial statements, at 31 December 2009, included the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	2009			
	Portuguese State (DGT)	Other Portuguese State Entities	Associated Companies	Other CGD Group Companies
Assets				
Loans and advances to credit institutions	-	4 195 000	-	8 623 662
Securities and derivative financial instruments held for trading	635 648	40 475	-	999 547
Loans and advances to customers	36 391	538 025	619 679	102 587
Other assets	24 993	4 009	1 346	875 192
Liabilities				
Customer resources and other loans	3 077	1 769 215	27 051	1 987 510
Debt securities	-	-	-	1 764 485
Subordinated liabilities	-	-	-	674 227
Other liabilities	291	-	56	216 115
Guarantees provided	-	3 212	10 841	87 874
Income:				
Interest and similar income	16 444	47 519	163 035	1 209 116
Income from financial operations	3 693	397	-	12 067 482
Income from services and commissions	3	6 542	341	53 594
Other operating income	0	736	235	53 397
Costs				
Interest and similar costs	-	14 726	120	1 076 236
Losses on financial operations	328	-	-	12 109 960
Commissions	-	2	-	2 300
Other operating costs	-	1	346	317

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 comparison between proposals submitted;

• Authorisation of expenditure – in accordance with the delegation of competencies

• Contracts with goods suppliers / service providers – in writing: exchange of correspondence or 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;

• Vehicles renting – Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA.

4.3. LIST OF SUPPLIERS REPRESENTING MORE THAN 5% OF EXTERNAL SUPPLIES AND SERVICES ON A SEPARATE BASIS

The following suppliers represented more than 5% of the individual external supplies and services, on a separate basis, in 2009:

• Companhia IBM Portuguesa, SA;

• ESEGUR – Empresa de Segurança, SA;

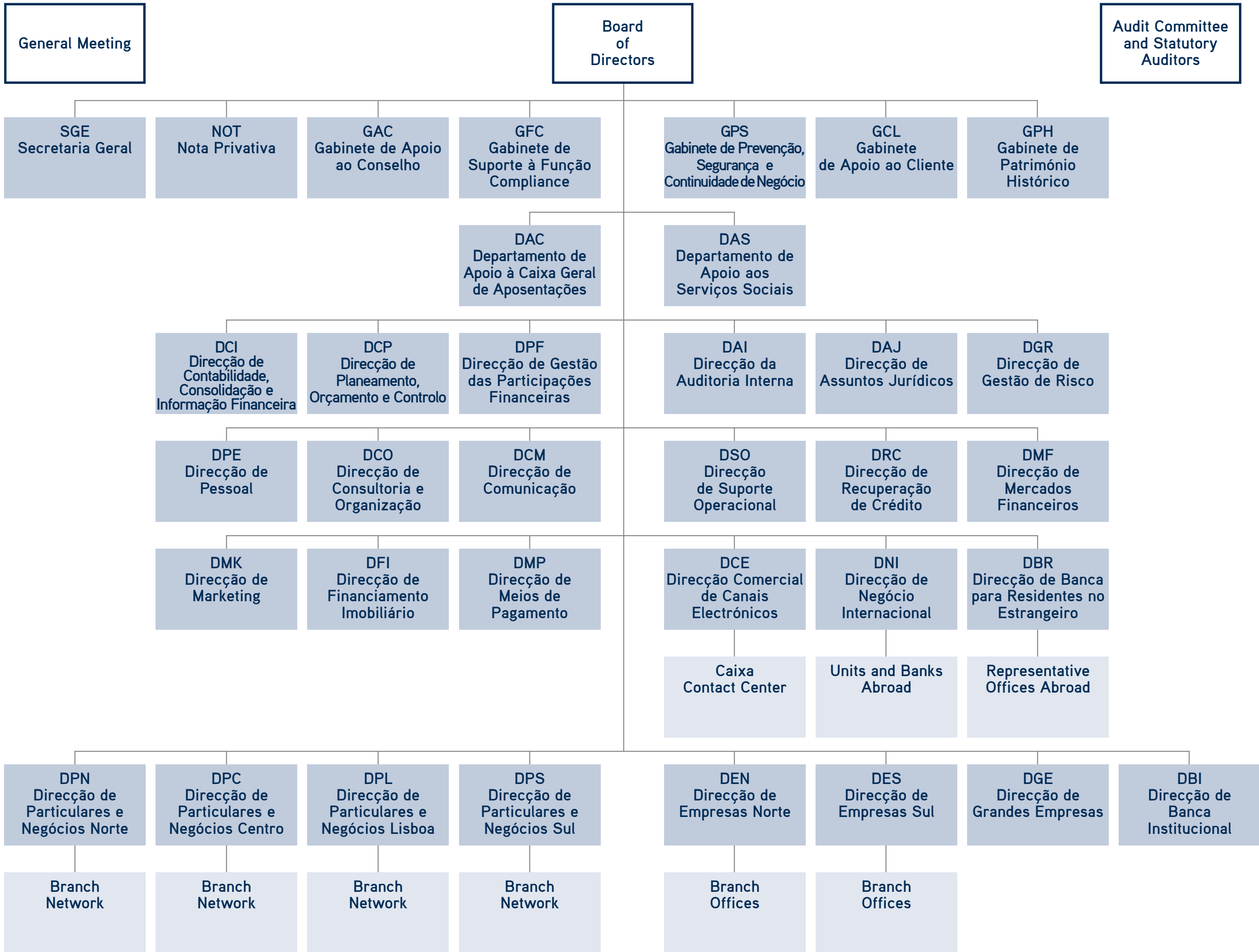
• SIBS – Sociedade Interbancária de Serviços, SA.

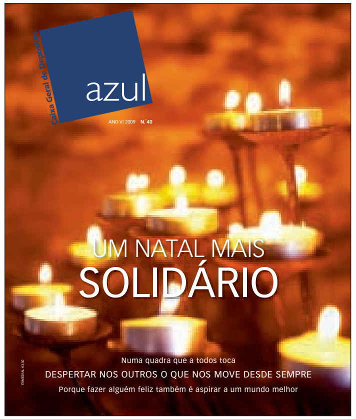
5. CORPORATE MODEL

CGD's governance model, which ensures effective separation between administrative and inspection functions, comprises its shareholders' meeting, board of directors, audit board and statutory auditor which is not a member of the audit 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, however, 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 all subjects within its competence as defined by law and the articles of association, particularly:

• 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 audit 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 board having 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
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 by 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 proxies 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 in 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 52 times, in 2009.

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 corresponding deputies in the event of absences.

5.3. INSPECTION BODIES

The inspection of the company is the responsibility of an audit 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. AUDIT BOARD

The audit board comprises a chairman, two acting and two deputising members. The current term of office of the members of the audit board runs from 2007 to 2009. The body currently comprises the following members:

Composition of Audit Board

Chairman: Eduardo Manuel Hintze da Paz Ferreira
Members: José Emílio Coutinho Garrido Castel-Branco and Maria Rosa Tobias Sá
Deputising Members: José Clemente Gomes and Ana Maria Ratel Barroso Reis Boto

The résumés of the members of the audit board are set out in annex I to this report.

The audit board generally meets once per month, having met on 12 occasions in 2009.

The audit board, on 26 March 2009, 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 11 July 2008.

5.3.2. STATUTORY AUDITORS

The current term of office of the statutory auditors runs from 2007 to 2009.

Official 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 audit board and the Accounting and Consolidation of Financial Information Division. According to the dispositions of Council of Ministers' Resolution 49/2007, the audit board is responsible for selecting and contracting the external auditor and shall guarantee its conditions of independence.

5.5. COMPANY SECRETARY

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 all of the members of the board of directors. ALCO generally meets once a quarter.

5.7. PREVENTION OF CONFLICTS OF INTEREST

The members of the board of directors are fully aware of their duties not to be involved 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 hold office.

6. REMUNERATION OF MEMBERS OF STATUTORY BODIES

6.1. REMUNERATION POLICY FOR MEMBERS OF BOARD OF DIRECTORS AND INSPECTION BODIES

According to Law 28/2009 of 19 June which establishes the regime for the approval of the remuneration policy for members of boards of directors and inspection bodies in entities with "public interest" status, the board of directors should annually submit a statement on the remuneration policy of the members of the said bodies for the approval of the shareholders' meeting.

Taking into account the fact that the said law was published much later than the date of Caixa Geral de Depósitos's annual shareholders' meeting, the corresponding regime was not applied in 2009.

6.2. REMUNERATION DEFINED FOR 2009

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;
Members – Remuneration of EUR 18 550.00, 14 times per year.

AUDIT BOARD

Chairman – Remuneration of EUR 5 300.00, 14 times per year;
Members – Remuneration of EUR 3 975.00 , 14 times per year.

6.3. REMUNERATION AND OTHER INCENTIVES FOR MEMBERS OF STATUTORY BODIES

This information is set out in annex II of the report.

6.4. REMUNERATION OF STATUTORY AND EXTERNAL AUDITORS

REMUNERATION OF STATUTORY AUDITORS IN 2009

(euros) [a]

Oliveira Rego & Associados, SROC, represented by Manuel de Oliveira Rego (partner)	
Statutory audit services	248 748.64
Other services	65 000.04

(a) Amounts exclusive of Vat and relating to CGD Group.

REMUNERATION OF THE EXTERNAL AUDITOR IN 2009

(euros) [a]

Deloitte & Associados, SROC, SA	
External and statutory audits	2 101 243
Other services guaranteeing reliability	675 979
Fiscal consultancy	523 383
Other services	304 149

(a) Amounts exclusive of Vat and relating to CGD Group.

7. CONTROL SYSTEM

Risk management has its own chapter in this annual report for 2009, 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 CGD / CGD Group's activities and quantifies the risk attached to CGD / CGD Group exposure.

7.1. INTERNAL CONTROL SYSTEM

The internal control system is defined as a collection of strategies, systems, processes, policies and procedures, defined by the board of directors, in addition to the actions taken by the board and the institution's other employees, for the purpose of ensuring:

a) The efficient and profitable performance of activity, over the medium and long term (performance objectives);

b) The existence of full, pertinent, reliable, prompt financial information (information objectives);

c) Compliance with applicable legal and regulatory dispositions (compliance objectives).

CGD Group's management of its internal control system is based on good practice guidelines and methodologies, particularly the generic internal control methodology proposed by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and, as regards information systems technology the CobiT (Control Objectives for Information and Related Technology) framework.

Under this framework and in order to achieve effective compliance with its defined objectives, CGD Group endeavours to guarantee an adequate control environment, a solid risk management system, an efficient information and communication system, adequate control activities and an effective monitoring process with the objective of ensuring the quality and efficacy of the system over time.

To ensure adequate management of the internal control system, specific, transversal responsibilities have been defined for determined structural bodies which as a whole and working with the other Group structures and entities, perform activities to ensure the existence of an adequate internal control system:

BOARD OF DIRECTORS

The board of directors is responsible for periodically reviewing and approving risk management strategy and policies and internal control and establishing and guaranteeing their implementation within CGD, in addition to the progressive alignment of Group entities therewith.

OPERATIONAL RISK AND INTERNAL CONTROL MANAGEMENT COMMITTEE (CGRC)

This body is responsible for verifying conformity with the strategy and policies established for operational risk management and internal control, monitoring the management thereof within the Group and proposing action plans to the board of directors.

CONSULTANCY AND ORGANISATION DIVISION

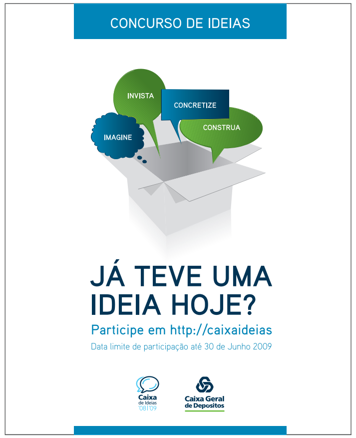
The Operational Risk and Internal Control Management Area, coming under the Consultancy and Organisation Division, has the following responsibilities:

- To promote the implementation of the internal control management strategy and policies within the Group in articulation with other CGD and its subsidiaries' structural bodies, monitoring compliance therewith and informing CGRC of the respective conclusions;

- To assist the board of directors in its preparation of the regulatory separate and group internal control report, periodically review their shortcomings, undertake a critical analysis and stimulate action plans. These activities are strictly articulated with the Compliance Function Support Office, and Risk Management Division, Internal Audit Division and the Group's subsidiaries, and also consider any comments and remarks made by the audit board, statutory auditor and external auditor;

• To develop and implement operational risk management strategy and policies and ensure the adequate management thereof, with, in the case of subsidiaries, responsibility for promoting and supporting development and the continuous evolution of the said risk's management process as well as monitoring compliance with the defined strategy, policies and methodologies.

This Division is also responsible for the management and documentation of CGD processes, including the identification of potential operational risks and control procedures, articulating this activity with Process Owners and other structural bodies. It is also responsible for keeping documents up to date in branches and subsidiaries, in articulation with the local structures responsible for their management.



INTEGRATION OF INTERNAL CONTROL AND COMPLIANCE FUNCTION IN SOGRUPO – SISTEMAS DE INFORMAÇÃO, ACE

This body has specific responsibilities in terms of processes within the sphere of SSI which include the assessment of processes in accordance with the COBIT Framework and the identification and reporting of non-conformities and improvement opportunities.

RISK MANAGEMENT DIVISION

The Risk Management Division is responsible for:

• The coherent identification, comprehension and disclosure, within CGD Group, of information on the risks and opportunities existing in business transactions;
• Management and control of CGD Group's credit risks in accordance with the strategy defined by the Expanded Credit Board;
• Coordination of the overdue or non-performing credit recovery process within CGD Group;
• Management and control of market and liquidity risks in CGD Group, within the limits defined by the ALCO Committee;
• Management and control of model risk within CGD Group.

In the sphere of internal control management, this Division is also responsible for the periodic production of reports on risk management for the Board, with a summary of the main shortcomings identified and indication of the recommendations followed.

COMPLIANCE FUNCTION SUPPORT OFFICE

The Compliance Function Support Office ensures the management coordination of compliance risk within CGD and its respective branches and subsidiaries, in addition to economic interest groupings and pension fund management companies.

The Office is responsible for coordinating and safeguarding the good execution of anti-money laundering and countering the financing of terrorism activities, in addition to preventing market abuse. It is also responsible for the periodic production of internal control reports for the board of directors with the identification of any non-compliances and their respective remedial measures.

INTERNAL AUDIT DIVISION

Internal audit is a permanent, independent and objective activity designed to assist the board of directors in monitoring internal control systems, in a systematic and disciplined manner, both within CGD and the Group (except for the insurance area and from a perspective of supervision on a consolidated basis, in order to promptly identify higher risk areas and assess management efficacy, in addition to the adequacy of the most relevant control procedures, helping the Group to manage its risks and promote effective governance practices on the implementation of its internal control system.

It is also responsible for producing and submitting an annual report on audit issues, to the board of directors and inspection body, containing a summary of the main shortcomings detected in control actions which may indicate a deterioration of the internal control system, in addition to indicating and identifying the recommendations followed.

7.2. CONTROL SYSTEM ON THE PROTECTION OF THE COMPANY'S INVESTMENTS AND ITS ASSETS

CGD has defined guidelines for use as ancillary instruments on the management of its portfolios, containing assets subject to market risk and under the management of the Financial Markets Division. These guidelines provide a sufficiently precise definition of the maximum levels on certain types of risk which may be incurred in portfolios, with the risk measures varying in accordance with the nature of the risk under consideration. The measure adopted for market risk is VaR, which is complemented, in the case of interest rate risk, by Vo1. Credit risk in the referred to guidelines is assessed on the basis of the issuers' ratings, their sector and geography. Limits are set on ratings considered to be of inferior quality, sectoral and geographical exposure and exposure to diverse compacted risks.

Guidelines have also issued for balance sheet liquidity and interest rate risks, defining the roles and responsibilities of the diverse parties involved, the indicators to be monitored, limits on such indicators and control systems on such limits.

Reports are produced on a comparison between existing positions and those acceptable under the guidelines, with an agreed frequency and graded according to the importance of the risks present in the diverse portfolios.

In the credit risk acceptance process and always accompanied by a commercial proposal, there is always a mandatory risk opinion on economic groups with an exposure of more than a certain amount to CGD. The credit portfolios are regularly examined and reports produced on their behaviour in terms of defaults.

Defaults and valuation of credit assets are followed by a process for determining impairment under which endeavours are made to allocate an amount which takes the effective associated recoverability into account for each credit on CGD's balance sheet. This process results in the determining of impairment provisions, subject to a report to be sent by the auditors to the Bank of Portugal.

CGD performs quarterly stress-tests on credit, market, interest rate and liquidity risks with the objective of not only complying with Bank of Portugal Instruction 18/2007 but also improving its perception of CGD's risks and protecting its assets and activity.

8. DISCLOSURE OF RELEVANT INFORMATION

8.1. MARKET RELATIONS REPRESENTATIVE:

CGD, as an issuer of financial instruments, has appointed a market relations representative to provide prompt information. The representative can be contacted as follows:

CONTACTS OF MARKET RELATIONS REPRESENTATIVE

Market Relations Representative: António José Alves Valente

Tel.: 217905908
Fax: 217953986
Email: antónio.valente@cgd.pt

8.2. DISCLOSURE OF PRIVILEGED INFORMATION

CGD, as defined under the respective legislation, 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. CGD's website also provides a collection of business-related institutional information.

CGD sent 21 communications to the Securities Market Commission (CMVM) in 2009, in full compliance with its duty to immediately disclose relevant information. They can be viewed on its website at www.cgd.pt and the CMVM website at www.cmvm.pt.

PRIVILEGED INFORMATION SENT TO THE SECURITIES MARKET COMMISSION

Date	Subject
19.01.2009	Information on Standard & Poor's rating;
22.01.2009	Information on Standard & Poor's rating;
10.02.2009	Information on bond issue;
16.02.2009	Information on acquisition of an equity investment;
18.02.2009	Information on bond issue's technical fact sheet;
20.03.2009	Information on consolidated net income for 2008 (in English);
07.04.2009	Information on Moody's rating decisions;
30.04.2009	Information on non-guaranteed senior debt bond issue;
13.05.2009	Information on activity and consolidated net income for first quarter 2009;
27.05.2009	Information on share capital increase;
15.06.2009	Information on the terms of equity swaps between Caixa Seguros e Saúde, SGPS, SA and USP Hospitales Group;
06.07.2009	Information on change of "outlook" attributed by Standard & Poor's;
09.07.2009	Information on public issue of bonds on the public sector;
03.08.2009	Information on activity and consolidated net income for first half 2009;
04.09.2009	Information on ratings attributed by Fitch Ratings;
16.09.2009	Information on change in ratings attributed by Moody's;
02.11.2009	Information on change of "outlook " attributed by Moody's on the debt issues guaranteed by the Portuguese State;
20.11.2009	Information on ratings attributed by Moody's on debt issues;
20.12.2009	Information on agreement for disposal of ZON Multimédia, SGPS, SA shares;
21.12.2009	Information on maintenance of ratings on long and short term liabilities by Fitch Ratings;
30.12.2009	Information on the sale of 3.9% of the share capital of REN – Redes Energéticas Nacionais, SGPS, SA to PARPÚBLICA, SGPS, SA.

8.3. DISCLOSURE OF RELEVANT INFORMATION

In the sphere of compliance with its public disclosure of information, (article 249 of the Securities Market Code), Caixa Geral de Depósitos as issuer, realised all market communications, in 2009, on the issue of bonds and changes to the Prospectuses for Admission to Bond Trading. Information on the Prospectuses for Admission to Bond Trading, has also been published on CGD's website.

CMVM approved the 3rd addendum to the base prospectus relating to the admission of the covered bonds issued under CGD's Offer Programme, for the amount of EUR 15 billion, in July 2009. This addendum, in addition to a consolidated version of the prospectus and a new up-to-date summary were published on CMVM's website. CMVM approved the 4th addendum to this prospectus in December which it published on its website in the first week of January 2010.

CGD made only one issue of covered bonds (Series 9 for the amount of EUR 175 million), in October 2009 whose final terms were sent to Euronext Lisbon. The information is also available on CMVM's website.

CGD created a bonds on the public sector issue programme for up to EUR 5 billion, in February, whose base prospectus on the issue and admission to trading on a regulated market and respective summary were approved and published by CMVM. CMVM approved and published the first addendum to this base prospectus in July. CGD latterly informed the market of the realisation of the inaugural issue of this type of debt, which is different from covered bonds on account of the fact that the portfolio which guarantees the issue exclusively comprises loans made to public entities. The technical fact sheet for this issue for the amount of EUR 1 billion with a maturity period of 5 years was sent to Euronext with a request for admission to trading in the Eurolist market. The information was also published on CMVM's website.

CGD updated its Euro Medium Term Notes (EMTN) Issue Programme, in April, having realised the programme passport for Portugal, in order to be able to realise public offerings of this new programme in the retail market in Portugal. The new base prospectus and respective summary, in Portuguese, were sent to the CMVM, which published them on its website. Following this change CGD announced a public offering of subordinated bonds for EUR 600 million, denominated "CGD 2009/2019", which was also published by the CMVM. The issue's technical fact sheet was sent to Euronext with a request for admission to trading in the Eurolist market. This technical fact sheet containing the issue's final terms and result of the public offer was sent to the CMVM where it can be consulted.

CGD, under the scope of the EMTN Programme, also launched a bond issue for the amount of EUR 1250 million with a maturity period of 5 years, in international markets in February. The issue reopened the Portuguese, non-guaranteed senior debt market which is characterised by major instability. CGD returned to the market with a new, fixed-rate issue for the amount of EUR 1 billion and a maturity period of 4 years in April. CGD publicised the launch of these two issues on the CMVM's website.

8.4. DISCLOSURE OF INFORMATION ON "SEE" (COMPANIES IN THE STATE'S BUSINESS SECTOR) WEBSITE

In its compliance with the "Good Governance Principles for Companies in the State's Business Sector" a collection of information on Caixa Geral de Depósitos was publicised on the State's Business Sector Website, including Mission, Objectives and Characterisation of the Company, Articles of Association, Governance Model / Statutory Bodies, Public Financial Commitment, Information on Subsidiary Companies, Supervisory Function and Shareholder, Historical and Current Financial Information, Strategic and Management Guidelines, Assessment of Level of Compliance with Good Governance Principles and Code of Conduct.

This information is available at:

http://www.dgtf.pt/sector-empresarial-do-estado-see/informacao-sobre-as-empresas/entidade/cgd-caixa-geral-de-depositos-sa

8.5. DISCLOSURE OF INFORMATION ON CORPORATE GOVERNANCE

This good governance report is an autonomous chapter of CGD's annual report for 2009. It aims to comply with the recommendation of including an item on corporate governance in the board of director's report.

The corporate governance information provided on the "SEE" website has also been published on Caixa Geral de Depósitos's website. Information on shareholders' meetings, maturity periods on payments, privileged information sent to the Securities Market Commission (CMVM) and annual reports for the last 5 years are also available on CGD's website.

This information is available at:
http://www.cgd.pt/Corporativo/Governo-Corporativo/Pages/Governo-Corporativo.aspx

9. ANALYSIS OF COMPANY'S ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

9.1. CORPORATE STRATEGY AND SUSTAINABILITY PRACTICE

Since its origin, Caixa Geral de Depósitos has included sustainability in its performance. Over the course of its 133 years existence, Caixa has succeeded in responding to the issues with which, at any point of time, it has had to deal in this domain. It is this capacity to prepare and foresee the future that has made sustainability values an indelible mark of Caixa's genetic code.

Sustainability is a *sine qua non* associated with modern corporate management and must involve all stakeholders which are, at the same time, protagonists and beneficiaries of the change which it is so necessary to implement. The commitment thereto is, accordingly, assumed by Caixa at the highest level. Caixa aims to be at the forefront of sustainable development on the basis of its strategic vision.

CGD produced its first Sustainability Report, for 2008, in 2009. The report translates its involvement with stakeholders and evidences the importance and transparency of its intervention in different sustainability areas, in line with the defined strategy. The report comprising six fascicules – Institutional, Environmental, Corporate Customers, Individual Customers, Workers and the Community – directed at each of the priority stakeholders and systemises the description of Caixa's sustainability practices and its future commitments. The Sustainability Report can be viewed at www.cgd.pt.

9.2. CGD'S SUSTAINABILITY ACTIONS

Caixa has been taking several initiatives in various sustainability domains, targeted at diverse stakeholders and evidencing its performance and leading position on this subject matter. The following is a list of the principal actions in 2009.

WORKERS

Caixa Geral de Depósitos (CGD), at 31 December 2009, employed around 20% of Portugal's banking sector workers. The principal objective of its human resources policy is to create a solid, motivated team making an active contribution to its success.

Caixa's commitment to its employees therefore involves the provision of a safe, healthy working environment, communication between all, life-long learning and inclusion and equal opportunity. This naturally not only translates into productivity but also the motivation and satisfaction of workers and their families.

The current policy relating to continuous improvement in terms of human resources is translated by the large number of training hours per worker. This training is not only technical but also encompasses general knowledge of the issues affecting society and citizens' lives.

Reference should be made, on this level to the *CaixaRelação* Project. This is a training programme for all workers on the individual customers branch office network, comprising actions on how to improve customer service, develop team spirit and share good practice-related experience.

This project is a part of CGD's Performance Management System which comprises three components: Personal Attitude – "The Will to Proceed"; Competencies – "Knowledge of How to Proceed"; Objectives – "Results Achieved". It has three main goals: to promote a culture of performance and individual and team responsibility and institute a meritocratic system in which good performance is recognised and valued.

As health is a determining factor in the well-being and quality of people's lives, Caixa has always committed to providing its workers with access to prevention, awareness and treatment, in this area. This is corroborated by the fact that it is a founding member of Enterprise for Health initiatives.

Caixa's workers have access to every type of information relating to day-to-day affairs as responsible bankers and citizens, on various internal communication supports, media and initiatives, of which special reference should be made to its intranet, different magazines, newsletter and Caixa's ideas competition. Workers also have access to diverse environmental awareness initiatives through such communicational media and motivation and involvement actions.

CUSTOMERS

Caixa Geral de Depósitos assumes a commitment of rigour, trust and transparency in its customer relationships which it manages in an ethical manner in due respect for their privacy. It is also committed to providing a service of excellence, with the proactive integration of the best financial sector trends with the permanent objective of providing the best service.

One of Caixa's strategic priorities is to further initiatives focusing on quality of service. Under its Quality of Service Assessment Programme, initiatives designed to control and guarantee the quality of service in branch offices, Caixazul service and Caixa Empresas between 2008 and 2009, were put into place.

In addition to compliance programmes related to information on products and services, CGD has subscribed to voluntary codes to reinforce the quality and trustworthiness of its communication and marketing.

Customers' physical security and the security of their assets and valuables are guaranteed by a collection of adequate policies and practices of which special reference should be made to: the Business Continuity Plan and Branch Offices Security Handbook; in the case of electronic banking, information on and awareness of the need to prevent fraudulent acts and, in the case of the use of bank cards the implementation of preventative measures to avoid fraud.

Caixa's business lines provide a series of products and services with positive impacts on the environment and society. For individual customers, reference should be made to the Caixa Carbon Zero and Caixa Fan cards, in addition to lines of microcredit for self-employment and entrepreneurialism.

As the largest financial institution operating in Portugal, Caixa is one of Portugal's main business partners, providing a series of products and services tailored to corporate needs, current management, investment and financial consultancy. This includes Caixa's Renewable Energies Corporate Offer and Specific Lines of Credit for SMEs.

Via CGD Group company CaixaBI, Banco de Investimento, Caixa has been making equity investments in companies having a positive impact on the environment – based on activities focusing on state of the art technologies, associated with renewable energies and/or the production and sale of products and services designed to promote energy efficiency – and finance renewable solar, wind, biodiesel and other energy projects.

Caixa also promotes its customers' environmental awareness in the form of various initiatives, designed to promote good practice, with different audiences and society in general. There are many examples of this type of initiative on a level of environmental awareness and education and financial literacy, which can be consulted in the Sustainability Report and CGD's website at www.cgd.pt.

ENVIRONMENT

In environmental terms, reference should be made to the Caixa Carbon Zero 2010 Programme. This is CGD's strategic programme for climate change and was designed to help reduce the environmental impact of Caixa's activities, based on a sustainable development approach which endeavours to inculcate good practice with workers, customers, suppliers and society in general.

Caixa provided its CGD Carbon Calculator on its website in 2009, enabling all citizens to calculate their carbon footprint.

This programme already includes diverse actions designed to promote greater energy efficiency on a level of the direct impact of CGD's activity.

Expansion of the use of renewable energy began on the branch office network in 2009, with the implementation of 80 sets of photovoltaic panels at Caixa branch offices, furthering the project beginning in 2008, under this strategy, based on the coming into operation of Europe's largest solar power unit fitted with an absorption chiller, on CGD's headquarters' building.

These are examples of actions which permit Caixa to lead the financial sector ranking in terms of the Euronatura Environmental Law and Sustainable Development Centre's *Climate Responsibility: ACGE Index 2009*. It has also been awarded the EDP – Electricity and Environment Prize, in the Services and Other Activities category, having been considered, by the jury, made up of the highest ranking national authorities in the sector, as the Portuguese institution that has shown the highest levels of efficiency in terms of its electricity use, in the referred to category.

Caixa aims to continue to broaden the scope of its environmental policy to business, enabling it to provide its individual and corporate customers with the best advice for meeting this kind of challenge over the short and medium term.

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 forms 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 the population's general living standards.

Caixa's commitment to the community, is based on its continuous committed support to activities in different areas – education, environment, culture, sport, solidarity, responding to society's real needs and satisfying its expectations.

Reference should be made to the Caixa Fan Fund, which was created with the aim of providing assistance to institutions and projects in the broadest fields of social responsibility: Education, Research, Citizenship, Environment, Culture and Solidarity. The Fund provides financial support to 12 institutions per annum, based on a careful selection in accordance with programmed projects, according to specificity, type, quality and geographies.

Caixa also supports Entrajuda which, as a private social solidarity institution, has since its foundation had the objective of providing organisational and management support to other social institutions. This partnership takes the form of financial support and incentivising workers' and customers' participation in Entrajuda and the Volunteers' Pool, as a meeting point between supply and demand for voluntary work by citizens and entities.

Reference should also, herein, be made to the activity of the Caixa Geral de Depósitos – Culturgest Foundation which is one of CGD's most relevant intervention instruments in the cultural domain, operating on behalf of the Portuguese public and domestic and foreign creators and artists. The Foundation supports various initiatives in the most diverse cultural areas ranging from dance to cinema, theatre and music. It also organises conferences and exhibitions and runs an educational service. More detailed information on Culturgest's activity is available at www.culturgest.pt.

In terms of financial literacy Caixa provides its "Positive Balance" website in which customers and non-customers alike can obtain information on the management of their income from work or pensions, clarify financial concepts and develop an action programme focusing on savings, investment and responsible consumption.

"Positive Balance" available at www.saldopositivo.cgd.pt includes contents which have been adapted and specifically targeted at different age groups, including the younger members of the population.

Photo: SF

10. NOMINATION OF AN OMBUDSMAN

Caixa attributes increasing importance to its customer relationships during the course of its services cycle with the objective of improving and, whenever possible, outperforming expectations.

Complaints are considered to be a means of recovering dissatisfied customers, resolving the reason for their dissatisfaction and also as a source of improvement opportunities and bettering the quality of its general service.

In CGD and in addition to the existence and provision of a complaints book, 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.

Caixa created a Customer Support Office, in 2008, to provide for customer complaints. The Office reports directly to the board of directors. This activity was further consolidated, in 2009, through the services of this Office, via major investment in the mobilisation and reinforcement of its workers' competencies.

This has enabled Caixa to reduce its response time to customers in a consolidated manner, except for situations in which a longer period is required owing to the nature and complexity of the complaint. A major contributory factor was the clarification of related responsibilities, between the Office's commercial areas and the automating of the routing and processing of a determined type of recurrent complaints.

Although preference continues to be afforded, whenever possible, to processing customer complaints in a personal service context the complaint is processed by the Customer Support Office whenever the customer opts for other forms of submission or requires a written response. The centralisation of management and processing of the complaints have changed the way in which Caixa considers customer complaints, which Caixa considers to have a positive and constructive connotation, based on the opportunity of recovering a customer and, in more general terms, as a source of the prompt systemisation of the main weaknesses and a grounded criterion for ranking improvement initiatives.

The Office guarantees the centralisation, analysis, processing of 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, maintaining separation between functions and their independence from the structural body against which the complaint may be made.

As there has been a major increase in banking customers' possibilities of appeal, notably the new channels opened by the Bank of Portugal, in the form of the Banking Customer Portfolio, the creation of the "Credit Mediator" and the mandatary inclusion of at least two authorised entities in arbitration procedures, as required by Decree Law 317/2009 of 30 October, CGD considered that the nomination of a Customer ombudsman is not justified.

ANNEX I

RÉSUMÉS OF MEMBERS OF STATUTORY BODIES

RÉSUMÉS OF MEMBERS OF SHAREHOLDERS' MEETING

CHAIRMAN – MANUEL CARLOS LOPES PORTO

DATE OF BIRTH: 15 June 1943
CURRENT POSITIONS
• Chairman of shareholders' meeting of Caixa Geral de Depósitos, SA, since 2004.
• Professor and director at Universidade Lusíada (Director of Porto Law Faculty).
• Chairman of European Community Studies Association (ECSA-World), elected in 2004 and re-elected in 2006.
• Professor at Universidade Lusíada, since 2005.
• Chairman of Coimbra Municipal Assembly, since 2001.
• Professor at Instituto Superior Bissaya Barreto, since 1999.
• Professor at 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.

FORMER POSITIONS
• Member of Local Finance Reform Commission from 2005 to 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 Coimbra University Law Faculty, from 2000 to 2005.
• Deputy Chairman of Budget Committee, from 1994 to 1997.
• Member of Municipal Assembly of Coimbra, 1993 and 1996 to 1999.
• Questor, from 1992 to 1994.
• Member of European Parliament from 1989 to 1999.
• Member of Fiscal Reform Commission, from 1987 to 1988.
• Chairman of National Council for the Plan, from 1986 to 1989.
• Chairman of Central Region Coordination Commission, from 1976 to 1989.
• Consultant to GEPT (Terrestrial Studies and Planning Office), from 1967 to 1969.

ACADEMIC QUALIFICATIONS
• Competition for Professor of Legal-Economic Sciences, Law Faculty of Coimbra University, in 1990.
• Doctorate in Legal 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, since 2004.
• Member of advisory board of Galp Energia Foundation, since September 2009.
• Chairman of board of directors of Arpad Szènes-Vieira da Silva Foundation, since February 2009.
• Member of advisory board of Competitiveness Forum, since June 2008.
• Member of remuneration committee of Banco Espírito Santo, SA, since March 2008.
• Chairman of board of directors of ZON Mulimédia, SGPS, SA, since June 2007.
• Director of SINDCOM – Sociedade de Investimentos na Indústria e Comércio, SGPS, SA, since October 2005.
• Chairman of board of trustees of 'D. Anna de Sommer Champalimaud and Dr. Carlos Montez Champalimaud' foundation, since June 2005.
• Member of the advisory board of the *Renascer* Foundation, since May 2005.
• Professor of "Audiovisual and Communication Law", at the Legal Communications Institute of the Faculty of Law of Coimbra University, since 2005.
• Chairman of the advisory board of the "Explorer Investments - Sociedade de Capital de Risco, SA" venture capital company, since 2004.
• Member of the board of trustees of the *Batalha de Aljubarrota* Foundation, since March 2002.
• Chairman of shareholders' meeting of Liga de Amigos da Casa - Museu João Soares, since June 1998.
• Chairman of shareholders' meeting of various companies, particularly:
GALP ENERGIA, SGPS, SA, since April 2008;
ESTORIL SOL, SGPS, SA, since April 2007;
SÉTIMOS – Participações, SGPS, SA, since June 2005;
SOCITREL – Sociedade Industrial de Trefilaria, SA, since May 2005;
COALTEJO – Criador de Ovinos Algarve e Alentejo, SA, since March 2005;
GOTAN – SGPS, SA, since December 2004;
CONFIANÇA PARTICIPAÇÕES, SGPS, SA, since December 2004;
EDIFER – INVESTIMENTOS, Sociedade Gestora de Participações Sociais, SA., since May 2003;
EDIFER – Sociedade Gestora de Participações Sociais, SA, since May 2003;
CELULOSE DO CAIMA – SGPS, SA, since April 2002;
3 Z – Administração de Imóveis, SA, since March 2001;
SOGEB – Sociedade de Gestão de Bens, SA, since May 2000;
VILA SOL – SGPS, SA, since 1999;
EUROATLÂNTICA – Investimentos e Comércio, SA, since 1999;
SOGESFIN – Sociedade Gestora de Participações Sociais, SA, since November 1998;

MAGUE – SGPS, SA, since June 1998;
CABO RASO – Empreendimentos Turísticos, SA, since May 1998;
RENOVA – Fábrica de Papel do Almonda, SA, since May 1997;
VILA SOL II – Empreendimentos Turísticos, SA, since 1997;
ALMONDA – Sociedade Gestora de Participações Sociais, SA, since March 1996;
G.A. – Estudos e Investimentos, SA, since 1996;
PANATLÂNTICA – HOLDING, Sociedade Gestora de Participações Sociais, SA, since 1995;
SOTAC – Sociedade de Turismo e Agricultura, SA, since December 1991;
PORTUGÁLIA – Administração de Patrimónios, SA, since June 1980;
Sociedade Agrícola Belo de Mértola, SA, since January 1978;
Sociedade Agrícola dos NAMORADOS, SA, since January 1978;
Sociedade Agrícola SERRA BRANCA, SA, since March 1975.

FORMER POSITIONS
• Chairman of strategic board of Hospital Amadora-Sintra Sociedade Gestora, SA, from 2007 to 2008.
• Chairman of board of directors of Arpad Szènes-Vieira da Silva Foundation, from 1993 to 2007.
• Director of Círculo Voltaire, from 1992 to 2006.
• Member of general advisory board of Calouste Gulbenkian Foundation, from 1993 to 2003.
• 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, from 1986 to 1987.
• Political director of Professor Diogo Freitas do Amaral's political bid for the Presidential Elections, from 1985 to 1986.
• 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, since 2004.
• Member of board of directors of Banco Português de Negócios, SA.
• Central director of Legal Affairs Division of Caixa Geral de Depósitos, SA, since February 2006.
• 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
• Member of board of directors of Caixa Geral de Depósitos Group companies.
• Coordinating director in Caixa Geral de Depósitos, SA, from June 2000 to February 2006.
• Director of Caixa Geral de Depósitos, SA, from January 1997 to June 2000.
• Assistant director of Caixa Geral de Depósitos, SA, from January 1995 to December 1996.
• Subdirector of Caixa Geral de Depósitos, SA, from July 1994 to December 1994.
• Coordinator of Technical Office in Caixa Geral de Depósitos, from April 1991 to July 1994.
• Technical assistant to Caixa Geral de Depósitos, SA, from April 1991 to July 1994.
• Adviser to Caixa Geral de Depósitos, SA, from January 1990 to April 1991.
• Technical assistant to Caixa Geral de Depósitos, SA from February 1982 to December 1989.
• Lawyer, since February 1985.
• Head of section in Caixa Geral de Depósitos, SA, from May 1981 to January 1982.
• Head of sector in Caixa Geral de Depósitos, SA, from January 1978 to May 1981.
• Administrative officer in Caixa Geral de Depósitos, SA, from April 1975 to December 1977.
• Clerical officer in Caixa Geral de Depósitos, SA, from December 1974 to March 1975.
• Deputising clerical officer in Caixa Geral de Depósitos, SA, from November 1974 to December 1974.
• Assistant professor at Universidade Autónoma de Lisboa.
• Assistant lecturer at Lisbon Law Faculty.

ACADEMIC QUALIFICATIONS
• Masters in Legal Sciences from Lisbon University's Law Faculty.
• Graduate in Law from Lisbon University's Law 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 advisory services.
• General secretariat.
• Board of directors support office.
• Financial investments.
• Internal audit.
• Credit risk.

CURRENT POSITIONS
Corporate Positions
• Chairman of executive committee of Banco Caixa Geral, June 2005 to December 2007.
• Non-administrative director of 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 da 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 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.
• Non-administrative Director of BFE – Banco de Fomento Exterior in 1990.
• Director of ICEP – Instituto de Comércio Externo de Portugal, from 1986 to 1988.
• Non-administrative director of CELBI – Celulose da Beira Industrial, from 1987 to 1988.
• Non-administrative director of EGF – Empresa Geral de Fomento, in 1988.
• Director of Siderurgia Nacional, from 1980 to 1983.
• Head of Exports Department and Industrial Relations Director of SOREFAME – Sociedades Reunidas de Fabricação Metálica, SA, from 1965 to 1979.

Government Posts
• Minister of Trade and Tourism, from 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, from 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, from September 1980 to June 1983.

Parliamentary Posts
• Parliamentary deputy for Faro at the legislative elections of October 1991.
• Parliamentary deputy for Lisbon in 1995.

Academic Posts
• Guest professor IESF – Instituto de Estudos Superiores Financeiros e Fiscais.

ACADEMIC QUALIFICATIONS
• Degree in mechanical engineering from Instituto Superior Técnico in 1965.

OTHER QUALIFICATIONS / DISTINCTIONS
• Spain – Comenda da Ordem de Isabel, a Católica.
• Brazil – Gran Cruz da Ordem do Cruzeiro do Sul.
• Morocco – Grand Cross of ALAUI.
• Chile – Grand Cross of BERNARDO O'HIGGINS.
• Italy Grande Oficial da Ordem de Mérito da República Italiana.
• Hungary.
• Japan.

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 Caixa Geral Totta de Angola, SA, since July 2009.
• Member of board of directors of Partang, SGPS, SA, since July 2009.
• Chairman of board of directors of Parbanca, SGPS, SA, since June 2009.
• Member of board of directors of Parcaixa, SGPS, SA, since April 2009.
• Member of board of directors of Portugal Telecom, SGPS, SA, since March 2009.
• Member (non-executive) of board of directors of Visabeira, SGPS, SA, since March 2009.
• Chairman of board of directors of BPN – Banco Português de Negócios, SA, since November 2008.
• Deputy chairman (non-executive) of Banco Comercial e de Investimentos, SARL (Mozambique), since September 2008.
• Member of remuneration committee of REN – Redes Energéticas Nacionais, SGPS, SA, since April 2008.

• Chairman (non-executive) of executive board of Caixa Geral de Aposentações, IP, since January 2008.

AREAS OF RESPONSIBILITY
• Commercial area.
• Representative offices.
• Human resources.
• Social services support.

FORMER POSITIONS
• Chairman (non-executive) of board of directors of Banco Caixa Geral (Spain), from January 2008 to January 2009.
• Member of board of directors of Pestana Pousadas – Investimentos Turísticos, SA, Group from January 2007 to March 2009.
• Member (non-executive) of board of directors of AdP – Águas de Portugal, SGPS, SA, from October 2006 to May 2009.
• Chairman (non-executive) of board of directors of Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA, from October 2006 to March 2008.
• Chairman of board of directors of Caixa Leasing e Factoring – Instituição de Crédito, SA, from October 2006 to January 2008.
• Member of executive board of Caixa Geral de Aposentações, from November 2006 to January 2008.
• Member of board of directors of Caixa Geral de Depósitos, SA, from August 2005 to January 2008.
• Director of CGD Group company LUSOFACTOR, accumulating office with the management of CGD Group IFAC and SFAC, having coordinated the promoting of automobile finance in the sphere of Caixa's "Leader Project".
• Non-administrative director of RAVE, from 2001 to 2002.
• Non-administrative director 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 QUALIFICATIONS
• Degree in economics from Coimbra University, from 1976 to 1981.

OTHER QUALIFICATIONS / DISTINCTIONS:
• Portugal - Comendador da Ordem do Infante D. Henrique.
• Comendador da Confraria de Saberes e Sabores da Beira – Grão Vasco.

MEMBER: NORBERTO EMÍLIO SEQUEIRA DA ROSA

DATE OF BIRTH: 03 April 1955
CURRENT POSITIONS
• Member of board of directors of Caixa Geral de Depósitos, SA, since October 2004.
• Chairman of board of directors of Sogrupo – Sistemas de Informação, ACE, since January 2009.
• Deputy chairman of BPN – Banco Português de Negócios, SA, since November 2008.
• Chairman of board of directors of Caixatec – Tecnologias de Comunicação, SA, since March 2008.
• Chairman of board of directors of Caixa Participações, SGPS, SA, since February 2008.
• Member (non-executive) of board of directors of ZON – Serviços de Telecomunicações e Multimédia, SGPS, SA, since January 2008.
• Member of executive board of Caixa Geral de Aposentações, since January 2008.
• Member (non-executive) of board of directors of SIBS – Sociedade Interbancária de Serviços, SA, since September 2005.
• Member of CISP – Comissão Interbancária para o Sistema de Pagamentos, since 2005.
• Member of board of directors of *Económicas* Foundation, from 2005 to 2010.

AREAS OF RESPONSIBILITY
• Strategic planning and management control.
• IT.
• Operational support.
• Means of payment.
• Electronic channels.
• Compliance.
• Support to Caixa Geral de Aposentações.
• SEPA – Single Euro Payments Area.

FORMER POSITIONS
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 state's general 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 Posts
• 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, SA, since January 2008.
• 1st deputy chairman of Banco Caixa Geral Totta de Angola, SA, since July 2009.
• Member of board of directors of Partang, SGPS, SA, since July 2009.
• Chairman of Banco Caixa Geral Brasil, SA, since April 2009.
• Chairman of board of directors of Banco Caixa Geral, SA (Spain), since January 2009.
• Chairman of remuneration committee of Banco Caixa Geral (Spain), since January 2009.
• 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.
• Chairman of board of directors of Banco Nacional Ultramarino, SA (Macau), since February 2008.

AREAS OF RESPONSIBILITY
• International business.
• Legal affairs.
• Communication.
• Private notarial services.

FORMER POSITIONS
Corporate Positions
• Chairman of board of directors of Parbanca, SGPS, SA, from 2008 to 2009.
• Member of remuneration committee of Banco Caixa Geral, SA, from 2008 to 2009.
• 1st Deputy Chairman of board of directors of Banco Caixa Geral, SA, from 2008 to 2009.
• Director of executive committee of Banco Caixa Geral, SA, from 2005 to 2007.
• Director of executive committee of Banco Simeón, SA, from 2002 to 2005.
• Lawyer in "A. M. Pereira, Sáragga Leal, Oliveira Martins, Torres & Associados" law firm, from 1994 to 1995.
• Responsible for the fiscal affairs unit 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 affairs consultant, from 1989 to 1995.

Government Posts
• Secretary of State for the Treasury and Finance, from 2001 to 2002.
• Chef de cabinet to the Prime Minister, from 1999 to 2001.
• Chef de cabinet to the Minister of Finance, from 1995 to 1999.

Academic posts:
• Assistant professor at Universidade Autónoma de Lisboa Luís de Camões, from 1991 to 1995.
• 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 of the Law Faculty of Lisbon University from 1988 to 1991.
• Lecturer at Instituto Superior de Línguas e Administração, from 1988 to 1990.
• Monitor at Lisbon University Law Faculty from 1987 to 1988.

ACADEMIC QUALIFICATIONS:
• MA in law (Legal and Economic Sciences) from the Law Faculty of Universidade Católica Portuguesa (1991).
• Graduate at law (Legal and Economic Sciences) 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 Imobiliária, since November 2009.
• Member of board of directors of Banco Caixa Geral Totta de Angola, SA, since July 2009.
• Member (non-executive) of board of directors of AdP - Águas de Portugal, SGPS, SA, since May 2009.
• Chairman of board of directors of Caixa Leasing e Factoring - Instituição Financeira de Crédito, SA, since March 2009.
• Member of board of directors of EDP Renováveis, SA, since June 2008.
• Chairman of board of directors of Locarent – Companhia Portuguesa de Aluguer de Viaturas, SA, since May 2008.
• Chairman of board of directors of Imocaixa – Gestão Imobiliária, SA, since February 2008.
• Chairman of board of directors of Sogrupo IV – Gestão de Imóveis, ACE, since February 2008.
• Member of board of directors of Caixa Seguros e Saúde, SGPS, SA, since February 2008.
• Hospitales, SL, since December 2008.

AREAS OF RESPONSIBILITY
• Marketing.
• Property management.
• Property finance.
• Insurance and healthcare.
• Prevention and safety.
• Credit recovery.
• Specialised credit.

FORMER POSITIONS
Corporate Positions
• Member of board of directors of USP Hospitales, SL, from December 2008 to June 2009.
• Member of board of directors of Allipen Spain, SL, from December 2008 to June 2009.
• Member of board of directors of Monte Candina, SL, from December 2008 to June 2009.
• Member of board of directors of Flávio Luxembourg SARL from December 2008 to June 2009.
• 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 professional in SME / consultancy activity from 1980 to 1983.

Academic Posts
• Guest professor, responsible for the 'International' Financial Management" chair for the 5th year of the degree course in Management at Universidade Católica (Porto) and jointly responsible for the 'International Management Applied Project" course, since 1991.
• Responsible for the 'International' Financial Management" chair for the Financial Analysts postgraduate course, organised by the Porto Faculty of Economics, given by the International Organisation of Financial Analysts from 1987 to 1988.
• Assistant lecturer at Porto Faculty of Economics from 1975 to 1984.

ACADEMIC QUALIFICATIONS
• Degree in Economics from the Economic 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: 07 November 1954.
CURRENT POSITIONS
• Member of board of directors of Caixa Geral de Depósitos, SA, since January 2008.
• Chairman of board of directors of Gerbanca, SGPS, SA, since May 2009.
• Non-executive director of board of directors of Cimpor – Cimentos de Portugal, SGPS, since May 2009.
• Non-executive director of board of directors of Parcaixa, SGPS, SA since April 2009.
• Deputy chairman of board of directors of Banco Caixa Geral Brasil, SA, since April 2009.
• Non-executive director of board of directors of Portugal Telecom, SGPS, SA, since March 2009.

• Non-executive director of monitoring and strategy committee of Fomentinvest, SGPS, since May 2008.
• Chairman of board of directors of Credip - Instituição Financeira de Crédito, SA, since April 2008.
• Chairman of board of directors of Caixa-Banco de Investimentos SA, since March 2008.
• Non-executive director of board of directors of Banco Comercial e de Investimentos, SARL (Mozambique), since August 2007.
• 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.

AREAS OF RESPONSIBILITY
• Corporate and organisational development.
• Large enterprises.
• Institutional banking.
• Investment banking.
• Venture capital.

FORMER POSITIONS
Corporate Positions
• Chairman of executive board of Caixa-Banco de Investimento, SA, from March 2002 to January 2008.
• Non-executive director of board of directors of Caixa Gestão de Patrimónios, SA, from September 2001 to March 2004.
• Executive director of Caixa–Banco de Investimento, SA, from July 2001 to March 2002.
• Non-executive director of BANIF IMOBILIÁRIA, SA, from April to June 2001.
• Non-executive director of BANIF IMO – Sociedade Gestora de Fundos de Investimento Imobiliário, from June 2000 to June 2001.
• Director of Sociedade Gestora de Fundos de Pensões, SA – Açor Pensões, SA (currently Banif Açor Pensões), from October 1999 to July 2001.
• Executive director member of boards of directors of the "O Trabalho" and "O Trabalho Vida", insurance companies from May 2000 to July 2001.
• Executive director of Companhia de Seguros Açoreana, BANIF GROUP, with direct responsibility for the financial and administrative, personnel, IT, legal office and life insurance area, from December 1996 to July 2000.
• 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 e 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: 02 July 1965
CURRENT POSITIONS
• Member of board of directors of Caixa Geral de Depósitos, SA, since January 2008.
• Member of board of directors of BPN-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
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 fixed income capital market 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.
• Subdirector of international division of Banco Comercial 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 AUDIT BOARD

CHAIRMAN: EDUARDO MANUEL HINTZE DA PAZ FERREIRA

DATE OF BIRTH: 06 May 1953
CURRENT POSITIONS
• Chairman of audit board of Caixa Geral de Depósitos, SA since 2007.
• Professor at Lisbon University Law Faculty.
• European Commission's Jean Monnet chair in Community studies.
• 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.
• Director of Public Finance and Fiscal Law magazine.
• Chairman of Scientific Council of Competition and Regulation magazine.

FORMER POSITIONS
• Chairman of FDL Pedagogical Council.
• Chairman of FDL Institute of Cooperation.
• Chairman of Portuguese Fiscal Association.
• Member of the senior board of the public prosecutor's 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 corporate sector, 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 Azorean Institute of Culture.

ACADEMIC QUALIFICATIONS
• Assistant professor, Doctorate, Masters and Degree in law (in legal and economic sciences) from the Lisbon Law Faculty.

MEMBER: JOSÉ EMÍLIO COUTINHO GARRIDO CASTEL-BRANCO

DATE OF BIRTH: 27 August 1961
CURRENT POSITIONS
• Member of audit board of Caixa Geral de Depósitos, SA, since 2007.
• Director of PARPÚBLICA – Participações do Estado (SGPS), SA.

FORMER POSITIONS
• Director General of the Treasury and Finance, from 2005 to 2007.
• Subdirector General of the Directorate General of the Treasury from 2002 to 2005.
• Chef de cabinet of Minister of Finance of XIV Constitutional Government, from August 2001 to April 2002.
• Subdirector of the State's Central Treasury Services from 1997 to 2001.
• Director of the State's Central Treasury Services from 1994 to 1997.
• Coordinator of Treasury Management Office from 1991 to 1994.
• Senior technical officer at Directorate General of the Treasury, from 1985 to 1991.
• Coordinator of COMACC (Foreign Exchange Committee 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 on the open tender on the alienation of state credit to Mozambique for conversion into investment.
• Coordinator of taskforce for the production, storage and distribution of euro coins.
• Chairman of shareholders' meeting of PARPÚBLICA – Participações Públicas (SGPS), SA.

ACADEMIC QUALIFICATIONS

• CAGEP (Advanced Public Management Course organised by the National Institute of Administration in 2006.

• Degree in Economics from Instituto Superior da 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 audit board of Caixa Geral de Depósitos, SA, since 2007.

• Chair of board of directors of Instituto Nacional de Recursos Biológicos, IP since May 2007.

• Director of "Structural Actions" - Directorate B - Research and Operations" of the unit of the European Commission's European Anti-Fraud Office, since October 2000.

FORMER POSITIONS

• Coordinator of Technical Assistance Unit of the Procuratorship General of the Republic, from July 1997 to October 2000.

• Subdirector-general of Ministry of Employment and Professional Training, Lisbon – Department for European Social Fund Affairs, from January to July 1997.

• Director of Ministry of Agriculture and Fisheries services, Lisbon – Inspectorate General for Agriculture, from February 1992 to December 1996.

• Inspector of Ministry of Finance, Lisbon – General Finance Inspectorate – Public Services Inspectorate from September 1985 to January 1992.

• 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.

DEPUTISING MEMBER: JOSÉ CLEMENTE GOMES

DATE OF BIRTH: 22 June 1948

CURRENT POSITIONS

• Deputising member of audit board of Caixa Geral de Depósitos, SA, since 2007.

• Non-executive director of Margueira – Sociedade Gestora de Fundos de Investimento Imobiliário, SA and Lusa – Agência de Notícias de Portugal, SA.

• Chairman of shareholders' meeting of Parque Expo 98, SA Chairman of shareholders' meeting of Portugal Vela 2007, SA.

• Deputy chairman of the shareholders' meeting of Parpública – Participações Públicas SGPS, SA.

• Deputy chairman of the shareholders' meeting of ANAM – Aeroportos e Navegação Aérea da Madeira, SA.

• Representative of the Ministry of Finance to the Permanent Offset Arrangements Committee.

• Representative of the Directorate General of the Treasury, in the OECD privatisations and governance of state-owned companies taskforce and the group, created in 2000, for the production of a new public service broadcasting concession contract.

• Assistant to the principal treasurer of the Directorate General of the Treasury, acting as subdirectory general in charge of the department for the state's financial intervention, involving support for the performance of the shareholding and supervisory function of the Ministry of Finance in relation to the state-owned business sector.

FORMER POSITIONS

• Representative of Directorate General of the Treasury on the general board and the EDAB – Empresa de Desenvolvimento do Aeroporto de Beja, SA inspection committee, from 2000 to 2003.

• Participation and collaboration with the taskforce for the systematic assessment and supervision of the economic and financial situation of companies in the state business sector, in 2002.

• Participation and collaboration in the Portugal-Spain group on venture capital, in 2001.

• Consultant in GAFEEP- Gabinete para Análise do Financiamento do Estado e das Empresas Públicas, Ministry of Finance, from January 1994 to October 1996.

• Ministry of Finance inspector, Lisbon – Inspectorate General of Finance – Inspection of Public Services, from September 1985 to January 1992.

• Lecturer in the economics area at Escola Superior de Hotelaria e Turismo do Estoril and financial economy on CEMAF-ISCTE's postgraduate course on property analysis and investment.

ACADEMIC QUALIFICATIONS

• Degree in Economics and a Masters in Monetary and Financial Economy from Instituto Superior de Economia (Universidade Técnica de Lisboa).

DEPUTISING MEMBER: ANA MARIA RATEL BARROSO DOS REIS BOTO

DATE OF BIRTH: 14 October 1952
CURRENT POSITIONS
• Member of audit board of Caixa Geral de Depósitos, SA, since 2007.
• Subdirector-general of Directorate-general for the Treasury and Finance.

FORMER POSITIONS
• Subdirector-general of the State's Central Treasury Department, Directorate-general for the Treasury, from December 2005 to March 2007.
• Chair of advisory board of the Social Security's Institute of Financial Management and chair of the Wages Guarantee Fund and Social Assistance Fund, from 2004 to 2005.
• Member of management board of Social Security's Institute of Financial Management (IGFSS) responsible for the financial area, accountancy and administration, from 2002 to 2004.
• Treasury Accounts Director at the State's Central Treasury Department, Directorate-general for the Treasury, from 1992 to 2002.
• Head of Division for Funds Movements in Portugal, Accounting and Control Division, from 1991 to 1999.
• Senior technical officer in the Financial Services Division and DGT's Treasury Services Division, from 1990 to 1991.
• Senior technical officer in the Comissariat for Displaced Persons and the Cifre Credit Division, from 1978 to 1990.
• Primary school teacher, from 1976 to 1978.
• Six months placement in Coopers & Lybrand, from 1975 to 1976.
• Coordinator of taskforce with the remit of studying the design of the settlements system, entities with the competency to collect and transfer contributions in addition to complementary system coercive payments – legal complementary regimes.
• DGT representative on taskforces and commissions, particularly inclusion in the group and collaboration with COMTAPRE for articulation with revenues management bodies, in the sphere of state financial administration reformulation systems.
• Intervention on the design, development and implementation of the new accounting model and participation in the production of a project on state collection systems and treasury operations.

ACADEMIC QUALIFICATIONS
• Corporate Management and Administration Course from Instituto de Aperfeiçoamento Técnico Acelerado, in 1976.
• Degree in Finance from Instituto Superior de Economia Gestão (Lisbon University - ISEG), in 1975.

ANNEX II

REMUNERATION OF MEMBERS OF CGD'S STATUTORY BODIES

INFORMATION ON THE REMUNERATION OF THE MEMBERS OF CGD'S SHAREHOLDERS' MEETING FOR 2009

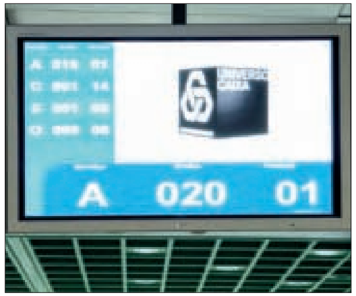
(euros)

Chairman	Deputy Chairman	Secretary
897.84	698.32	-

NFORMATION ON THE REMUNERATION OF MEMBERS OF CGD'S BOARD OF DIRECTORS IN 2009

	Faria de Oliveira Chairman	Francisco Bandeira Deputy Chairman	Norberto Rosa Member	Rodolfo Lavrador Member	Araújo e Silva Member	Jorge Tomé Member	Pedro Cardoso Member
1. Remuneration							
1.1. Base remuneration	371 000.00	315 350.00	259 700.00	259 700.00	259 700.00	259 700.00	259 700.00
1.2. Accumulation of management functions (1)		63 070.00	51 940.00				51 940.00
1.3. Complementary remuneration							
1.4. Expense account items	The company provides a credit card exclusively for the payment of expenses deriving from suitably documented activity with invoices and documents certifying movements. Any personal expenses paid on the card shall be directly debited to directors' personal accounts.						
1.5. Management bonuses (2)	155 184.00	135 150.00	111 300.00	108 628.80	108 628.80	108 628.80	108 628.80
1.6. Other (provide full details)							
2. Other incentives and payments							
2.1. Telephone calls (3)	1 652.47	6 133.81	1 131.60	8 623.51	1 340.81	1 977.11	1 027.14
2.2. Company vehicles leasing instalments	26 555.23	24 646.27	21 289.83	18 387.80	17 408.60	17 846.62	16 648.73
2.3. Company vehicles fuel costs	2 803.02	4 929.79	2 399.50	2 300.80	3 590.80	2 022.32	3 398.96
2.4. Travel subsidies (4)	104.00	6 776.90	2 114.80	21 067.96	3 844.63	0.00	725.00
2.5. Meal subsidies	2 714.10	2 550.60	2 692.30	2 289.00	2 616.00	2 746.80	2 637.80
2.6. Other (provide full details) (5)		283.67		570.13		198.67	360.66
3. Costs of social benefits							
3.1. Mandatory social security payments	12 315.04	25 398.08	37 364.77	30 007.79	17 104.16	31 907.14	28 704.93
3.2. Complementary retirement plans							
3.3. Healthcare insurance 3.4. Life insurance	There is no individual insurance. Only personal accidents insurance for official travel (policy covers all workers including directors).						
3.5. Other (provide full details)							
4. Additional information							
4.1. Option to receive original wages (y/n)	N	N	N	N	N	N	N
4.2. Social security regime	Social security	CGA/ Pension F.	B. Portugal Pension F.	CGA/ Pension F.	Social security	CGA/ Pension F.	CGA/ Pension F.
4.3. Compliance with no. 7 of CMR 155/2005							
4.4. Year of company's acquisition of vehicle	2009	2007	2008	2008	2008	2007	2008
4.5. Exercising of option to purchase company vehicle	Y	Y	Y	Y	Y	Y	Y
4.6. Usufruct of official home	Y	Y	Y	Y	Y	Y	Y
4.7. Exercising of paid functions outside group	Y	N	N	Y	Y	Y	N
4.8. Other (provide full details)							

(1) Administrative functions in BPN.
(2) Only a half of this bonus was paid in 2009. The remainder will be paid upon completion of office.
(3) Refers to mobile phones.
(4) Not a travel subsidy. Costs of travel in year.
(5) Study subsidy.



IINFORMATION ON THE REMUNERATION OF MEMBERS OF CGD'S AUDIT BOARD IN 2009

	Hintze Ferreira Chairman	José Castel-Branco Member	Maria Rosa Sá Member
1. Remuneration			
1.1. Base remuneration	74 200.00	55 650.00	55 650.00
1.2. Accumulation of management functions (1)			
1.3. Complementary remuneration			
1.4. Expense account items			
1.5. Management bonuses			
1.6. Other (provide full details)			
2. Other incentives and payments			
2.1. Telephone calls			
2.2. Cost of acquisition of company vehicle			
2.3. Company vehicle fuel costs			
2.4. Travel subsidy			
2.5. Meal subsidies			
2.6. Other (provide full details)			
3. Costs of social benefits			
3.1. Mandatory social security payments	17 104.16	13 515.04	13 515.04
3.2. Complementary retirement plans			
3.3. Healthcare insurance			
3.4. Life insurance			
3.5. Other (provide full details)			
4. Additional information			
4.1. Option to receive original wages (y/n)			
4.2. Social security regime	Social Security	Social Security	Social Security
4.3. Compliance with no. 7 of RCM 155/2005			
4.4. Year of company's acquisition of vehicle			
4.5. Exercising of option to purchase company vehicle			
4.6. Usufruct of official home			
4.7. Exercising of paid functions outside group			
4.8. Other (provide full details)			

Excerpt from the Minute of the Annual Shareholders' Meeting of Caixa Geral de Depósitos, SA

EXCERPT FROM THE MINUTE OF THE ANNUAL SHAREHOLDERS' MEETING OF CAIXA GERAL DE DEPÓSITOS, SA

The following text is an excerpt from no. 1/10 of the minutes of CGD's general meeting of 22 April 2010, issuing a resolution on CGD, SA's annual report for 2009 and the proposal for the appropriation of net income, as transcribed below:

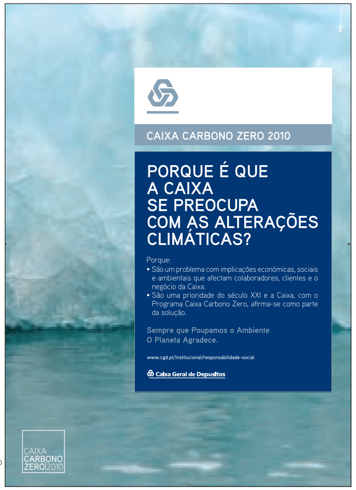
"... the state's representative was invited to address the meeting, having voted in favour of the approval of the annual management report for 2009, on the company's separate and consolidated accounts, taking note of the emphasis of matters expressed in the statutory audit certificate.

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:

Put up to the vote, the state's representative cast his vote in favour of the appropriation of net income for 2009, as set out below:

• Legal reserve - EUR 48 213 822 – 20%;
• Retained earnings – EUR 22 698 563 – 9.42%;
• Dividends - EUR 170 156 724 – 70.58%.
• Net income for the year – EUR 241 069 109 – 100%".

The meeting then went on to discuss item three 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, as well as its gratitude for their commitment a dedication in the performance of their functions."



Fotografia: SF

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ANNUAL REPORT

carbono zero

The CGD 2009 Annual Report is carbon neutral.
The greenhouse gas emissions resulting from its production are offset.