BOARD OF DIRECTORS' REPORT

CAIXA GERAL DE DEPÓSITOS

1ST HALF 2010

Caixa Geral de Depósitos, S.A. • Head Office: Av. João XXI, 63 – 1000-300 Lisboa •
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BOARD OF DIRECTORS' REPORT – 1ST HALF 2010

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1. MACROECONOMIC BACKGROUND

The world economy, in first half 2010, continued to evidence signs of recovery from the serious recession of 2008-09, even with a certain acceleration in economic growth, particularly in the emerging markets.

The economic-financial background was, however, marked by the crisis affecting Europe’s public debt market, particularly in countries peripheral to the Euro Area, following concerns over the situation of the region’s public finances.

Greece’s difficulties in securing finance in the international marketplace, owing to its huge budget deficit and high public debt ratio triggered a process of contagion which spread to other European countries, including Portugal, leading to a considerable increase in public debt yields.

As a consequence of the sovereign debt crisis, this was accompanied by the growing risk aversion of financial market participants, particularly intensifying from the second quarter. This translated into a dramatic reduction in new private debt issues on the market, especially in the financial sector, accompanied by a significant widening of spreads on corporate bonds following similar visible movements in the public debt bonds of peripheral countries in comparison to lower risk assets such as German and US debt.

This environment triggered a major increase in banks’ funding costs, including greater difficulties in securing funds in the international marketplace. Both of these situations, although common to all markets, were aggravated in the case of institutions headquartered in countries most affected by investor distrust, i.e. Greece, Portugal, Spain and Ireland.

Other assets were also affected by this new stage of the crisis beginning 2007. The euro, as the single European currency recorded its highest loss of value within the space of a half year since its creation, at 14.5%, having been adversely affected by fears of its long term feasibility owing to the situation of the public finances in the region, in combination with other structural macroeconomic imbalances, such as differences in competitiveness between Member States.

Equities, after having, in April, reached their highest values since September 2008, were significantly down over the course of the second quarter, more than cancelling out the previous months’ gains, with higher losses in southern European countries. Whereas the DAX closed the half year up 0.14% and the US stockmarket down 8.50% (S&P 500), the PSI20 was down 16.88% and the IBEX down 22.42%.

In their response to the sharpening crisis, the European authorities, with IMF assistance, agreed to set up a support mechanism for countries experiencing funding problems, for an overall amount of EUR 750 billion. This took the form of a European stabilisation fund of EUR 440 billion for Euro Area countries,

The European Central Bank, in articulation with the above referred to measures, decided to purchase public debt bonds in the secondary market with the aim of ensuring stabilisation in its endeavours to avoid the impact of a malfunctioning market on the adequate transmission of monetary policy.

Such unprecedented measures were taken subject to Member States' commitments to implement more ambitious public deficit reduction plans which was, in fact, the case, with the announcement of new budget austerity measures by several countries.

A combination of poor economic growth in Europe and impact of the announced budget consolidation measures together with the absence of inflationary pressures and volatile financial markets, particularly in terms of liquidity, helped to keep reference and market interest rates at historically low levels.

Early April, however, witnessed a gradual increase in Euribor rates, reflecting liquidity conditions in the interbank money market over the course of the second quarter. This was a consequence of a drop in confidence levels between institutions and the drawing close of the maturity of the 12 months auction realised by the ECB last summer.

2. SUMMARY OF ACTIVITY

2.1. KEY INDICATORS

CGD Group's first half results for 2010 were affected by its option in support of domestic economy and the consequent decrease in its net interest income, recognition of impairment on equity investments and lower income levels from financial operations in the second quarter.

CAIXA GERAL DE DEPÓSITOS

Consolidated Operations at 30 June 2010
Summary of Principal Indicators

(EUR million)

	Jun/09 (**)	Dec/09	Jun/10	Change	
				Jun/10 - Jun/09	June/10 - Dec/09
Results (*) :					
Net interest income	934.2	760.2	685.5	-26.6%	-9.8%
Net interest income including income from equity instruments	1 037.8	813.9	801.0	-22.8%	-1.6%
Commissions (net)	224.8	222.0	248.3	10.4%	11.8%
Non-interest income	407.7	429.9	374.4	-8.2%	-12.9%
Technical margin on insurance operations	198.1	243.6	229.5	15.8%	-5.8%
Net operating income from banking and insurance operations	1 643.6	1 487.4	1 404.9	-14.5%	-5.5%
Gross operating income	709.1	527.2	466.0	-34.3%	-11.6%
Income before tax and minority shareholders' interests	298.6	185.7	137.2	-54.0%	-26.1%
Net income for period	227.4	138.3	105.3	-53.7%	-23.9%
Balance Sheet:					
Net assets	118 326	120 985	123 579	4.4%	2.1%
Cash and cash equiv. and loans and advances to credit institut.	11 638	11 518	8 831	-24.1%	-23.3%
Securities investments	23 866	25 929	28 143	17.9%	8.5%
Loans and advances to customers (net)	76 788	77 222	80 018	4.2%	3.6%
Central banks' and credit institutions' resources	6 409	6 479	14 067	119.5%	117.1%
Customer resources	62 177	64 256	64 596	3.9%	0.5%
Debt securities	24 062	25 182	20 104	-16.4%	-20.2%
Technical provisions for insurance operations	6 971	6 439	6 305	-9.6%	-2.1%
Shareholders' equity	6 529	7 157	7 170	9.8%	0.2%
Resources Taken from Customers	80 069	83 089	81 438	1.7%	-2.0%
Profit and Efficiency Ratios:					
Gross return on equity - ROE (1) (2)	10.9%	5.9%	3.9%		
Net return on equity - ROE (1)	9.1%	4.8%	3.5%		
Gross return on assets - ROA (1) (2)	0.53%	0.32%	0.23%		
Net return on assets - ROA (1)	0.44%	0.26%	0.20%		
Cost-to-income *(2)*	56.8%	64.7%	66.8%		
Cost-to-income banking (2)	48.9%	60.6%	63.5%		
Employee costs / net operating income (2)	32.0%	34.7%	36.7%		
Net operating income / average net assets (2)	2.94%	2.56%	2.34%		
Credit Quality and Cover Level:					
Overdue credit / total credit	2.71%	2.87%	2.99%		
Credit more than 90 days overdue / total credit	2.23%	2.47%	2.59%		
Non-performing credit / total credit (2)	2.67%	3.00%	3.13%		
Non-performing credit (net) / total credit (net) (2)	-0.20%	-0.02%	-0.01%		
Overdue credit (net) / total credit (net)	-0.16%	-0.16%	-0.16%		
Overdue credit cover	105.7%	105.3%	105.2%		
Credit more than 90 days overdue cover	128.3%	122.4%	121.3%		
Structure Ratios:					
Loans and advances to customers / net assets	64.9%	63.8%	64.8%		
Loans and advances to customers / customer resources	123.5%	120.2%	123.9%		
Solvency Ratios					
Solvency	12.8%	12.6%	11.9%		
Tier 1	8.4%	8.5%	8.2%		
Core Tier 1	8.2%	8.3%	8.1%		

(1) Considering average shareholders' equity and net assets values.
(2) Ratios defined by the Bank of Portugal.
(*) Amounts relating to December 2009 refer to the half year average.
(**) Considering Locarent, in June 2009, by the proportional consolidation method for comparison purposes.

- Caixa Geral de Depósitos Group's consolidated net income for first half 2010 was EUR 105.3 million in comparison to EUR 227.4 million for the same period of the preceding year. This was a reflection of the reduction in net interest income, income from financial operations and impairment on CGD's equity investments.

  - Net interest income was down 26.6% over the same period 2009 to EUR 685.5 million. This derived from the impact of the reduction in interest rates, which affected profitability, taking into account the composition of the credit portfolio (in which mortgage loans and medium and long term corporate lending accounted for 74.3%) and higher funding costs.

    Reference should be made to the fact that last year's option to focus on support to the economy, even subject to a certain (inevitable and temporary) reduction of profitability, comprised a policy of moderation in fixing Euribor-related spreads and the adoption of rigorous risk assessment and risk-adjusted prices criteria.

    However, owing to the slight increase in Euribor and necessary spread adjustments, net interest income, for second quarter 2010, was higher than the amount posted in the three preceding quarters, evidencing consecutive growth over the last three quarters.

  - Income from financial operations was down EUR 63.1 million over the same period 2009 to EUR 25.9 million. This is explained by high levels of volatility in public debt markets, particularly in the second quarter and the negative impact of the EUR 32.6 million deriving from the equity investment in Cimpor.

  - Impairment of other assets (net), for the half year, totalled EUR 96.1 million, most of which Millennium BCP and ZON securities.

- Net commissions, up 10.4%, to EUR 248.3 million, particularly derived from credit operations, with a 19.8% increase of EUR 9.2 million, intermediation and securitisation operations with a 49.7% increase of EUR 5.5 million and the structuring of operations with a 45.5% increase of EUR 7 million.

- The technical margin on insurance operations was up 15.8% by EUR 31.3 million over the same half of the preceding year to EUR 229.5 million.

- Operating costs were up 0.5% to EUR 939 million. Employee costs were down 2.0%.

- The Group's net assets were up 2.1% over December 2009 to EUR 123.6 billion.

- Shareholders' equity was up 9.8% by EUR 641 million to EUR 7 170 million over the same period 2009. CGD Group's shareholders' equity remained stable in comparison to December 2009, with growth in the other reserves and minority shareholders' interests account having been recorded.

- The solvency ratio, on a consolidated basis, including retained earnings, at 11.9%, with a Tier I ratio of 8.2% and Core Tier I ratio of 8.1%, translated CGD's solidity.

- Loans and advances to customers (gross) were up 4.5% over June 2009 to EUR 82.6 billion. Mortgage loans were up 1.6% and corporate loans up 5.8%. There was a 3.8% increase of EUR 3 billion in the balance for first half 2010.

- Resources taken from customers were up 1.7% over the preceding year to EUR 81.4 billion, split up into balance sheet resources with a 1.4% increase to EUR 70.7 billion and off-balance sheet resources with a 3.7% increase to EUR 10.7 billion. In the latter case, reference should be made to the 12.5% increase in investment units in unit trust investment funds, particularly Fundimo (up 21.7%). Balance sheet resources also included the 2.1% expansion of customer deposits and 8.0% increase in capitalisation insurance.

- The deposit to loans conversion ratio of 123.9% was similar to last year's figure.

- The credit overdue for more than 90 days ratio was 2.59% with a respective cover rate of 121.3%.

3. KEY GROUP DEVELOPMENTS

The Group's international operations, in first half 2010, were marked by a dynamic expansionary approach, mirrored in the formation of new financial institutions and share capital increases, to support the development of existing institutions.

Permission was given, at the start of 2010, to form 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. These initiatives have enabled Caixa to play a significant role in the Angolan market. BPD will concentrate on supporting the development of the Angolan economy.

Reference should also be made, in the case of Angola, to CGD's exercising of its purchase option on 1% of the share capital of Partang, SGPS, SA, which owns 51% of the share capital of Banco Caixa Geral Totta Angola (BCGTA), in July 2010. This gives CGD a controlling interest in the holding company.

Permission to form Banco Nacional de Investimento (BNI), with a start-up capital of five hundred million dollars, 49.5% of which to be held by CGD, 49.5% by the State of the Republic of Mozambique through the National Directorate for the Treasury and 1% by Banco Comercial de Investimentos (CGD Group) was obtained in May 2010. The title deed for the formation of BNI was signed on 14 June 2010, when a part of the 70 million meticais of the share capital was paid up by shareholders. BNI will concentrate on supporting the development of Mozambique's economy.

The recommencement of CGD Group's banking operations in Brazil, through Banco Caixa Geral Brasil (BCG Brasil), was highly successful. The results achieved in the first nine months of operation have exceeded the most optimistic forecasts.

The success of this initiative was confirmed, in first half 2010, by two operations designed to leverage corporate and investment banking operations in the Brazilian market:

- A 123 million to 400 million reais increase in the share capital of BCG Brasil to endow the bank with the necessary resources to enable it to expand its exposure limits per economic group and support its respective business plan up to 2012.

- CGD Group entered into a partnership with Banif Group in Brazil for a 70% equity investment in Banif Corretora de Valores e Câmbio, S.A. ("Banif CVC"). The acquisition will permit a broader, more consistent range of activity in the Brazilian capital market.

With the objective of maintaining its solvency ratios at adequate levels a EUR 20 million increase in Banco Caixa Geral's share capital, fully subscribed for and paid up by CGD, was also realised in Spain.

Banco Interatlântico had a capital increase of 400 million to 1 billion Cape Verde escudos, in April 2010. CGD accompanied this capital increase by maintaining its 70% equity investment in the bank.

In the sphere of CGD Group's activity in Portugal, reference should be made to Caixa Banco de Investimento's (CBI) continued leadership of the financial intermediation market and in bonds issued by domestic entities. In the case of project finance, special reference should be made to its ninth position (in the Dealogic League Tables) in the world PPP (Public Private Partnerships) ranking.

As a corollary CBI saw international recognition of its performance in the attribution of the Best Investment Bank in Portugal award, in 2010, from Global Finance magazine and the Best Debt House award in Portugal in 2010 from Euromoney magazine.

Caixa Capital analysed investment opportunities eligible for inclusion in one of its four venture capital funds under management over the course of the half year. A total number 172 projects, of which 128 were received during the period and 44 brought forward from the preceding year, were examined.

Reference should be made, in the case of Caixa Seguros e Saúde, SGPS to the February 2010 opening of the new Cascais hospital, managed by HPP Saúde, in a public private partnership, expanding CGD Group's hospital area offer. HPP ACE, which operates as an umbrella organisation for the Group's different hospitals, was formed in March.

Gerbanca, SGPS, SA increased its equity investment in Caixa-Banco de Investimento, SA, to 99.7% in June 2010. It also increased its share capital through an issue of new shares, subscribed for by Companhia de Seguros Fidelidade-Mundial and paid up by the delivery of its shares in Caixa-Banco de Investimento.

CGD, in terms of its domestic operations, also sold the full amount of its 17.6% equity investment in UNICRE, in May

Branch office network

CGD Group had 1 287 branch offices of which 854 on Portuguese territory at 30 June 2010.

NUMBER OF CGD GROUP BRANCH OFFICES	Dec 2009	Jun 2010
CGD (Portugal)	848	853
Branch office network	809	814
Corporate office network	39	39
Caixa – Banco de Investimento (Lisbon + Madrid)	2	2
France Branch	46	46
Banco Caixa Geral (Spain)	211	211
Banco Nacional Ultramarino (Macau)	14	14
Banco Comercial e de Investimentos (Mozambique)	71	76
Banco Interatlântico (Cape Verde)	8	8
Banco Comercial Atlântico (Cape Verde)	29	32
Mercantile Lisbon Bank Holdings (South Africa)	15	15
Banco Caixa Geral Brasil	1	1
Banco Caixa Geral Totta de Angola	11	12
Other CGD branches	16	16
Macau Offshore Subsidiary	1	1
Total	**1 273**	**1 287**

International expansion, in first half 2010, translated into an increase in the number of CGD's branch offices abroad from 424 to 433 and particularly included the opening of 5 Banco Comercial e de Investimentos (BCI) branch offices in Mozambique, 3 Banco Comercial do Atlântico (BCA) branch offices in Cape Verde and a new Banco Caixa Geral Totta de Angola (BCGTA) branch in Angola.

Human Resources

CGD Group had 23 334 employees in the first half 2010, representing growth of 1 097 workers over the preceding year.

CGD GROUP EMPLOYEES

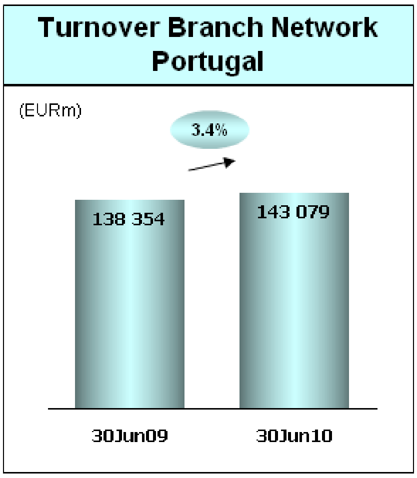
	Dec 2009	Jun 2010
Banking operations (CGD Portugal)	9 791	10 296
Other	12 446	13 038
Total	**22 237**	**23 334**

4. MAIN BUSINESS AREA DEVELOPMENTS

4.1. RETAIL BANKING IN PORTUGAL

CGD, in first half 2010, continued to implement its strategy of reinforcing its branch office network in Portugal by opening a further 4 branches. CGD's branch network, at 30 June, comprised 814 branches and 39 Caixa Empresas Corporate Offices.

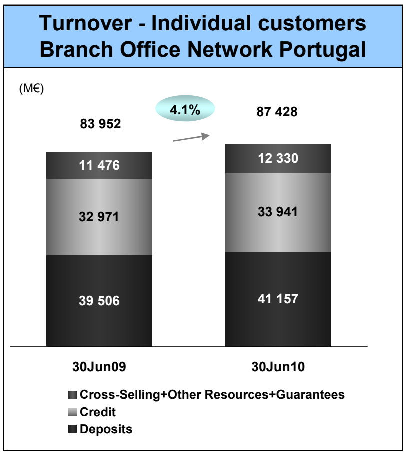
One of the most significant aspects recorded by CGD's branch office network, in the first half of the year, was the launch of its Caixa Mais Service Model comprising 372 commercial staff members at 216 branches. This new Caixa Mais service model is intrinsically associated with the branch office service transformation model. Expansion is likely to occur in the second half of the year.



Branch office turnover in Portugal was up 3.4% in year on year terms, largely deriving from the economic context and exceptional evolution of several customers in the major corporate and institutional banking segments.

Individual Customers

Turnover in the individual customers' segment was up 4.1% in year on year terms to EUR 87 428 million, in June 2010. Deposit taking and credit in this customer segment were up 4.9% and 3.0%, respectively.



Mortgage loans were up 2.7%, year on year, in portfolio value terms and continues to be one of the levers behind the growth of activity in the individual customers' segment, notwithstanding the market's growing maturity.

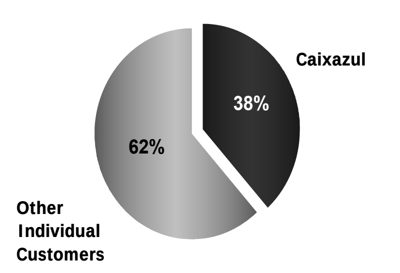
CGD, as the mortgage lending market leader has also evidenced the dynamics of its innovative approach in terms of supply, by integrating diversified solutions, capable of meeting the needs of different requirements, notably as regards the types of interest rate schemes available. This approach has allowed CGD to maintain its uncontested market lead, translating into a market share of more than 26% of new mortgage lending operations in the first half of the year.

Individual customers' deposits in the branch office network, in Portugal, were significantly up by 4.2% in year on year terms to EUR 41 157 million in June 2010.

Caixa Geral de Depósitos's clear lead in terms of deposit-taking reflects its successful implementation of a strategy based on the issue of a collection of savings solutions geared to customers with various risk profiles in all segments, always providing the highest levels of security based on its financial solidity.

Reference should be made, in the individual customers' segment, to the **Caixazul Service**, geared to the personalised management of premium customers, consisting of financial advisory and decision-making support services, based on customised solutions and the management of opportunities. The service, at 30 June 2009, had 317,506 customers and accounted for more than 38% of turnover in the individual customers' segment. The branch office network had 525 such spaces at the end of first half 2010.

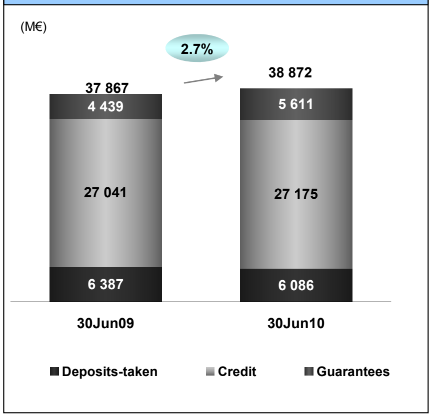
Turnover Individual Customers Branch Network Portugal



Corporate

Turnover of EUR 38 872 million in the **corporate** segment was up 2.7% in 2010, in year on year terms. Special reference should be made to the increases of 0.5% in credit and 26.4% in guarantees, which offset the reduction of 4.7% in deposit-taking.

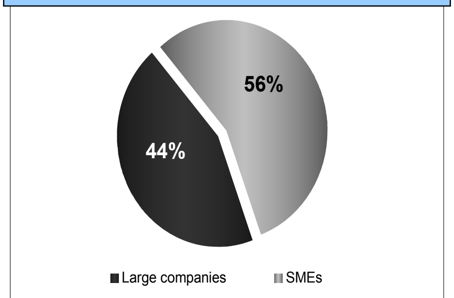
Turnover Corporate Branch Office Network Portugal



The economic environment has had a marked effect on the Portuguese business sector, particularly in the case of SMEs, with a moderation in turnover growth. CGD, even so, succeeded in increasing its involvement, with year on year growth of 1.2% in credit at 30 June 2010.

Continuing to implement CGD's strategic guidelines to achieve growth of market share and business in the corporate segment, work continued to be carried out on the **Caixa Empresas** service model, with the underlying concept of CGD's provision of a personalised management service to the self employed, small and medium sized corporate customers whose credit managers represent the relational aspect on the basis of an integrated approach to corporate customers' business and individual needs. This service model had 18 741 customers at 30 June 2010, with a turnover of EUR 3 124 million.

Corporate Credit Portfolio Branch Network - Portugal

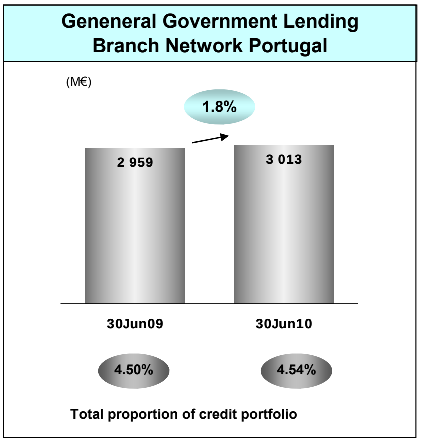


In fulfilling its mission to promote business development in Portugal and as the driving force behind the economy and the country's development, CGD has committed to stimulating its *PME Invest* lines of credit and has launched several solutions for young university students and/or the unemployed. *Caixa Empreender* solutions were, accordingly, launched in the first half of the year. These solutions are particularly geared to people interested in forming small companies and in self employment.

In terms of international operations, reference should be made to the investment and exports lines of credit for domestic companies' main partner markets, notably Angola, Brazil and Spain. Reference should be made, in the case of the latter market, to the Iberian Offer, designed for companies with interests in the Portuguese and Spanish markets.

General Government

General government accounted for 4% of branch office network turnover, in Portugal, at the end of first half 2010. Particular reference should be made, in this segment, to the evolution of the credit portfolio, with year-on-year growth of 1.8%.



4.2. SPECIALISED CREDIT

Specialised Credit Sector

On account of the evolution of the economic environment, the property leasing subsector was down 8% over the same period last year. Showing signs of recovery, equipment leasing was up 10%. The factoring market grew by 14%.

SECTOR SALES

(EUR million)	Jun 2009	Jun 2010
Property leasing	690	633
Equipment leasing	1 312	1 443
Factoring	10 601	12 136
Consumer credit	2 206	na

Sources: *ALF – Assoc. Portuguesa de Leasing e Factoring* (provisional figures for June 2010)
ASFAC – Associação de Sociedades Financeiras para Aquisições a Crédito

Caixa Leasing e Factoring

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

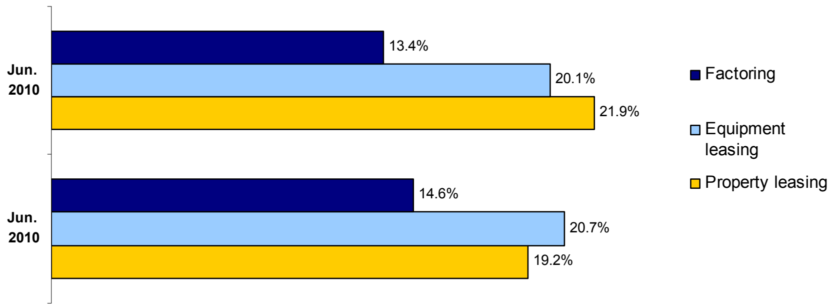
CLF increased its sales in all of its business areas, particularly property and equipment leasing, in which it leads the ranking.

Equipment leasing sales were up 5.5% and property leasing up 5%. Factoring grew by 5.2% with the consumer credit business up 28.1%, mainly on account of the growth of vehicle credit.

CGD GROUP SALES

(EUR thousand)	Jun 2009	Jun 2010	Change	Market Share
Property leasing	132 291	138 877	5.0%	21.9%
Equipment leasing	274 398	289 551	5.5%	20.1%
Factoring	1 549 532	1 629 919	5.2%	13.4%
Consumer credit	13 043	16 703	28.1%	na
Of which:				
Vehicle finance				
Equipment leasing	62 493	109 769	75.6%	
Vehicle loans	6 472	12 140	87.6%	

MARKET SHARES



CLF's net assets were up 8.4%, owing to the 5.6% growth of its loans and advances to customers portfolio (net)

KEY FINANCIAL INDICATORS

(EUR thousand)	Jun 2009	Jun 2010
Assets (net)	3 344 229	3 623 941
Loans and advances to customers	3 324 692	3 534 403
Provisions on overdue loans and doubtful debts	(53 892)	(79 569)
Shareholders' equity	125 055	129 331
Net income	(1 568)	(2 036)

Losses of around EUR 2 million translated into a 9.7% reduction in net operating income.

4.3. INTERNATIONAL

In a fragile economic environment which is still suffering from the effects of the international crisis affecting most economies over the last few years, Caixa Geral de Depósitos Group, in its awareness of the crucial role of international business for the sustained recovery of the Portuguese economy and its own financial performance, maintained its strategy of providing support to the internationalisation strategies of Portuguese companies in first half 2010.

Caixa Group has been providing continuous support to the internationalisation projects of Portuguese companies and investors, not only in traditional markets such as Spain but also in the "growth economies" which are at a different stage of the economic cycle from the mature, traditional economies, which are Portugal's export markets but in which there are an increasing number of investment opportunities.

An increasingly relevant activity is, accordingly, the development and effective implementation of formal export support instruments for Portuguese companies. CGD, in first half 2010, reinforced internationalisation support instruments for the domestic economy, in the form of lines of credit management:

- a tripartite agreement between CGD, Republic of Cape Verde and the Portuguese state, in January, setting up a new EUR 200 million line of credit to enable Cape Verde to finance its low cost housing programme.

- second addendum to the line of credit for the Republic of Mozambique, with an increase in the amount from EUR 200 million to EUR 400 million and extending of the project's allocation period, in addition to the period for the use of this new tranche to March 2012 and March 2015, respectively.

- an addendum to the line of credit for Tunisia was signed in March, maintaining a credit limit of EUR 100 million and extending the project allocation periods and use thereof to 30 March 2012 and 30 March 2015, respectively.

- the signing of the following documents at the last Portugal-Morocco summit held in Marrakesh in July:

    - second addendum to the existing line of credit, extending the period of the allocation of projects and deadline for the use thereof to 16 January 2012 and 16 January 2014, respectively.

    - financing agreement for a new EUR 200 million line of credit between the Portuguese Republic and the Kingdom of Morocco and CGD.

Reference should also be made to the April award, to Caixa of a new EUR 100 million line of credit for East Timor, under the terms of a tender between the major Portuguese banks. This has not, as yet, been formalised but represents an attractive source of finance for Portuguese companies and will facilitate investment and the export of capital goods for what the East Timorese state has classified as "structuring projects" under the country's strategic development plan.

In addition to the already referred to specific support instruments, Caixa, both on its own account and in partnership with other entities, has developed a series of additional initiatives designed to promote Portuguese entrepreneurs' intervention capacity in external markets.

An example of such initiatives will be its participation in the Business Intelligence Unit (BIU) project led by AICEP. The project aims to set up a platform for the dissemination of information on a "competitive intelligence" network used for the internationalisation of companies and the Portuguese economy. It will make use of human resources and the knowledge of universities, diplomacy, associations and Portuguese companies in order to improve the competitiveness of Portuguese companies and the country itself.

Caixa, in the first half year, was also involved in several of AICEP's "Market ABC" events, to provide companies with basic information on a series of strategic markets for the Portuguese economy, focusing on issues including such markets' economic, fiscal, legal and cultural environments. Caixa's intervention is geared to key financial support measures available for companies intending to operate in the markets targeted by such events.

Special reference should also be made to CGD's participation in the "Business Promotion in the Context of Lusophony" conference organised by the Port of Leixões on 17 and 18 June last. The initiative's central theme was the "PALOP" (Portuguese speaking Africa) space. The conference was addressed by port representatives of the said countries and closed with the signing of a protocol between the Port of Leixões and ENAPORT (São Tomé e Príncipe), with the sponsorship of the Minister for Public Works, Transport and Communications.

Reference should, lastly, be made to CGD's presence at various fairs and on official missions to countries in which Portugal's economic diplomacy is particularly interested.

In its commitment to consolidating its internationalisation process, always subject to highly prudent and rigorous criteria, Caixa Geral de Depósitos Group has projected the image of a Portuguese bank with the broadest and most diversified international platform. It has a physical presence in 23 countries representing more than 75% of the destinations for the exports of Portuguese companies.

The following is a list of relevant facts concerning the development and consolidation of CGD Group's international network in first half 2010:

- First tranche of the increase in share capital of Banco Caixa Geral Brasil from 123 million to 400 million reais. The capital will be increased in two stages for an equal amount, the second of which on 8 July.

- February closure of the representative office in São Paulo, whose members were latterly incorporated into Banco Caixa Geral Brasil's new individual customers enquiries service, which is particularly geared to premium customers and based on the offer of local products.

- February launch of the Iberian Portal comprising a new Portuguese-Spanish language tool. The portal comes under the Caixa Empresas Export Support programme and is geared to businesspeople and companies who operate or are interested in operating in the Iberian market. This new tool provides businesspeople with access to personalised financial advisory services, information on financing and the opinion of specialists. The Iberian Portal provides CGD and Banco Caixa Geral financial solutions for business with Iberian companies, in addition to providing information on the Iberian economy and financial markets.

- April increase in the share capital of Banco Interatlântico (BI) of Cape Verde, from CVE 600 million to CVE 1 billion (EUR 5.4 million to EUR 9.06 million). CGD accompanied this capital increase by maintaining its 70% equity investment in the bank. This increase enabled BI to reinforce its own funds and intervention capacity in the market, required by the International Accounting Standards.

- June presentation of Banco Caixa Geral Totta de Angola's new image. The new Banco Caixa Totta brand aims to achieve a leading position in the ranking of the best Angolan banks. Its choice of colours translates the new institution's values of tradition, rigour and trust.

- June formalisation of agreement between Caixa Geral de Depósitos and Banif Groups, for a 70% equity investment in Banif Corretora de Valores e Câmbio, S.A. (Banif CVC). This deal included Brazil's third biggest online home broker. The purchase has reinforced CGD Group's capacity in the investment banking area, permitting a broad and consistent performance in Brazil's capital market.

- June signing of the public deed for the formation of Banco Nacional de Investimentos, S.A. (BNI), 49.5% owned by the State of Mozambique, 49.5% owned by Caixa Geral de Depósitos and 1% owned by Banco Comercial e de Investimentos. An amount of around USD 500 million was invested in support for Portugal-Mozambique partnerships, particularly focusing on infrastructures such as health, energy and education and human resources training.

- June increase of Banco Caixa Geral's (Spain) share capital from EUR 442.8 million to EUR 462.8 million, totally subscribed for and paid up by CGD. The increase aimed to maintain the bank's solvency ratios at adequate levels.

CGD has an extensive and geographically diversified international presence, in different formats, either direct or in the form of investments in companies' equity capital or management.

Caixa Geral de Depósitos has been endeavouring to penetrate strategic Portuguese speaking markets in Africa and Brazil, endeavouring to link different operations and leverage the exploitation of diverse commercial corridors between geographies in which CGD operates.

Caixa Geral de Depósitos Group's current international network comprises:

- Nine banking branch offices (New York, France, Luxembourg, London, Zhuhai/China, East Timor, Cayman Islands, Spain and Madeira Free Trade Zone).

- Eight subsidiaries (Spain, Macau/China, Mozambique, Cape Verde, South Africa and Brazil).

- Two associated companies (Angola and São Tomé e Príncipe).

- Eight representative offices (Belgium, Germany, Switzerland, Venezuela, Mexico, India and Shanghai/China).

- CGD also has a presence in Algeria, via its Cabinet International d'Affaires business desk with Banque National d'Algérie to assist Portuguese companies operating or trading in Algeria.

CGD's international area's branch office network, at end June 2010, comprised 433 branches plus 8 branches of its associated company Banco Internacional de São Tomé e Príncipe (BIST). It has a total number of 4,500 employees.

As Africa and particularly Lusophone Africa, is one of the principal strategic development areas for CGD Group's international business, reference should be made, in this first half, to the branch network office expansion process. This includes Mozambique, with the opening of 5 Banco Comercial e de Investimentos (BCI) branches, Cape Verde, with 3 Banco Comercial do Atlântico (BCA) branches and Angola with a new Banco Caixa Geral Totta de Angola (BCGTA) branch.

The priority for 2010 has been to consolidate operations in Brazil, Angola and Mozambique. The bank plans to be operational in Canada by year end.

The most relevant international development areas include CGD's position in Angola. Its expansion strategy involves a presence in the countries' main cities and new counters with the aim of providing Caixa Group customers with a better level of service.

With the objective of achieving a sustainable, high quality presence and pursuant to its expansion, Caixa Totta has invested heavily in its institutional image, opening its first branch operating under the Caixa Totta brand on 28 May last. The branch operates in Saurimo, in downtown southern Luanda, considered to be the diamond centre owing to the fact that it has the world's fourth largest diamond reserves. Our presence is a sign of support for investment in Angola's mining industry. Mozambique and Cape Verde are also two of Caixa Group's international area strategic markets in Africa.

The branch office network expansion plan in Mozambique proceeded, with the opening of the Beira BCI Corporate Centre on 24 May last. Based on this new project, Banco Comercial e de Investimentos (BCI) aims to provide a first class service to large and medium sized enterprises, particularly in Sofala province.

BCI Corporate Centres currently cover the northern, central and southern regions of Mozambique. An expansion plan for Centres in Nacala (Nampula province), Tete, Quelimane and Matola is in progress.

This type of structure derives from the bank's new approach to the Mozambique market, permitting personalised assistance and management services for companies which benefit from the services of commercial managers specially trained to give advice on the best banking solutions and services.

Cape Verde's Banco Comercial do Atlântico has implemented a series of innovative solutions, pioneering the introduction of leasing operations. It is the only bank with internet banking services in English (BCADirecto). This distance banking channel operates 24 hours a day.

In continuing to implement a policy of innovation, BCA has introduced its BCA Visa Corporate service. This is a credit card for companies and other corporate-type entities. It endeavours to permanently innovate and improve the quality of services to customers.

In line with its branch office network expansion policies, standardisation of its current branches and maintenance of its property, BCA opened a second branch in Santa Catarina (Assomada), in March and opened new branches in Paúl and Ponta do Sol (island of Santo Antão). It now has 32 branches.

Banco Interatlântico has maintained its strategy of achieving bank of preference status in the corporate and institutional segments in addition to medium to high net worth individual customers. It segments its customers on the basis of its creation of Corporate and Individual Customers Offices, focusing on automatic media and product innovation such as the introduction of mobile banking.

Its merit and performance were internationally recognised with the award of the "Best Bank in Cape Verde" prize, in 2009, from Britain's "World Finance" magazine.

Banco Interatlântico increased its share capital from CVE 600 million to CVE 1 billion in April, with the objective of adjusting capital to strategic vision while providing for new demands resulting from the introduction of the International Accounting Standards.

Another relevant geography for the Group's strategy is Brazil in which Banco Caixa Geral Brasil has focused its operations on the corporate market, exploiting opportunities afforded by Brazilian companies interested in exporting to Europe, Africa (Angola) or Asia, where Caixa has a major presence through BNU and with Portuguese companies which are operating in the Brazilian market or which plan to do so.

With the aim of achieving benchmark bank status for corporate dealings in Brazil / Portugal / Spain and Africa, BCG Brasil has achieved a highly competent level of achievement in project finance, having, in partnership with Caixa BI, been awarded the America's Deal of the Year 2009 and Transport Deal of the Year 2009 prizes from Reuters Group's Project Finance International magazine for its projects in Brazil.

The referred to prizes were simultaneously awarded on long term financing operations for the Norbe (as joint lead arrangers and coordinators) and Rodoanel projects (as mandated lead arrangers), both of which in Brazil.

BCG Brasil increased its share capital to 400 million reais, in two tranches of 138.5 million on 28 January and 08 July to reinforce the sustainability and solidity of its Brazil project and expansion plan, notably through an increase in risk exposure by economic groups.

In first half 2010's less favourable environment for financial activity, the international area's contribution to Caixa Geral de Depósitos Group's consolidated net income remained, at around EUR 48.2 million, unchanged from the same period 2009.

The companies making the largest contribution to this result were Banco Nacional Ultramarino (Macau) with EUR 15 million, Madeira Offshore Branch with EUR 12 million, France branch with EUR 11 million, Mercantile Bank (South Africa) with EUR 5.1 million and Banco Comercial e de Investimentos (Mozambique) also with EUR 5.1 million.

Loans and advances to customers (net) were up 12.4% over June 2009 to EUR 14 699 million. The companies making the largest contribution to this evolution in credit were the Cayman Islands branch with EUR 352 million, Banco Comercial e de Investimentos – Mozambique with EUR 262 million and BNU Macau with EUR 162 million.

Customer resources stabilised in comparison to June 2009 at EUR 10 282 million (down 0.1%). The banks taking in the highest level of resources were BNU Macau (EUR 241 million), France branch (EUR 127 million) and BCI (EUR 153 million).

4.4. INVESTMENT BANKING

CaixaBI generated net operating income of EUR 51.4 million in first half 2010 and EUR 21.2 million in net income, down 14.6% over the same period last year.

Commissions, at EUR 45.6 million, continued to perform well.

Although structural costs were up 2.2% over the same period 2009, the bank retained a low cost to income

ratio of 26.4%.

Prizes

CaixaBI's performance in the first half of the year was, once again, awarded international recognition. Global Finance magazine elected CaixaBI as the "Best Investment Bank in Portugal in 2010" and Euromoney magazine considered CaixaBI the "Best Debt House in Portugal, in 2010".

Rankings

CaixaBI was the undisputed leader of the CMVM financial intermediation area ranking for stock market orders at the end of the first half year, with a market share of 21.5%. In terms of financial groups, Caixa Group led the field with a market share of 23.1%.

Dealogic's project finance area league tables for the first six months of the year placed CaixaBI ninth in the world PPP ranking.

Financial intermediation

CaixaBI increased its commissions by 31% In the financial intermediation area in comparison to the same period of the preceding year. Institutional customers accounted for a 95% increase in commissions owing to the higher level of activity in the corporate segment.

There was also a significant increase of 195% in the international customers segment over the same period 2009, essentially on account of the increase in partners' activity.

Corporate advisory and risk management

The bank's activity as a liquidity provider for various securities listed on Euronext Lisbon, such as Cofina, Orey Antunes, Reditus, Altri, Inapa and Ibersol kept up at a fast pace. CaixaBI was a pioneer in this business area and continues to be the benchmark market operator, whose good performance has been recognised by Euronext with its award of its maximum "A" rating on all securities and categories.

Project finance

This area, over the course of first half 2010, was responsible for structuring project finance deals entailing a global CGD Group commitment of around EUR 957.8 million, all of which allocated to operations in Portugal.

The following is a list of the major operations completed in first half 2010:

- ENEOP: a project comprising finance for 480 MW, distributed over 23 wind farms developed by Enernova (40%), Finerge (20%), TP (20%) and Generg (20%).
- Artenius Sines: finance for the construction of a PTA manufacturing plant (700 ktpa), in Sines. CaixaBI was also the project's financial adviser.
- Águas de Cascais: financing of the concession for the exploitation of the municipal water distribution and waste water drainage systems in Cascais for a period of 25 years, awarded to Água de Cascais, owned by AGS – Administração e Gestão de Sistemas de Salubridade (42.96%), AQUAPOR – Serviços (42.96%) and ORIENTE (14.08%).
- Pinhal Interior concession: project comprising the design, construction, financing, exploitation and maintenance of several road sections referred to as the Pinhal Interior subconcession, for a period of

30 years. The project involves 520 kilometres of road which will be paid for on an availability and effective use basis.

- ELOS: CaixaBI was the coordinator for the financial advisory services to the consortium led by Brisa and Soares da Costa in the negotiations with the lessor, EIB and other commercial banks. CGD Group was also involved in financing the project, involving the concession, construction, financing, maintenance and availability of rail infrastructures along the Poceirão/Caia section, as a part of the high speed rail link between Lisbon and Madrid and rail infrastructures for the Évora/Caia section of the standard rail link corridor between Sines and Caia, jointly referred to as the Poceirão-Caia section.

Mandates signed in the first half year particularly included the structuring of finance for the Enervento wind portfolio - Mirandela Windfarm (25.2 MW) and Montemor Windfarm (8.4 MW).

CaixaBI has also been involved in providing financial advisory services and/or structuring several operations in progress.

On an international level, reference should be made to geographic expansion, accompanying the following operations in Mozambique:

- Tete Bridge concession: financial advisory services to the consortium led by Ascendi and Soares da Costa.
- Maputo-Catembe-Ponta do Ouro concession: financial advisory services to the consortium led by Ascendi and Visabeira.
- Moamba natural combined cycle power station: financial advisory services to the project led by EDM.
- Luanda Shopping: financial advisory services to VIP Group.
- Moamba Major project: start-up of advisory works on a dam construction project in Maputo led by Zagope.

Reference should also be made to joint coordination of the structuring and/or financial advisory services for a diverse range of projects in Brazil with Banco Caixa Geral Brasil of which reference should be made to the following:

- Ecosteel project: financial advisory services for an investment project led by SGC Group, whose financial close is scheduled for December 2010.
- ZAV project: financial advisory services to Empark under the tender for the São Paulo car parks concession.

Corporate finance

In terms of operations whose financing is structured on a corporate basis, reference should be made to continuous and growing involvement in the area of identifying the mandates required to guarantee CaixaBI's mandated lead arranger status. Notwithstanding the slowness of the economic upturn and several companies' capacity to provide for the direct impact of the scenario of liquidity restrictions and settle their commitments, there continued to be a trend towards liabilities restructuring and debt refinancing operations. Special reference should, herein, be made to progressive participation in Group financial liabilities restructuring and financing processes and finance in which CGD Group has been involved on different levels.

The bank remains committed to identifying investment opportunities, particularly related with internationalisations and its strategic commitment to the international markets of Portuguese companies such as Empark, Cimpor, Portucel, Visabeira and Nutrinveste, in which the corporate finance area was involved in providing financial advisory services for the finance restructuring operations in Brazil, Mozambique and Eastern Europe.

Reference should also be made to the bank's involvement and participation in the analysis and structuring of several operations:

- Empark – Refinancing of syndicated loan for the acquisition of Cintra Aparcamientos.
- Gil Gare – Extending of maturity and change of repayments schedule for loans to Gil Gare for the construction of Gare do Oriente infrastructures.
- Sogevinus – Restructuring of loans to Sogevinus for the acquisition of Barros Group.
- Pluripar, SA – Restructuring of financial liabilities of Pluripar Group.
- SAIP Turismo, SA – Financing associated with the Parque Alqueva project, based on improved landscaping operations and tourist potential generated by the creation of the huge artificial lake made possible by the construction of the Alqueva dam.
- Artenius Sines PTA – Under the contract for a loan of EUR 95 million, interim finance for the development of a project for the construction and installation of a PTA manufacturing plant in Sines, entered into in January.

The area is responsible for managing and assisting around 238 projects in terms of credit processes, of which 134 outside Portugal.

Corporate debt finance

The following is a list of corporate debt finance activities for the first half year:

- 1st bookrunner for bonds issued by national entities (Bloomberg ranking).
- Joint bookrunner and joint lead manager for CGD's "4.25% Mortgage Covered Bonds due 2020", bond issue for the amount of EUR 1 billion.
- Joint bookrunner and joint lead manager for EDP Finance B.V.'s "3.25% Notes due 2015", bond issue for the amount of EUR 1 billion;
- Joint bookrunner and joint lead manager for CGD's "Floating Rate Mortgage Covered", bond issue for the amount of EUR 1 billion;
- Organisation and lead of Portucel's 2010-2015 bond issue for the amount of EUR 100 million;
- Organisation and lead of Efacec's 2010-2015 bond issue, for the amount of EUR 30 million;
- Organisation and lead of Sonaecom's 2010-2015 bond issue, for the amount of EUR 40 million;
- Organisation and lead of Sonae SGPS's 2010-2015 bond issue, for the amount of EUR 250 million;
- Organisation and lead of Sonae Indústria's 2010-2017 bond issue for the amount of EUR 150 million;
- Organisation and lead of Violas SGPS's 2010-2015 bond issue, for the amount of EUR 30 million;
- Co-lead manager for the Portuguese Republic's new 10 year "4.80% Treasury Bonds Benchmark due 2020", issue for the amount of EUR 3 billion;

- Co-lead manager for the Votorantim "5.25% Notes due 2017" bond issue for the amount of EUR 750 million.
- Organisation and lead of 11 new commercial paper programmes for a global amount of EUR 1 492 million.

Corporate share issues

The following is a list of the principal mandates upon which CaixaBI was engaged in the first six months of 2010:

- Participation in Renova Energia's initial public offering with co-manager status for the international institutional tranche.
- Advisory services on Vista Alegre Atlantis's organisation and structuring of its share capital increase.
- Advisory services to Efacec Capital and its shareholders for the company's initial public share offering as joint global coordinator and joint bookrunner.
- Advisory services for Visabeira Group's eventual issue of convertible bonds as joint lead manager and joint bookrunner.
- Advisory services to Caixa Geral de Depósitos for its eventual issue of convertible bonds as joint lead manager and joint bookrunner.

Various projects for securing mandates in Portugal, Spain and Brazil were performed.

Advisory

CaixaBI successfully developed and completed the following projects in first half 2010:

- Financial advisory services to Sport TV for an analysis of the company's financing structure.
- Financial advisory services to PT Brasil for the acquisition of GPTI Tecnologia de Informação by Mobitel (Dedic).
- Financial advisory services to Semapa for the economic and financial assessment of Secil.
- Financial advisory services to Parpública for the economic and financial assessment of Isotal.
- Financial advisory services to CGD Group for the acquisition of 70% of Banif Corretora de Valores e Cambio, SA (Brazil).
- Financial advisory services on the shareholders' agreement between CGD and Votorantim for the latter's equity investment in Cimpor.
- Financial advisory services to Votorantim on the acquisition of the Lafarge equity investment in Cimpor.

Syndication and sales

CaixaBI has already been involved in the following primary issues this year:

- Placement of a Caixa Geral de Depósitos covered bonds issue for the amount of EUR 1 billion, at a coupon rate of 4.25%, maturing on 27 January 2020. CaixaBI was joint lead manager for this issue in conjunction with another four international banks.
- Placement of an EDP bond issue for the amount of EUR 1 billion, at a coupon rate of 3.25%, maturing on 16 March 2015. CaixaBI was joint lead manager for this issue in conjunction with another five international banks.
- Placement of a Portuguese Treasury bond issue for the amount of EUR 3 billion at a coupon rate of 4.80%, maturing on 15 June 2020. CaixaBI was co lead manager for this issue, placing EUR 80 million with national and international investors.
- CaixaBI was also co-manager for the Voto – Votorantim Ltd issue for the amount of EUR 750 billion at a coupon rate of 5.25% maturing on 28 April 2017.

CaixaBI placed 148 commercial paper issues, in 2010, for more than EUR 4 757 million in which it participated in and placed EUR 2 447 million in coordination and with the support of CGD's Major Companies Division.

Venture capital

Caixa Capital analysed investment opportunities eligible for one of its four venture capital funds under management over the course of the half year.

172 projects, 128 of which having been received in the period and 44 brought forward from the preceding year were considered. 101 projects were filed or rejected, 48 remained under analysis and 23 were approved.

Approved projects comprise potential investment of around EUR 45 million. An amount of EUR 3.1 million split up into six operations was invested.

Investments included:

- Participation of FCR Empreender+ in Biosurfit, S.A.'s share capital increase, with a first investment round of EUR 333 thousand comprising 1/3 of the total commitment.
- Participation of FCR Empreender+ with EUR 80 thousand in the formation of Bem Comum, Sociedade de Capital de Risco, S.A., which will manage a venture capital fund geared to start-ups.
- Equity investment and convertible partners' loans, in Guestcentric, S.A., with an FCR Empreender+ investment of EUR 250 thousand.
- Additional investment in Logoplaste Investimento, SGPS, SA in the form of EUR 1 million in partners' loans from FCR CGD Group.
- An additional involvement by FCR Empreender+ in Smartwatt – Eficiência Energética e Microgeração, SA in the form of supplementary contributions of EUR 75 thousand, under the terms of the shareholders' agreement. Total investment increased to EUR 175 thousand.
- Additional equity investment by Fundo de Capital de Risco Energias Renováveis – Caixa Capital in EDP Renováveis, S.A with the amount of the investment increasing to EUR 1 380 thousand euros.

An amount of EUR 2 million was disinvested in the half year:

- Stock market disposal of the full amount of FCR Energias Renováveis's equity investment in Martifer, SGPS, SA, totalling EUR 1 417 thousand.
- Tradingor, SA's repayment of EUR 300 thousand in supplementary contributions to FCR Grupo CGD.
- Part reduction of the equity investment in FCR AICEP GPI, realising EUR 51 thousand.
- Mesquita ETVIA, SA's repayment of EUR 245.6 thousand in partners' loans.

4.5. ASSET MANAGEMENT

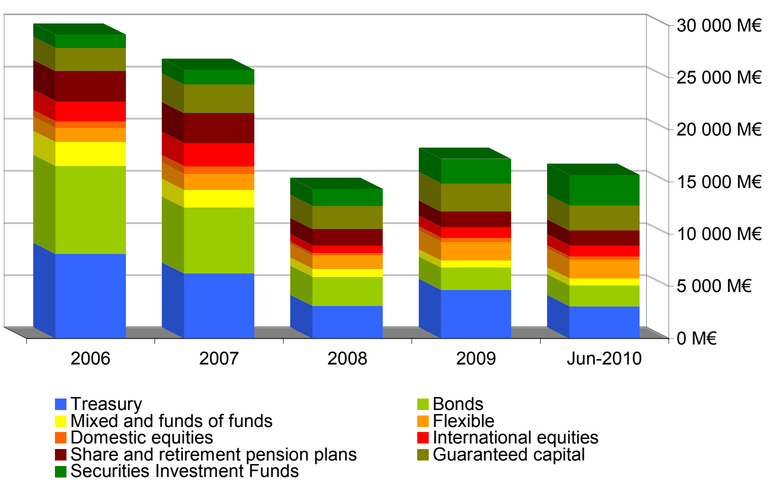
Asset management activity, in Portugal, in first half 2010, although benefiting from world economic growth, was affected by greater pressure on the public debt of several countries peripheral to the Eurozone.

Securities investment funds

The value of securities investment funds managed by Portuguese management companies at end June 2010 was EUR 15.7 billion. This was down 9% over the figures for the start of the year and far removed from the almost EUR 30 billion in assets under management in 2006, providing an accurate reflection of the international financial crisis's impact.

The decrease in the Portuguese securities investment fund market was more pronounced in the Treasury and bond funds categories.

Amounts under management

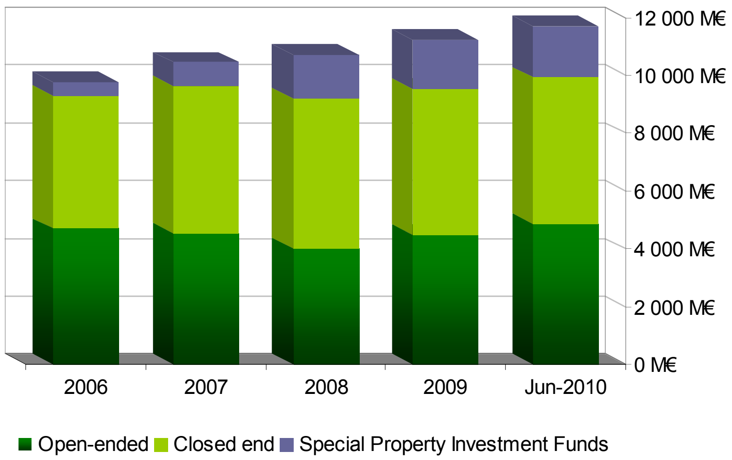


Property investment funds

In turn, the property investment funds market maintained its growth trajectory trend with the value of assets managed by fund management companies as a whole having increased by EUR 478 million to EUR 11.7 billion.

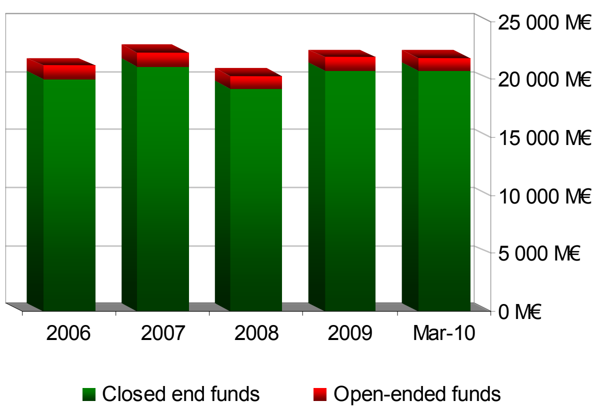
This growth particularly centred on open-ended property funds which were up EUR 372 million.

Amounts under management



Pension funds

The pension funds market was up 11% to EUR 21.9 billion at the end of first quarter 2010, in comparison to the same period last year. Closed end funds, predominantly banking sector pension funds, continued to dominate this market segment with 94% of the pension funds total. Notwithstanding growth in the retirement market, consumers are still more interested in the guaranteed capital and income products provided by insurance companies.



Wealth management

In respect of the market for portfolio management by third parties, particularly focused on the mandates of major institutional customers, the amount under management was up 3% to around EUR 69 billion.

CGD Group

Financial market recovery enabled CGD Group's asset management service to stabilise and achieve income levels similar to those of the preceding year, albeit still markedly lower than in 2007 and 2008.

Commissions allocated to this business, at end June 2010, were EUR 24.3 million.

COMMISSIONS

(EUR thousand)	Dec 2008	Dec 2009	Jun 2010
Securities funds	33 247	21 180	11 079
Property funds	13 328	13 236	7 453
Pension funds	3 779	3 339	1 723
Wealth management	8 634	9 074	4 051
Total	**58 988**	**46 829**	**24 306**

Securities funds – Caixagest

Securities funds, as in the preceding year, continued to be the most affected by an environment of persistent investor risk aversion and crisis in credit and equities markets as well as aggressive competition from traditional bank funding products. First half year commissions, notwithstanding the above, were slightly up to EUR 11 million.

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

- A protected capital fund, with a variable and uncertain yield associated with the evolution of the equities market, corresponding to investors' appetite for this type of product.

- A money market fund for customers with a conservative profile, interested in short and medium term investment solutions more in line with today's market conditions.

Caixagest managed 54 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 30 June, was down 8% over the preceding year at EUR 3 765 million. Notwithstanding the above, Caixagest achieved a 24% in market share and maintained its lead.

FUNDS UNDER MANAGEMENT

(EUR million)	Dec 2008	Dec 2009	Jun 2010
Treasury funds	838	1 065	885
Bond funds	780	566	523
Protected capital funds	1 222	1 657	1 482
Equities funds	155	241	246
Funds of funds and mixed funds	121	89	86
Special investment funds	499	488	543
Total	**3 614**	**4 106**	**3 765**

Property funds – Fundimo

First half 2010 was, in global terms, a period 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 end funds, particularly affected by the unfavourable economic environment.

The Fundimo open-ended fund closed the half year with an annualised gross yield of 3.0%, notwithstanding the various negative factors affecting the office market. This compares favourably with the downward evolution of interest rates.

A new privately subscribed for closed end property fund was launched in January 2010. As a part of the closed end funds was associated with property development projects, special attention was required for renegotiating financing and project commercialisation terms.

Fundimo's products portfolio, at year end, included one open-ended fund and 29 closed end funds, totalling EUR 1 708 million.

FUNDS UNDER MANAGEMENT

(EUR million)	Dec 2008	Dec 2009	Jun 2010
Open-ended funds (Fundimo Fund)	785	923	1041
Closed end funds	562	655	667
Total	**1 347**	**1 578**	**1 708**

In turn, the evolution of assets under management and two open-ended Fundimo fund commercialisation campaigns fuelled a positive evolution in commissions to EUR 6.4 million.

Pension funds – CGD Pensões

The environment in most financial markets and the world economy, continued to be responsible for a greater number of redemptions of investment units in the higher risk open ended pension funds categories, particularly by retired investors.

The volume managed by CGD Pensões remained stable in first half 2010.

FUNDS UNDER MANAGEMENT

(EUR million)	Dec 2008	Dec 2009	Jun 2010
Open-ended funds (Fundimo Fund)	112	112	110
Closed end funds	1 466	1 988	1 997
Total	**1 578**	**2 100**	**2 107**

A mandate for the management of a new pension fund in the closed end pension funds segment was secured.

Commissions earnings for the end of the half year, at EUR 1.7 million, translated a slight increase in business.

Wealth management – Caixagest

Caixagest continued to work more closely with the branch office network and its respective customers, taking the necessary steps to secure new management mandates and submitting investment proposals commensurate with the new economic environment. Special reference should be made to the acceptance of investment proposals based on interest rate products, by a significant number of individual customers.

PORTFOLIOS UNDER MANAGEMENT

(EUR million)	Dec 2008	Dec 2009	Jun 2010
Portfolios under management	**17 472**	**18 834**	**18 866**
Insurance portfolios	12 251	13 716	13 937
Institutional	3 419	3 206	2 894
Pension funds	1 578	1 679	1 802
Individual and corporate customers	225	234	233
Assets - management advisory	**276**	**276**	**273**

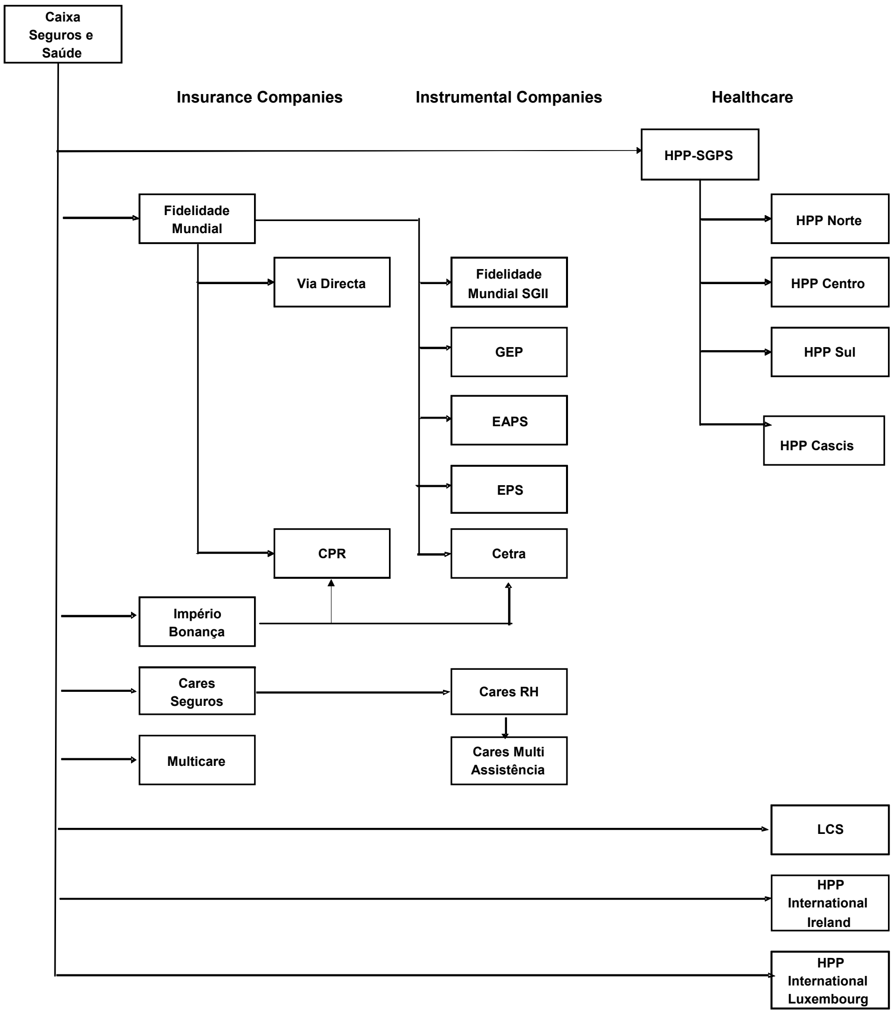
Global commissions for first half 2010 were EUR 4.1 million.

4.6. INSURANCE AND HEALTHCARE ACTIVTY

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 Portugal's largest and most diversified insurance market sales network.



The Group also owns Companhia Portuguesa de Resseguro (CPR) and a collection of instrumental companies within the insurance area.

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

Operating status of Caixa Seguros e Saúde, SGPS, SA

CSS is a global insurance market operator. It commercialises products in all insurance areas, as part of a multibrand strategy and has the largest and most diversified insurance products sales network in the domestic market, comprising Fidelidade Mundial and Império Bonança branch offices, associated mediators, agents, 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 its dissemination of good practice. This is a particularly relevant function in the insurance area in light of the new solvency, risk management, corporate governance, 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 of the substitution rate of the public system's retirement pensions.

CGD Group has, accordingly, selected the retirement savings area as a strategic objective, in its commercialisation of an innovative retirement savings plan under the "Leve" brand. The plan's main distinctive feature is the fact that it is associated with a credit card which, when used, 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.

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) has focused 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.

Key financial indicators of Caixa Seguros e Saúde, SGPS, SA

Contribution to CGD Group's net income

CSS achieved net income of EUR 27.0 million, in first half year 2010, in accordance with the IAS/IFRS standards applicable to CGD, against losses of EUR 75.9 million in June 2009. This reflected an improvement in both the area under insurance management and hospital activities.

The result in the area under insurance company management was EUR 34.2 million, in comparison to June 2009 losses of EUR 46.5 million. The hospital area made losses of EUR 7.2 million, against losses of EUR 29.4 million in June 2009. In June 2009, net income from hospital activity was influenced by non-recurring extraordinary losses of 21.1 million, deriving from the end of the partnership between HPP and USP Hospitales.

Principal components of contribution to CGD Group

CSS's net operating income, in June 2010, was EUR 312 million (up EUR 70 million over June 2009). EUR 215 million of this amount derived from the technical margin on insurance operations and EUR 96 million from net operating income from financial activity.

In comparison to the same period last year, the contribution of the technical margin on insurance operations was up EUR 23 million as a fundamental reflection of the evolution of financial income and a lower level of commissions.

Earned premiums, net of reinsurance, of EUR 658 million, were down over June 2009, essentially on account of the change in the type of life capitalisation products, most of which took the form of investment contracts, thus contributing to financial activity. This was accompanied by a decrease in claims costs net of reinsurance to EUR 509 million against the preceding year's EUR 802 million.

Net operating income from financial operations, was, in turn, up EUR 47 million over June 2009, reflecting both the ascendancy of the launch of new life products in the form of investment contracts and higher billing revenues in the healthcare area, which, in accounting terms and in respect of CGD accounts were a component part of this account heading.

The global 1.9% increase in operating costs (excluding provisions changes), notwithstanding the 7% 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 context, characterised by instability, in which financial markets continued to evidence lower levels than at the onset of crisis, CSS's results continued to be significantly penalised by impairment of securities, totalling EUR 37.6 million against the June 2009 figure of EUR 89.8 million

Shareholders' equity and solvency margin

Caixa Seguros e Saúde, SGPS, S.A.'s consolidated shareholders' equity at the end of June 2010 was up by around EUR 132 million over June 2009 to EUR 1 071.8 million, particularly as a result of improved results and recovery in the value of several financial assets having an impact on shareholders' equity through fair value reserves. Reference should also be made to subordinated liabilities of EUR 411.5 million.

In prudential terms, the solvency margin required of CSS's insurance companies, at the end of June 2010, was EUR 757 million, whereas the component parts thereof totalled EUR 1 216 million euros, translating into a solvency margin cover rate of 160.5% against the June 2009 figure of 151.6%. In a difficult economic, financial and volatile context, CSS continued to further reinforce its comfortable situation in terms of solvency, providing all customers 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)	Jun 2009	Jun 2010
CAIXA SEGUROS E SAÚDE, SGPS, SA (a) INDICATORS		
Net assets	**14 970.2**	**15 898.6**
Of which: securities portfolio, deposits and cash	12 893.2	13 979.0
Investment properties and investment in associated companies	324.7	353.2
Shareholders' equity and minority shareholders' interests	**939.4**	**1 071.8**
Liabilities	**14 030.8**	**14 826.8**
Of which: subordinated liabilities	371.5	411.5
Insurance contracts liabilities	**12 846.5**	**13 621.1**
Direct insurance technical and inwards reinsurance provisions	6 963.2	6 295.6
Liabilities for financial instruments	5 883.3	7 325.4
Net income	**-75.9**	**27.0**
Of which: Insurance activity	-46.5	34.2
Hospital activity	-29.4	-7.2
Returns		
ROE (net)	-7.8%	2.7%
Number of employees	**4 630**	**5 840**
Insurance companies	3 524	3 549
Instrumental companies	197	209
HPP (consolidated)	909	2 082
INSURANCE INDICATORS		
Direct insurance premiums	**1 986.5**	**2 567.4**
Life Insurance	414.4	153.0
Investment contracts (financial instruments)	934.8	1 797.7
Non-life Insurance	637.3	616.7
Market shares (activity in Portugal)	**28.6%**	**30.0%**
Life insurance (including investment contracts)	28.6%	30.9%
Non-life Insurance	28.6%	27.5%
Combined Ratio - net of reinsurance (non-life)	**109.8%**	**109.1%**
Loss ratio (without cost allocations)	74.6%	76.0%
Expense ratio	35.2%	33.1%
Solvency (Local GAAP)		
A. Solvency margin (total)	1 094.5	1 215.6
B. Solvency margin (mandatory)	722.1	757.3
Solvency margin cover (A./B.)	151.6%	160.5%
Number of branches	**154**	**149**
Number of exclusive mediators	**2 033**	**2 411**
LCS – Linha de Cuidados de Saúde INDICATORS		
Turnover	5.5	5.1
Number of calls received	370 203	315 719
Level of satisfaction	97.0%	98.0%
Level of recommendation	98.0%	99.0%

HEALTHCARE INDICATORS (Number)		

Turnover (EUR million)	66.4	77.2
Operations	9 400	10 800
Daily hospital confinements	73 500	78 150
Imagiology	122 300	160 000
Urgent consultations	98 700	118 500
Consultations	211 000	253 000

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

Summary of insurance area

Overview for first half 2010

Market evolution

According to information supplied by the Portuguese Insurance Companies Association, the domestic insurance market recorded a total of EUR 8.4 billion in direct insurance premiums (including amounts taken under investment contracts) in first half 2010. Sales, benefiting from the dynamics of life insurance activity were up 23.2% over the same period last year.

Life insurance business was up by more than 34.3% over the same period last year to premium income of EUR 6.2 billion, owing to the increased commercialisation of capitalisation products.

Non-life insurance sector sales, as a whole, were down 0.5% to EUR 2.2 billion, reflecting the unfavourable macroeconomic environment and still insufficiently profitable pricing levels, particularly in terms of workman's compensation and motor insurance. This was offset by the increase in healthcare and multirisk housing premiums.

As regards concentration levels in the insurance market, the behaviour of life and non-life insurance was different. Accordingly, life insurance witnessed a slight increase in concentration levels translated by the larger market share of the five most representative groups in this business area (86.3% against 84.4% in June 2009), with the opposite being the case in the non-life insurance areas (61.5% against 62% in June 2009).

General

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

Under the scope of this programme, the reorganisation of the branch network, which was segmented between customer and mediator centres services, has been practically completed.

In the case of life insurance and in addition to the development of "Leve PPR" (pension retirement plan), 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 non-life insurance domain, reference should be made to the launch of a new, competitively priced Multirisk Commercial product (referred to as "Multirisk Business") 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 underlying risk.

Sales and market shares

Caixa Seguros e Saúde, SGPS, SA, achieved sales of EUR 2 567 million in direct insurance premiums, including resources taken under investment contracts, comprising growth of 29.2%, in June 2010.

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

(EUR million)

Operations in Portugal	Jun 2009	Jun 2010
Total market share	28.6%	30.0%
Life insurance	28.6%	30.9%
Non-life insurance	28.6%	27.5%
Direct insurance premiums	1 949	2 522
Life insurance	1 327	1 926
Non-life insurance	622	596
Combined ratio net of reinsurance (non-life)	109.8%	109.1%
Loss ratio net of reinsurance (non-life)	74.6%	76.0%
Expense ratio net of reinsurance (non-life)	35.2%	33.1%
Foreign Insurance Operations		
Direct insurance premiums	37	45
Life insurance	22	25
Non-life insurance	15	20

Around 98% of sales were achieved in Portugal, up 29.4% to EUR 2 522 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% (up 1.4 pp over the preceding year), in line with its vocation as a global insurance group.

Life insurance activities in Portugal, totalled EUR 1 926 million in direct insurance premiums, including resources taken under investment contracts which were up 45.1% over June 2009, owing to the commercialisation of capitalisation and retirement pension plans, the latter reflecting the success of the "Leve PPR" product, materialising CGD Group's strategic position in this domain. This substantial growth in its sales, notwithstanding the equally expressive evolution of the sector, enabled CSS to reinforce its respective market share to 30.9% against the June 2009 figure of 28.6% and consequently its leading position in this business area.

In the case of non-life insurance activities CSS's sales in Portugal were down 4.1% to EUR 596 million, centred on motor, workman's compensation and transport insurance, reflecting the economic slowdown and highly competitive environment based on price levels. Although market share was down to 27.5%

against 28.6% in June 2009, CSS continued to be the undisputed leader of the non-life insurance sector in addition to all of its principal areas.

Owing to the higher increase in life insurance sales, this business segment accounts for 76.4% of Caixa Seguros e Saúde's insurance companies' premium portfolio structure, as against 74.2% for the sector as a whole.

Claims rate

The direct insurance claims rate on non-life insurance areas (without the allocation of costs and adjusted for financial income from workman's compensation insurance) was, at 70.7%, down over the preceding year, as the effect of the higher number of claims deriving from the harsh winter of 2009/2010, was attenuated by the lower volume of major claims and improvement in healthcare insurance.

DIRECT INSURANCE CLAIMS RATE – NON-LIFE

(EUR million)

	Costs of claims		Claims rate	
	Jun 2009	Jun 2010	Jun 2009	Jun 2010
Workman's compensation (a)	70.7	59.7	69.1%	68.8%
Health	79.6	74.9	95.4%	85.5%
Fire and other damage	99.7	81.8	89.4%	71.7%
Motor	166.0	158.3	65.5%	67.1%
Other	23.9	39.8	37.2%	64.2%
Total	**439.9**	**414.5**	**71.5%**	**70.7%**

(a) Adjusted for financial income from technical provisions

Results

Aggregate technical income from life insurance operations improved by EUR 66 million to EUR 32.6 million in comparison to the same period last year. This particularly reflected the favourable effect of the reduction in life insurance claims and improvement in financial activity over June 2009.

In the case of the technical exploitation of non-life insurance, the contraction of the premium portfolio, mainly on account of the price effect, led to an increase in the loss ratio net of reinsurance to 76.0%. As the expense ratio, net of reinsurance was down to 33.1%, the combined ratio net of reinsurance totalled 109.1%, resulting in technical losses of EUR 23.6 million.

Structural costs, down 7% over the same period last year to around EUR 158 million, translated the effect of rationalisation and containment measures on employee costs.

As a consequence of the above, Caixa Seguros e Saúde, SGPS, S.A.'s insurance area recorded an aggregate level of net income of EUR 25.5 million (losses of EUR 47 million in 2009), in its statutory accounts.

Insurance activity management operations contributed EUR 34.2 million (losses of EUR 46.5 million in June 2009) to CGD'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 IAS/IFRS standards.

Solvency

Caixa Seguros e Saúde, SGPS, S.A.'s insurance companies' solvency levels, as a whole, continued to progress favourably in comparison to the same period last year, resulting in a consolidated solvency margin cover ratio of 160.5% in June 2010 (151.6% in June 2009). This is a highly comfortable situation for all customers and economic agents associated with CGD Group's insurance companies.

Summary of the principal insurance companies' operations

Companhia de Seguros Fidelidade Mundial, SA

Measures designed to reinforce the Fidelidade Mundial brand and boost its commercial performance continued to be taken in first half 2010, in the form of special promotions, improved sales support computer tools (Medinet) and promotion of product commercialisations.

Reference should also be made to the continuity of the assurfinance project on the basis of the mediation network's offer of mortgages and CGD Group vehicle finance to Fidelidade Mundial customers.

In the case of life insurance and in addition to the development of the "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 market share of 26.7% (up 2.4 pp over June 2009) with premium income of EUR 2 243 from its operations in Portugal (including resources taken under investment contracts), comprising a 35.4% increase over the preceding year.

Life insurance activity, mainly responsible for the increase in the premiums portfolio in Portugal, achieved a 46.9% increase in sales to EUR 1 873 million, enabling it to significantly improve its market share by 2.6 pp over June 2009 to 30.1%.

Premium income from non-life operations, in Portugal, at EUR 712.8 million, was down 3.0%. This was more than the general drop in the market and led to a small loss of 0.4 pp in market share to 17.1%.

Foreign operations recorded sales of EUR 44 million (including resources taken under investment contracts), up 38.7%. This evolution mainly reflects the increase in the size of the premium portfolios in the France branch, particularly deriving from the improvements in life insurance capitalisation products.

In terms of annual results the company's statutory accounts posted net income of EUR 24.3 million, against the preceding year's losses of EUR 34.6 million, mainly owing to the recovery of financial activity which had been strongly penalised in June 2009 and the reduction in the non-life insurance claims rate.

The solvency margin required of Fidelidade Mundial, at the end of 2009, was EUR 571 million, whereas its respective component parts, totalled EUR 893 million. The solvency margin cover rate was therefore reinforced to 156.6% against 149.1% at the end of June 2009. This represents a high safety margin for all customers and economic agents associated with the insurance company.

COMPANHIA DE SEGUROS FIDELIDADE MUNDIAL – Separate accounts (a)

		(EUR thousand)
	Jun 2009	Jun 2010
Direct insurance premiums		
Direct insurance premiums – total activity	1 688 614	2 287 112
Direct insurance premiums – activity in Portugal	1 656 691	2 242 849
Life insurance (*)	1 275 075	1 872 571
Non-life insurance	381 616	370 278
Market share in Portugal	**24.3%**	**26.7%**
Life insurance	27.5%	30.1%
Non-life insurance	17.5%	17.1%
Net assets	**12 048 928**	**12 987 225**
Shareholders' equity	**777 213**	**831 452**
Net income	**-34 555**	**24 337**
Solvency margin cover rate	149.1%	156.6%
Share capital	400 000	400 000
CGD Group %	100.0%	100.0%
Number of employees	1 812	1 828
Number of traditional branches	75	2
Number of branches working with FM and IB	16	(b) 91
Number of FM and IB mediators' centres	10	(b) 56
Exclusive mediators	1 022	1 287
Franchising outlets	378	316

(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 first half 2010, in the form of special promotions, improved sales support computer tools and the launch and promotion of products commercialised.

Reference should also be made to the continued development of the assurfinance project on the basis of the mediation network's offer of mortgages and CGD Group vehicle finance to Império Bonança customers.

In the case of life insurance and in addition to the development of the "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.

As regards activity in Portugal, premium sales of EUR 259 million (including resources taken under investment contracts), were recorded. This was down 5.2% over June 2009. Market share was down 0.9 pp to 3.1%.

Life insurance premiums were up 1.9% to EUR 53 million. This underperformed the market (34.3%) but was in line with insurance companies using traditional channels, with a reduction of market share to 0.9%. Reference should be made to the growth of 29.5% in retirement savings plans which, as a product has continuity and long term characteristics.

Non-life insurance sales totalled EUR 206 million, making it possible to achieve a market share of 9.5%. The company achieved the status of being the second largest domestic insurance company in this business area, coming immediately after Fidelidade-Mundial.

Although Império Bonança posted net losses of EUR 1.5 million in its statutory accounts, this is still a significant improvement in comparison to the losses of EUR 12 million posted in June 2009, particularly deriving from the improvement in life insurance technical variables and containment of structural costs.

Império Bonança's solvency margin cover rate, for the first half year was 195.3% in comparison to 166% in June 2009. As the required margin was EUR 129 million and its respective component parts totalled EUR 252 million, the company therefore succeeded in maintaining a comfortable solvency level, providing a high safety level for all customers and economic agents related with the company.

IMPÉRIO BONANÇA COMPANHIA DE SEGUROS – Separate accounts (a)

(EUR thousand)

	Jun 2009	Jun 2010
Direct insurance premiums		
Direct insurance premiums – total activity	278 957	260 034
Direct insurance premiums – activity in Portugal	273 613	259 466
Life insurance (*)	52 045	53 012
Non-life insurance	221 569	206 454
Market Share in Portugal	**4.0%**	**3.1%**
Life insurance	1.1%	0.9%
Non-life insurance	10.2%	9.5%
Net assets	**2 303 682**	**2 244 202**
Shareholders' equity	**167 182**	**204 893**
Net income	**-12 025**	**-1 457**
Solvency margin cover rate	166.0%	195.3%
Share capital	202 005	202 005
CGD Group %	100.0%	100.0%
Number of employees	1 249	1 229
Number of traditional branches	53	0
Number of branches working with FM and IB	16	(b) 91

Number of FM and IB mediators' centres	10	(b) 56
Exclusive mediators	1 011	1 124
Franchising outlets	197	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, for the first half year, relating to the separate evolution 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 4% increase in premium income to EUR 19.7 million, in a particularly difficult market context, having made net losses of EUR 1.7 million.

- Cares, specialising in legal assistance insurance, posted premium income of EUR 23.6 million (down 3% over the preceding year). Net income of EUR 2.4 million.

- Multicare, geared to healthcare insurance posted premium income of EUR 97 million with net income of EUR 1.9 million.

- CPR – Companhia Portuguesa de Resseguros continued to manage its run-off claims portfolio, with net losses of EUR 47 thousand;

- GEP – Gestão de Peritagens Automóveis, S.A., responsible for CSS's loss adjustment claims, posted net income of EUR 158 thousand on sales of close to EUR 11 million;

- EAPS – Empresa de Análise, Prevenção e Segurança, S.A. continued to make a positive contribution to CSS's operations in its specific areas, with a turnover of EUR 1.2 million and net income of EUR 200 thousand euros;

- Fidelidade-Mundial SGII, geared to the management of property assets, achieved turnover of EUR 2.2 million, with net income, adjusted to the accounting standards for insurance activities, of EUR 1 million.

- Cetra – Centro Técnico de Reparação Automóvel, specialising in car repair services, posted net income of close to EUR 120 thousand on sales of EUR 1.2 million.

- LCS – Linha de Cuidados de Saúde, made net losses of EUR 323 thousand on a turnover of EUR 5.1 million.

Summary of healthcare area

In the healthcare field, Caixa Seguros e Saúde, SGPS, SA, owns HPP, SGPS, which encompasses CGD Group and HPP International (Ireland and Luxembourg) hospitals.

HPP Saúde continued to evidence a markedly high growth trend at the end of first half 2010. In consolidated terms the company, in comparison to the preceding period, achieved a 16% increase in total sales and services at EUR 77.2 million.

There were also expressive changes in sales of medical services between first half 2009 and first half 2010, with a 20% increase in scheduled and urgent consultations, 16% increase in operations, 6.5% increase in hospital confinements, 23.5% increase in the number of imagiology exams and 59% increase in births.

Differentiation in terms of supply, quality of service, competence and flexibility of human resources and organisational efficiency have been the critical success factors governing the performance of activity to provide the most adequate response to HPP Saúde customers' needs. Based on current trends on the demand side, occupancy rates in most of the existing hospitals and new types of services, HPP Saúde is expected to continue to grow over the next period.

In such a context, to cater for the new competitive environment, in addition to providing for, as yet, unsatisfied market requirements, the evolution of the projects for the replacement of Faro's existing Santa Maria Hospital and construction of a new hospital in Viseu, will continue as planned.

Consolidated income from hospital activities will continue to be affected by the high growth stage in progress, with losses of EUR 7.2 million having been made in first half 2010. Such losses represented, however, a significant recovery in comparison to the losses of EUR 29.4 million in the same period last year, affected by the non-recurring accounting impact of the restructuring of financial investments owing to the end of the partnership with USP Hospitales.

CAIXA SEGUROS E SAÚDE, SGPS, SA (a)

Financial Statements and Key Indicators	(EUR million) **Jun 2009**	**Jun 2010**
SUMMARY OF CONSOLIDATED BALANCE SHEET		
Net assets		
Securities portfolio, deposits and cash	12 893.2	13 979.0
Investment properties and investments in associated companies	324.7	353.2
Other tangible and intangible assets	499.7	506.4
Current and deferred tax assets	214.5	129.6
Technical provisions for outwards reinsurance	292.6	289.4
Other assets	745.4	641.1
Total assets	**14 970.2**	**15 898.6**
Liabilities and shareholders' equity		
Liabilities		
Financial liabilities (investment contracts)	5 826.6	7 230.4
Technical provisions (insurance contracts)	6 963.2	6 295.6
Other provisions	52.4	57.8
Current and deferred tax liabilities	32.5	20.7
Subordinated liabilities	371.5	411.5
Other liabilities	784.7	810.7
Total liabilities	**14 030.8**	**14 826.8**
Shareholders' equity		
Capital	448.4	448.4
Share premiums	184.4	178.4

Reserves	367.0	402.1
Advance of dividends	0.0	0.0
Net income	-75.9	27.0
Minority shareholders' interests	15.5	15.8
Total shareholders' equity	**939.4**	**1 071.8**
otal liabilities and shareholders' equity	**14 970.2**	**15 898.6**

CONSOLIDATED SUMMARY OF GAINS AND LOSSES		
Net operating income from financial operations	49.0	96.1
Technical margin on insurance operations	192.2	215.5
Operating costs, including provisions changes	-241.2	-250.7
Impairment	-89.8	-37.6
Income generated by associated companies	0.3	0.4
Income before tax and minority shareholders' interests	**-89.4**	**23.6**
Income tax	14.1	3.8
Minority shareholders' interests	-0.5	-0.4
Income for period attributable to CGD	**-75.9**	**27.0**

(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

5. FINANCIAL ANALYSIS

5.1. CONSOLIDATED OPERATIONS

5.1.1. RESULTS AND PROFITABILITY

Caixa Geral de Depósitos Group's consolidated net income for first half 2010 was down 53.7% to EUR 105.3 million over the same period of the preceding year.

CAIXA GERAL DE DEPÓSITOS

Consolidated Income Statement, at 30 June 2010

(EUR thousand)

			Change			Change from Average 2009	
	30.06.2009	30.06.2010	Total	Percent	Average / 2009	Total	Percent
Interest and similar income	3 078 548	2 152 165	-926 382	-30.1%	2 636 664	-484 499	-18.4%
Interest and similar costs	2 144 387	1 466 658	-677 729	-31.6%	1 876 492	-409 834	-21.8%
Net Interest Income	*934 161*	*685 507*	*-248 654*	*-26.6%*	*760 172*	*-74 665*	*-9.8%*
Income from equity instruments	103 619	115 540	11 921	11.5%	53 755	61 784	114.9%
Net Interest Income including Income from Equity Instruments	**1 037 780**	**801 047**	**-236 733**	**-22.8%**	**813 927**	**-12 880**	**-1.6%**
Income from services and commissions	310 225	316 723	6 498	2.1%	293 797	22 927	7.8%
Costs of services and commissions	85 379	68 383	-16 996	-19.9%	71 753	-3 369	-4.7%
Commissions (net)	*224 846*	*248 340*	*23 494*	*10.4%*	*222 044*	*26 296*	*11.8%*
Income from financial operations	88 969	25 868	-63 101	-70.9%	98 928	-73 061	-73.9%
Other net operating income	93 906	100 192	6 286	6.7%	108 912	-8 720	-8.0%
Non-interest Income	**407 721**	**374 399**	**-33 321**	**-8.2%**	**429 884**	**-55 485**	**-12.9%**
Premiums net of reinsurance	949 389	660 245	-289 144	-30.5%	879 793	-219 548	-25.0%
Investment income allocated to insurance contracts	113 085	123 251	10 167	9.0%	124 034	-783	-0.6%
Claims costs net of reinsurance	801 263	509 529	-291 734	-36.4%	707 044	-197 515	-27.9%
Commissions and other associated income and costs	-63 074	-44 485	18 589	29.5%	-53 184	8 699	16.4%
Technical Margin on Insurance Operations	**198 137**	**229 482**	**31 345**	**15.8%**	**243 599**	**-14 117**	**-5.8%**
Net Operating Income from Banking and Insurance Operations	**1 643 638**	**1 404 929**	**-238 709**	**-14.5%**	**1 487 410**	**-82 481**	**-5.5%**
Employee costs	526 462	516 117	-10 345	-2.0%	515 910	207	0.0%
Other administrative expenses	317 132	322 299	5 167	1.6%	346 171	-23 872	-6.9%
Depreciation and amortisation	90 931	100 545	9 615	10.6%	98 177	2 369	2.4%
Operating Costs and Depreciation	**934 524**	**938 961**	**4 437**	**0.5%**	**960 258**	**-21 296**	**-2.2%**
Gross Operating Income	**709 113**	**465 968**	**-243 146**	**-34.3%**	**527 153**	**-61 185**	**-11.6%**
Provisions net of cancellations	-12 347	26 322	38 669	313.2%	3 997	22 326	
Credit impairment net of reversals	246 310	206 778	-39 532	-16.0%	206 710	68	0.0%
Impairment of other assets (net)	176 716	96 094	-80 622	-45.6%	128 574	-32 481	-25.3%
Provisions and Impairment	**410 678**	**329 194**	**-81 485**	**-19.8%**	**339 281**	**-10 087**	**-3.0%**
Income from Associated Companies	208	459	251	120.3%	-2 184	2 643	121.0%
Income before Tax and Minority Shareholders' Interests	**298 644**	**137 233**	**-161 411**	**-54.0%**	**185 688**	**-48 455**	**-26.1%**
Tax	**51 255**	**15 231**	**-36 024**	**-70.3%**	**34 817**	-19 586	-56.3%
Current	6 701	62 719	56 018	836.0%	-4 246	66 965	1577.2%
Deferred	44 554	-47 488	-92 042	-206.6%	39 063	-86 551	-221.6%
Consolidated Net Income for the Period	**247 388**	**122 002**	**-125 386**	**-50.7%**	**150 871**	**-28 869**	**-19.1%**
Minority shareholders' interests	19 965	16 719	-3 246	-16.3%	12 567	4 151	33.0%
NET INCOME ATTRIBUTABLE TO CGD SHAREHOLDER	**227 423**	**105 283**	**-122 140**	**-53.7%**	**138 304**	**-33 020**	**-23.9%**

Note:Considering Locarent, in June 2009, by the proportional consolidation method for comparison purposes.

Contributory factors to the Group's net income were domestic and international banking operations, with EUR 28.9 million and EUR 48.2 million, respectively, and insurance and healthcare operations with EUR 28.2 million.

Results from CGD Group's Main Business Areas

(EUR thousand)

	Jun 2009	Jun 2010	Change Total	Change %
Banking	305 785	77 075	-228 710	-74.8%
Domestic	257 591	28 862	-228 729	-88.8%
Commercial banking	228 803	17 289	-211 515	-92.4%
Investment banking	20 806	17 573	-3 232	-15.5%
Of which:				
Caixa – Banco de Investimento	16 614	20 403	3 788	22.8%
Other	7 981	-6 000	-13 982	-175.2%
International	48 194	48 213	19	0.0%
Of which:				
Branches	23 941	22 321	-1 620	-6.8%
Banco Caixa Geral (Spain)	437	-2 901	-3 337	-764.1%
Banco Nacional Ultramarino, SA (Macau)	14 199	15 003	804	5.7%
Mercantile Bank (South Africa)	6 171	5 123	-1 048	-17.0%
Banco Comercial Investimento (Mozambique)	4 576	5 103	527	11.5%
Banco Comercial Atlântico (Cape Verde)	1 686	2 208	521	30.9%
Insurance and healthcare	-78 362	28 208	106 570	-136.0%
Total	227 423	105 283	-122 140	-53.7%

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

Net interest income including income from equity instruments was down 22.8% over first half 2009 to EUR 801 million, affected by the drop of 26.6% in net interest income to EUR 685.5 million over the same period 2009. This downturn, however, is 9.8% when compared to the six months average for 2009, with net interest income for second quarter 2010 having exceeded the amounts posted in the three preceding quarters.

The negative evolution of net interest income particularly derived from the impact of the reduction in interest rates, taking into account the composition of the credit portfolio with its large proportion of mortgage loans and medium and short term corporate loans, the nature of which does not lend itself to reflecting short term increases in institutional funding costs.

There was an improvement of EUR 11.9 million in income from equity instruments over June 2009. Special reference should be made to the dividends paid by Portugal Telecom, SGPS, SA and EDP – Energias de Portugal, SA which together represented 70% of the total.

INCOME FROM EQUITY INSTRUMENTS

(EUR thousand)

	Jun 2009	Jun 2010
Portugal Telecom, SGPS, SA	45 715	43 380
EDP - Energias de Portugal, SA	31 652	37 448
ZON Multimédia - Serv. Telecomunicações e Multimédia SGPS, SA	6 538	5 972
ADP - Águas de Portugal SGS, SA	-	4 677
Brisa - Auto-estradas de Portugal SA	2 948	2 790
Banco Espírito Santo, SA	2	2 313
Galp Energia, SGPS, SA	2 174	2 147
Unicre - Cartão International de Crédito, SA	2 816	2 024
REN - Redes Energéticas Nacionais, SA	4 405	1 302
Jerónimo Martins SGPS, SA	386	1 166
Banco Comercial Portuguesa	2 623	1 013
Other	4 360	11 308
Total	**103 619**	**115 540**

Net commissions were up 10.4% by EUR 23.5 million to EUR 248.3 million, particularly deriving from commissions on credit with a 19.8% increase of EUR 9.2 million, intermediation and securitisation operations with a 49.7% increase of EUR 5.5 million, structuring of operations with a 45.5% increase of EUR 7 million, asset management with a 5.9% increase of EUR 1.4 million, issue of guarantees with a 5.7% increase of EUR 1.3 million and automatic means of payment with a 1.8% increase of EUR 1.1 million.

Income from financial operations was down 70.9% over the same period 2009 to EUR 25.9 million. This is explained by high volatility levels on public debt markets, particularly in the second quarter and the negative impact of the EUR 32.6 million deriving from the equity investment in Cimpor.

The technical margin on insurance operations contributed EUR 229.5 million to the Group's net operating income. This was up 15.8% by EUR 31.3 million over the preceding half year.

Earned premiums net of reinsurance were down 30.5% over the same half 2009 to EUR 660.2 million. The same was observed in the case of claims costs net of reinsurance which were down 36.4% by EUR 291.7 million to EUR 509.5 million.

As a result of the above, net income from banking and insurance operations was down 14.5% over the same period last year to EUR 1 404.9 million.

Operating costs were up 0.5% to EUR 939 million over first half last year, accompanied by a 2% reduction of employee costs

Information on the main external supplies and services costs is set out below:

EXTERNAL SUPPLIES AND SERVICES

(EUR thousand)

	Jun 2009	Jun 2010	Change Total	Change %
Total	**317 132**	**322 299**	**5 167**	**1,6%**
Of which:				
External supplies	20 717	19 523	-1 194	-5.8%
Rents and leases	41 437	40 952	-485	-1.2%
Communications	28 736	26 570	-2 166	-7.5%
Advertising	17 703	15 609	-2 094	-11.8%
Maintenance and repair of material	19 739	20 770	1 031	5.2%
IT	46 879	48 278	1 399	3.0%
Studies and consultancy	4 885	3 990	-895	-18.3%

Whereas the Group's cost-to-income ratio was 66.8%, the same indicator for banking operations, reflecting a decrease in net operating income, was 63.5%.

EFFICIENCY RATIOS

	Jun 2009	Jun 2010
Cost-to-income (banking and insurance)	56.8%	66.8%
Cost-to-income (banking)	48.9%	63.5%
External supplies and services / net operating income	19.3%	22.9%
Operating costs/ average net assets	1.67%	1.56%
Employee costs/ net operating income	32.0%	36.7%

Credit impairment, net of reversals, for the half year, totalled EUR 206.8 million. Impairment of other assets (net) was EUR 96.1 million, of which amount EUR 88.1 million relating to Millennium BCP and ZON shares.

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR thousand)

	Jun 2009	Jun 2010	Change Total	Change Percent
PROVISIONS				
Provisions appropriations	82 640	57 382	-25 258	-30.6%
Recovery and reversal of provisions	94 987	31 060	-63 927	-67.3%
Provisions (net)	-12 347	26 322	38 669	-313.2%
IMPAIRMENT				
a) Credit (1) - (2) - (3)	246 310	206 778	-39 532	-16.0%
Impairment losses (1)	558 396	766 855	208 460	37.3%

Loans and advances to customers	176 976	313 784	136 808	77.3%
Overdue credit and interest – loans and advances to customers	381 420	453 071	71 651	18.8%
Reversals of impairment losses (2)	292 199	546 357	254 158	87.0%
Loans and advances to customers	106 528	220 677	114 148	107.2%
Overdue credit and interest – loans and advances to customers	185 671	325 680	140 010	75.4%
Credit recovery (3)	19 887	13 721	-6 166	-31.0%
Written-off loans	15 889	11 847	-4 042	-25.4%
Interest and expenses on overdue credit	3 998	1 873	-2 124	-53.1%
(b) Other assets (1) - (2)	176 716	96 094	-80 622	-45.6%
Impairment losses (1)	192 222	180 226	-11 995	-6.2%
Loans and advances to credit institutions	48 484	60 725	12 241	25.2%
Debtors and other loans and advances	290	709	419	144.6%
Securities	125 854	93 245	-32 609	-25.9%
Non financial and other assets	17 594	25 548	7 953	45.2%
Reversals of impairment losses (2)	15 506	84 132	68 626	442.6%
Loans and advances to credit institutions	9 509	58 811	49 302	518.5%
Debtors and other loans and advances	7	0	-7	-98.5%
Securities	649	5 139	4 490	691.7%
Investments in subsidiaries and associated companies	0	14	14	-
Non financial and other assets	5 341	20 168	14 826	277.6%
Net impairment (a) + (b)	423 025	302 872	-120 154	-28.4%
PROVISIONS AND IMPAIRMENT FOR PERIOD	410 678	329 194	-81 485	-19.8%

Return on equity was 3.5% (3.9% before tax) and return on assets was 0.20% (0.23% before tax).

PROFIT RATIOS

	Jun 2009	Jun 2010
Gross return on equity – ROE [(1)]	10.9%	3.9%
Net return on equity – ROE [(1)]	9.1%	3.5%
Gross return on assets – ROA [(1)]	0.53%	0.23%
Net return on assets – ROA [(1)]	0.44%	0.20%
Net operating income [(2)] / Average net assets	2.94%	2.34%

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

2) Includes income generated by associated companies

5.1.2.BALANCE SHEET

CGD Group's net assets were up 4.4% by EUR 5.3 billion to EUR 123.6 billion at the end of June 2010, in comparison to the same date last year. This was largely based on the evolution of loans and advances to customers and securities investments.

CAIXA GERAL DE DEPÓSITOS

Consolidated Balance Sheet at 30 June 2010

(EUR million)

ASSETS

				Δ Jun/10 - Jun/09		Δ Jun/10 - Dec/09	
	30.06.2009	31.12.2009	30.06.2010	Total	Percent	Total	Percent
Cash and cash equivalents at central banks	2 099	1 926	1 656	-443	-21.1%	-270	-14.0%
Loans and advances to credit institutions	9 539	9 591	7 175	-2 364	-24.8%	-2 417	-25.2%
Loans and advances to customers	76 788	77 222	80 018	3 230	4.2%	2 796	3.6%
Securities investments	23 866	25 929	28 143	4 276	17.9%	2 214	8.5%
Investment properties	304	354	365	61	20.0%	10	2.9%
Investments in subsidiaries and associated companies	82	26	25	-57	-69.4%	-1	-3.6%
Intangible and tangible assets	1 597	1 590	1 627	30	1.9%	37	2.3%
Current tax assets	56	128	125	68	121.9%	-3	-2.5%
Deferred tax assets	1 115	951	1 025	-90	-8.1%	74	7.8%
Technical provisions for outwards reinsurance	295	258	293	-2	-0.6%	35	13.5%
Other assets	2 583	3 009	3 127	544	21.1%	118	3.9%
TOTAL	**118 326**	**120 985**	**123 579**	**5 253**	**4.4%**	**2 594**	**2.1%**

LIABILITIES

				Δ Jun/10 - Jun/09		Δ Jun/10 - Dec/09	
	30.06.2009	31.12.2009	30.06.2010	Total	Percent	Total	Percent
Central banks' and credit institutions' resources	6 409	6 479	14 067	7 658	119.5%	7 589	117.1%
Customer resources	62 177	64 256	64 596	2 419	3.9%	340	0.5%
Financial liabilities	2 405	1 902	2 082	-323	-13.4%	180	9.5%
Debt securities	24 062	25 182	20 104	-3 958	-16.4%	-5 078	-20.2%
Provisions	777	796	810	33	4.3%	14	1.7%
Technical provisions for insurance operations	6 971	6 439	6 305	-666	-9.6%	-134	-2.1%
Subordinated liabilities	3 722	3 202	2 930	-792	-21.3%	-272	-8.5%
Other liabilities	5 274	5 572	5 514	240	4.6%	-58	-1.0%
SUB-TOTAL	***111 797***	***113 828***	***116 409***	***4 612***	***4.1%***	***2 581***	***2.3%***
SHAREHOLDERS' EQUITY	6 529	7 157	7 170	641	9.8%	13	0.2%
TOTAL	**118 326**	**120 985**	**123 579**	**5 253**	**4.4%**	**2 594**	**2.1%**

Note:Considering Locarent, in June 2009, by the proportional consolidation method for comparison purposes.

Information on the distribution of consolidated net assets by entity is set out below:

CGD GROUP'S CONSOLIDATED NET ASSETS

BALANCES (EUR million)

	Dec 2009		Jun 2010	
	Amount	Percent	Amount	Percent
CGD GROUP				
Caixa Geral de Depósitos	91 355	75.5%	91 726	74,2%
Caixa Seguros e Saúde	12 668	10.5%	13 197	10,7%
Banco Caixa Geral (Spain)	4 474	3.7%	4 801	3,9%
Banco Nacional Ultramarino, SA (Macau)	2 204	1.8%	2 458	2,0%
Caixa Banco de Investimento	1 763	1.5%	1 988	1,6%
Caixa Leasing e Factoring	3 498	2.9%	3 528	2,9%
Banco Comercial Atlântico (Cape Verde)	576	0.5%	579	0,5%
Banco Comercial Investimento (Mozambique)	759	0.6%	988	0,8%
Mercantile Lisbon Bank Holdings (South Africa)	485	0.4%	606	0,5%
Other companies [(a)]	3 203	2.6%	3 708	2,9%
Consolidated net assets	**120 985**	**100.0%**	**123 579**	**100%**

a) Includes companies consolidated by the equity accounting method

Cash and cash equivalents and loans and advances to credit institutions totalled EUR 8.8 billion with EUR 14.1 billion in resources having been obtained from the same entities.

The gross increase in the loans and advances to customers balance for first half 2010 was EUR 3 billion (3.8%). Activity in Portugal accounted for more than 75% of the total. Information on the respective split is set out below:

LOANS AND ADVANCES TO CUSTOMERS [(a)]

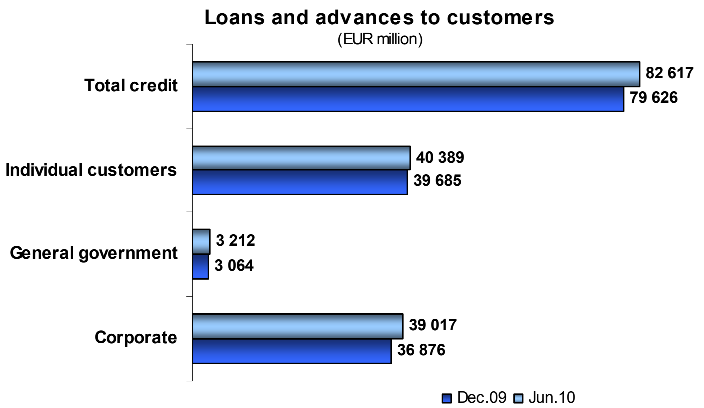
BY CUSTOMER SEGMENT

(EUR million)

	Dec 2009	Jun 2010	Change	
			Total	Percent
Corporate	36 876	39 017	2 141	5.8%
General government	3 064	3 212	148	4.8%
Individual customers	39 685	40 389	703	1.8%
Mortgage loans	37 106	37 692	586	1.6%
Other	2 579	2 696	117	4.5%
Of which:	1 337	1 403	66	4.9%
Consumer credit (b)	1 024	1 065	41	4.0%
Credit cards (b)	313	338	25	7.9%
Total	79 627	82 617	2 991	3.8%

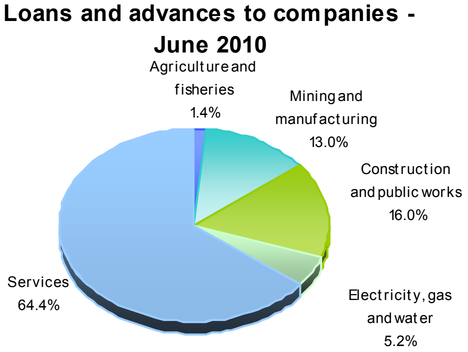
a) Consolidated operations before impairment

b) Activity in Portugal



In terms of international activity, reference should be made to the growth of credit in Banco Caixa Geral (EUR 303.3 million), Banco Comercial e de Investimento (EUR 162.2 million) and BNU Macau (EUR 194.5 million).

In terms of operating sectors, the most significant increases, in first half 2010, were in "services" (EUR 2 billion), "mining and manufacturing" (EUR 470 million) and "electricity, gas and water" (EUR 258 million). The credit balance in the "services" segment, was mainly invested in the "financial activities" (EUR 8.7 billion), "wholesale and retail trade" (EUR 4.3 billion), "property activities" (EUR 4.1 billion) and "transport, warehousing and communications" (EUR 2.3 billion) subsectors.



CORPORATE LOANS (a)

BY OPERATING SECTORS

Balances (EUR million)

	Dec 2009	Jun 2010	Change Total	Change Percent
Agriculture and fisheries	529	552	23	4.3%
Mining and manufacturing	4 613	5 083	470	10.2%
Construction and public works	6 796	6 234	-561	-8.3%
Electricity, gas and water	1 764	2 022	258	14.6%
Services	23 175	25 126	1 951	8.4%
Total	**36 876**	**39 017**	**2 141**	**5.8%**

a) Consolidated operations

New mortgage operations on domestic territory, in first half 2010, at EUR 1 430 million, were down 17.4% over the same period 2009.

MORTGAGE LENDING – NEW OPERATIONS (a)

(EUR million)

	Jun	Jun	Change Total	Change Percent
Number of contracts	21 755	16 183	-5 572	-25,6%
Amount	1 731	1 430	-301	-17,4%

(a) Activity in Portugal

CGD Group's market share of loans and advances to customers at end June remained at 20.5%, with market shares in the corporate and individual customers segments of 15.5% and 23.5% respectively. The market share of mortgage lending was 26.9%.

LOANS AND ADVANCES TO CUSTOMERS – MARKET SHARES

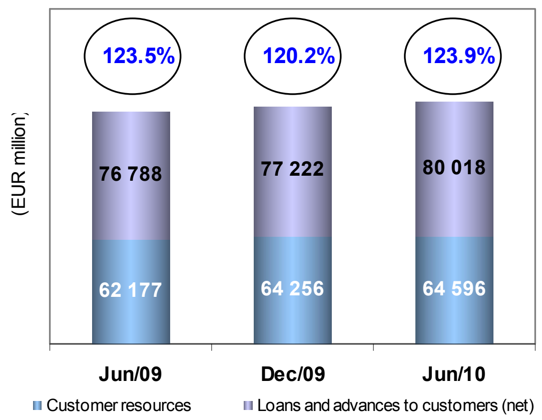
BY CUSTOMER SEGMENT

	Dec 2008	Dec 2009	Jun 2010
Corporate	14.8%	15.5%	15.5%
General government	44.2%	44.1%	36.5%
Individual customers	23.2%	23.6%	23.5%
Mortgage loans	26.8%	27.1%	26.9%
Other	8.1%	8.5%	8.9%
Total	**19.9%**	**20.5%**	**20.5%**

a) Operations in Portugal including securitised credit

The deposits-to-loans conversion ratio, at 123.9%, was up by no more than 0.4 pp over the preceding year.

Deposits-to-Loans Conversion Ratio



Asset quality, as measured by the non-performing loans ratio, calculated under Bank of Portugal rules, was 3.13% with a total overdue credit ratio of 2.99%. The credit overdue for more than 90 days ratio was 2.59%, against 2.23% in June 2009 and 2.47% at the end of 2009.

CREDIT QUALITY (Consolidated)

Balances (EUR million)

	Dec 2009	Jun 2010	Change: Total	Change: Percent
Total credit	79 627	82 617	2 990	3.8%
Loans and advances to customers (outstanding)	77 344	80 146	2 802	3.6%
Overdue credit and interest	2 283	2 471	188	8.3%
Of which: credit overdue for more than 90 days	1 965	2 143	178	9.1%
Credit impairment	2 405	2 599	194	8.1%
Accumulated impairment – loans and advances to customers	1 155	1 287	132	11.5%
Accumulated impairment – overdue credit and interest	1 250	1 312	62	4.9%
Credit net of impairment	77 222	80 018	2 796	3.6%

Ratios		
Non-performing credit ratio [(a)]	3.00%	3.13%
Non-performing credit / total credit (a)	-0.02%	-0.01%
Overdue credit / total credit	2.87%	2.99%
Credit overdue for more than 90 days / total credit	2.47%	2.59%
Accumulated impairment / non-performing credit	100.7%	100.4%
Accumulated impairment / overdue credit	105.3%	105.2%
Accumulated impairment / credit overdue for more than 90 days	122.4%	121.3%

a) Indicators calculated in accordance with Bank of Portugal Instruction

Accumulated impairment on loans and advances to customers (normal and overdue) totalled EUR 2 599 million at the end of June, with a 121.3% cover rate on credit overdue more than 90 days, in comparison to the end of 2009 figure of 122.4%.

Securities investments, including Group insurance companies' investment operations, were up 8.5% over December 2009 to EUR 28.1 billion, split up as follows:

SECURITIES INVESTMENTS (Consolidated)

(EUR million)	Dec 2009	Jun 2010	Change	
			Total	Percent
Banking	15 050	16 631	1 581	10.5%
Financial assets at fair value through profit or loss	6 101	5 692	-409	-6.7%
Available for sale financial assets	8 949	10 939	1 990	22.2%
Insurance	10 879	11 512	633	5.8%
Financial assets at fair value through profit or loss	108	113	5	4.2%
Available for sale financial assets	9 902	10 553	651	6.6%
Investments associated with unit linked products	868	845	-23	-2.6%
Total	**25 929**	**28 143**	**2 214**	**8.5%**

The market environment, in the second quarter of the year, spilling over not only into debt securities but also stock markets, particularly affected issuers in southern European countries and also had a constraining effect on the securities management portfolio.

The widening of spreads, particularly in terms of such countries' sovereign debt, also generated market opportunities permitting an interesting reinforcement of investment in securities portfolios, especially concentrated in public debt securities.

Funding and liquidity management

First half 2010 was particularly characterised by the budget crisis in several Eurozone countries, with the issue of negative ratings by several rating agencies, generating a highly unstable climate in public debt markets with extraordinary increases in their associated spreads.

Accordingly, the progressive decrease in confidence levels which spread out into the actual interbank markets, had a strong constraining effect on banking operations, particularly in the second quarter of the year. This had the effect of making liquidity management once again the centre of attention, owing to the virtual closure of capital markets.

At the start of the year and prior to the worsening of the situation, CGD realised its third issue of covered bonds, for the amount of EUR 1 billion and maturity of 10 years. The spread was fixed at the reference rate of 80 basis points, resulting in a fixed rate of 4.25%. The issued enjoyed the highest AAA/Aaa rating from the three rating agencies and was warmly received by institutional investors, particularly French interests, which accounted for 51% of placements.

Over the course of the second quarter, the financial institutions of countries most affected by investor risk aversion experienced greater difficulty in access to capital markets. Demand for Portuguese assets in such an environment was down and there was a significant increase in spreads on secondary markets.

There was also a significant reduction in demand for the use of CGD's ECP Programme. This was even accompanied by several applications for the early redemption of issues.

Notwithstanding this environment, the prudent and conservative manner in which CGD has always viewed liquidity management has enabled it to provide for the evolution of capital markets without undue concern. CGD, particularly since 2008, has always endeavoured to complement the dynamic management of its funding instruments (EMTN, ECP, Covered Bonds) by its almost permanent position of operating as a net issuer in interbank market terms.

CGD therefore succeeded in reinforcing its pool of eligible assets with the Bank of Portugal not only to provide for liquidity needs deriving from its operations but also to guarantee the existence of a sufficiently comfortable safety margin to provide for prospective borrowing requirements over the years 2010 and 2011.

Owing to the above described evolution, the balance of the total resources taken by the Group (excluding the interbank money market) fell 5.3% in first half 2010 to EUR 102.6 billion, split up between balance sheet resources of EUR 91.9 billion (down 5.4%) and off-balance sheet resources of EUR 10.7 billion (down 4.6%).

Although retail resources in the balance sheet were down 1.6% to EUR 70.7 billion, in comparison to the preceding year the change was up 1.4%, influenced by the 8.0% increase in capitalisation insurance and 2.1% increase in customer deposits

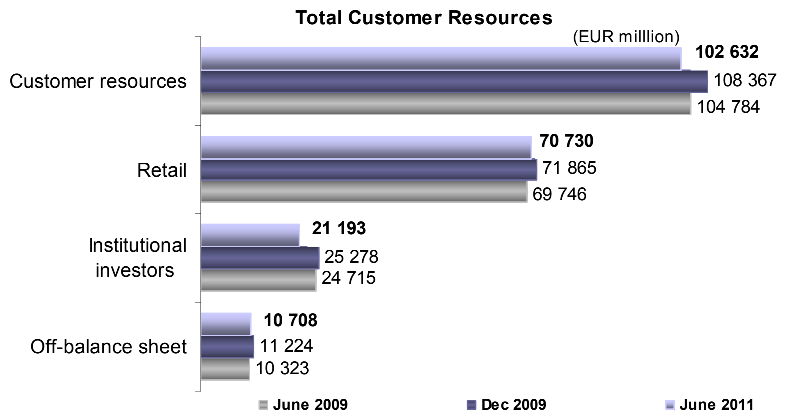
RESOURCES TAKEN BY GROUP

(EUR million)	Jun 2009	Dec 2009	Jun 2010	Change Jun 10 / Jun 09		Change Jun 10 / Dec 09	
				Total.	Percent	Total.	Percent
Balance sheet	**94 461**	**97 143**	**91 923**	**-2 537**	**-2.7%**	**-5 220**	**-5.4%**
Retail	**69 746**	**71 865**	**70 730**	**984**	**1.4%**	**-1 135**	**-1.6%**
Customer deposits	56 542	57 785	57 755	1 213	2.1%	-29	-0.1%
Capitalisation insurance (a)	9 890	10 423	10 679	789	8.0%	255	2.4%
Other customer resources	3 314	3 657	2 296	-1 018	-30.7%	-1 361	-37.2%
Institutional investors	24 715	25 278	21 193	-3 522	-14.2%	-4 085	-16.2%
EMTN	9 984	10 517	8 659	-1 325	-13.3%	-1 858	-17.7%
ECP and USCP	6 913	5 832	2 602	-4 311	-62.4%	-3 231	-55.4%
Nostrum Mortgages and Nostrum Consumer	639	581	534	-105	-16.5%	-47	-8.1%
Covered bonds	5 908	6 088	7 096	1 188	20.1%	1 008	16.6%
Bonds guaranteed by the Portuguese Republic	1 271	1 248	1 272	1	0.1%	25	2.0%
Bonds issued on the public sector	-	1 012	1 030	1 030	-	18	1.8%

Off-balance sheet	10 323	11 224	10 708	385	3.7%	-515	-4.6%
Investment units in unit trust investment funds	4 866	5 684	5 473	607	12.5%	-211	-3.7%
Caixagest	3 462	4 106	3 765	303	8.8%	-341	-8.3%
Fundimo	1 404	1 578	1 708	304	21.7%	130	8.2%
Pension Fund	1 918	2 100	2 107	189	9.9%	7	0.3%
Wealth management (b)	3 539	3 440	3 128	-411	-11.6%	-312	-9.1%
Total	104 784	108 367	102 632	-2 152	-2.1%	-5 735	-5.3%

a) Includes fixed-rate insurance and unit linked products

bi) Does not include CGD companies' insurance portfolios



Resources taken from institutional investors in the form of own issues were down 14.2% by EUR 3.5 billion, over June 2009, influenced by the reduction in balances issued under the EMTN and ECP Programmes. Covered bonds, however, posted a 20.1% growth of EUR 1.2 billion over the said period to a balance of EUR 7.1 billion.

Off-balance sheet resources, up 3.7% by EUR 385 million over June 2009, derived from securities funds managed by Caixagest (up 8.8%) and the Fundimo property fund which grew by 21.7%.

Customer resources, mainly comprising customer deposits, at EUR 64.6 billion, were similar to the end of 2009 figure (up 0.5%). Reference should be made to fixed rate insurance products whose balance was up 21.4% over December 2009 to EUR 6.4 billion.

CUSTOMER RESOURCES (Consolidated)

Balances (EUR million)

	Dec 2009	Jun 2010	Change	
			Total	Percent
Deposits	57 785	57 755	-29	-0.1%
Sight	18 656	19 483	827	4.4%
Term deposits and savings accounts	38 547	37 722	-826	-2.1%
Mandatory	582	551	-31	-5.3%
Other resources (a)	6 471	6 840	370	5.7%
Total	64 256	64 596	340	0.5%

a) Includes fixed rate insurance products.

The global deposits balance, at EUR 57.8 billion, signified the maintenance of such balances in this account heading since the end of 2009, supported by the behaviour of sight deposits (up EUR 827 million, or 4.4%, offsetting the 2.1% reduction of term deposits and savings accounts.

CUSTOMER DEPOSITS (Consolidated)

BALANCES (EUR million)

	Dec 2009	Jun 2010	Change Total	Change Percent
Individual customers	**46 907**	**47 032**	**125**	**0.3%**
Sight deposits	13 104	13 481	377	2.9%
Term deposits and savings accounts	33 802	33 551	-251	-0.7%
Corporate	**7 493**	**7 865**	**372**	**5.0%**
Sight deposits	3 361	4 265	904	26.9%
Term deposits	4 132	3 600	-532	-12.9%
Public sector	**3 385**	**2 859**	**-526**	**-15.5%**
Sight deposits	2 191	1 738	-453	-20.7%
Term deposits	613	571	-42	-6.9%
Mandatory deposits	582	551	-31	-5.3%
Total	**57 785**	**57 755**	**-29**	**-0.1%**

The increase in sight deposits derived from the 2.9% increase of EUR 377 million in individual customers' deposits and the significant 26.9% increase of EUR 904 million in corporate deposits. The balance of general government deposits, in turn, was down 15.5% by EUR 526 million, deriving from sight deposits.

CGD Group's had a 28.8% market share of customer deposits at the end of June. Special reference should be made to the increase in corporate deposits from 10.7% at the end of 2009 to 11.0%. The market share of the individual customers segment remained unchanged at 33.9%.

CUSTOMER DEPOSITS – MARKET SHARES [(a)]

BY CUSTOMER SEGMENT

	Dec 2008	Dec 2009	Jun 2010
Corporate	12.1%	10.7%	11.0%
General government	23.2%	33.9%	21.7%
Individual customers	32.1%	33.9%	33.9%
Emigrants	40.1%	43.3%	44.3%
Mandatory	95.4%	98.1%	97.6%
Total	**27.6%**	**29.2%**	**28.8%**

(a) Activity in Portugal

Debt securities fell 20.2% since the end of 2009, mirroring the situation in international markets, principally on a short term funding level and especially ECP and USCP programme issues.

DEBT SECURITIES

(EUR million)	Dec 2009	Jun 2010	Change Total	Change Percent
EMTN programme issues [a]	8 937	7 358	-1 580	-17.7%
ECP and USCP programme issues	5 832	2 602	-3 231	-55.4%
Nostrum Mortgages and Nostrum Consumer	581	534	-47	-8.1%
Covered bonds	6 088	7 096	1 008	16.6%
Bonds guaranteed by the Portuguese Republic	1 248	1 272	25	2.0%
Bonds issued on the public sector	1 012	1 030	18	1.8%
Cash bonds and certificates of deposit	1 484	212	-1 272	-85.7%
Total	25 182	20 104	-5 078	-20.2%

a) Does not include issues classified as subordinated liabilities

Special reference should, however, be made to covered bonds which, in adverse circumstances, posted a 16.6% increase of EUR 1 billion.

Caixa took in resources of EUR 2 930 million in subordinated liabilities (down 8.5% over December 2009), mainly comprising bonds issued under the Euro Medium Term Notes programme.

SUBORDINATED LIABILITIES

(EUR million)	Dec 2009	Jun 2010	Change Total	Change Percent
EMTN programme issues [a]	2 139	1 847	-291	-13.6%
Other	1 063	1 082	20	1.8%
Total	3 202	2 930	-272	-8.5%

a) Does not include issues classified as debt securities

5.1.3. CAPITAL MANAGEMENT

The Group's shareholders' equity of EUR 7.2 billion was up 9.8% by EUR 641 million over June 2009. A contributory factor to this change was the positive evolution of EUR 271 million in fair value reserves, and EUR 314 million in minority shareholders' interests.

CGD Group's shareholders' equity remained stable in comparison to the end of 2009, with growth having been recorded in the other reserves and minority shareholders' interests account headings.

SHAREHOLDERS' EQUITY

Balances (EUR million)

	Jun 2009	Dec 2009	Jun 2010	Δ Jun/10 / Jun/09		Δ Jun/10 / Dec/09	
				Total	Percent	Total	Percent
Share capital	4 500	4 500	4 500	0	0.0%	0	0.0%
Fair value reserves	-881	- 331	-611	271	30.7%	-280	-84.5%
Other reserves	1 690	1 644	1 825	135	8.0%	181	11.0%
Retained earnings	-184	- 189	-141	43	23.6%	48	25.6%
Minority shareholders' interests	1 177	1 254	1 491	314	26.7%	237	18.9%
Net income for period	227	279	105	-122	-53.7%	-174	-62.3%
Total	**6 529**	**7 157**	**7 170**	**641**	**9.8%**	**13**	**0.2%**

The solvency ratio, on a consolidated basis, including retained earnings, was 11.9% in June 2010. Special reference should be made to the Core Tier I and Tier I ratios of 8.1% and 8.2%, respectively.

SOLVENCY RATIO **(consolidated basis)** [(a)]

BALANCES (EUR million)

	Jun 2009	Dec 2009	Jun 2010
Total own funds (1)	8 878	8 966	8 676
a) Basis own funds	5 800	6 037	5 971
of which: core capital	5 667	5 904	5 888
b) Complementary own funds	3 115	2 966	2 744
c) Deductions	37	37	39
Total weighted assets (2)	69 246	71 041	72 612
Own funds requirements (3) = (2) / (*12.5*)	5 540	5 683	5 809
Surplus own funds (4) = (1) - (3)	3 338	3 283	2 867
TIER I (5) = (1a) / (2)	8.4%	8.5%	8.2%
Core TIER I (6)	8.2%	8.3%	8.1%
Solvency ratio (7) = (1)/(2)	12.8%	12.6%	11.9%

(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.

5.1.4. GROUP RATING

In March 2010, Fitch Ratings following the downgrade of its long term ratings on the Portuguese Republic from AA and AA-, with a negative outlook, revised its long term ratings on CGD from AA- and F1+ to A+ and F1, respectively, maintaining a negative outlook.

Fitch Ratings, however, restated its B/C rating for CGD's "individual rating", which assesses the bank's intrinsic quality without any external support.

On 21 July last, as part of the revision process on the ratings of Portuguese banks, Fitch Ratings restated CGD's long and short term ratings of A+ and F1 respectively, maintaining a negative outlook.

Standard & Poor's, following its April 2010 downgrade of the long and short term ratings on the Portuguese Republic from A+ and A-1 to A- and A-2 respectively, with a negative outlook, downgraded the ratings on five Portuguese banks with a rating of more than A-, including CGD, whose long term rating changed from A+ to A- and short term rating from A-1 to A-2, with outlook remaining negative.

In May last, Moody's classified CGD's long term rating and BFSR – Bank Financial Strength Rating as eligible for an "eventual downwards revision", following a similar revision of the Portuguese Republic having restated CGD's Prime-1 short term rating.

On 13 July last, following its July 2010 downgrade of the long term rating on the Portuguese Republic from Aa2 to A1, with a stable outlook, Moody's downgraded the ratings on eight Portuguese banks, completing the process, starting May, of the eventual downwards revision of the ratings on the referred to banks.

CGD's long term rating was therefore changed from Aa3 to A1, with a stable outlook. The short term Prime-1 rating was left unchanged.

The above referred to rating revisions do not change CGD's relative position to other Portuguese banks in which CGD retains the highest ratings.

	Short term	Long term	*Outlook*	
STANDARD & POOR'S	A-2	A -	Negative	April 2010
MOODY'S	Prime –1	A1	Stable	July 2010
FITCHRATINGS	F1	A+	Negative	July 2010

5.2. SEPARATE OPERATIONS (*)

5.2.1. RESULTS

CGD's net income from its banking operations totalled EUR 112.8 million in first half 2010, against EUR 335.5 million for the same period of the preceding year.

Net interest income including income from equity instruments, as the principal component part of net operating income was down 24.2% over first half 2009, having been affected by the evolution of net interest income, which, owing to the impact of lower interest rates was down 33.4% over the same period

2009, to EUR 476 million. The change, however, in comparison to the average six month value for 2009 was up 5.6%.

CAIXA GERAL DE DEPÓSITOS

Income Statement (Separate), at 30 June 2010

(EUR thousand)

	30.06.2009	30.06.2010	Change Total	Change %	Average / 2009	Change from average 2009 Total	Change from average 2009 %
Interest and similar income	3 165 057	2 126 492	-1 038 565	-32.8%	2 661 616	-535 124	-20.1%
Interest and similar costs	2 450 646	1 650 491	-800 155	-32.7%	2 118 693	-468 203	-22.1%
Net interest income	*714 411*	*476 001*	*-238 410*	*-33.4%*	*542 923*	*-66 922*	*-12.3%*
Income from equity instruments	198 508	215 787	17 279	8.7%	112 029	103 758	92.6%
Net interest income including income from equity instruments	**912 919**	**691 789**	**-221 130**	**-24.2%**	**654 952**	**36 836**	**5.6%**
Income from services and commissions	222 708	245 322	22 614	10.2%	224 647	20 675	9.2%
Cost of services and commissions	45 066	45 644	578	1.3%	43 334	2 311	5.3%
Commissions (net)	*177 642*	*199 678*	*22 036*	*12.4%*	*181 313*	*18 365*	*10.1%*
Income from financial operations	77 420	12 483	-64 937	-83.9%	79 539	-67 056	-84.3%
Other operating income	50 295	52 944	2 649	5.3%	54 295	-1 352	-2.5%
Non interest income	**305 357**	**265 105**	**-40 252**	**-13.2%**	**315 148**	**-50 043**	**-15.9%**
Net operating income	**1 218 276**	**956 893**	**-261 382**	**-21.5%**	**970 100**	**-13 207**	**-1.4%**
Staff costs	321 499	308 333	-13 165	-4.1%	313 497	-5 164	-1.6%
Other administrative costs	180 722	179 290	-1 432	-0.8%	205 828	-26 538	-12.9%
Depreciation and amortisation	53 542	59 593	6 051	11.3%	59 283	310	0.5%
Operating costs and amortisation	**555 763**	**547 216**	**-8 547**	**-1.5%**	**578 608**	**-31 392**	**-5.4%**
Operating income (gross)	**662 513**	**409 677**	**-252 836**	**-38.2%**	**391 492**	**18 185**	**4.6%**
Provisions net of reversals	-27 553	10 117	37 669	136.7%	-60 797	70 914	116.6%
Correction of amount of loans and advances. to costumers and receivables from other debtors	230 982	252 134	21 151	9.2%	227 783	24 351	10.7%
Impairment of other financial assets net of reversals	68 411	37 840	-30 571	-44.7%	96 432	-58 593	-60.8%
Impairment of other assets net reversals	8 132	7 949	-183	-2.3%	1 279	6 670	521.5%
Provisions and impairment	**279 972**	**308 039**	**28 067**	**10.0%**	**264 697**	**43 342**	**16.4%**
Income before tax	**382 540**	**101 638**	**-280 902**	**-73.4%**	**126 795**	**-25 157**	**-19.8%**
Income tax	**47 063**	**-11 199**	**-58 262**	**-123.8%**	**7 251**	**-18 450**	**-254.4%**
Current	-19 654	39 505	59 159	301.0%	-33 046	72 551	219.5%
Deferred	66 717	-50 704	-117 421	-176.0%	40 297	-91 001	-225.8%
Net income	**335 477**	**112 837**	**-222 640**	**-66.4%**	**119 544**	**-6 706**	**-5.6%**

Non interest income for the amount of EUR 265.1 million was down 13.2% over the amount posted in the same period 2009, largely owing to the unfavourable evolution of income from financial operations which, as referred to in the chapter dealing with the financial analysis of consolidated operations reflected both the high level of volatility in public debt markets, particularly in the second quarter and the negative impact deriving from the equity investment in Cimpor.

Non interest income particularly included the favourable 12.4% increase in net commissions to EUR 199.7 million against EUR 177.6 million for the same half year 2009.

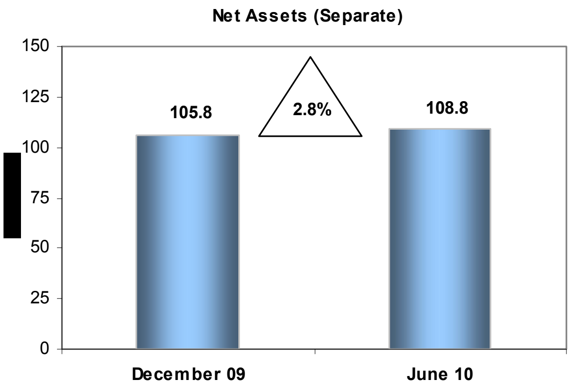
Operating costs particularly included the 1.5% reduction of EUR 8.5 million in June 2010 in comparison to the same period of the preceding year. A significant contribution was made by the 4.1% decrease of EUR 13.2 million in employee costs.

Provisions and impairment for first half 2010 were up 10% by EUR 28.1 million to EUR 308 million over June 2009.

5.2.2. BALANCE SHEET

Caixa Geral de Depósitos's net assets from its separate operations at the end of first half 2010 totalled EUR 108.8 billion. This was up 2.8% by EUR 3 billion over December 2008.

Net assets growth largely derived from the 4.6% increase of EUR 3.0 billion in loans and advances to customers in comparison to December 2009.



CAIXA GERAL DE DEPÓSITOS

Balance Sheet (Separate) at 30 June 2010

(EUR million)

ASSETS

				Δ Jun/10 - Jun/09		Δ Jun/10 - Dec/09	
	30.06.2009	31.12.2009	30.06.2010	Total	Percent	Total	Percent
Cash and cash equivalents at central banks	1 667	1 479	1 112	-555	-33.3%	-367	-24.8%
Loans and advances to credit institutions	17 284	17 207	15 121	-2 163	-12.5%	-2 086	-12.1%
Loans and advances to customers	65 576	65 597	68 614	3 038	4.6%	3 017	4.6%
Securities Investments	12 539	14 205	16 006	3 467	27.6%	1 801	12.7%
Investments in subsidiaries and associates	3 047	3 099	3 433	386	12.7%	334	10.8%
Intangible and tangible assets	771	759	754	-17	-2.2%	-5	-0.7%
Deferred tax assets	759	661	734	-25	-3.3%	73	11.0%
Other assets	2 289	2 801	3 015	726	31.7%	214	7.6%
TOTAL	**103 933**	**105 809**	**108 789**	**4 856**	**4.7%**	**2 980**	**2.8%**

LIABILITIES

				Δ Jun/10 - Jun/09		Δ Jun/10 - Dec/09	
	30.06.2009	31.12.2009	30.06.2010	Total	Percent	Total	Percent
Central banks' and credit institutions' resources	9 808	9 673	17 201	7 393	75.4%	7 528	77.8%
Customers resources	52 329	53 713	53 537	1 208	2.3%	-176	-0.3%
Financial liabilities	2 823	2 322	2 697	-126	-4.5%	375	16.1%
Debt securities	24 690	26 077	21 263	-3 427	-13.9%	-4 814	-18.5%
Provisions	1 276	1 205	1 218	-58	-4.5%	13	1.1%
Subordinated liabilities	3 990	3 477	3 220	-770	-19.3%	-257	-7.4%
Other liabilities	3 444	3 497	4 060	616	17.9%	563	16.1%
SUB-TOTAL	***98 360***	***113 828***	***103 196***	***4 836***	***4.9%***	***-10 632***	***-9.3%***
SHAREHOLDERS' EQUITY	5 573	5 846	5 593	20	0.4%	-253	-4.3%
TOTAL	**103 933**	**105 809**	**108 789**	**4 856**	**4.7%**	**2 980**	**2.8%**

Another component playing a relevant role in terms of the evolution of net assets was the securities investments account heading which was up 12.7% (EUR 1.8 billion) over December 2009.

Cash and cash equivalents and loans and advances to credit institutions were down 13.1% to EUR 16.2 billion in comparison to resources of EUR 17.2 billion taken from the same entities.

On the liabilities side reference should be made to customer resources balances which remained relatively unchanged from end 2009, albeit evolving positively in comparison to the same period 2009 (up 2.3% by EUR 1.2 million).

Debt securities and subordinated liabilities were down 13.9% by EUR 3.4 billion and 19.3% by EUR 0.8 billion respectively, over June 2009.

5.2.3. CAPITAL MANAGEMENT

Shareholders' equity was up 0.4% over June 2009 to EUR 5.6 billion but down 4.3% over December last.

SHAREHOLDERS' EQUITY (separate)

Balances							(EUR million)
	Jun 2009	Dec 2009	Jun 2010	Δ Jun/10 / Jun/09		Δ Jun/10 / Dec/09	
				Total	Percent	Total	Percent
Capital	4 500	4500	4 500	0	0,0%	0	0.0%
Revaluation reserves	- 456	- 80	- 260	196	43,0%	-179	-223.2%
Other reserves and retained earnings	1 194	1 185	1 240	46	3,9%	55	4.7%
Net income for period	335	241	113	-223	- 66,4%	-128	-53.2%
Total	**5 573**	**5 846**	**5 593**	**20**	**0,4%**	**-252**	**-4.3%**

6. PRINCIPAL RISKS AND UNCERTAINTIES IN SECOND HALF 2010

High levels of uncertainty remain an ever present characteristic of the current economic and financial environment, both related with the intensity and sustainability of economic recovery and functioning of capital markets.

The evolution of the world economy to a slowdown stage, which may be accentuated by the withdrawal of the growth stimuli introduced by the authorities in response to the recession, is one of the risks in the second half year. The developed countries, particularly in Europe, are already witnessing the implementation of budget containment measures and the central banks of several emerging economies have already started to implement a process of interest rate hikes.

The situation of the public finances in European countries, particularly southern Europe, may continue to be a focus of concern for investors, translating into the maintenance of an environment of risk aversion and high financing costs, both for such countries' governments and the financial institutions headquartered therein. For the latter, this would result in wholesale markets' less appetite for channelling funds to assets in countries on the periphery of Europe, as well as added competition through increases in public debt issues.

Liquidity risk, in these conditions, will continue to be one of the main risks to be faced by the banks, as second half 2010 will continue to be dominated by uncertainty regarding the fluidity of financing sources, affecting both the banks themselves and sovereign states. This uncertainty has, to date, been especially relevant on a European level and has particularly affected southern European countries and the financial institutions headquartered therein.

The reduction of liquidity available in the market deriving from the gradual normalisation of lending by the European Central Bank could lead to an increase in financing costs in the interbank money market.

The conjugation of these effects on a level of financing costs could have a negative impact on banks' net interest income through financing in the capital markets and the possibility of the maintenance of such circumstances over a long period also leading to a slowdown in the growth of banking system assets cannot be excluded.

Banking profitability will also be affected by the poor rate of expansion of economic activity which will be reflected in the growth of credit to the private sector with defaults also continuing to be conditioned by higher unemployment. If the financial markets fail to recover, such profitability would also be affected by the depreciation of the financial portfolio.

Interest rate risk in the balance sheet will also be a cause for concern for the banks owing to the tight financial margins accompanying the continuation of the current economic environment, in light of the current trends of the evolution of interest rates.

A particularly relevant negative aspect for banking profitability will be the continued increase in borrowing rates. This trend was already noticeable, although mildly so during the course of first half 2010. If worsening in the second half year, a negative impact on net interest income could be recorded unless there is a rapid and decisive reaction in terms of lending rates.

Portuguese banks are likely to remain heavily dependent on internal or ECB financing. The situation could, however, show some improvement, with a decrease in dependency on the said financing sources, resulting from greater market confidence. This change, however, is essentially dependent upon the market's perception of the results of various European authorities' initiatives. Reference to such initiatives particularly includes, at the present time, disclosures of information on the individual situation of the main banks in the framework of the stress test process and credibility associated with the diverse actions eventually to be taken by those in a weaker state.

The situation referred to in the preceding paragraph may, however, become more serious, in the event of the occurrence of new adverse facts which may trigger a negative assessment of markets both in respect of bank financing and southern European states.

Second half 2010 may also be marked by the transposition of the series of changes currently under discussion for the revision of the Capital Accord, commonly referred to as "Basel III" into Community and domestic legislation. These regulatory reforms will have an effect on the real economy, credit market and banking system and have an expressive impact on economic agents.

The difficult economic climate has also had negative consequences on insurance operations. These will tend to continue into the half year and may even worsen on account of the current unfavourable economic situation and its expected duration.

Demand for insurance is generally adversely affected in areas such as workman's compensation and transport. In addition, the claims rate in several insurance areas, such as theft and credit, tends to increase, in line with the increase in unemployment. The negative environment may also increase the moral risk in most mass insurance areas and increase fraud.

Lastly, economic stagnation also has the effect of retarding the implementation of tariff adjustment measures which are essential for the rebalancing of the technical exploitation of non-life insurance areas in the insurance sector in Portugal as a whole.

In the financial domain, fears over sovereign debt and a downgrading of the ratings of various institutions and states will trigger a level of instability and disruption on corporate results. This will strongly affect insurance activity, owing to its high levels of exposure to securities markets due to the nature of insurance business.

However, the budget consolidation measures which have been implemented and the recent disclosure of information on the results of the stress tests may help to stabilise the situation and eventually aid the recovery of bond and equities markets with their resulting positive effect on the insurance sector and economic activity in general.

Notwithstanding the recent Euribor increase, the fact that interest rates remain at historically low levels tends to penalise returns on various life insurance products with minimum guaranteed rates. By way of contrast, in the case of long term rates, the risk of an increase starting in the second half year, associated with expectations of higher inflation or a change to the *modus operandi* of central banks, having an adverse effect on the appreciation of insurance companies' bond portfolios, cannot be excluded.

7. SUBSEQUENT EVENTS

Under the terms of a unanimous written corporate declaration of 01 July 2010 September issued by CGD's Portuguese state shareholder, it was decided that the composition of Caixa Geral de Depósitos, SA's audit board for the 2010-2012 term of office would be as below:

Chairman:	Eduardo Manuel Hintze da Paz Ferreira
Members:	Maria Rosa Tobias Sá
	Pedro António Pereira Rodrigues Felício
Deputising members:	Pedro Miguel Rodrigues Soares e Vasquez
	Maria Fernanda Joanaz Silva Martins

8. STATEMENT OF CONFORMITY OF THE PRESENTATION OF FINANCIAL INFORMATION

Under the terms of sub-paragraph c) of no. 1 of article 246 of the Securities Market Code, we declare that the condensed financial statements for 2010 and the 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' interim report gives an accurate account of the important events occurring in the respective period and the impact of the financial statements and contains a description of the main risks and uncertainties over the next six months.

Lisbon, 25 August 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

Fiscal Board

Chairman:

Eduardo Manuel Hintze da Paz Ferreira

Acting Members:

Maria Rosa Tobias Sá

Pedro António Pereira Rodrigues Felício

9. STATEMENT OF THE AUDITING OF THE ACCOUNTS

Under no. 3 of article 8 of the Securities Market Code, we declare that the financial information for first half 2010 relating to Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter have not been audited.

Lisbon, 25 August 2010

Board of Directors

Chairman:

Fernando Manuel Barbosa Faria de Oliveira

Member:

Norberto Emílio Sequeira da Rosa

10. BONDS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

(Article 447 of the Commercial Companies Code)

Bondholders	Bond	No. bonds held at 30.06.10
Members of the Board of Directors:		
Francisco Bandeira	CGD subordinated bonds 2007-2017 – 1st issue	225
	CGD subordinated bonds 2007-2017 – 2nd issue	300
Norberto Rosa	CGD subordinated bonds - CGD 2007-2017	200
Rodolfo Lavrador	CGD subordinated bonds - CGD 2008 - 2018 – 1st issue	300
	CGD subordinated bonds - CGD 2007 - 2017 – 1st issue	1500
	CGD subordinated bonds - CGD 2008 - 2018 – 1st issue	200
	CGD Subordinated bonds 2009-2019 - Anniversary	25
José Araújo e Silva	CGD Subordinated bonds 2009-2019 - Anniversary	20
Spouse/ Descendent under age :		
Carolina Tomé	CGD Subordinated bonds 2009-2019 – Anniversary	30
Members of Fiscal Board:		
José Castel-Branco	CGD Subordinated bonds 2009-2019 – Anniversary	50

11. INFORMATION ON CGD SHAREHOLDERS

(Article 448 of Commercial Companies Code)

Shareholders	Share Capital at 30.06.10	% equity investment at 30.06.10
Portuguese state	EUR 4 500 000 000	100%

12. SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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CAIXA GERAL DE DEPÓSITOS, S.A.

BALANCE SHEET (SEPARATE) AT 30 JUNE 2010 AND 31 DECEMBER 2009

(Translation of balance sheets originally issued in Portuguese)

	30-06-2010			31-12-2009
	Amounts before impairment, amortisation and depreciation	Provisions, impairment and amortisation and depreciation	Net assets	Net assets
Cash and cash equivalents at central banks	1 112 337	-	1 112 337	1 479 260
Cash balances at other credit institutions	746 215	-	746 215	749 659
Financial assets held for trading	4 811 125	-	4 811 125	4 949 542
Other financial assets at fair value through profit or loss	890 534	-	890 534	819 864
Available-for-sale financial assets	10 703 603	(399 276)	10 304 327	8 435 485
Loans and advances to credit institutions	14 564 123	(189 339)	14 374 784	16 457 683
Loans and advances to customers	70 344 833	(1 730 601)	68 614 232	65 596 870
	154 126	-	154 126	178 690
Non-current assets held for sale	271 097	(43 366)	227 731	205 218
Investment property	6 295	-	6 295	6 295
Other tangible assets	1 393 650	(765 524)	628 126	622 443
Intangible assets	488 895	(362 581)	126 314	136 694
Investments in associates, subsidiaries and joint ventures	3 504 956	(72 418)	3 432 537	3 099 406
Current tax assets	111 513	-	111 513	110 102
Deferred tax assets	733 795	-	733 795	660 797
Other assets	2 559 717	(44 337)	2 515 379	2 300 694
Total Assets	112 396 815	(3 607 443)	108 789 372	105 808 700

LIABILITIES AND EQUITY	30-06-2010	31-12-2009
Resources of central banks	9 984 301	2 545 620
Financial liabilities held for trading	2 669 099	2 275 136
Resources of other credit institutions	7 216 537	7 127 416
Customer resources	53 536 976	53 712 685
Debt securities	21 263 067	26 076 967
Financial liabilities associated with transferred assets	28 018	46 490
Hedging derivatives	176 871	289 487
Provisions	1 218 129	1 204 722
Current tax liabilities	13 480	9 325
Deferred tax liabilities	76 197	93 317
Other subordinated liabilities	3 220 450	3 477 280
Other liabilities	3 793 209	3 104 727
Total Liabilities	103 196 334	99 963 171
Share capital	4 500 000	4 500 000
Revaluation reserves	(259 881)	(80 404)
Other reserves and retained earnings	1 240 081	1 184 864
Net income for the period	112 837	241 069
Total Equity	5 593 037	5 845 529
Total Liabilities and Equity	108 789 372	105 808 700

Certified Public Accountant
Joaquim Maria Florêncio

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

CAIXA GERAL DE DEPÓSITOS, S.A.

INCOME STATEMENTS (SEPARATE) FOR THE HALF YEARS ENDED
30 JUNE 2010 AND 2009

(Translation of income statements income originally issued in Portuguese)

	30-06-2010	30-06-2009
Interest and similar income	2 126 492	3 165 057
Interest and similar costs	(1 650 491)	(2 450 646)
Net interest income	**476 001**	**714 411**
Income from equity instruments	215 787	198 508
Income from services and commissions	245 322	222 708
Cost of services and commissions	(45 644)	(45 066)
Net results of assets and liabilities measured at fair value through profit or loss	26 990	96 018
Net gain on available-for-sale financial assets	11 745	18 532
Net foreign exchange revaluation gain	(26 161)	(37 554)
Net gain on the sale of other assets	(91)	423
Other operating income	52 944	50 295
Net operating income	**956 893**	**1 218 276**
Staff costs	(308 333)	(321 499)
Other administrative costs	(179 290)	(180 722)
Depreciation and amortisation	(59 593)	(53 542)
Provisions net of reversals	(10 117)	27 553
Correction of amount of loans and advances to costumers and receivables from other debtors	(252 134)	(230 982)
Impairment of other finacial assets net of reversals	(37 840)	(68 411)
Impairment of other assets net reversals	(7 949)	(8 132)
Income before tax	**101 638**	**382 541**
Income tax		
Current	(39 505)	19 654
Deferred	50 704	(66 717)
	11 199	**(47 063)**
Net income	**112 837**	**335 478**
Average number of ordinary shares outstanding	900 000 000	737 569 000
Earnings per share (in Euros)	0.13	0.45

Certified Public Accountant Joaquim Maria Florêncio

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

CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE) FOR THE HALF YEARS ENDED

30 JUNE 2010 AND 2009

(Translation of statements of comprehensive income originally issued in Portuguese)

	30-06-2010	30-06-2009
Adjustments to fair value of available-for-sale financial assets		
Changes in period	(231 004)	(134 275)
Reclassification of adjustments of fair value reserves to results:		
Recognition of impairment for the year	37 817	68 172
Sale of available-for-sale financial assets	(17 824)	(8 698)
Tax effect	31 534	34 441
Post employment benefits - amortisation of transition to IAS's impact		
Change in period	(16 728)	(16 728)
Tax effect	9 277	4 420
Exchange fluctuations	(8 378)	398
Other	134	(28)
Total comprehensive income for the year recognised in reserves	(195 173)	(52 297)
Net income for the period	112 837	335 478
Total comprehensive income for the period	(82 335)	283 181

CAIXA GERAL DE DEPÓSITOS, S.A.

CASH FLOW STATEMENTS (SEPARATE)

FOR THE HALF YEARS ENDED 30 JUNE 2010 AND 2009

(Translation of statements of cash flow statements originally issued in Portuguese)

	30-06-2010	30-06-2009
ACTIVIDADES OPERACIONAIS		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2 368 773	3 479 455
Interest, commissions and similar costs paid	(1 332 764)	(2 175 798)
Recovery of principal and interest	11 478	17 078
Pagamentos a empregados e fornecedores	(515 664)	(513 497)
Payments and contributions to pensions funds, health plan and other bene	(33 177)	(34 642)
Other results	9 925	24 655
	508 571	797 251
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(706 727)	(5 122 985)
Assets held for trade and other assets		
at fair value through profit or loss	(775 152)	(1 410 832)
Other assets	(196 902)	541 975
	(1 678 780)	(5 991 842)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	7 511 202	(709 844)
Customer resources	(159 504)	1 872 706
Other liabilities	494 127	287 756
	7 845 825	1 450 617
Net cash from operating activities before taxation	6 675 616	(3 743 974)
Income tax	(35 364)	(35 100)
Net cash from operating activities	6 640 252	(3 779 075)
INVESTING ACTIVITIES		
Capital gains from the disposal of equity instruments	71 613	101 878
Capital gains from available-for-sale financial assets	99 764	96 630
Acquisition of investments in subsidiary and associated companies, net of	(76 065)	(286 130)
Acquisition of available-for-sale financial assets, net of disposals	(1 195 385)	(588 725)
Acquisition of tangible and intangible assets, net of disposals	(85 415)	(154 086)
Net cash from investing activities	(1 185 487)	(830 433)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(42 356)	(37 536)
Interest on debt securities	(325 453)	(326 936)
Issue of subordinated liabilities, net of repayments	(236 045)	529 778
Issue of debt securities	(5 051 120)	4 178 290
Share capital increase	-	1 000 000
Dividends paid	(170 157)	(300 000)
Net cash from financing activities	(5 825 132)	5 043 596
Increase (decrease) in cash and cash equivalents	(370 367)	434 088
Cash and cash equivalents at beginning of period	2 228 919	1 910 399
Cash and cash equivalents at end of period	1 858 552	2 344 488

CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (SEPARATE)

FOR THE HALF YEARS ENDED 30 JUNE 2010 AND 2009

(Translation of statements of changes in equity originally issued in Portuguese)

		Revaluation reserves				Other reserves and retained earnings					
	Capital	Fair value reserves	Reserves for deferred tax	Fixed assets	Total	Legal reserve	Other reserves	Retained earnings	Total	Net income for the year	Total
Balances at 31 December 2008	3 500 000	(778 017)	153 292	208 998	(415 727)	708 391	321 112	(7 793)	1 021 710	484 251	4 590 234
Appropriation of net income for 2008:											
Transfer to reserves and retained earnings	-	-	-	-	-	96 850	79 608	7 793	184 251	(184 251)	-
Dividends paid to the State	-	-	-	-	-	-	-	-	-	(300 000)	(300 000)
Other entries directly recorded in equity											
Valuation of available-for-sale financial assets	-	(74 800)	34 441	-	(40 359)	-	-	-	-	-	(40 359)
Amortisation of the impact of the transition to the IAS relative to post-employment benefits	-	-	-	-	-	-	-	(12 308)	(12 308)	-	(12 308)
Currency changes in subsidiaries	-	-	-	-	-	-	398	-	398	-	398
Other	-	-	-	-	-	-	(28)	-	(28)	-	(28)
Total gains and losses for the year recognised in equity	-	(74 800)	34 441	-	(40 359)	-	370	(12 308)	(11 938)	-	(52 297)
Share capital increase	1 000 000	-	-	-	-	-	-	-	-	-	1 000 000
Net income for the period	-	-	-	-	-	-	-	-	-	335 478	335 478
Balances at 30 June 2009	4 500 000	(852 817)	187 733	208 998	(456 086)	805 241	401 090	(12 308)	1 194 023	335 478	5 573 415
Balances at 31 December 2009	4 500 000	(392 449)	103 047	208 998	(80 404)	805 241	402 321	(22 699)	1 184 864	241 069	5 845 529
Appropriation of net income for 2009:											
Transfer of revaluation reserves to retained earnings	-	-	-	-	-	48 214	-	22 699	70 912	(70 912)	-
Dividends paid to the State	-	-	-	-	-	-	-	-	-	(170 157)	(170 157)
Other entries directly recorded in equity:											
Valuation of available-for-sale financial assets	-	(211 011)	31 534	-	(179 477)	-	-	-	-	-	(179 477)
Amortisation of the impact of the transition to the IAS relative to post-employment benefits	-	-	-	-	-	-	-	(7 451)	(7 451)	-	(7 451)
Currency changes in subsidiaries	-	-	-	-	-	-	(8 378)	-	(8 378)	-	(8 378)
Other	-	-	-	-	-	-	134	-	134	-	134
Total gains and losses for the period recognised in equity	-	(211 011)	31 534	-	(179 477)	-	(8 244)	(7 451)	(15 696)	-	(195 173)
Net income for the period	-	-	-	-	-	-	-	-	-	112 837	112 837
Balances at 30 June 2010	4 500 000	(603 460)	134 581	208 998	(259 881)	853 455	394 077	(7 451)	1 240 081	112 837	5 593 037

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2010 AND 31 DECEMBER 2009 (tEuros)

(Translation of balance sheets originally issued in Portuguese)

ASSETS	Notes (a)	30-06-2010 Amounts before impairment, amortisation and depreciation	30-06-2010 Impairment and amortisation and depreciation	30-06-2010 Net assets	31-12-2009 Net assets
Cash and cash equivalents at central banks	4	1 656 492	-	1 656 492	1 926 260
Cash balances at other credit institutions	5	1 147 515	-	1 147 515	1 238 202
Loans and advances to credit institutions	6	6 198 822	(171 783)	6 027 038	8 353 214
		9 002 829	(171 783)	8 831 046	11 517 677
Financial assets at fair value through profit or los	7	5 805 038	-	5 805 038	6 209 573
Available-for-sale financial assets	8	21 952 813	(460 475)	21 492 337	18 851 152
Unit-linked investments	9	845 355	-	845 355	867 967
Hedging derivatives	10	155 409	-	155 409	179 623
Held-to-maturity investments		3	-	3	3
		28 758 618	(460 475)	28 298 143	26 108 317
Loans and advances to customers	11	82 616 987	(2 598 929)	80 018 058	77 222 008
Non-current assets held for sale	12	456 546	(66 501)	390 046	349 678
Investment property		364 667	-	364 667	354 258
Other tangible assets		2 287 678	(1 059 486)	1 228 192	1 184 058
Intangible assets		937 552	(538 685)	398 867	406 067
Investments in associates	13	25 380	(161)	25 219	26 172
Current tax assets	14	124 702	-	124 702	127 886
Deferred tax assets	14	1 024 937	-	1 024 937	950 601
Technical provisions for outwards reinsurance	15	293 186	-	293 186	258 379
Other assets	16	2 730 351	(148 511)	2 581 841	2 479 742
Total assets		128 623 433	(5 044 531)	123 578 902	120 984 842

LIABILITIES AND EQUITY	Notes (a)	30-06-2010	31-12-2009
Resources of central banks and other credit institutions	17	14 067 250	6 478 633
Customer resources	18	64 595 866	64 255 685
Liability of unit-linked products	9	845 321	867 967
Debt securities	19	20 104 324	25 182 313
		85 545 511	90 305 964
Financial liabilities at fair value through profit or loss	10	2 082 323	1 901 977
Hedging derivatives	10	174 229	270 773
Provisions for employee benefits	20	559 121	556 971
Provisions for other risks	20	250 899	239 409
Technical provisions for insurance contracts	21	6 305 184	6 439 225
Current tax liabilities	14	36 999	58 982
Deferred tax liabilities	14	119 851	169 804
Other subordinated liabilities	22	2 929 834	3 201 598
Other liabilities	23	4 337 754	4 204 654
Total liabilities		116 408 954	113 827 992
Share capital	24	4 500 000	4 500 000
Fair value reserves	25	(610 814)	(331 154)
Other reserves and retained earnings	25	1 684 167	1 454 731
Net income attributable to the shareholder of CGD	25	105 283	278 899
Equity attributable to the shareholder of CGD		5 678 636	5 902 477
Minority interest	26	1 491 311	1 254 374
Total equity		7 169 948	7 156 850
Total liabilities and equity		123 578 902	120 984 842

Certified Public Accountant

Joaquim Maria Florêncio

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

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED INCOME STATEMENTS FOR THE HALF YEARS ENDED

30 JUNE 2010 AND 2009

(Translation of income statements income originally issued in Portuguese)

	Notes (a)	30-06-2010	30-06-2009
Interest and similar income	27	2 152 165	3 077 764
Interest and similar costs	27	(1 466 658)	(2 140 638)
Income from equity instruments	28	115 540	103 619
NET INTEREST INCOME		**801 047**	**1 040 745**
Income from services rendered and commissions	29	316 723	310 225
Cost of services and commissions	29	(68 383)	(85 317)
Results from financial operations	30	25 868	88 992
Other net operating income	31	100 192	75 209
NET OPERATING INCOME		**1 175 446**	**1 429 855**
TECHNICAL MARGIN ON INSURANCE OPERATIONS			
Premiums net of reinsurance	32	660 245	949 389
Result of investments relating to insurance contracts	32	123 251	113 085
Cost of claims net of reinsurance	32	(509 529)	(801 263)
Commissions and other income and cost relating to insurance contracts	32	(44 485)	(63 074)
		229 482	**198 137**
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS		**1 404 929**	**1 627 992**
Staff costs	33	(516 117)	(526 212)
Other administrative costs	34	(322 299)	(313 474)
Depreciation and amortisation		(100 545)	(80 156)
Provisions net of reversals	20	(26 322)	12 347
Loan impairment net of reversals and recovery	35	(206 778)	(246 310)
Other assets impairment net of reversals and recovery	35	(96 094)	(176 075)
Result of associated companies		459	532
INCOME BEFORE TAX AND MINORITY INTEREST		**137 233**	**298 644**
Tax			
Current	14	(62 719)	(6 701)
Deferred	14	47 488	(44 554)
		(15 231)	**(51 255)**
Consolidated net income for the period, of which:		**122 002**	**247 388**
Minority interest	26	(16 719)	(19 965)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		**105 283**	**227 423**
Average number of ordinary shares outstanding	24	900 000 000	737 569 000
Earnings per share (in Euros)		0.12	0.31

Certified Public Accountant Joaquim Maria Florêncio

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

(a) The annex is an integrant part of these balance sheets

CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE) FOR THE HALF YEARS ENDED

30 JUNE 2010 AND 2009

(Translation of statements of comprehensive income originally issued in Portuguese)

	30-06-2010	30-06-2009
Adjustments to fair value of available-for-sale financial assets		
Changes in period	(422 938)	(61 466)
Reclassifications adjustments of fair value reserves to results		
Recognition of impairment for the year	125 204	88 106
Sale of available-for-sale financial assets	3 110	7 158
Tax effect	20 249	19 121
Exchange fluctuations		
Changes in period	97 256	51 139
Tax effect	(4 903)	(8 125)
Other	11 038	10 278
Total comprehensive income for the year recognised in reserves	(170 985)	106 210
Net income for the year	122 002	247 388
Total comprehensive income for year, of which:	(48 983)	353 599
Minority interest	(4 701)	(29 488)
Total comprehensive income attributable to the shareholder of CGD	(53 683)	324 110

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE HALF YEARS ENDED 30 JUNE 2010 AND 2009

(Translation of statements of cash flow statements originally issued in Portuguese)

	30-06-2010	30-06-2009
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2 448 086	3 425 387
Interest, commissions and similar costs paid	(1 218 244)	(1 858 460)
Premiums received (insurance)	638 508	934 381
Cost and claims paid (insurance)	(678 595)	(1 093 466)
Recovery of principal and interest	13 721	19 887
Payments to employees and suppliers	(833 156)	(852 658)
Payments and contributions to pension funds	(30 713)	(31 105)
Other results	219 232	236 512
	558 838	780 477
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(180 248)	(4 878 099)
Assets held for trade and other assets at fair value through profit or loss	(86 549)	(440 766)
Other assets	214 135	638 709
	(52 662)	(4 680 157)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	7 572 161	(525 308)
Customer resources	(118 009)	1 230 507
Other liabilities	30 533	92 866
	7 484 685	798 066
Net cash from operating activities before taxation	7 990 862	(3 101 614)
Income tax	(92 376)	(64 995)
Net cash from operating activities	7 898 486	(3 166 610)
INVESTING ACTIVITIES		
Dividends received from equity instruments	115 540	103 619
Acquisition of investments in subsidiary and associated companies, net of disposals	1 426	532
Acquisition of available-for-sale financial assets, net of disposals	(2 155 065)	(1 060 891)
Acquisition of tangible and intangible assets and investment property, net of disposals	(187 913)	(221 904)
Net cash from investing activities	(2 226 012)	(1 178 644)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(39 970)	(32 969)
Interest on debt securities	(243 036)	(326 456)
Dividends paid on preference shares	(4 346)	(9 156)
Issue of subordinated liabilities, net of repayments	(207 708)	538 501
Issue of debt securities, net of repayments	(5 367 713)	4 022 800
Share capital increase	-	1 000 000
Dividends paid	(170 157)	(300 000)
Net cash from financing activities	(6 032 929)	4 892 721
Increase (decrease) in cash and cash equivalents	(360 455)	547 468
Cash and cash equivalents at the beginning of the period	3 164 463	2 512 614
Cash and cash equivalents at the end of period	2 804 007	3 060 081

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE HALF YEARS ENDED 30 JUNE 2010 AND 2009

(Translation of statements of changes in equity originally issued in Portuguese)

	Share capital	Fair value reserve	Other reserves and retained earnings: Other reserves	Retained earnings	Total	Net income for the year	Sub-total	Minority interest	Total
Balances at 31 December 2008	3 500 000	(873 304)	1 464 133	(222 265)	1 241 869	459 023	4 327 588	1 156 550	5 484 138
Appropriation of net income for 2008:									
Transfer to reserves and retained earnings	-	-	151 230	7 793	159 023	(159 023)	-	-	-
Dividends paid to the State	-	-	-	-	-	(300 000)	(300 000)	-	(300 000)
Other entries directly recorded in equity:									
Valuation of available-for-sale financial assets	-	61 565	(9 902)	-	(9 902)	-	51 662	1 256	52 918
Currency changes	-	-	43 288	-	43 288	-	43 288	(274)	43 014
Other	-	-	684	1 053	1 737	-	1 737	8 541	10 278
Total gains and losses for the year recognised in equity	-	61 565	34 070	1 053	35 123	-	96 687	9 523	106 210
Share capital increase	1 000 000	-	-	-	-	-	1 000 000	-	1 000 000
Reclassification of unrealised gains	-	(69 733)	69 733	-	69 733	-	-	-	-
Transfer of revaluation reserves to retained earnings	-	-	(29 552)	29 552	-	-	-	-	-
Dividends paid on preference shares	-	-	-	-	-	-	-	(9 156)	(9 156)
Net income for the period	-	-	-	-	-	227 423	227 423	19 965	247 388
Balances at 30 June 2009	4 500 000	(881 472)	1 689 614	(183 867)	1 505 748	227 423	5 351 700	1 176 883	6 528 583
Balances at 31 December 2009	4 500 000	(331 154)	1 643 971	(189 240)	1 454 731	278 899	5 902 477	1 254 374	7 156 850
Appropriation of net income for 2009:									
Transfer to reserves and retained earnings	-	-	86 044	22 699	108 743	(108 743)	-	-	-
Dividends paid to the State	-	-	-	-	-	(170 157)	(170 157)	-	(170 157)
Other entries directly recorded in equity:									
Valuation of available-for-sale financial assets	-	(279 660)	8 391	-	8 391	-	(271 269)	(3 106)	(274 375)
Currency changes	-	-	89 217	-	89 217	-	89 217	3 136	92 353
Other	-	-	23 086	-	23 086	-	23 086	(12 048)	11 038
Total gains and losses for the year recognised in equity	-	(279 660)	120 694	-	120 694	-	(158 967)	(12 018)	(170 985)
Changes in Group´s perimeter:	-	-	-	-	-	-	-	245 123	245 123
Acquisition of preference shares issued by Caixa Geral Finance	-	-	-	-	-	-	-	(8 541)	(8 541)
Dividends paid on preference shares	-	-	-	-	-	-	-	(4 346)	(4 346)
Reclassification between reserves and retained earnings	-	-	(25 982)	25 982	-	-	-	-	-
Net income for the period	-	-	-	-	-	105 283	105 283	16 719	122 002
Balances at 30 June 2010	4 500 000	(610 814)	1 824 727	(140 560)	1 684 167	105 283	5 678 636	1 491 311	7 169 948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 30 June 2010 Caixa had a national network of 853 branch offices, a branch in France with 46 branch offices, a branch in Timor with 8 branch offices, branches in Spain, London, Luxembourg, New York, the Cayman Islands and Zhuhai, and an International Financial Branch in Madeira.

Caixa also has direct and indirect investments in a significant number of domestic and foreign companies, notably in Spain, Cape Verde, Mozambique, South Africa, Brazil and Macau, in which it is the major shareholder. These companies comprise the Caixa Geral de Depósitos Group (the “Group”). They operate in various financial sub sectors such as banking, insurance, investment banking, brokerage, venture capital, property, asset management, specialised credit, e-commerce and cultural activities. Caixa also has investments in non-financial companies in the Portuguese economy.

2. ACCOUNTING POLICIES

2.1. Presentation bases

The consolidated financial statements at 30 June 2010 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) 1606/2002 of 19 July and the provisions of Decree Law 35/2005 of 17 February.

These financial statements are in compliance with the requirements of IAS 34 – "Interim Financial Reporting" and do not include all the information required in the context of the preparation of the annual financial statements.

The accounting policies described in this note were applied in a consistent way in all the periods presented in the financioal 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, in the period of six months ended 30 June 2010, 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 2010. The following alterations were relevant to CGD Group:

- IFRS 3 (Amendment) – "Business combinations" and IAS 27 – "Consolidated and separate financial statements" – The revision of the text of these standards introduces changes to the measurement and recording of goodwill arising from business combinations both at the inception and in considering the effect of events subsequent to that date on the fair value of the acquired entity and the accounting procedures of acquisitions. This standard also defines the accounting treatment to be adopted in recording transactions with shares of subsidiaries whether or not control is maintained. The adoption of the revised standards is mandatory for 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 to the inflation risk component as well as the use of purchased options in fair value hedge operations. The adoption of this standard is mandatory for financial years starting on or after 1 July 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 or associate in terms of the restructuring of a group with changes at the parent company level. The adoption of the revised standards is mandatory for financial years starting on or after 1 July 2009.

- IFRIC 17 – “Distributions of non-cash assets to owners” – This interpretation is meant to clarify the accounting treatment associated with the distribution of non-cash assets to owners. The adoption of this standard is mandatory for the financial years starting on or after 1 July 2009.

- IFRS 2 (Amendment) – “Share-based Payment” – The revised version of this standard clarifies the procedure to be adopted by a subsidiary in its separate financial statements as to share-based transactions when the payment is made by the parent company or by any other group company in which it is included. The adoption of this revised standard is mandatory for the financial years starting on or after 1 January 2010.

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 30 June 2010:

- 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 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 financial years starting on or after 1 January 2011.

- IFRIC 19 – “Extinguishing financial liabilities with 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 financial years starting on or after 1 July 2010

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 financial statements:

- 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 representing 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;

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. Designation as at fair value through profit or loss 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 fair value through profit or loss 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 financial years starting on or after 1 January 2013.

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 30 June 2010 and 31 December 2009, 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, equity instruments issued and liabilities incurred or assumed in exchange for obtaining control over the entity acquired. The costs of acquisition directly attributable to the the operation are recognised as charges on the date of acquisition (for acquisitions between 1 January 2004 and 31 December 2009 these costs were added to the cost of acquisition). 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.

The acquisition of minority interests after obtaining control over the subsidiary is recorded as a shareholders' operation. Therefore, no additional goodwill is recorded. The difference between the value of minority interests and the respective cost of acquisition on the date of the operation is directly recognised as a charge to reserves. Similarly, the impacts resulting from the sale of minority interests not implying loss of control over the subsidiary are also recognised in reserves. Gains or losses from the sale of minority interests which involve changes in control over the subsidiary, are recognised by the Group as a charge to net income on the date of the operation.

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 30 June 2010 and 31 December 2009 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 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. Accordingly, reclassifications made up to 1 November 2008 had as reference date 1 July 2008. Reclassifications made after this date had impact on the different categories of financial instruments from the reference date in which they occurred.

Information on reclassifications carried out under the terms of the referred to amendment is presented in Note 8.

Fair value

As mentioned above, financial assets recorded as at fair value through profit or loss and available-for-sale financial assets are measured at fair value.

Fair value corresponds to the amount for which a financial asset can be sold or a financial liability settled between independent, knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets is determined by a Department of Caixa which is independent of the trading function, based on:

- The closing price at the balance sheet date, for instruments traded on active markets;
- Valuation methods and techniques used to determine the fair value of debt instruments not traded on active markets (including unlisted securities or securities with low liquidity), include:
  - Bid prices published by financial information services such as Bloomberg and Reuters, including market prices available on recent transactions;
  - Reference bid prices obtained from financial institutions operating as market-makers;
  - Internal valuation models that incorporate market data that would be used in setting the price of the financial instrument, reflecting market interest rates and volatility, as well as the liquidity and credit risk of the instrument.
- Unlisted equity instruments relating to venture capital operations are valued on the following basis:
  - Prices of significant transactions between independent entities over the last six months;
  - Multiples of comparable companies in terms of business sector, size and profitability;
  - Discounted cash flows, using discount rates appropriate to the risk of assets held.

The calculation of fair value incorporates discount factors to reflect the securities' lack of liquidity. In addition, if there is a right or contractual obligation to sell an asset, it will be valued at an amount between that resulting from the above mentioned valuation methods and the present value of the selling price of the asset, adjusted where applicable to reflect counterparty credit risk.

- Other unlisted equity instruments whose fair value cannot be reliably measured (e.g. no recent transactions) are measured at cost, less any impairment losses.

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 amortized 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 30 June 2010 and 31 December 2009 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 2010 and 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 period 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 above mentioned signs of impairment of assets recognised at amortised cost, IAS 39 provides for the following objective evidence of impairment of equity instruments:

- Information regarding significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuing entity operates, indicating that the cost of the investment may not be fully recovered;
- A significant or prolonged decline in fair value below cost.

The Group performs impairment 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.

Repossessed goods will be written off upon their sale with corresponding gains or losses 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

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 92 of the Corporate Income Tax Code and Double Taxation Agreements entered into by Portugal.

Under article 33 of the Statute of Tax Benefits, the offshore subsidiaries of CGD and Caixa - Banco de Investimento, S.A. in the Autonomous Region of Madeira benefit from IRC exemption up to 31 December 2011. For the purposes of applying this exemption, 85% of the taxable income of the entity’s global activity is considered to result from operations outside the institutional scope of the Madeira Free Trade Area.

Income tax of foreign subsidiaries is calculated and recorded based on the regulations in force in the respective countries.

Current tax is calculated based on taxable income for the year, which differs from accounting income owing to adjustments to taxable income resulting from costs or income that are not considered for income tax purposes or that will be considered in future accounting periods.

Some of the most significant tax aspects for the Group activity in Portugal are stated bellow in detail.

Adjustments to the net income for the year

- *Income earned by non-resident entities benefiting from a more favourable tax regime*

  Under Article 66 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 the six month period ended 30 June 2010 and 2009, both Caixa and the other Group entities subject to the supervision of the Bank of Portugal considered the following rules:

  - Dispositions of article 37 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 (not referring to credits collateralized by real rights on property) 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 35 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 the course of the first half 2010 and in 2009 as a charge to equity in the non-consolidated accounts relating to the recognition of one-eighth 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 payrolll.

Therefore, considering that CGD's tax deductible costs in the first half 2010 and in 2009, 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 92 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 92;
- 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 six month period ended 30 June 2010 and in 2009 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 is not recognised in the following situations:

- Temporary differences arising from goodwill;
- Temporary differences arising from the initial recognition of assets and liabilities on transactions which do not affect accounting income or taxable income;

- Taxable tax differences relating to undistributed profits of subsidiaries and associates, to the extent that the Group is able to control their reversal and it is not likely to occur in the foreseeable future.

The main situations originating temporary differences in the CGD Group are provisions temporarily not tax deductible and employee benefits.

Deferred taxes are calculated at the tax rates expected to apply to the period in which the temporary differences reverse, based on tax rules that have been enacted or substantially enacted at the balance sheet date.

Income tax (current or deferred) is recorded in income statement for the year, except where the tax arises from transactions that have been recognised directly in equity (such as unrealised gains and losses on available-for-sale financial assets). In such cases the corresponding tax is also recognised as a charge to equity and does not affect income for the year.

2.14. Provisions and contingent liabilities

A provision is recorded whenever a present obligation (legal or constructive) exists as a result of a past event involving the probable future outflow of resources and this can be reliably determined. The amount of the provision comprises the best estimate of the amount to be paid to settle the liability as at the balance sheet date.

When the outflow of resources is not probable, a contingent liability exists. Contingent liabilities need only be disclosed, unless the probability of their payment is remote.

Provisions for other risks are to cover:

- The liability for guarantees provided and other off-balance sheet commitments determined based on a risk analysis of operations and the respective customers;
- Legal, tax and other contingencies resulting from the Group's activity.

2.15. Employee benefits

Liabilities for employee benefits are recognised in accordance with IAS 19 – Employee Benefits. The principal benefits granted by Caixa include retirement and survivor pensions, healthcare and other long term benefits

Liability for pensions and healthcare

The CGD Group has several pension plans, including defined benefit plans and, in some cases, defined contribution plans. Caixa, Companhia de Seguros Fidelidade – Mundial, S.A. (Fidelidade-Mundial) and Império – Bonança, Companhia de Seguros, S.A. (Império-Bonança) are responsible for the payment of retirement, disability and survivor pensions to their employees. 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 appropriate. 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 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.

<u>Determination of impairment on loans and other amounts receivable</u>

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 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	30-06-2010 Equity (a)	30-06-2010 Net income	31-12-2009 Equity (a)	31-12-2009 Net income
Holding Companies						
Bandeirantes, SGPS, S.A.	Madeira	100.00%	10	(1)	11	(4)
Caixa - Gestão de Activos, SGPS, S.A.	Lisbon	100.00%	29 192	14 025	24 695	10 587
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	31 852	920	39 205	8 709
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	100.00%	5 980	45	25 835	(1 722)
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00%	1 001 989	53 047	988 942	23 885
Caixaweb, SGPS, S.A. (in liquidation)	Lisbon	100.00%	7 410	26	5 976	713
Gerbanca, SGPS, S.A.	Lisbon	100.00%	84 432	21 037	10 598	20 998
Parbanca, SGPS, S.A.	Madeira	100.00%	2 405	978	1 312	148
Parcaixa SGPS, S.A.	Lisbon	51.00%	1 000 653	7 835	1 015 636	14 088
Banking						
Banco Caixa Geral, S.A. (b)	Vigo	99.75%	429 047	572	417 565	(1 548)
Banco Comercial do Atlântico, S.A.R.L.	Praia	59.33%	30 407	5 100	29 150	3 530
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.00%	63 193	10 138	55 434	18 365
Banco Nacional de Investimentos, S.A.	Maputo	50.01%	410 366	-	-	-
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	183 653	1 490	50 117	13
Banco Interatlântico, S.A.R.L.	Praia	70.00%	12 773	(420)	10 070	1 239
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	226 103	17 968	199 445	27 203
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.71%	266 725	25 176	258 573	45 607
Caixa Geral de Depósitos - Subsidiária Offshore de Macau	Macau	100.00%	23 965	(999)	20 899	(332)
CGD - North America	Delaware	100.00%	1	-	1	-
CGD - Representação de Bancos, S.A.	São Paulo	99.86%	-	-	479	-
Mercantile Lisbon Bank Holdings, Ltd. (b)	Johannesburg	91.75%	159 080	5 583	134 755	13 880
Insurance						
Cares - Companhia de Seguros, S.A.	Lisbon	100.00%	14 237	2 402	14 295	3 248
Companhia de Seguros Fidelidade - Mundial S.A.	Lisbon	100.00%	831 452	24 337	954 033	25 498
Companhia Portuguesa de Resseguros, S.A.	Lisbon	88.00%	17 882	(41)	18 487	635
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	Praia	65.36%	6 316	768	6 057	873
Império - Bonança - Companhia de Seguros, S.A.	Lisbon	100.00%	204 893	(1 457)	210 177	(6 364)
Multicare - Seguros de Saúde, S.A.	Lisbon	100.00%	28 212	1 902	26 994	470
Via Directa - Companhia de Seguros, S.A.	Lisbon	100.00%	28 361	(1 667)	30 084	156
Specialised Credit						
Caixa Leasing e Factoring - Instituição Financeira de Crédito, S.A.	Lisbon	51.00%	129 331	(2 036)	131 210	4 807
CREDIP - Instituição Financeira de Crédito, S.A.	Lisbon	80.00%	11 290	246	11 044	425
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	26 800	746	32 688	1 595
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	4 285	598	6 141	879
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00%	3 745	1 596	7 252	3 604
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	52.72%	3 407	76	3 312	52
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	100.00%	30 084	1 992	28 092	3 346
Property						
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00%	889	131	967	388
Caixa-Imobiiário S.A.	Lisbon	100.00%	(298)	(343)	49	(1)
Fidelidade Mundial - SGII, S.A.	Lisbon	100.00%	38 846	965	21 361	1 363
Inmobiliaria Caixa Geral SL	Madrid	99.75%	(9 573)	(3 432)	(6 141)	(6 147)
Other Financial Entities						
CGD Finance	Cayman	100.00%	5 541	469	5 065	4 844
Caixa Geral Finance (c)	Cayman	0.00%	604 386	4 385	614 447	14 446

(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.

Activity / Entity	Head office	% Effective participating interest	30-06-2010 Equity (a)	30-06-2010 Net income	31-12-2009 Equity (a)	31-12-2009 Net income
Other Companies						
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00%	1 784	18	1 765	9
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00%	(396)	92	(506)	(170)
Culturgest - Gestão de Espaços Culturais, S.A.	Lisbon	100.00%	(4 173)	(2)	(4 171)	2
Cares RH - Companhia de Assistência e Representação de Seguros, S.A.	Lisbon	100.00%	586	146	1 130	24
Cares Multiassitance, S.A.	Lisbon	51.00%	1 206	628	928	591
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	Lisbon	100.00%	266	200	97	33
EPS - Gestão de Sistemas de Saúde, S.A.	Lisbon	100.00%	616	15	682	(15)
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	100.00%	1 752	(324)	2 121	1 435
Cetra - Centro Técnico de Reparação Automóvel, S.A.	Lisbon	100.00%	4 157	118	4 039	130
GEP - Gestão de Peritagens Automóveis, S.A.	Lisbon	100.00%	272	158	131	32
HPP - Hospitais Privados de Portugal, SGPS, S.A.	Lisbon	100.00%	25 238	(1 287)	26 321	(2 954)
HPP International Ireland, Ltd.	Dublin	100.00%	30 945	(5)	30 951	(19)
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100.00%	(15 401)	(6)	(15 396)	(21 105)
Wolfpart, SGPS, S.A.	Lisbon	100.00%	8 187	281	7 909	6 242
Mesquita ETVIA - Construção de Vias de Comunicação, S.A.	Lisbon	99.98%	(1 979)	373	-	-
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%	33 092	504	51 293	4 397
Fundo Nostrum Mortgage 2003-1	Lisbon	100.00%	504 892	(200)	529 968	46
Nostrum Mortgages PLC	Dublin	100.00%	2 838	365	2 472	(5 691)
Nostrum Consumer Finance PLC	Dublin	100.00%	348	(275)	623	(793)
Intermoney Banking Cx Geral Resid MBS1	Madrid	99.75%	-	-	-	-
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	99.98%	345 673	2 630	335 784	5 342
Fundo de Capital de Risco - Energias Renováveis - Caixa Capital	Lisbon	90.74%	50 661	(4 360)	52 993	1 460
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	24 683	(71)	24 856	(144)
Fundo de Capital de Risco Caixa Mezzanine - Caixa Capital	Lisbon	100.00%	99 515	(211)	99 727	(273)
Fundo de investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	Lisbon	99.15%	30 597	619	30 159	201
Fundo Invest. Imobil. Fechado Imocentro	Lisbon	100.00%	5 158	(66)	5 224	316
Caixagest Estratégia Dinâmica	Lisbon	54.54%	64 573	(848)	66 808	(1 329)
Fundo Esp. Inv. Aberto Estrat. Alternat.	Lisbon	72.85%	30 346	(336)	31 445	(2 355)
Fundo Esp. Inv. Aberto Caixa Fundo Capitalização	Lisbon	-	-	-	16 655	562
Caixagest Renda Mensal - Fundo de Investimento Mobiliário Aberto de Obrigações de Taxa Variável	Lisbon	68.46%	216 821	4 590	260 169	(14 306)
Fundo de Investimento Imobiliário para Arrendamento Habitacional	Lisbon	100.00%	49 966	6	-	-
Fundo de Investimento Imobiliário Fechado Saudeinvest	Lisbon	81.94%	85 760	422	85 338	2 150
Fundo de Investimento Imobiliário Fechado Bonança 1	Lisbon	100.00%	15 298	217	15 081	(122)
Companies Recorded by the Proportional Method						
Esegur - Empresa de Segurança, S.A.	Lisbon	50.00%	10 573	1 333	11 040	1 541
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	Lisbon	50.00%	(2 690)	(3 148)	3 559	1 337
Partang, SGPS, S.A.	Lisbon	50.00%	76 185	41	87 483	(2)
Banco Caixa Geral Totta Angola, S.A.	Luanda	25.50%	188 653	17 222	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.

Principal movements in group's subsidiaries in the six month period ended 30 June 2010 and in 2009 were as follows:

Banco Caixa Geral, S.A.

The Shareholders' General Meeting of May 2010 decided a share capital increase of Banco Caixa Geral from EUR 442 792 thousand to EUR 462 792 thousand, through the issue of 3 327 787 new shares with nominal value of EUR 6.01 each. The share capital increase was fully subscribed and paid up by Caixa Geral de Depósitos.

Banco Caixa Geral Brasil

The Shareholders' General Meeting of January 2010, decided the share capital increase of this company from BRL 123 000 thousand to BRL 400 000 thousand, through the issue of 743 170 new shares with nominal value of BRL 372.73, fully subscribed by Caixa. This share capital increase was made in two instalments of BRL138 500 each, in January and July 2010.

Banco Nacional de Investimento, S.A.

Banco Nacional de Investimento, S.A. was incorporated on 14 June 2010, by public deed signed between the Republic of Mozambique through Direcção Nacional de Tesouro (Treasury), Caixa Geral de Depósitos, S.A. and Banco Comercial e de Investimentos, S.A.R.L. with the purpose of operating in the investment banking area. Its share capital is MZN 17 145 000 thousand, represented by the same number of shares with a nominal value of MZN 1 each, fully subscribed and partly paid up in cash by all shareholders, for the amount of MZN 70 000 thousand as follows:

thousand Meticais

	Subscribed capital	Participating interest %	Paid up capital
Direcção Nacional de Tesouro (Treasury) of Rep. Mozambique	8 486 775	49.5%	34 650
Caixa Geral de Depósitos, S.A.	8 486 775	49.5%	34 650
Banco Comercial e de Investimentos, S.A.R.L.	171 450	1.0%	700
	17 145 000	100.0%	70 000

HPP - Hospitais Privados de Portugal, SGPS, S.A.

Caixa Geral de Depósitos acquired in 2007, through Caixa Seguros e Saúde, SGPS, SA (Caixa Seguros e Saúde), a 10% participating interest in the biggest health private agent in the Iberian space - USP Hospitales Group. The investment of Caixa Seguros e Saúde in the USP Hospitales Group was made through the companies HPP International – Luxembourg, S.a.r.l and HPP International Ireland Limited. Within a joint venture agreement, USP Hospitales Group got a 25% participating interest in the share capital of HPP – Hospitais Privados de Portugal, SGPS, SA, the holding indirectly held by Caixa Seguros for the health area.

Under the terms of 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 an 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 of which EUR 16 294 thousand recognised in "Interest on available for sale financial assets" heading. (Note 30) and EUR 6 806 thousand in "Other operating income" heading.

Partang, SGPS, S.A. (Partang) and Banco Caixa Geral Totta de Angola, S.A (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, S.A. (BTA), and after obtaining the necessary authorizations from the competent Angolan and Portuguese authorities, Partang, SGPS, S.A. 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, S.A decided to increase the company's share capital by EUR 10 942 thousand through the issue 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, S.A., 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 30 June 2010 and 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.

Subsequent events

In July 2010, Caixa made a call option over 1% of capital and voting rights of Partang. The cost of the operation amounted to USD 2 381 597. As a result of this operation, Caixa increased its participation in Partang to 51%.

Banco Comercial do Atlântico, S.A.R.L. (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, S.A.R.L..

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, S.A. (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

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 30 June 2010 and 31 December 2009, of the total amount subscribed EUR 100 000 thousand and EUR 84 000 thousand, respectively, had been paid up by Caixa.

As a result of this operation, Caixa's equity participation in the fund is 99.9%.

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 30 June 2010 and 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 30 June 2010 and 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, S.A. Its purpose is to acquire property for resale, property promotion and lease.

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.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This heading comprises the following:

	30-06-2010	31-12-2009
Cash	620 408	644 408
Demand deposits in central banks		
Principal	1 035 676	1 281 209
Accrued interest	408	644
	1 656 492	1 926 260

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 30 June 2010 and 31 December 2009, 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:

	30-06-2010	31-12-2009
Cheques for collection		
Portugal	389 307	429 482
Abroad	13 654	13 825
	402 961	443 307
Demand deposits		
Portugal	209 888	369 804
Abroad	533 281	421 943
	743 169	791 747
Accrued interest	1 385	3 148
	1 147 515	1 238 202

“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:

	30-06-2010	31-12-2009
Interbank Money Market	395 865	1 472 041
Term deposits		
Portugal	167 124	353 816
Abroad	498 404	1 590 351
Loans		
Portugal	4 268 805	3 606 487
Abroad	371 470	742 406
Other applications		
Portugal	29 853	64 838
Abroad	446 057	665 878
Purchase operations with repurchase agreement	8 407	-
	6 185 985	8 495 817
Adjustments to assets under hedging operations	(16 021)	35
Accrued interest	30 718	18 687
Deferred income	(1 860)	(1 763)
	6 198 822	8 512 777
Impairment (Note 35)	(171 783)	(159 563)
	6 027 038	8 353 214

On 30 June 2010 and 31 December 2009, the heading “Loans - Portugal” comprises EUR 4 000 000 thousand and EUR 3 000 000 thousand respectively relative to commercial paper issues made by BPN and which are guaranteed by the Portuguese State. The funding, under the Commercial Paper Programme was to repay Caixa the former credit and liquidity support operations to this entity. In addition, on 30 June 2010 and 31 December 2009, the heading “Interbank Money Market” comprises EUR 357 486 thousand and 1 195 000 thousand of advances made to BPN.

Caixa recorded impairment of EUR 53 819 thousand at 30 June 2010 and 31 December 2009, for applications in banks based in Iceland. Impairment was also recorded on applications in a North-American bank which, on 30 June 2010 and 31 December 2009 amounted to EUR 73 344 thousand and EUR 62 474 thousand, respectively. There are other outstanding balances with this entity to which an impairment of EUR 39 557 thousand was recognised.

The changes in impairment of loans and advances to credit institutions in the half years ended 30 June 2010 and 2009 are presented in Note 35.

7. FINANCIAL ASSETS HELD FOR TRADING AND OTHER ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These headings comprise the following:

	30/06/2010			31/12/2009		
	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	344 006	-	344 006	113 179	-	113 179
. Treasury bills	176 741	-	176 741	561 137	-	561 137
. Bonds of other public issuers:						
Domestic	-	10 273	10 273	2 624	6 998	9 622
Foreign	804 760	20 432	825 192	694 197	18 524	712 721
- Issued by international financial organisations	-	-	-	20 895	-	20 895
- Other issuers:						
. Bonds and other securities:						
Issued by residents	103 785	63 928	167 713	331 347	62 290	393 637
Issued by non-residents	111 574	96 993	208 567	976 331	103 874	1 080 205
	1 540 867	191 626	1 732 493	2 699 710	191 686	2 891 396
Equity instruments						
Issued by residents	17 976	431 253	449 229	54 800	546 685	601 485
Issued by non-residents	62 342	-	62 342	24 929	-	24 929
	80 318	431 253	511 570	79 729	546 685	626 414
Other financial instruments						
- Trust fund units						
Issued by residents	57 135	385 462	442 597	45 176	401 940	447 116
Issued by non-residents	53 437	219 704	273 141	42 988	-	42 988
	110 573	605 165	715 738	88 164	401 940	490 104
Loans and receivables	-	2 137	2 137	-	7 008	7 008
Derivatives with positive fair value (Note 10)						
- Swaps	2 295 824	-	2 295 824	1 582 816	-	1 582 816
- Futures and other forward operations	30 266	-	30 266	25 664	-	25 664
- Options	380 894	-	380 894	472 946	-	472 946
- Caps and floors	133 413	-	133 413	108 624	-	108 624
- Other	2 702	-	2 702	4 601	-	4 601
	2 843 099	-	2 843 099	2 194 651	-	2 194 651
	4 574 857	1 230 181	5 805 038	5 062 253	1 147 319	6 209 573

Financial assets held for trading and other financial assets at fair value through profit or loss at 30 June 2010, include participating units in unit trust and property funds managed by Group entities, in the amounts EUR 189 648 thousand and EUR 79 866 thousand, respectively (EUR 191 684 thousand and EUR 78 958 thousand, respectively on 31 December 2009).

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 19).

On 30 June 2010 and 31 December 2009, the heading “Financial assets at fair value through profit or loss – equity instruments”, includes EUR 297 685 thousand and 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 30 June 2010 and 31 December 2009 was recorded in the heading “Options – Shares and indexes” (Note 10).

On 30 June 2010 and 31 December 2009, the “Financial assets at fair value through profit or loss – Equity instruments” heading, includes EUR 58 305 thousand and EUR 57 309 thousand relative to and equity participation of 19.4% in Sumol + Compal, S.A. (Note 13).

In the first half 2010 Caixa transferred to the available-for-sale financial assets' portfolio a group of securities recorded as financial assets held for trading under the terms of IAS 39. Detailed information on the securities included in the referred to transfer are presented in Note 8.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This heading comprises the following:

	30-06-2010	31-12-2009
Debt instruments		
- Public debt	2 635 072	211 555
- Other public issuers	2 647 572	2 500 874
- International financial organisations	383 037	182 979
- Other issuers	12 117 316	11 441 964
	17 782 996	14 337 371
Equity instruments		
- Measured at fair value	2 429 716	2 713 959
- Measured at historical cost	197 966	201 809
	2 627 682	2 915 767
Other instruments	1 542 134	2 033 046
	21 952 813	19 286 185
Impairment (Note 35)		
- Equity instruments	(346 448)	(318 040)
- Debt instruments	(51 097)	(62 064)
- Other instruments	(62 930)	(54 929)
	(460 475)	(435 033)
	21 492 337	18 851 152

The balance net of impairment at June 2010, includes participating units in unit trust and property funds managed by Group entities recorded in the available-for-sale financial assets' portfolio in the amounts of EUR 738 009 thousand and EUR 138 538 thousand, respectively (EUR 1 099 810 thousand and EUR 159 361 thousand, respectively at 31 December 2009).

The "Debt instruments" heading at 31 December 2009, includes securities relative to the issue of covered bonds in the amount EUR 342 934 (Note 19).

On 30 June 2010 and 31 December 2009, impairment of debt instruments includes EUR 19 721 thousand and EUR 26 706 thousand, respectively, relative to bonds issued by banks based in the Republic of Iceland. It also includes impairment of EUR 7 788 thousand and EUR 8 516 thousand, respectively, to cover estimated losses in debt instruments issued by a North-American bank.

On 30 June 2010 and 31 December 2009, impairment of "Other instruments" includes EUR 41 477 thousand and EUR 39 056 thousand, respectively 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:

30/06/2010	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, S.A.	494 171	11 593	-	505 763	(4 300)	501 464	(206 992)	5.49
Portugal Telecom, S.A.	450 487	78 413	-	528 900	-	528 900	(6 713)	7.33
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	308 243	18 845	-	327 088	(213 286)	113 802	-	11.75
Banco Comercial Português, S.A.	85 516	13 811	-	99 327	(23 341)	75 985	(12 574)	2.75
Galp Energia, SGPS, S.A.	188 620	4	-	188 623	-	188 623	(1 521)	1.59
Redes Energéticas Nacionais, SGPS, S.A.	15 611	-	-	15 611	-	15 611	6 818	1.19
Instituto da Habitação e da Reabilitação Urbana, I.P.	82 942	-	-	82 942	-	82 942	(4 012)	52.49
Brisa - Auto-Estradas de Portugal, S.A.	44 775	1 861	-	46 636	-	46 636	(18 961)	1.67
La Seda Barcelona, S.A.	45 304	-	-	45 304	(40 774)	4 530	(1 695)	7.23
SICAR NovEnergia II	-	-	44 770	44 770	-	44 770	9 770	14.90
Finpro, SGPS, S.A.	-	-	41 763	41 763	-	41 763	17 946	17.16
EDP Renováveis, S.A.	7	4 787	18 469	23 263	(4 842)	18 422	(1)	0.47
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	23 814	23 814	-	23 814	2 514	23.90
Foreign entities' shares	4 186	346 667	5 270	356 123	(37 157)	318 966	(60 287)	
Other instruments with characteristics of equity	40 355	-	-	40 355	-	40 355	(1)	
Other	47	15 358	44 029	59 435	(15 781)	43 654	9 499	
	1 760 263	491 338	178 115	2 429 716	(339 480)	2 090 236	(266 210)	
Measured at historical cost								
Águas de Portugal, S.A.	153 003	-	-	153 003	-	153 003	-	9.69
VAA - Vista Alegre Atlantis, S.A.	1 178	-	-	1 178	(1 178)	-	-	5.02
Other	39 161	67	4 556	43 784	(5 790)	37 994	-	
	193 343	67	4 556	197 966	(6 968)	190 998	-	
	1 953 606	491 405	182 671	2 627 682	(346 448)	2 281 234	(266 210)	

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, S.A.	629 492	9 309	-	638 801	-	638 801	(74 119)	5.44
Portugal Telecom, S.A.	469 211	81 882	-	551 093	-	551 093	15 235	7.30
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	408 758	20 367	-	429 125	(240 504)	188 621	25 094	14.07
Banco Comercial Português, S.A.	85 516	18 870	-	104 385	(778)	103 607	(7 517)	2.72
Galp Energia, SGPS, S.A.	184 098	-	-	184 098	-	184 098	(4 902)	1.57
Redes Energéticas Nacionais, SGPS, S.A.	17 606	11	-	17 617	-	17 617	8 814	1.14
Instituto da Habitação e da Reabilitação Urbana, I.P.	82 941	-	-	82 941	-	82 941	(4 012)	52.49
Brisa - Auto-Estradas de Portugal, S.A.	64 620	2 655	-	67 275	-	67 275	1 678	1.65
La Seda Barcelona, S.A.	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, S.A.	-	-	38 733	38 733	-	38 733	14 916	17.16
EDP Renováveis, S.A.	9	4 058	14 612	18 679	-	18 679	(3 509)	0.35
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	21 300	21 300	-	21 300	-	23.90
Martifer, SGPS, S.A.	-	-	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, S.A.	153 003	-	-	153 003	-	153 003	-	9.69
VAA - Vista Alegre Atlantis, S.A.	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)	

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 half years ended 30 June 2010 and 2009 comprises the following (Note 35):

	30-06-2010	30-06-2009
Banco Comercial Português, S.A.	22 563	30 305
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A	20 649	-
Equity instruments - Insurance	37 471	88 987
Other	4 521	238
	85 204	119 530

In the six month period ended on 30 June 2010 and in 2009, the changes in the main equity instruments recorded as "available-for-sale financial assets" were as follows:

Unicre – Instituição Financeira de Crédito, S.A.

During the first half 2010, Caixa sold to Banco Comercial Português 352 023 shares of Unicre – Instituição Financeira de Crédito, S.A., representing 17.6% of the company's share capital, for a total amount of EUR 22 881 thousand. As a result, the Group recorded a capital gain of EUR 21 816 thousand (Note 30).

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.

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, S.A. (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.

In February 2010 and after confirmation of the suspension foreseen in the agreement signed up in December 2009, Caixa sold to Kento Holding Limited 7 727 420 shares of ZON. As a result, the Group recorded a capital gain of EUR 11 881 thousand (Note 30).

EDP – Energias de Portugal, S.A. (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.

Banco Comercial Português, S.A. (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 result, the Group recorded a capital gain of EUR 30 545 thousand.

Galp Energia, SGPS, S.A. (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.

EDP Renováveis, S.A. (EDP Renováveis)

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.

VAA – Vista Alegre Atlantis, SGPS, S.A. (VAA)

On 6 March 2009, Caixa signed with Cerutil – Cerâmicas Utilitárias, S.A., 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.

REN – Redes Energéticas Nacionais, S.A. (REN)

In December 2009, CGD sold to Parpública – Participações Públicas, SGPS, S.A. 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, as a result of this operation.

Reclassification of securities

In 2008 and during the first half 2010, Caixa transferred a group of securities from the "Financial assets held for trading" category to "Available-for-sale financial assets" category under the terms of the amendment to IAS 39 approved in October 2008, as described in further detail in Note 2.7., owing to the exceptional circumstances experienced in the financial markets in the refered to periods.

The reclassifications made by Caixa resulting from the instability and volatility experienced by the evolution of the financial markets, notably in 2010 regarding the evolution of credit markets, highly affected by the funding of sovereign debt of Eurozone countries, determined the change of Caixa's perspectives relating to the sale of these assets and therefore, Caixa no longer had the expectation to sell these securities in the short term. The transfer of securities occurred in the first half 2010, mainly comprised sovereign debt instruments, securities issued by government agencies and other credit instruments issued by financial institutions directly affected by the turmoil in the Eurozone public debt markets.

Also during the first half 2010 Caixa reclassified securities from the "Available-for-sale financial assets" category to "Loans and advances to customers" category.

The impact of the reclassification of those securities on net income for the year and on fair value reserves is as follows:

	Available-for-sale financial assets	Loans and adv. to customers
Securities reclassified in 2008		
Book value at reclassification date	1 001 797	n.a
Book value at 31-12-2008	873 101	n.a
Book value at 31-12-2009	560 350	n.a
Book value at 30-06-2010	382 299	n.a
Fair value of securities reclassified at 30-06-2010	382 299	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2008 and 31-12-2009		
. Unrealised capital gains (net) recognised as a charge to fair value reserves	6 315	n.a.
. Impairment for the period	(6 673)	n.a.
. Other gains and losses recognised as a charge to net income	(60 758)	n.a.
Gains / (losses) associated with the change of the fair value of securities between 31-12-2009 and 30-06-2010		
. Unrealised capital gains (net) recognised as a charge to fair value reserves	18 162	n.a.
. Other gains and losses recognised as a charge to net income	8 377	n.a.
Securities reclassified in 2010		
Book value at reclassification date	1 414 007	503 466
Book value at 30-06-2010	1 213 147	504 064
Fair value of securities reclassified at 30-06-2010	1 213 147	505 821
Gains / (losses) associated with the change of the fair value of securities between reclassification date and 30-06-2010		
. Unrealised capital losses (net) recognised as a charge to fair value reserves	(23 377)	n.a.

n.a - not applicable

The values presented do not reflect tax effect.

“Other gains / (losses) recognised as charge to net income” 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 30 June 2010 and 31 December 2009 comprise the following:

	30/06/2010	31/12/2009
Unit- linked investments:		
- Debt instruments	733 193	748 651
- Equity instruments	30 297	28 461
- Other	40	28
Derivatives		
- Positive fair value	5 259	4 335
Loans and advances to credit institutions	76 566	86 492
	845 355	867 967
Liability to subscribers of unit-linked products	845 321	867 967

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 30 June 2010 and 31 December 2009 these operations were valued in accordance with the criteria explained in Note 2.7. c). The notional and book values of these operations on the above mentioned dates were as follows:

	30-06-2010							
	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				28 661	(8 103)	-	-	20 558
Purchase	354 244	-	354 244					
Sale	304 027	-	304 027					
NDF's (non deliverable forward)				830	(40)	-	-	791
Purchase	13 564	-	13 564					
Sale	14 868	-	14 868					
FRA (forward rate agreements)	-	-	-	-	-	-	-	-
Swaps								
Currency swaps				31 015	(2 508)	-	-	28 508
Purchase	764 042	-	764 042					
Sale	733 610	-	733 610					
Interest rate swaps and cross currency interest rate swaps				2 257 486	(1 493 575)	155 409	(174 229)	745 091
Purchase	74 932 177	2 283 820	77 215 997					
Sale	74 862 411	2 141 985	77 004 395					
Loan swaps				7 323	(43 853)	-	-	(36 530)
Purchase	1 006 540	-	1 006 540					
Sale	1 006 540	-	1 006 540					
Futures								
Currency	72 819	-	72 819	-	(365)	-	-	(365)
Interest rate	4 526 320	-	4 526 320	78	-	-	-	78
Shares and indexes	45 083	-	45 083	159	-	-	-	159
Other	150 748	-	150 748	537	-	-	-	537
Options								
Currency				6 770	(6 952)	-	-	(181)
Purchase	17 155	-	17 155					
Sale	17 130	-	17 130					
Shares and indexes				374 123	(388 310)	-	-	(14 186)
Purchase	100 000	-	100 000					
Sale	-	-	-					
Interest rates (Caps & Floors)				133 413	(129 285)	-	-	4 128
Purchase	1 055 247	-	1 055 247					
Sale	1 077 876	-	1 077 876					
Other				2 702	-	-	-	2 702
Purchase	-	-	-					
Sale	-	-	-					
Other	-	-	-	-	(9 333)	-	-	(9 333)
	161 054 399	4 425 805	165 480 205	2 843 099	(2 082 323)	155 409	(174 229)	741 957

	31-12-2009							
	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 (non 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 e 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	246 865	-	246 865	-	-	-	-	-
Interest rate	1 401 857	-	1 401 857	-	-	-	-	-
Shares and indexes	9 280	18	9 298	19	-	-	-	19
Other	59 243	-	59 243	417	-	-	-	417
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

11. LOANS AND ADVANCES TO CUSTOMERS

This heading comprises the following:

	30-06-2010	31-12-2009
Domestic and foreign loans		
Loans	56 790 450	55 139 878
Current account loans	4 423 241	4 420 718
Other	8 921 602	8 421 546
Other loans and amounts receivable - securitised		
. Commercial Paper	2 852 099	2 780 203
. Other	1 524 786	1 272 089
Property leasing operations	1 723 873	1 665 652
Discounts and other loans secured by bills	1 052 149	683 709
Purchase operations with repurchased agreement	132 540	5 948
Equipment leasing operations	1 336 563	1 309 278
Loans taken – factoring	576 257	660 233
Overdrafts	509 077	694 467
	79 842 636	77 053 721
Adjustment to assets under hedging operations	3 128	1 579
Accrued interest	312 840	304 481
Deferred income, commissions and other cost and income associated with amortised cost	(13 000)	(15 786)
	80 145 604	77 343 994
Overdue loans and interest	2 471 383	2 283 239
	82 616 987	79 627 233
Impairment (Note 35)	(2 598 929)	(2 405 224)
	80 018 058	77 222 008

The “Domestic and foreign – other loans” heading at 30 June 2010 and 31 December 2009 includes EUR 82 524 thousand and EUR 79 685 thousand, respectively, relating to mortgage and personal loans granted by CGD to its employees.

In the first half 2010, Caixa reclassified bonds recognised in “Available-for-sale financial assets” to “Loans and advances to customers” category. At 30 June 2010 the book value of these assets was EUR 504 064 thousand.

The heading “Loans” at 30 June 2010 and 31 December 2009 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 the half years ended 31 June 2010 and 2009 were as follows:

	Nostrum Mortgages	Nostrum Consumer	Total
Balances at 31.12.2008	581 204	105 043	686 247
Payments	(25 463)	(25 492)	(50 955)
Write-offs	-	(6 149)	(6 149)
Other	(119)	(1 533)	(1 652)
Balances at 30.06.2009	555 622	71 869	627 491
Balances at 31.12.2009	528 523	47 124	575 647
Payments	(25 866)	(17 283)	(43 149)
Write-offs	-	(496)	(496)
Other	(344)	(582)	(925)
Balances at 30.06.2010	502 314	28 764	531 077

These loans serve as collateral for the securities issued by the SPEs in these operations, which amounted to EUR 533 618 thousand and EUR 580 742 thousand, respectively, at 30 June 2010 and 31 December 2009 (Note 19).

The heading “Loans” at 30 June 2010 and 31 December 2009 includes mortgage loans given as collateral in the issue of covered bonds with a book value of EUR 9 125 185 thousand and EUR 6 542 786 thousand, respectively. 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 (Notes 7 and 8).

Also at 31 June 2010, the heading “Loans” included EUR 1 385 871 thousand of loans allocated to the issue of public sector covered bonds (EUR 1 485 274 at 31 December 2009) (Note 19).

At 30 June 2010 and 31 December 2009, the aging of “Overdue loans and interest” was as follows:

	30-06-2010	31-12-2009
Up to three months	328 263	318 086
Three to six months	112 963	92 351
Six months to one year	222 032	297 705
One to three years	917 580	761 833
Over three years	890 544	813 264
	2 471 383	2 283 239

Loans and advances to customers at 30 June 2010 and 31 December 2009, except adjustments to the value of assets under hedging operations, by business sector are made up as follows:

	30-06-2010								
	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	7	-	7	527 440	24 248	551 688	527 447	24 248	551 694
Mining industries	-	-	-	576 335	2 544	578 879	576 335	2 544	578 879
Manufacturing industries									
Food, beverages and tobacco	1	25	25	921 513	71 514	993 027	921 514	71 538	993 052
Textiles	-	-	-	404 257	26 326	430 583	404 257	26 326	430 583
Leather and by-products	-	-	-	54 965	2 877	57 842	54 965	2 877	57 842
Wood and cork	-	-	-	377 379	19 476	396 855	377 379	19 476	396 855
Pulp, paper, printing and publishing	22	-	22	193 904	10 106	204 009	193 925	10 106	204 031
Coal, oil products and nuclear fuel	-	-	-	227 039	11	227 050	227 039	11	227 050
Chemical products and synthetic or artificial fibres	-	-	-	274 399	6 830	281 228	274 399	6 830	281 228
Rubber and plastic goods	-	-	-	157 643	3 445	161 087	157 643	3 445	161 087
Non-metallic mineral products	-	-	-	286 553	16 752	303 305	286 553	16 752	303 305
Basic metallurgy industries and metallic products	4	-	4	613 492	64 205	677 697	613 496	64 205	677 701
Machinery and equipment	-	-	-	131 878	8 519	140 396	131 878	8 519	140 396
Electrical and optical equipment	-	-	-	167 564	2 734	170 298	167 564	2 734	170 298
Transport equipment	-	-	-	214 363	10 533	224 896	214 363	10 533	224 896
Miscellaneous manufacturing industries	-	-	-	202 511	33 020	235 532	202 511	33 020	235 532
Electricity, water and gas	2 623	-	2 623	2 013 001	6 611	2 019 612	2 015 624	6 611	2 022 236
Building	26 845	-	26 845	5 790 014	417 335	6 207 349	5 816 859	417 335	6 234 194
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	214	-	214	4 133 070	168 913	4 301 984	4 133 285	168 913	4 302 198
Restaurants and hotels	428	-	428	1 352 356	45 468	1 397 824	1 352 784	45 468	1 398 252
Transports, warehousing and communications	509	-	509	2 268 463	22 669	2 291 133	2 268 972	22 669	2 291 641
Financial activities and Insurance	2	2	4	8 659 017	55 726	8 714 742	8 659 018	55 728	8 714 747
Real estate activities, consulting and other services provided to companies									
Real estate activities	1 483	-	1 483	3 888 486	193 532	4 082 018	3 889 969	193 532	4 083 502
Other activities	7 087	7	7 094	1 487 386	39 295	1 526 681	1 494 473	39 302	1 533 775
Public administration, defence and mandatory social security contributions	3 002 282	99 906	3 102 188	401 764	938	402 702	3 404 047	100 844	3 504 890
Education	5 171	-	5 171	199 154	2 344	201 498	204 325	2 344	206 668
Healthcare and welfare	15 718	1	15 719	569 324	21 283	590 607	585 042	21 284	606 326
Other activities and social and personal services	47 429	1 711	49 140	1 595 970	45 860	1 641 830	1 643 399	47 572	1 690 971
Families with domestic employees	-	-	-	259	75	333	259	75	333
International entities and other institutions	11	-	11	1 059	33	1 092	1 070	33	1 103
	3 109 835	101 652	3 211 488	37 690 557	1 323 220	39 013 777	40 800 392	1 424 872	42 225 264
Individual									
Housing			-	36 792 567	899 573	37 692 139	36 792 567	899 573	37 692 139
Other			-	2 549 516	146 938	2 696 454	2 549 516	146 938	2 696 454
	-	-	-	39 342 082	1 046 511	40 388 593	39 342 082	1 046 511	40 388 593
	3 109 835	101 652	3 211 488	77 032 639	2 369 731	79 402 370	80 142 474	2 471 383	82 613 858

	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	-	3	3	496 415	32 626	529 041	496 415	32 629	529 044
Mining industries	-	-	-	556 452	2 516	558 968	556 452	2 516	558 968
Manufacturing industries									
Food, beverages and tobacco	25	-	25	908 735	51 236	959 972	908 761	51 236	959 997
Textiles	-	-	-	393 157	23 525	416 683	393 157	23 525	416 683
Leather and by-products	-	-	-	51 636	3 045	54 681	51 636	3 045	54 681
Wood and cork	-	-	-	235 753	19 165	254 918	235 753	19 165	254 918
Pulp, paper, printing and publishing	-	-	-	178 887	7 687	186 574	178 887	7 687	186 574
Coal, oil products and nuclear fuel	-	-	-	134 010	12	134 021	134 010	12	134 021
Chemical products and synthetic or artificial fibres	-	-	-	282 449	7 426	289 875	282 449	7 426	289 875
Rubber and plastic goods	-	-	-	163 089	3 071	166 159	163 089	3 071	166 159
Non-metallic mineral products	-	-	-	301 158	14 306	315 464	301 158	14 306	315 464
Basic metallurgy industries and metallic products	8	-	8	594 901	23 648	618 548	594 909	23 648	618 556
Machinery and equipment	-	-	-	85 426	6 836	92 262	85 426	6 836	92 262
Electrical and optical equipment	-	-	-	146 476	678	147 155	146 476	678	147 155
Transport equipment	-	-	-	206 210	9 400	215 610	206 210	9 400	215 610
Miscellaneous manufacturing industries	-	-	-	176 490	25 303	201 793	176 490	25 303	201 793
Electricity, water and gas	405	-	405	1 756 735	7 052	1 763 788	1 757 141	7 052	1 764 193
Building	10 544	-	10 544	6 471 931	313 141	6 785 071	6 482 475	313 141	6 795 616
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	89	-	89	3 866 892	154 284	4 021 176	3 866 981	154 284	4 021 265
Restaurants and hotels	-	-	-	1 265 066	40 750	1 305 815	1 265 066	40 750	1 305 815
Transports, warehousing and communications	-	-	-	2 263 821	19 740	2 283 561	2 263 821	19 740	2 283 561
Financial activities and Insurance	-	-	-	7 259 666	27 388	7 287 054	7 259 666	27 388	7 287 054
Real estate activities, consulting and other services provided to companies									
Real estate activities	-	-	-	3 508 862	174 156	3 683 018	3 508 862	174 156	3 683 018
Other activities	100	-	100	1 715 746	79 078	1 794 825	1 715 847	79 078	1 794 925
Public administration, defence and mandatory social security contributions	2 908 348	97 872	3 006 219	378 211	717	378 928	3 286 559	98 588	3 385 147
Education	294	0	294	195 938	1 926	197 864	196 232	1 926	198 158
Healthcare and welfare	10 423	28	10 451	516 177	26 734	542 911	526 600	26 762	553 362
Other activities and social and personal services	35 853	-	35 853	1 616 286	66 849	1 683 135	1 652 139	66 849	1 718 988
Families with domestic employees	-	-	-	4 488	1 221	5 708	4 488	1 221	5 708
International entities and other institutions	3	-	3	1 767	-	1 767	1 770	-	1 770
	2 966 094	97 903	3 063 996	35 732 831	1 143 515	36 876 346	38 698 924	1 241 418	39 940 342
Individual									
Housing	-	-	-	36 211 992	894 092	37 106 084	36 211 992	894 092	37 106 084
Other	-	-	-	2 431 499	147 729	2 579 228	2 431 499	147 729	2 579 228
	-	-	-	38 643 491	1 041 821	39 685 312	38 643 491	1 041 821	39 685 312
	2 966 094	97 903	3 063 996	74 376 322	2 185 336	76 561 658	77 342 415	2 283 239	79 625 654

12. NON-CURRENT ASSETS HELD FOR SALE

At 30 June 2010 and 31 December 2009, this heading comprised the following:

	30-06-2010	31-12-2009
Property and equipment	456 546	409 502
Impairment (Note 35)	(66 501)	(59 825)
	390 046	349 678

As explained in Note 2.8, the Group records in this heading, property and other assets obtained in the recovery of credit.

13. INVESTMENTS IN ASSOCIATES

This heading includes the following:

	30-06-2010		31-12-2009	
	Effective participating interest (%)	Net book value	Effective participating interest (%)	Net book value
SIBS - Sociedade Interbancária de Serviços, S.A.	21.60	13 972	21.60	13 384
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	2 830	27.00	2 732
Prado - Cartolinas da Lousã, S.A.	38.15	4 268	38.15	4 157
Companhia de Papel do Prado, S.A.	38.15	1 300	38.15	1 301
Torre Ocidente, Imobiliária, S.A.	25.00	950	25.00	197
Other		1 900		4 401
		25 219		26 172

Financial data of the principal associated companies at 30 June 2010 and 31 December 2009 is as follows:

		30-06-2010 (*)				
Business sector / Entity	Registered office	Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	53 425	42 954	10 471	535	3 005
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	25 391	21 591	3 800	1 656	2 349
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	390 291	413 204	(22 913)	(9 708)	14 336
Other						
Companhia de Papel do Prado, S.A.	Tomar	4 329	922	3 407	(2)	-
Prado - Cartolinas da Lousã, S.A.	Lousã	23 225	12 036	11 189	1 285	13 002
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	126 751	62 064	64 486	5 491	68 418

(a) Equity includes net income for the year and excludes minority interest.
(*) Provisional financial data from financial statements of the referred to entities

Business sector / Entity	Registered office	31-12-2009 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, S.A.	Lisbon	11 876	11 089	787	149	265
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	399 458	410 218	(10 760)	(13 072)	47 619
Other						
Companhia de Papel do Prado, S.A.	Tomar	4 326	916	3 410	(4)	1
Prado - Cartolinas da Lousã, S.A.	Lousã	20 556	9 658	10 898	2 764	21 106
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	136 488	74 522	61 966	12 551	142 120

(a) Equity includes net income for the year and excludes minority interest.

The main entries in the “investments in associates” heading in 2009 were as follows:

Torre Oriente, Imobiliária, SA

In December 2009, Wolfpart sold its 25% equity participation in Torre Oriente, Imobiliária, S.A. for EUR 8 147 thousand. As a result of this operation, the Group recorded a capital gain of EUR 5 406 thousand.

Prado Karton – Companhia de Cartão, S.A. (Prado Karton) e Companhia de Papel do Prado, S.A.

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.

Sumol+Compal, S.A, ex- Compal – Companhia Produtora de Conservas Alimentares, S.A. (“Compal”)

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”. At 30 June 2010 and 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)

14. INCOME TAX

Income tax assets and liabilities at 30 June 2010 and 31 December 2009 were as:

	30-06-2010	31-12-2009
Current tax assets		
Income tax recoverable	112 633	116 134
Other	12 069	11 752
	124 702	127 886
Current tax liabilities		
Income tax payable	(19 982)	(37 593)
Other	(17 017)	(21 390)
	(36 999)	(58 982)
Deferred tax assets	1 024 937	950 601
Deferred tax liabilities	(119 851)	(169 804)
	905 086	780 797

Changes in deferred tax in 30 June 2010 and 2009 were as follows:

	30-06-2010					
		Change in		Transfer		
	Balance at 31.12.2009	Equity	Profit or loss	to current tax	Other	Balance at 30.06.2010
Impairment and adjustments to property and tangible and intangible assets	48 340	-	4 769	-	5 236	58 345
Provisions and impairment temporarily not tax deductible	437 586	-	63 510	(1 396)	10 667	510 366
Measurement of derivatives	739	-	(119)	-	(49)	571
Measurement of available-for-sale assets	107 736	65 884	-	-	(3 764)	169 856
Measurement of securities	26 477	-	(6 197)	-	1 266	21 546
Tax loss carry forward	20 655	-	2 855	-	8 117	31 626
Employee benefits	116 497	-	466	-	97	117 060
Commissions	45 062	-	(21 479)	-	(415)	23 169
Legal revaluation of other tangible assets	(6 669)	-	(473)	-	94	(7 047)
Pluriannual costs	2 984	-	(921)	-	-	2 063
Other	(18 610)	-	5 077	-	(8 937)	(22 470)
	780 797	65 884	47 488	(1 396)	12 313	905 086

	30-06-2009					
		Change in		Transfer		
	Balance at 31.12.2008	Equity	Profit or loss	to current tax	Other	Balance at 30.06.2009
Impairment and adjustments to property and tangible and intangible assets	48 684	-	3 042	-	(767)	50 959
Provisions and impairment temporarily not tax deductible	505 121	-	(62 732)	(1 395)	(4 375)	436 619
Measurement of derivatives	822	-	87	-	(4)	905
Measurement of available-for-sale assets	252 400	10 140	(2 299)	-	(14 835)	245 406
Measurement of securities	42 188	-	(6 866)	-	(558)	34 765
Tax loss carry forward	18 164	-	18 134	-	2 256	38 554
Employee benefits	120 312	-	(1 109)	-	(1 987)	117 216
Commissions	43 491	-	6 215	-	-	49 706
Legal revaluation of other tangible assets	(7 230)	-	421	-	-	(6 809)
Pluriannual costs	4 365	-	(956)	-	-	3 409
Other	(25 815)	-	1 507	-	1 262	(23 045)
	1 002 502	10 140	(44 554)	(1 395)	(19 007)	947 686

Income tax for period, as well as the tax burden measured by the ratio of income tax to pre-tax income, are as follows:

	30-06-2010	30-06-2009
Current tax		
For the year	47 012	110 695
Prior year adjustments (net)	15 707	(103 994)
	62 719	6 701
Deferred tax	(47 488)	44 554
	15 231	51 255
Consolidated income before tax and minority interest	137 233	298 644
Tax charge	11.10%	17.16%

In the six month period ended 30 June 2010 and 2009, the “Prior year adjustments” heading comprises the following:

	30-06-2010	30-06-2009
Insufficiency of tax estimate for 2009	4 119	-
Adjustments to taxable income (2005, 2006, 2007 and 2008)	11 588	(7 857)
Excess of tax estimate for 2008	-	(96 295)
Other	-	158
	15 707	(103 994)

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 the half years ended 30 June 2010 and 2009 is as follows:

	30-06-2010		30-06-2009	
	Rate	Tax	Rate	Tax
Income before income tax		137 233		298 644
Tax at the nominal rate	28.77%	39 482	26.30%	78 543
Madeira Offshore Financial Branch (Note 2.13)	(4.16%)	(5 716)	(0.05%)	(158)
Investments recorded in accordance with the equity method	0.02%	26	(0.02%)	(52)
Impact of companies with tax rates different from the nominal rate in Portugal	2.82%	3 873	0.47%	1 391
Definitive differences to be deducted:				
Dividends from available-for-sale equity instruments	(19.94%)	(27 358)	(7.08%)	(21 152)
Tax exempted capital gains	(6.34%)	(8 706)	(9.82%)	(29 324)
Impairment on available-for-sale financial assets net of write-offs	9.23%	12 662	5.71%	17 057
Definitive difference to be added / (deducted):	(0.85%)	(1 171)	0.06%	179
Deduction of tax losses not offset by deferred tax	(0.39%)	(529)	(0.54%)	(1 598)
Autonomous taxation	1.71%	2 344	0.35%	1 053
Change in nominal tax - derrama (State surcharge)	(26.40%)	(36 232)	0.00%	-
Other	17.13%	23 511	3.23%	9 654
	1.59%	2 187	18.61%	55 592
Tax adjustments relative to prior years				
Adjustment to taxable income from previous years	8.75%	12 015	(2.63%)	(7 857)
Insufficiency / (excess) of tax estimate relative to 2009 and 2008, net of deferred tax	1.01%	1 382	1.13%	3 362
Other	(0.26%)	(353)	0.05%	158
	9.50%	13 044	(1.45%)	(4 337)
	11.10%	15 231	17.16%	51 255

In the six month period ended 30 June 2010, CGD’s nominal tax rate considering the municipal surcharge (derrama) applicable to its operations was 28.77% (26.30% at 30 June 2009). The setting up of CGD’s nominal tax rate for the first half 2010 reflects the amendment under the terms of Law 12-A/2010, of 30 June (law that approves a number of additional measures for the budget consolidation in the scope of the Stability and Growth Programme), of article 87-A no. 1 of CIRC, which determines the application of an additional tax rate of 2.5% on the part of the taxable income higher than EUR 2 000 subject to IRC (State surcharge). As a result, at 30 June 2010, deferred tax income includes a gain of EUR 36 232 thousand in the scope of the update of the nominal tax rate on the deferred tax assets and liabilities.

The tax authorities may normally review the tax situation during a defined period, which in Portugal is four years. This review can result in possible corrections to taxable income of prior years (2006 to 2009 in the case of companies based in Portugal. 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

15. TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

At 30 June 2010 and 31 December 2009, this heading is made up as follows:

	30-06-2010	31-12-2009
Life insurance:		
Mathematical provision	5 336	5 266
Provision for claims:		
Reported claims	16 693	15 402
Unreported claims (IBNR)	3 082	3 618
	19 775	19 020
Total life insurance	25 111	24 286
Non-life insurance:		
Provision for unearned premiums	55 970	41 936
Provision for claims:		
Reported claims	198 602	176 661
Unreported claims (IBNR)	9 699	12 263
	208 301	188 924
Total non-life insurance	264 271	230 860
Subtotal Caixa Seguros e Saúde	289 382	255 146
Other	3 804	3 233
Total	293 186	258 379

16. OTHER ASSETS

This heading comprises the following:

	30-06-2010	31-12-2009
Other assets		
Debt certificates of the Territory of Macau	284 088	227 856
Other	55 030	28 230
Debtors and other applications		
Premiums receivable - Insurance	136 385	114 648
Other debtors	948 389	617 559
Central and local government	9 785	7 859
Shareholders' loans	135 274	130 392
Debtors - futures contracts	21 238	42 245
Amount receivable from the sale of REN (Note 8)	-	64 561
Grants receivable from		
The State	39 121	39 938
Other entities	11 787	12 815
Amount receivable from the sale of assets received as settlement of defaulting loans	310	321
Other	329 834	637 360
Liability for pensions and other benefits		
Excess coverage of liabilities		
Caixa Seguros e Saúde	-	1 419
Insufficient coverage of liabilities		
Caixa Seguros e Saúde	(9 993)	-
Other	(298)	(352)
Actuarial gains and losses:		
CGD	284 186	287 198
Caixa Seguros e Saúde	28 572	18 798
Other	3 119	7 701
Income receivable	53 523	53 688
Deferred costs		
Rent	6 352	6 020
Other	39 606	34 252
Deferred income	(7 628)	(3 168)
Asset operations pending settlement	359 130	269 702
Stock exchange operations	2 539	25 127
	2 730 351	2 624 171
Impairment (Note 35)	(148 511)	(144 429)
	2 581 841	2 479 742

The changes in impairment of debtors and other applications in the half years ended 30 June 2010 and 2009 are presented in Note 35.

On 31 December 2009 the amounts receivable for the sale of REN result from the sale from CGD to Parpública of an equity participation in this company, as referred to in detail in Note 8.

On 30 June 2010 and 31 December 2009, the “Debtors and other applications – other debtors” heading includes EUR 381 797 thousand and EUR 308 430 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 30 June 2010 and 31 December 2009 amounted to EUR 284 088 thousand and EUR 227 856 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 30 June 2010 and 31 December 2009 shareholders’ loans granted were made up as follows:

	30-06-2010	31-12-2009
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	55 000	55 000
Sagesecur - Estudo, Desenvolvimento e Participações em Projectos, S.A.	26 263	27 242
Other	54 011	48 150
	135 274	130 392

At 30 June 2010 and 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:

- Sharelders’ 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. This operation matures on 1 April 2011 and bears interest at a 3 month Euribor rate. Interest is paid quarterly at the end of period on 1 January, 1 April, 1 July and 1 October each year.

On 30 June 2010 and 31 December 2009, 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, at the date of its incorporation. During the first half 2010 Sagesecur amortised the shareholders’ loan for the amount EUR 979 thousand.

17. RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This heading comprises the following:

	30-06-2010	31-12-2009
Resources of central banks		
Deposits and other resources		
Of domestic credit institutions	544	501
Of foreign credit institutions	1 095 605	36 795
Loans		
Of foreign credit institutions	8 985 225	2 500 000
Sales operations with repurchase agreement	14 794	2 406
Other resources	5 653	3 664
Accrued interest	27 973	8 334
	10 129 794	2 551 699
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	643 466	225 749
Of foreign credit institutions	2 058 318	3 318 862
Interbank Money Market resources	209 131	115 930
Very short term resources		
Of domestic credit institutions	317 912	26 491
Of foreign credit institutions	380 455	52 669
Loans		
Of domestic credit institutions	122 503	122 503
Of foreign credit institutions	138 538	52 062
Resources of international financial entities	63 733	23 943
Sales operations with repurchase agreement	1 747	-
Adjustments to liabilities under hedging operations	(2 818)	(18 929)
Accrued interest	5 021	8 125
Charges with deferred cost	(550)	(469)
	3 937 456	3 926 934
	14 067 250	6 478 633

At 30 June 2010 and 31 December 2009, the “Resources of central banks – loans of foreign credit institutions” heading referers to loans from the European Central Bank which are granted by debt securities and commercial paper issues of the Group’s portfolio.

18. CUSTOMER RESOURCES

This heading comprises the following:

	30-06-2010	31-12-2009
Savings deposits	5 705 179	5 752 686
Other debts		
Repayable on demand	19 476 378	18 646 723
Term		
Deposits	31 770 885	32 577 160
Fixed rate products - insurance	6 385 103	5 919 675
Mandatory deposits	550 381	581 210
Other resources:		
Cheques and orders payable	108 788	196 277
Loans	304 252	307 894
Sales operations with repurchase agreement	27 374	10 237
Other	68 069	57 128
	39 214 852	39 649 580
Accrued interest	179 297	206 797
Deferred costs net of deferred income	(11 775)	(19 393)
Adjustments to liabilities under hedging operations	39 330	31 566
Commissions associated with amortised cost (deferred)	(7 396)	(12 274)
	199 457	206 695
	64 595 866	64 255 685

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.

19. DEBT SECURITIES

This heading comprises the following:

	30-06-2010	31-12-2009
Bonds issued:		
Bonds issued under the EMTN Programme		
. Remuneration indexed to interest rates	1 982 712	3 603 944
. Fixed interest rate	3 540 403	3 570 609
. Remuneration indexed to shares/indexes	1 051 914	1 491 957
. Remuneration indexed to exchange rates	830 833	435 445
	7 405 862	9 101 955
Covered bonds	7 023 528	6 015 350
Public sector covered bonds	995 000	1 000 000
Other cash bonds		
. Remuneration indexed to interest rates	86 156	256 493
. Remuneration indexed to shares/indexes	11 890	5 026
. Fixed interest rate	1 224 591	1 319 881
	16 747 027	17 698 705
Other:		
Issues under the Euro Commercial Paper		
and Certificates of Deposit Programme	2 102 719	3 232 118
. Commercial Paper	498 974	2 600 220
. Certificates of Deposit	2 601 693	5 832 339
Issues under the US Commercial Paper Programme	24 447	1 162 710
. Commercial Paper	6	7
Other certificates of deposit		
Securities issued under securitisation operations (Note 11):	500 842	529 176
. Mortgage loans	32 776	51 566
. Consumer credit	3 159 764	7 575 798
Adjustments to liabilities under hedging operations	28 648	(167 052)
Deferred costs net of income	(91 315)	(111 441)
Accrued interest	260 200	186 302
	20 104 324	25 182 313

On 30 June 2010 and 31 December 2009 the heading “Bonds issued – other cash bonds – fixed interest rate” includes EUR 1 185 200 thousand and EUR 1 189 500 thousand, respectively, 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 the following specific programmes:

(i) Euro Commercial Paper and Certificates of Deposit (ECP e CCP)

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 30 June 2010 and 31 December 2009, debt securities issued under the Euro Commercial Paper and Certificates of Deposit programm were in the following foreign currencies:

	30-06-2010	31-12-2009
Euros	2 310 875	3 341 207
US dollars	187 022	2 157 407
Pounds sterling	91 749	276 433
Swiss francs	12 046	57 293
	2 601 693	5 832 339

(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 30 June 2010 and 31 December 2009 the nominal value of covered bonds issued by Caixa was EUR 8 045 000 thousand and EUR 6 045 000 thousand, respectively with the following characteristics:

Designation	Nominal 30.06.2010	Nominal 31.12.2009	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30.06.2010	Interest rate at 31.12.2009
Hipotecárias Series 1 2006/2016 1st tranche	2 000 000	2 000 000	06/12/2006	06/12/2016	Annually, on 6 December	Fixed rate	3.875%	3.875%
Hipotecárias Series 2 2007/2015	900 000	900 000	30/03/2007	30/09/2015	Half yearly, on 30 March and 30 September	6 month Euribor rate + 0.04%	0.95%	1.06%
Hipotecárias Series 3 2007/2012	2 000 000	2 000 000	28/06/2007	28/06/2012	Annually, on 28 June	Fixed rate	4.625%	4.625%
Hipotecárias Series 4 2007/2022	250 000	250 000	28/06/2007	28/06/2022	Quarterly, on 28 March, June, September and December	3 month Euribor rate + 0.05%	0.79%	1.05%
Hipotecárias Series 5 2007/2015	200 000	200 000	20/12/2007	20/12/2015	Half yearly, on 20 June and 20 December	6 month Euribor rate + 0.10%	1.01%	1.20%
Hipotecárias Series 6 2008/2016	200 000	200 000	27/02/2008	29/02/2016	Half yearly, on 27 February and 27 August	6 month Euribor rate + 0.16%	0.96%	1.26%
Hipotecárias Series 7 2008/2016	150 000	150 000	31/03/2008	15/03/2016	Quarterly, on 15 March, June, September and December	3 month Euribor rate - 0.012%	0.72%	0.72%
Hipotecárias Series 1 2006/2016 2nd tranche	150 000	150 000	09/09/2008	06/12/2016	Annually, on 6 December	Fixed rate	3.875%	3.875%
Hipotecárias Series 8 2008/2038	20 000	20 000	01/10/2008	01/10/2038	Annually, on 1 October	Fixed rate	5.38%	5.38%
Hipotecárias Serie 9 15/09/2016	175 000	175 000	08/10/2009	15/09/2016	Half yearly, on 27 August and 27 February	6 month Euribor rate + 0.575%	0.96%	1.51%
	6 045 000	6 045 000						
Hipotecárias Series 10 2010/2013	1 000 000	-	27/01/2010	27/06/2020	Annually, on 27 January	Fixed rate	4.250%	-
Hipotecárias Series 11 2010/2013 (*)	1 000 000	-	14/06/2010	27/06/2013	Quarterly, on 14 March, June, September and December	3 month Euribor rate+0.6%	1.32%	-
	8 045 000	6 045 000						

(*) Issue reacquired by CGD for EUR 1 000 622

The cover pool which backs the issues comprise mortgage loans originated in Portugal. At 30 June 2010 and 31 December 2009 their book value was EUR 9 125 185 thousand and EUR 6 542 786 thousand (Note 11), respectively. At 30 June 2010 the autonomous assets related to covered bonds comprised credit granted through the subscription of commercial paper whose book value at those dates was EUR 273 784 thousand (Note 11).

At 31 December 2009, the cover pool related to the issue of covered bonds comprised debt securities whose book value at that date 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 bondholders 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 30 June 2010 and 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 1 385 871 thousand and EUR 1 485 274 at 30 June 2010 and 31 December 2009 (Note 11) respectively. Moody's and Fitch awarded the public sector bonds an AAA rating.

At 30 June 2010 and 31 December 2009 the bonds issued, by type of remuneration and residual term to maturity, were as follows :

	30-06-2010						
	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	206 017	148 349	870 566	1 224 932	-	134 347	1 359 279
One to five years	455 271	530 987	4 164 606	5 150 864	4 000 000	441 218	9 592 082
Five to ten years	92 423	47 271	303 710	443 403	2 753 528	-	3 196 931
Over ten years	298 203	104 227	184 233	586 663	270 000	1 742 072	2 598 735
	1 051 914	830 833	5 523 115	7 405 862	7 023 528	2 317 637	16 747 027

	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

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.

The following issues and payments of debts securities took place in the half years ended 30 June 2010 and 2009:

	30-06-2010					
	Balance at 31.12.2009	Issues	Payments	Exchange differences	Other	Balance at 30.06.2010
Bonds issued under the EMTN programme	9 101 955	721 850	(2 415 527)	(2 416)	-	7 405 862
Covered bonds	6 015 350	2 000 000	-	-	(991 822)	7 023 528
Public sector bonds	1 000 000	-	-	-	(5 000)	995 000
Other cash bonds	1 581 400	-	(258 763)	-	-	1 322 637
Commercial paper issued under the ECP and CCP programme	4 394 828	4 417 460	(6 696 069)	10 947	-	2 127 166
Certificates of Deposit	2 600 227	-	(2 101 247)	-	-	498 980
Securities issued under securitisation operations (Note 11)	580 742	-	(47 124)	-	-	533 618
	25 274 503	7 139 310	(11 518 730)	8 531	(996 822)	19 906 792

	30-06-2009					
	Balance at 31.12.2008	Issues	Payments	Exchange differences	Other	Balance at 30.06.2009
Bonds issued under the EMTN programme	5 614 127	3 408 800	(657 242)	(15 390)	(115 928)	8 234 367
Covered bonds	5 784 586	-	-	-	-	5 784 586
Other cash bonds	1 857 675	-	(145 899)	-	11 763	1 723 539
Commercial paper issued under the ECP and CCP programme	4 423 297	4 276 156	(4 929 382)	(214)	-	3 769 857
Certificates of Deposit	1 870 004	6 025 999	(3 780 292)	-	-	4 115 711
Securities issued under securitisation operations	694 586	-	(55 570)	-	-	639 016
	20 244 275	13 710 955	(9 568 385)	(15 604)	(104 165)	24 267 076

20. CONTINGENT LIABILITIES AND COMMITMENTS

Provisions

The changes in the provisions for employee benefits and provisions for other risks at 30 June 2010 and 2009 were as follows:

	30-06-2010						
	Balances at 31.12.2009	Additions	Reversals	Write-offs	Exchange differences	Other	Balances at 30.06.2010
Provision for employee benefits	556 971	2 981	(6)	(11 932)	792	10 315	559 121
Provision for litigation	16 780	523	-	(61)	387	(808)	16 821
Provision for guarantees and other commitments	108 217	40 113	(16 067)	-	66	330	132 659
Provision for other risks and charges	114 412	13 766	(14 987)	(9 661)	329	(2 441)	101 418
	239 409	54 402	(31 054)	(9 722)	782	(2 919)	250 899
	796 380	57 383	(31 060)	(21 654)	1 574	7 396	810 019

	30-06-2009						
	Balances at 31.12.2008	Additions	Reversals	Write-offs	Exchange differences	Other	Balances at 30.06.2009
Provision for employee benefits (Note 37)	505 886	2 162	(169)	(10 726)	397	16 590	514 140
Provision for litigation	21 761	102	(34)	-	555	(8)	22 376
Provision for guarantees and other commitments	94 108	14 602	(4 933)	(166)	(8)	127	103 730
Provision for other risks and charges	120 304	65 774	(89 851)	(1 388)	18	41 729	136 586
	236 173	80 478	(94 818)	(1 554)	565	41 848	262 692
	742 059	82 640	(94 987)	(12 280)	962	58 438	776 832

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 e:

	30-06-2010	31-12-2009
Contingent liabilities		
Guarantees and sureties	4 887 237	4 078 428
Assets given as collateral	12 498 505	4 385 871
Stand by letters of credit	45 940	51 682
Open documentary credits	249 981	162 233
Acceptances and endorsements	1 362	1 186
Transactions with recourse	18	31
Other contingent liabilities	4 168	4 315
	17 687 212	8 683 746
Commitments		
Revocable commitments	14 586 567	14 935 936
Irrevocable lines of credit	3 332 243	3 038 369
Other irrevocable commitments	1 922 500	1 922 500
Securities subscribed for	2 478 452	2 523 025
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	153 207	153 207
Investors' indemnity system	9 271	9 601
Term operations	81 947	72 369
Forward deposit agreements		
Receivable	2 362 520	90 214
To be created	385 157	62 253
Other	38 071	99 470
	25 349 935	22 906 944
Deposit and custody of securities	76 939 949	48 546 951

Assets given as collateral are not available for free use by the Group and are recorded at nominal value. At 30 June 2010 the "Assets given as collateral" heading comprises the following:

• Assets given as collateral to the European Central Bank in the amount of EUR 9 119 288 thousand (31 December 2009: EUR 2 166 474 thousand);

• Assets given as collateral to the European Bank for Reconstruction and Development in the amount of EUR 1 374 852 thousand (31 December 2009: EUR 1 439 852 thousand);

• Assets given as collateral to the Bank of Portugal in the amount of EUR 602 781 thousand (31 December 2009: EUR 554 873 thousand);

• Assets given as collateral to the Deposit Guarantee Fund in the amount of EUR 179 750 thousand (31 December 2009: EUR 176 901 thousand).

At 30 June 2010 and 31 December 2009 assets given as collateral correspond to debt instruments classified in the trading and available-for-sale financial assets portfolios (Notes 7 and 8), except collateral given to the European Bank for Reconstruction and Development, in which assets include loans granted bt Caixa in the amount of EUR 692 500 thousand.

At 30 June 2010 and 31 December 2009, CGD gave securities with a market value of EUR 194 941 thousand and EUR 186 502 thousand, respectively, as collateral for term commitments relating to annual contributions to the Deposit Guarantee Fund and Investors' Indemnity System.

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, S.A. 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 30 June 2010 and 31 December 2009.

21. TECHNICAL PROVISION FOR INSURANCE CONTRACTS

At 30 June 2010 and 31 December 2009 this heading is made up as follows:

	30/06/2010							
	Life insurance			Non-life insurance				
	Insurance contracts	Investment contracts with profit sharing	Sub-total	Motor	Workman's compensation	Other	Sub-total	Total
Direct insurance and inwards reinsurance:								
Life insurance:								
Mathematical provision	249 611	3 424 662	3 674 273	-	-	-	-	3 674 273
Provision for profit sharing	27 017	23 457	50 474	-	-	-	-	50 474
Provision for claims:								
Reported claims	103 396	53 403	156 799	-	-	-	-	156 799
Unreported claims (IBNR)	18 552	464	19 016	-	-	-	-	19 016
Provision for unearned premiums	7 351	122	7 473	-	-	-	-	7 473
Other technical provisions								
Provision for commitments to rate	-	10 241	10 241	-	-	-	-	10 241
Portfolio stabilisation provision	13 112	-	13 112	-	-	-	-	13 112
Total life insurance	419 039	3 512 349	3 931 388	-	-	-	-	3 931 388
Non-life insurance:								
Provision for unearned premiums	-	-	-	142 095	14 525	172 137	328 757	328 757
Provision for claims:								
Reported claims	-	-	-	688 282	763 206	414 415	1 865 903	1 865 903
Unreported claims (IBNR)	-	-	-	25 500	29 580	58 183	113 263	113 263
	-	-	-	713 782	792 786	472 598	1 979 166	1 979 166
Provision for risks in progress	-	-	-	15 881	4 426	17 102	37 409	37 409
Other technical provisions								
Provision for profit sharing	-	-	-	-	-	290	290	290
	-	-	-	871 758	811 737	662 127	2 345 622	2 345 622
Other provisions	-	-	-	5 713	4 778	4 341	14 832	14 832
Total non-life insurance	-	-	-	877 471	816 515	666 468	2 360 454	2 360 454
Other								3 804
	419 039	3 512 349	3 931 388	877 471	816 515	666 468	2 360 454	6 295 646
Garantia								9 537
Total								6 305 184

	31/12/2009							
	Life insurance			Non-life insurance				
	Insurance contracts	Investment contracts with profit sharing	Sub-total	Motor	Workman's compensation	Other	Sub-total	Total
Direct insurance and inwards reinsurance:								
Life insurance:								
Mathematical provision	255 666	3 605 208	3 860 874	-	-	-	-	3 860 874
Provision for profit sharing	26 378	30 590	56 969	-	-	-	-	56 969
Provision for claims:								
Reported claims	92 539	57 792	150 331	-	-	-	-	150 331
Unreported claims (IBNR)	18 745	381	19 125	-	-	-	-	19 125
Provision for unearned premiums	5 099	110	5 209	-	-	-	-	5 209
Other technical provisions								
Provision for commitments to rate	-	9 522	9 522	-	-	-	-	9 522
Portfolio stabilisation provision	13 112	-	13 112	-	-	-	-	13 112
Total life insurance	411 539	3 703 604	4 115 142	-	-	-	-	4 115 143
Non-life insurance:								
Provision for unearned premiums	-	-	-	154 423	13 107	135 156	302 686	302 686
Provision for claims:								
Reported claims	-	-	-	700 683	767 302	368 702	1 836 687	1 836 687
Unreported claims (IBNR)	-	-	-	42 851	27 090	58 018	127 960	127 960
	-	-	-	743 534	794 393	426 720	1 964 647	1 964 647
Provision for risks in progress	-	-	-	15 837	3 723	11 832	31 392	31 392
Other technical provisions								
Provision for profit sharing	-	-	-	-	-	221	221	221
	-	-	-	913 794	811 223	573 929	2 298 947	2 298 947
Other provisions	-	-	-	-	-	-	-	15 942
Total non-life insurance	-	-	-	913 794	811 223	573 929	2 298 947	2 314 889
	411 539	3 703 604	4 115 142	913 794	811 223	573 929	2 298 947	6 430 032
Garantia								9 193
Total								6 439 225

22. OTHER SUBORDINATED LIABILITIES

This heading comprises the following:

	30-06-2010	31-12-2009
CGD Finance - € 10 000 000 Floating Rate Subordinated Notes due 2010	10 000	10 000
CGD Finance - € 200 000 000 Floating Rate Subordinated Notes due 2011	28 710	27 818
CGD Finance - € 110 000 000 Floating Rate Undated Subordinated Notes	81 596	80 611
CGD Finance - USD 265 000 000 Floating Rate Subordinated Notes due 2016	-	178 576
CGD (France Branch) - Euros 110 000 000 Floating Rate Undated Subordinated Notes	76 882	89 568
CGD (France Branch) - Euros 250 000 000 Floating Rate Subordinated Notes	210 454	245 400
CGD (France Branch) - Euros 21 000 000 Floating Rate Subordinated Notes	21 000	21 000
CGD (France Branch) - Euros 55 000 000 Fixed Rate Note Due 2017	55 000	55 000
CGD (France Branch) - Euros 40 000 000 Fixed Rate Note Due 2016 (5 issues)	200 000	200 000
CGD (France Branch) - Euros 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	137 880	112 646
Subordinated Cash Bonds - CGD 2009/2019 – Aniversário	538 552	538 552
Subordinated Cash Bonds - CGD 2007/2017 – 1st issue	393 594	393 486
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	104 891
Subordinated Cash Bonds - CGD 2006/2016	96 521	99 986
Subordinated Cash Bonds Fixed to Floater 27 Dec 2017	125 000	125 000
Subordinated Cash Bonds Floating Rate Notes Dec 2017	93 445	111 000
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”	40 748	34 708
Caixa Geral de Depósitos - Euros 100 000 000 5.980% 20 year lower tier	100 000	100 000
Subordinated loan Fundo de Pensões do Banco de Moçambique	4 787	4 530
Subordinated loan IFC	7 126	5 620
Subordinated loan BCI	3 105	2 449
Subordinated loan Banco Interatlântico	3 842	-
	2 973 773	3 181 481
Interest payable	24 629	25 854
Deferred expenses net of profits	(61 234)	(34 593)
Value adjustment of liabilities subject to hedging operations	(7 334)	28 855
	2 929 834	3 201 598

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 30.06.2010	Nominal interest rate at 31.12.2009	Early redemption clause
CGD Finance - €10 000 000 Floating Rate Subordinated Notes	10 000	27.07.2000	27.07.2010	Quarterly, on 27 January, April, July and October	3 month Euribor rate + 0.6%	1.18%	1.18%	N/A
CGD (France Branch) - € 110 000 000 Floating Rate Undated Subordinated Notes	28 710	03.12.2001	03.12.2011	Quarterly, on 3 March, June, September and December	3 month Euribor rate + 0.65%	2.03%	0.67%	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 - €110 000 000 Floating Rate Subordinated Notes	81 596	18.12.2002	Perpetual	Quarterly, on 18 March, June, September and December	3 month Euribor rate + 1.3%	2.03%	2.02%	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 - Euros 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%	1.80%	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) - € 110 000 000 Floating Rate Undated Subordinated Notes	76 882	18.12.2002	Perpetual	Quarterly on 18 March, June, September and December	3 month Euribor rate + 1.30%	2.02%	2.02%	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) - € 250 000 000 Floating Rate Subordinated Notes	210 454	27.04.2005	27.04.2015	Quarterly on 27 January, April, July and October	3 month Euribor rate + 0.25%	0.72%	0.98%	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) - € 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%	1.25%	1.43%	N/A
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2007. From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December	Fixed rate 15.5% (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) - € 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%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal will redeem the loan early
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2009. From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December	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) - € 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

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 30.06.2010	Nominal interest rate at 31.12.2009	Early redemption clause
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December. On 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) - € 2 000 000 Index Linked to Floating rate Note Due 2016 (5 issues of equal amount, global amount of € 10 000 000)	10 000	07.08.2006	08.08.2016	Quarterly on 8 February, May, August and November. On 11 August 2011 a remuneration indexed to the performance of a funds basket will be paid	3 month Euribor rate + 0.62%	1.30%	1.18%	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	137 880	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	12 month Euribor rate + 1.15%	2.40%	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	393 594	12.11.2007	13.11.2017	Yearly	12 month Euribor rate.	1.23%	1.23%	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%	6.00%	From 12 November 2011 onwards. If there is no early redemption after this date the applicable interest rate will be the 3 month Euribor rate + 0.70%
Subordinated cash bonds CGD 2008/2018 - 1st issue	369 045	03.11.2008	05.11.2018	Yearly	12 month Euribor rate + 0.125%	1.36%	1.36%	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%	-	-	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 uo to the redemption date, quarterly on 30 January, April, July and October	Fixed rate 21.5% (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 2010. From 30 July 2012 onwatds uo 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 uo 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

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 30.06.2010	Nominal interest rate at 31.12.2009	Early redemption clause
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 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%	1.26%	1.32%	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	96 521	28.12.2006	28.12.2016	Yearly	12 month Euribor rate	1.25%	1.25%	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 Dez 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 Dez 2017	93 445	17.12.2007	17.12.2017	Quarterly on 17 March, June, September and December	3 month Euribor rate + 1.08%	1.80%	1.80%	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%	1.82%	1.79%	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 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%	-	-	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%	-	-	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	40 748	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 - € 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

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 30.06.2010	Nominal interest rate at 31.12.2009	Early redemption clause
Subordinated loans BPI	3 105	30.07.2008	30.07.2018	Quarterly on 30 January, April, July and October	3 month Libor rate + 3.00%	3.59%	3.59%	Principal redemption term is 10 years. BCI will pay to CGD dthe entire amount of principal on 30 June 2018.
Subordinated loans IFC	7 126	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%	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	4 787	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%	11.94%	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
Subordinated Loans Banco Interatlântico - Cabo Verde	3 105	--	08.07.2018	Half yearly on 8 January and July	Fixed rate	6.00%	-	N/A

23. OTHER LIABILITIES

This heading comprises the following:

	30-06-2010	31-12-2009
Creditors		
Consigned resources	1 769 401	1 734 501
Suppliers of finance leasing assets	29 278	26 642
Other suppliers	78 313	99 682
Other resources	467 983	289 447
Other creditors:		
Creditors for direct insurance and reinsurance	192 950	312 927
Creditors for factoring ceded	33 554	34 168
Caixa Geral de Aposentações	161 494	3 315
Creditors for futures contracts	9 336	31 338
Creditors for operations on securities	20 827	748
Other	302 211	476 020
Other liabilities:		
Notes in circulation - Macau (Note 16)	283 022	238 320
Withholding taxes	56 039	53 418
Social Security contributions	20 518	11 645
Other taxes payable	19 167	15 536
Collections on behalf of third parties	1 018	17 511
Other	22 007	34 966
Accrued costs:		
Interest and similar costs	3 595	3 879
Staff costs		
Long service bonus - CGD	44 145	44 145
Other	147 249	166 062
General administrative costs	30 388	38 319
Other accrued costs	81 907	84 554
Deferred income	101 449	86 052
Liabilities pending settlement	421 982	392 586
Stock exchange operations	39 917	8 873
	4 337 754	4 204 654

At 30 June 2010 and 31 December 2009 the “Other resources” heading includes EUR 463 160 thousand and EUR 271 960 thousand, respectively, relating to deposits in CGD from several financial institutions in the scope of interest rates swaps contracts.

24. SHARE CAPITAL

At 30 June 2010 and 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 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.

The Shareholder's General Meeting held in April 2010 decided to distribute a dividend of EUR 0.19 per share out of net income for 2009 to the State, corresponding to a total of EUR 170 157 thousand. The remainder was transferred to the legal reserve (EUR 48 214 thousand), and EUR 22 699 thousand to cover the negative balance of retained earnings.

25. RESERVES, RETAINED EARNINGS AND NET INCOME FOR PERIOD

At 30 June 2010 and 31 December 2009, this heading comprises the following:

	30-06-2010	31-12-2009
Fair value reserve, net of deferred tax	(610 814)	(331 154)
Other reserves and retained earnings		
- Legal reserve - CGD	853 455	805 241
- Other reserves	971 271	838 730
- Retained earnings	(140 560)	(189 240)
	1 684 167	1 454 731
Net income attributable to the shareholder of CGD	105 283	278 899
	1 178 636	1 402 477

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 853 455 thousand at 30 June 2010 and 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 30 June 2010 and 31 December 2009, 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
	======

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:

	30/06/2010	30/06/2009
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	17 289	228 803
Spain Branch	(16 646)	(6 750)
Madeira Offshore Financial Branch	12 250	556
France Branch	11 055	2 367
London Branch	5 499	17 238
Cayman Branch	4 757	2 642
New York Branch	4 396	5 675
Timor Branch	890	2 036
Luxembourg Branch	203	195
Monaco Branch	(55)	(24)
Zhuhai Branch	(28)	6
	39 609	252 745
Contribution of subsidiaries to net income:		
Caixa Seguros e Saúde, SGPS, S.A. (a)	28 208	(78 362)
Caixa – Banco de Investimento, S.A. (a)	20 403	16 614
Banco Nacional Ultramarino, S.A. (Macau)	15 003	14 199
Caixagest Renda Mensal F. I. M.	(9 627)	-
Mercantile Bank Holdings, Ltd.	5 123	6 171
Banco Comercial e de Investimentos, S.A.R.L.	5 103	4 576
FCR Energias Renovaveis	(2 925)	954
Banco Caixa Geral, S.A. (a)	(2 901)	437
Partang, SGPS, S.A. (a)	2 840	-
Inmobiliaria Caixa Geral, SL	(2 765)	(125)
Banco Comercial do Atlântico, S.A.	2 208	1 686
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	1 596	2 315
Locarent	(1 574)	323
Banco Caixa Geral - Brasil, S.A.	1 490	(888)
Parbanca, SGPS (Mozambique)	(1 107)	(91)
Caixa Leasing e Factoring – IFIC, S.A.	(1 038)	(767)
Caixagest - Técnicas de Gestão de Fundos, S.A.	746	855
Esegur – Empresa de Segurança, S.A.	667	337
Parcaixa, SGPS, S.A.	637	4 167
CGD Pensões, S.A.	598	346
Other	2 894	2 031
	65 577	(25 221)
Contribution of associates to net income:		
Vale do Lobo - Resort Turístico Luxo SA	(2 330)	(1 489)
SIBS – Sociedade Interbancária de Serviços, S.A.	1 186	1 629
Other	1 241	(241)
	97	(100)
Consolidated net income attributable to the shareholder of CGD	105 283	227 423

(a) Data taken from the consolidated financial statements.

26. MINORITY INTEREST

Third party investments in subsidiary companies, by entity, are made up as follows:

	30-06-2010	31-12-2009
Caixa Geral Finance	563 647	572 188
Parcaixa, SGPS, S.A.	483 537	488 454
Banco Nacional de Investimentos (Mozambique)	203 131	-
Caixagest Renda Mensal	69 747	70 273
Partang, SGPS	46 220	-
Banco Comercial e de Investimentos, S.A.R.L.	31 163	27 172
Caixagest Estratégia Dinâmica	29 417	31 126
Fundo de Investimento Imobiliário Fechado Saudeinvest	15 491	15 117
Mercantile Bank Holdings, Ltd.	13 122	11 115
Banco Comercial do Atlântico, S.A.R.L.	11 690	8 885
Fundo Especial Investimento Aberto Caixagest Estratégias Alter	8 258	9 094
FCR Energias Renováveis - Caixa Capital	4 666	4 769
Banco Interatlântico, S.A.R.L.	3 771	2 711
Credip - IFIC, S.A.	2 258	2 209
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	1 401	1 163
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1 268	1 251
Banco Caixa Geral, S.A.	1 061	1 029
Other	1 465	7 817
	1 491 311	1 254 374

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 the first half 2010 and in 2009 the Group re-acquired preference shares issued by Caixa Geral Finance in the amount of EUR 8 541 thousand and EUR 27 812 thousand, respectively.

The proportion of consolidated net income attributable to minority shareholders for the half year ended 30 June 2010 and 2009 is as follows:

	30-06-2010	30-06-2009
Parcaixa, SGPS, S.A.	7 183	3 267
Banco Comercial e de Investimentos, S.A.R.L.	4 903	4 401
Caixagest Renda Mensal	(4 436)	-
Partang, SGPS	4 219	-
Caixa Geral Finance	3 934	9 184
Banco Comercial do Atlântico, S.A.R.L.	1 513	1 142
Other	(598)	1 971
	16 719	19 965

27. INTEREST AND SIMILAR INCOME AND COSTS

These headings are made up as follows:

	30-06-2010	30-06-2009
Interest and similar income		
Interest on loans and advances to domestic credit institutions	34 113	38 281
Interest on loans and advances to foreign credit institutions	7 490	31 748
Interest on domestic credit	782 566	1 459 196
Interest on foreign credit	118 370	151 670
Interest on overdue credit	22 788	26 983
Interest on financial assets held for trade		
- Derivatives	751 169	939 528
- Securities	40 343	29 348
Interest on financial assets at fair value through profit or loss	3 218	8 469
Interest on available-for-sale financial assets	173 958	136 155
Interest on hedging derivatives	68 481	70 880
Interest on debtors and other applications	7 000	9 693
Interest on cash equivalents	10 651	12 201
Interest on loans and other amounts receivable	42 551	57 614
Other interest and similar income	8 577	1 786
Commissions received relating to amortised cost	43 907	48 622
Other	36 984	55 588
	2 152 165	3 077 764
Interest and similar costs		
Interest on deposits of		
- Central and local government	10 060	28 172
- Other residents	196 965	405 582
- Emigrants	17 705	38 484
- Other non-residents	21 182	61 586
- Fixed rate products - insurance	78 532	95 206
- Other	427	695
Interest on resources of foreign credit institutions	41 472	31 769
Interest on resources of domestic credit institutions	4 029	7 344
Interest on swaps	661 969	914 694
Interest on other trading liabilities	1 414	7 423
Interest on unsubordinated debt securities	316 420	327 411
Interest on subordinated liabilities	38 745	66 939
Interest on hedging derivatives	14 563	56 266
Other interest and similar costs	20 110	32 511
Commissions paid relating to amortised cost	5 695	7 079
Other	37 370	59 477
	1 466 658	2 140 638

28. INCOME FROM EQUITY INSTRUMENTS

This heading comprises the following:

	30-06-2010	30-06-2009
Portugal Telecom, SGPS, S.A.	43 380	45 715
EDP - Energias de Portugal, S.A.	37 448	31 652
ZON Multimédia - Serv. Telecomunicações e Multimédia SGPS, S.A.	5 972	6 538
ADP - Águas de Portugal SGPS, S.A.	4 677	-
Brisa - Auto-estradas de Portugal S. A.	2 790	2 948
Banco Espírito Santo, SA	2 313	2
Galp Energia, SGPS, S.A.	2 147	2 174
Unicre - Cartão Internacional de Crédito, S.A.	2 024	2 816
REN - Redes Energéticas Nacionais, S.A.	1 302	4 405
Jerónimo Martins SGPS, SA.	1 166	386
Banco Comercial Português S.A.	1 013	2 623
Other	11 308	4 360
	115 540	103 619

29. INCOME AND COSTS FROM SERVICES AND COMMISSIONS

These headings comprise the following:

	30-06-2010	30-06-2009
Income from services rendered and commissions:		
Payment means	103 721	97 012
Operations carried out on behalf of third parties	60 991	87 968
Credit operations	56 248	46 710
Assets management	26 242	24 230
Guarantees given	25 290	22 548
Operations on financial instruments	21 659	15 780
Mounting of operations	22 414	15 402
Other	158	576
	316 723	310 225
Cost of services and commissions:		
Payment means	43 687	38 045
Operations carried out on behalf of third parties	10 668	34 775
Operations on financial instruments	5 221	4 803
Other	8 807	7 693
	68 383	85 317

30. RESULTS FROM FINANCIAL OPERATIONS

These headings comprise the following:

	30-06-2010	30-06-2009
Result of foreign exchange operations:		
Revaluation of foreign exchange position	(18 774)	(127 065)
Result of currency derivatives	19 165	105 700
	391	(21 365)
Result of financial assets and liabilities held for trading:		
Securities:		
Debt instruments	50 211	17 910
Equity instruments	(53 016)	17 880
Other	95	7 304
	(2 709)	43 094
Derivatives:		
Interest rate	37 452	126 191
Shares and indexes	91 799	(66 424)
Credit	9 988	(11 830)
Other	3 830	(7 257)
	143 069	40 680
	140 360	83 774
Result of other financial assets at fair value through profit or loss		
Debt instruments	681	850
Equity instruments	(100 191)	33 966
Other	(1 696)	(11 372)
Loans and other amounts receivable	148	(982)
	(101 058)	22 463
Result of available-for-sale financial assets:		
Debt instruments	(16 697)	6 888
Equity instruments		
Unicre (Note 8)	21 816	-
Zon (Note 8)	11 881	571
Banco Comercial Português, S.A.	-	8 762
Galp	-	(2 305)
EDP - Energias de Portugal, S.A.	-	(1 607)
VAA - Vista Alegre Atlantis	-	1 279
USP Hospitales (Note 3)	-	(16 294)
Other	1 118	(4 162)
	34 815	(13 756)
Other securities	(20 423)	8 262
	(2 305)	1 394
Result of hedging operations:		
Interest rate swaps	219 164	81 881
Options	(2 405)	-
Value adjustments of hedged assets and liabilities	(229 557)	(79 425)
	(12 798)	2 455
Other	1 278	271
	25 868	88 992

31. OTHER NET OPERATING INCOME

These headings comprise the following:

	30-06-2010	30-06-2009
Other operating income:		
Rendering of miscellaneous services	115 063	90 830
Expense reimbursement	3 226	3 368
Operating lease instalments	2 160	1 440
Gains on non-financial assets:		
- Non-current assets held for sale	2 835	2 975
- Other tangible assets	384	540
- Investment property	4 220	5 395
- Other	193	281
Secondment of employees to Caixa Geral de Aposentações	2 120	3 164
Sale of cheques	9 017	6 948
Other	25 424	16 441
	164 642	131 381
Other operating costs:		
Donations and subscriptions	5 231	5 456
Losses on non-financial assets:		
- Non-current assets held for sale (Note 12)	970	13
- Other tangible assets	333	57
- Other	605	420
Other taxes	12 406	9 193
Contribution to the Deposit Guarantee Fund	6 049	6 051
Fines and penalties	2 106	540
Other	36 750	34 442
	64 450	56 172
	100 192	75 209

In 30 June 2010 and 2009, the "Rendering of miscellaneous services" heading includes operating income from the Group's equity investments in the healthcare area.

32. TECHNICAL MARGIN ON INSURANCE OPERATIONS

32.1 Premiums net of reinsurance

The caption for the half years ended 30 June 2010 and 2009, is made up as follows:

	30/06/2010			30/06/2009		
	Gross premiums	Provision for unearned premiums	Net premiums	Gross premiums	Provision for unearned premiums	Net premiums
Direct insurance						
. Life insurance						
. Insurance contracts	101 166	(2 252)	98 913	95 650	(2 490)	93 160
. Investment contracts with discretionary profit sharing	51 800	(12)	51 788	318 761	8	318 769
. Non-life insurance						
. Motor	219 744	16 147	235 891	242 899	10 421	253 321
. Workman's compensation	88 504	(1 727)	86 777	102 225	77	102 302
. Other	314 965	(44 810)	270 156	292 134	(33 213)	258 920
Outwards reinsurance						
. Gross premiums issued						
. Life insurance						
. Insurance contracts	(10 576)	-	(10 576)	(10 288)	-	(10 288)
. Non-life insurance						
. Motor	(877)	16	(860)	(1 435)	-	(1 435)
. Workman's compensation	(456)	4	(452)	(544)	-	(544)
. Other	(87 651)	14 898	(72 753)	(89 576)	16 791	(72 785)
Inwards reinsurance and retrocession premiums	(1 021)	308	(713)	(406)	6 530	6 124
	675 597	(17 427)	658 170	949 420	(1 875)	947 545
Garantia			2 075			1 844
			660 245			949 389

32.2 Result of investments relating to insurance contracts

At the half years ended 30 June 2010 and 2009, this caption is made up as follows:

	30/06/2010			30/06/2009		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Interest	40 699	18 868	59 567	60 952	20 405	81 358
Dividends	10 262	4 889	15 151	11 711	4 528	16 240
Net realised capital gains and losses	28 878	10 619	39 497	6 081	(28)	6 052
Other	12	9 024	9 036	146	9 289	9 435
	79 851	43 400	123 251	78 890	34 195	113 085

32.3 Cost of claims, net of reinsurance

At the half years ended 30 June 2010 and 2009, this caption is made up as follows:

	30/06/2010							
	Life insurance			Non-life insurance				
	Insurance contracts	Investment contracts with profit sharing	Sub-total	Motor	Workman's compensation	Other	Sub-total	Total
Direct insurance and inwards reinsurance								
Claims paid	42 460	275 555	318 015	170 340	64 271	163 195	397 806	715 821
Change in provision for claims	10 668	(4 243)	6 425	(24 735)	158	47 022	22 445	28 870
	53 128	271 312	324 440	145 605	64 429	210 217	420 251	744 691
Provision for profit sharing	2 524	5 145	7 669	-	-	68	68	7 737
Change in other technical provisions	(6 055)	(184 701)	(190 756)	44	703	5 271	6 018	(184 738)
	49 597	91 756	141 353	145 649	65 132	215 556	426 337	567 690
Balance of outwards reinsurance	(6 436)	-	(6 436)	(462)	(51)	(51 746)	(52 259)	(58 695)
	43 161	91 756	134 917	145 187	65 081	163 810	374 078	508 995
Other								534
								509 529

	30/06/2009							
	Life insurance			Non-life insurance				
	Insurance contracts	Investment contracts with profit sharing	Sub-total	Motor	Workman's compensation	Other	Sub-total	Total
Direct insurance and inwards reinsurance								
Claims paid	38 704	636 423	675 128	215 952	74 848	174 887	465 687	1 140 814
Change in provision for claims	14 572	(18 995)	(4 423)	(54 416)	(7 331)	44 040	(17 708)	(22 130)
	53 276	617 429	670 705	161 536	67 517	218 927	447 979	1 118 684
Provision for profit sharing	2 691	(2 018)	672	-	-	19	19	691
Change in other technical provisions	(2 054)	(250 539)	(252 593)	4 130	1 771	1 538	7 439	(245 155)
	53 912	364 871	418 783	165 666	69 287	220 484	455 437	874 220
Balance of outwards reinsurance	(6 665)	-	(6 665)	(1 029)	3	(64 665)	(65 691)	(72 356)
	47 247	364 871	412 119	164 637	69 290	155 818	389 745	801 864
Other								(601)
								801 263

32.4 Commisions and other income and costs relating to insurance

At the half years ended 30 June 2010 and 2009, this caption is made up as follows:

	30-06-2010			30-06-2009		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Technical income:						
Commissions:						
Outwards reinsurance	3 136	10 134	13 270	2 602	9 437	12 039
Co-insurance management charges	85	645	730	37	386	422
Pensions Funds management charges	41	-	41	1	-	1
Other technical income	4	77	81	-	265	265
	3 266	10 856	14 122	2 640	10 088	12 728
Technical costs:						
Commissions:						
Direct insurance operations:						
- Mediation and brokerage charge	(827)	(44 406)	(45 233)	(2 914)	(46 585)	(49 500)
- Collection charges	(51)	(4 314)	(4 365)	(66)	(5 660)	(5 726)
- Other	-	(4 782)	(4 782)	(1)	(10 927)	(10 928)
Inwards reinsurance operations	-	1 111	1 111	-	(1 705)	(1 705)
Co-insurance management charges	(3)	(105)	(108)	(4)	(132)	(136)
Other technical income						
Provision for premiums receivable	(183)	(2 511)	(2 694)	(1 068)	(2 102)	(3 170)
Taxes specific to the insurance business	(943)	(1 903)	(2 846)	(629)	(3 474)	(4 102)
Other	(94)	(1)	(95)	(14)	-	(14)
	(2 101)	(56 911)	(59 012)	(4 696)	(70 584)	(75 281)
	1 165	(46 055)	(44 890)	(2 056)	(60 497)	(62 553)
Other			405			(521)
			(44 485)			(63 074)

33. STAFF COSTS

This heading is made up as follows:

	30-06-2010	30-06-2009
Remuneration of the management and supervisory bodies	8 430	8 743
Remuneration of the staff	374 709	382 546
	383 139	391 288
Other charges relating to remuneration	37 412	32 320
Healthcare - CGD		
- Normal cost	16 990	16 247
- Contributions relating to current staff	15 367	17 550
- Amortisation of deviations exceeding the corridor	1 719	1 317
Pension liability - CGD		
- Normal cost	34 542	35 650
- Amortisation of deviations exceeding the corridor	1 294	289
Other pension costs		
Caixa Seguros e Saúde	847	881
Other	3 207	2 936
Other mandatory social charges	12 220	11 292
	123 598	118 483
Other staff costs	9 379	16 441
	516 117	526 212

The average number of employees of Caixa and subsidiaries during the half years ended 30 June 2010 and 2009, by function, was as follows:

	30-06-2010			30-06-2009		
	Banking	Insurance	Group	Banking	Insurance	Group
Senior management	391	253	644	343	214	557
Management	2 752	544	3 296	2 633	548	3 181
Technical staff	4 441	2 107	6 548	3 855	1 458	5 313
Administrative staff	8 051	2 172	10 223	7 586	2 023	9 608
Auxiliary	1 293	668	1 961	1 266	359	1 624
	16 927	5 744	22 671	15 681	4 601	20 282
Number of employees at the end of period	17 337	5 924	23 261	16 702	4 704	21 406

These numbers at 30 June 2010 and 2009 do not include staff employed by the Support Department of Caixa Geral de Aposentações (284 and 283, respectively), those assigned to CGD's Social Services (73 and 78, respectively) and those on secondment abroad (74 and 76, respectively).

34. OTHER ADMINISTRATIVE COSTS

This heading is made up as follows:

	30-06-2010	30-06-2009
Specialised services		
- Computer services	48 278	46 879
- Cleaning	6 174	5 673
- Studies and consultancy	3 990	4 885
- Contracts and service fees	4 125	4 739
- Safety and security	3 853	3 928
- Information services	3 635	2 956
- Other	105 250	94 453
Rent	40 952	41 437
Advertising and publications	15 609	17 703
Communications and postage	26 570	28 736
Maintenance and repairs	20 770	19 739
Water, energy and fuel	11 453	11 828
Travel, lodging and representation expenses	6 370	8 561
Transport of cash and other values	11 163	6 711
Standard forms and office supplies	4 588	5 383
Other	9 519	9 862
	322 299	313 474

35. ASSET IMPAIRMENT

The changes in impairment at 30 June 2010 and 2009 was as follows:

	30-06-2010								
	Balance at 31.12.2009	Acquisition / (sale) of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30.06.2010	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 11)	2 405 224	2 324	766 855	(546 357)	(42 293)	16 409	(3 234)	2 598 929	(13 721)
Impairment of loans and advances to credit institutions (Note 6)	159 563	-	60 725	(58 811)	-	10 923	(616)	171 783	
Impairment of available-for-sale financial assets (Note 8)									
Equity instruments	318 040	1 231	85 204	-	(56 821)	307	(1 512)	346 448	
Debt instruments	62 064	-	40	(5 139)	(7 831)	1 806	157	51 097	
Other	54 929	-	8 001	-	-	-		62 930	
Impairment of other tangible assets	18 760	-	3	(238)	-	-	152	18 677	
Impairment of intangible assets	957	-	-	-	-		1	958	
Impairment of non-current assets held for sale									
Property and equipment (Note 12)	59 825	-	21 132	(10 142)	(971)	9	(3 352)	66 501	
Impairment of other assets (Note 16)	144 429	2 215	5 122	(9 787)	(231)	600	6 164	148 511	
Impairment in associates	161	-	-	(14)	-	-	14	161	
	818 728	3 445	180 226	(84 132)	(65 854)	13 645	1 008	867 066	-
	3 223 952	5 769	947 082	(630 489)	(108 147)	30 055	(2 226)	3 465 995	(13 721)

	30-06-2009								
	Balance at 31.12.2008	Acquisition / (sale) of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30.06.2009	Credit recovery, interest and expenses
Impairment of loans and advances to customers	2 121 086	-	558 396	(292 199)	(123 401)	(1 127)	(405)	2 262 350	(19 887)
Impairment of loans and advances to credit institutions	106 381	-	48 484	(9 509)	-	(1 017)	794	145 134	
Impairment of available-for-sale financial assets									
Equity instruments	650 234	(3 667)	119 530	-	(307 401)	3	3 631	462 332	
Debt instruments	52 666	-	876	(649)	-	(233)	(1)	52 659	
Other	4 924	-	5 447	-	-	-	-	10 371	
Impairment of other tangible assets	19 172	-	27	(176)	(975)	-	-	18 049	
Impairment of intangible assets	957	-	-	-	-	-	-	957	
Impairment of non-current assets held for sale									
Property and equipment	37 777	-	11 429	(4 609)	(188)	-	1 108	45 517	
Impairment of other assets	180 251	-	5 788	(564)	(2 087)	(26)	(45 178)	138 184	
	1 052 363	(3 667)	191 581	(15 506)	(310 651)	(1 273)	(39 645)	873 203	-
	3 173 449	(3 667)	749 977	(307 705)	(434 052)	(2 400)	(40 050)	3 135 552	(19 887)

36. 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 at 30 June 2010 and in 2009, distributed by business segment and geographic market, are as follows:

Business segment

	30-06-2010								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate finance	Insurance (life)	Non-life insurance	Other	Total
Net interest income	40 310	375 955	183 609	4 856	68 576	9 770	806	1 625	685 507
Income from equity instruments	20 230	59	79 983	121	52	758	5 240	9 097	115 540
Income from services rendered and commissions	3 521	126 236	66 271	19 695	39 780	1 046	-	60 174	316 723
Cost of services and commissions	(7 806)	(14 968)	(4 270)	(2 148)	(2 839)	(29)	(152)	(36 173)	(68 383)
Results from financial operations	19 364	13 617	7 119	(19 254)	336	1 583	3 247	(145)	25 868
Other net operating income	(22 715)	(1 130)	17 782	499	938	(14)	(2 392)	107 225	100 192
Premiums net of reinsurance	-	-	-	-	-	140 210	520 035	-	660 245
Results of investments relating to insurance contracts	-	-	-	-	-	79 849	43 402	-	123 251
Claims costs net of reinsurance	-	-	-	-	-	(134 917)	(374 613)	1	(509 529)
Commissions and other income and costs relating to insurance contracts	-	-	-	-	-	1 182	(45 668)	-	(44 485)
Net operating income from banking and insurance operations	52 903	499 769	350 495	3 769	106 844	99 439	149 905	141 804	1 404 929
Other costs and income									(1 299 646)
Net income attributable to the shareholder of CGD									105 283
Cash balances and loans and advances to credit institutions (net)	7 499 111	1 174 498	40 514	3 554	-	13 166	12 392	87 811	8 831 046
Investments in securities and derivatives (net)	15 480 067	124 080	60 452	292 577	66 692	9 745 544	1 769 483	759 248	28 298 143
Loans and advances to customers (net)	976 854	38 791 091	39 703 189	192 672	941 811	2 666	3 047	(593 272)	80 018 058
Technical provision for outwards reinsurance	-	-	-	-	-	25 219	267 966	-	293 186
Total net assets	24 966 507	40 240 794	40 150 681	548 058	1 185 390	9 770 881	3 087 936	3 628 656	123 578 902
Resources of central banks and credit institutions	13 649 531	82 084	193 479	1 756	68 859	-	-	71 542	14 067 250
Customer resources	565 902	47 585 787	9 962 678	78 388	5 914	6 385 103	-	12 095	64 595 866
Debt securities	19 570 426	533 898	-	-	-	-	-	-	20 104 324
Technical provision for insurance contracts	-	-	-	-	-	3 935 191	2 369 992	-	6 305 184
Liability to subscribers of unit-linked products	-	-	-	-	-	845 321	-	-	845 321

	31-12-2009								
	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

Geographic Markets

30-06-2010	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Interest and similar income	2 809 499	252 232	25 689	15 349	12 865	38 375	87 909	(1 089 753)	2 152 165
Interest and similar costs	(2 321 966)	(152 895)	(13 528)	(5 446)	(8 830)	(14 270)	(35 158)	1 085 435	(1 466 658)
Income from equity instruments	250 307	20 245	-	-	-	14	2 402	(157 428)	115 540
Income from services rendered and commissions	294 760	29 857	715	1 868	2 335	14 614	19 724	(47 150)	316 723
Cost of services and commissions	(62 486)	(9 697)	(31)	(126)	(182)	(7 394)	(8 212)	19 745	(68 383)
Results from financial operations	10 728	(12 490)	2 312	(3 257)	4 104	348	22 062	2 061	25 868
Other net operating income	166 397	(5 441)	(25)	(296)	(67)	1 720	68	(62 164)	100 192
Premiums net of reinsurance	658 170	-	-	-	-	-	2 075	-	660 245
Results of investments relating to insurance contracts	127 766	-	-	-	-	-	-	(4 515)	123 251
Claims cost net of reinsurance	(508 995)	-	-	-	-	-	(534)	-	(509 529)
Commissions and other income and cost relating to insurance contracts	(64 024)	-	-	-	-	-	522	19 017	(44 485)
Net income from banking and insurance operations	1 360 156	121 811	15 132	8 092	10 225	33 407	90 858	(234 752)	1 404 929
Other costs and income									(1 299 646)
Net income attributable to the shareholder of CGD									105 283
Cash balances and loans and advances to credit institutions (net)	22 203 580	9 785 756	762 769	1 098 107	58 894	3 302 605	601 014	(28 981 679)	8 831 046
Investments in securities and derivatives (net)	31 149 694	2 048 224	835 367	207 353	115 197	60 077	252 626	(6 370 395)	28 298 143
Loans and advances to customers (net)	66 214 447	9 634 381	1 117 783	1 029 156	56 211	1 274 841	1 670 312	(979 073)	80 018 058
Technical provision for outwards reinsurance	289 382	-	-	-	-	-	3 804	-	293 186
Total net assets	131 684 263	21 920 411	2 716 757	2 337 101	301 122	4 965 378	3 185 514	(43 531 644)	123 578 902
Resources of central banks and credit institutions	26 448 328	10 059 007	1 341 420	2 325 627	59 809	1 102 191	248 587	(27 517 719)	14 067 250
Customer resources	56 819 439	4 075 887	1 094 291	28 667	46 219	3 255 302	1 946 460	(2 670 399)	64 595 866
Liability to subscribers of unit-linked products	845 321	-	-	-	-	-	-	-	845 321
Debt securities	18 751 462	4 646 037	205 303	24 631	-	-	-	(3 523 109)	20 104 324
Technical provision for insurance contracts	6 295 646	-	-	-	-	-	9 537	1	6 305 184

31-12-2009	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

The column “Other” includes the balances between Group companies reversed in consolidation.

In the half years ended 30 June 2010 and 2009, the Group's contribution for results by business sector, according to the internal management criteria is brokendown as follows:

	30/06/2010					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	2 135 398	432 429	128 290	152 534	(696 485)	2 152 165
Interest and similar costs	(1 735 825)	(230 145)	(111 159)	(115 643)	726 114	(1 466 658)
Income from equity instruments	79 731	20 521	171	5 998	9 119	115 540
Net interest income including income from equity investments	**479 305**	**222 804**	**17 302**	**42 888**	**38 748**	**801 047**
Income from services rendered and commissions	223 760	69 113	42 410	1 046	(19 606)	316 723
Cost of services and commissions	(39 438)	(25 642)	(6 908)	(3 182)	6 787	(68 383)
Results from financial operations	35 267	14 489	(8 659)	3 303	(18 532)	25 868
Other net operating income	40 640	(4 040)	449	52 002	11 141	100 192
Non-interest income	**260 228**	**53 920**	**27 291**	**53 170**	**(20 210)**	**374 399**
Premiums net of reinsurance	-	2 075	-	658 170	-	660 245
Results of investments relating to insurance contracts	-	-	-	127 766	(4 515)	123 251
Claims cost net of reinsurance	-	(534)	-	(508 995)	-	(509 529)
Commissions and other income and cost relating to insurance contracts	-	522	-	(64 024)	19 018	(44 485)
Non-interest income	**-**	**2 063**	**-**	**212 917**	**14 503**	**229 482**
Net income from banking and insurance operations	**739 533**	**278 787**	**44 593**	**308 975**	**33 041**	**1 404 929**
Other costs and income	(722 244)	(230 574)	(27 020)	(280 766)	(39 041)	(1 299 645)
Net income attributable to the shareholder of CGD	**17 289**	**48 213**	**17 573**	**28 208**	**(6 000)**	**105 283**

	30/06/2009					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	3 218 818	752 271	137 376	168 251	(1 198 953)	3 077 764
Interest and similar costs	(2 581 767)	(537 420)	(117 566)	(152 575)	1 248 691	(2 140 638)
Income from equity instruments	78 799	18 542	-	6 278	-	103 619
Net interest income including income from equity investments	**715 850**	**233 393**	**19 810**	**21 955**	**49 738**	**1 040 745**
Income from services rendered and commissions	193 025	72 155	58 382	1 011	(14 348)	310 225
Cost of services and commissions	(37 461)	(25 769)	(31 109)	(4 174)	13 196	(85 317)
Results from financial operations	95 045	(2 479)	6 508	(13 167)	3 086	88 992
Other net operating income	36 353	3 085	827	43 410	(8 466)	75 209
Non-interest income	**286 962**	**46 991**	**34 609**	**27 080**	**(6 532)**	**389 110**
Premiums net of reinsurance	-	1 844	-	947 545	-	949 389
Results of investments relating to insurance contracts	-	-	-	121 397	(8 312)	113 085
Claims cost net of reinsurance	-	601	-	(801 864)	-	(801 263)
Commissions and other income and cost relating to insurance contracts	-	(521)	-	(77 317)	14 764	(63 074)
Technical margin on insurance operations	**-**	**1 924**	**-**	**189 761**	**6 451**	**198 137**
Net income from banking and insurance operations	**1 002 811**	**282 309**	**54 419**	**238 796**	**49 657**	**1 627 992**
Other costs and income	(774 008)	(234 114)	(33 614)	(317 157)	(41 675)	(1 400 569)
Net income attributable to the shareholder of CGD	**228 803**	**48 194**	**20 806**	**(78 362)**	**7 981**	**227 423**

The column "Other" includes the balances between Group companies reversed in consolidation.

37. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Exposure to credit risk affected by the financial turmoil

On 30 June 2010 and 31 December 2009, 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 and comprise the following:

				30/06/2010			31/12/2009		
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	14 591	-	(3 969)	15 427	-	(4 019)
	AA- to AA+	Senior	European Union	22 049	-	(3 774)	20 543	-	(6 407)
	Lower than A-	Senior	European Union	3 023	-	(778)	3 451	-	(718)
		Mezzanine	European Union	20 323	-	(1 489)	18 590	-	(2 498)
				59 986	-	(10 010)	58 012	-	(13 642)
Residential mortgage-backed securities									
	AAA	Senior	European Union	94 731	-	(5 355)	135 832	-	(4 450)
			North America	-	-	-	3 280	-	(1)
			Other	-	-	-	2 964	-	84
	AA- to AA+	Senior	European Union	3 922	-	(2 519)	4 582	-	(2 212)
		Mezzanine	European Union	9 520	-	(62)	33 517	-	(2 557)
	A- to A+	Mezzanine	European Union	11 886	-	(5 455)	17 087	-	(8 764)
	Lower than A-	Mezzanine	European Union	20 865	-	(18 295)	32 841	-	(25 426)
	CCC	Mezzanine	North America	91	(2 022)	64	151	(8 527)	-
				141 015	(2 022)	(31 622)	230 254	(8 527)	(43 326)
Asset-backed securities									
	AAA	Senior	North America	-	-	-	3 475	-	3
			European Union	1 063	-	(4)	2 733	-	(9)
	Lower than A-	Mezzanine	European Union	1 643	-	(343)	1 853	-	(424)
				2 706	-	(347)	8 061	-	(430)
Collateralised Loan Obligations									
	AAA	Senior	European Union	8 204	-	(481)	21 126	-	(2 090)
			Other	14 210	-	(1 496)	11 684	-	(1 663)
	AA- to AA+	Senior	Other	22 275	-	(1 606)	18 556	-	(1 755)
			European Union	89	-	(8)	5 318	-	(710)
		Mezzanine	European Union	3 805	-	(2 205)	3 611	-	(2 400)
	A- to A+	Mezzanine	European Union	4 494	-	(1 668)	11 434	-	(8 969)
	Lower than A-	Mezzanine	European Union	36 204	-	(12 079)	40 906	-	(22 962)
	CCC	Mezzanine	European Union	4 408	-	(1 981)	2 333	-	(3 995)
				93 688	-	(21 524)	114 969	-	(44 545)
Collateralised Debt Obligations									
	Lower than A-	Other	European Union	2 168	-	(5 264)	2 676	-	(4 113)
	C	Other	North America	-	(2 500)	-	-	(2 500)	-
	CCC	Other	North America	212	(6 063)	-	198	(6 063)	-
				2 380	(8 563)	(5 264)	2 874	(8 563)	(4 113)
Other financial instruments									
	A- to A+	Other	European Union	11 650	-	(8 161)	9 320	-	(10 372)
	No rating	Senior	European Union	11 820	(30 576)	-	11 820	(30 576)	-
		Mezzanine	North America	-	-	-	1 045	(3 814)	-
	n.a	Funds	European Union	85 612	(10 537)	(6 822)	79 583	(10 537)	(11 558)
				109 082	(41 113)	(14 982)	101 767	(44 928)	(21 930)
				408 857	(51 698)	(83 749)	515 936	(62 017)	(127 985)
Financial assets at fair value through profit or loss									
Other financial instruments	AA- to AA+	Senior	European Union	46 004	-	-	42 893	-	-
				454 862	(51 698)	(83 749)	558 829	(62 017)	(127 985)

The change in these securities in the half years ended 30 June 2010 and 2009 was as follows:

					30-06-2010			
					Impact in results for the period			
Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Net book value at 31.12.2009	Amortisations	Capital gains / (losses) recognised against results	Change in the fair value reserve	Net book value at 30.06.2010
Available-for-sale financial assets								
Commercial mortgage-backed securities								
	AAA	Senior	European Union	15 427	(249)	(638)	50	14 591
	AA- to AA+	Senior	European Union	20 543	(338)	(789)	2 634	22 049
	Lower than A-	Senior	European Union	3 451	(523)	156	(60)	3 023
		Mezzanine	European Union	18 590	(864)	1 588	1 009	20 323
Residential mortgage-backed securities								
	AAA	Senior	European Union	135 832	(40 807)	876	(1 170)	94 731
			North America	3 280	(3 294)	13	1	-
			Other	2 964	(3 500)	620	(84)	-
	AA- to AA+	Senior	European Union	4 582	(435)	83	(307)	3 922
		Mezzanine	European Union	33 517	(26 482)	(10)	2 495	9 520
	A- to A+	Mezzanine	European Union	17 087	(6 422)	3 605	(2 384)	11 885
	Lower than A-	Mezzanine	European Union	32 841	(18 793)	(315)	7 131	20 865
	CCC	Mezzanine	North America	151	-	(124)	64	91
Asset-backed securities								
	AAA	Senior	North America	3 475	(4 075)	602	(3)	-
			European Union	2 733	(1 618)	(58)	5	1 063
	Lower than A-	Mezzanine	European Union	1 853	-	(290)	80	1 643
Collateralised Loan Obligations								
	AAA	Senior	European Union	21 126	(13 379)	(1 152)	1 609	8 204
			Other	11 684	-	2 359	167	14 210
	AA- to AA+	Senior	Other	18 556	-	3 570	149	22 275
			European Union	5 318	(5 331)	(600)	702	89
		Mezzanine	European Union	3 611	-	(1)	195	3 805
	A- to A+	Mezzanine	European Union	11 434	(9 321)	(4 920)	7 301	4 494
	Lower than A-	Mezzanine	European Union	40 906	(9 343)	(6 243)	10 883	36 204
	CCC	Mezzanine	European Union	2 333	-	60	2 015	4 408
Collateralised Debt Obligations								
	Lower than A-	Outros	European Union	2 676	-	643	(1 151)	2 168
	C	Outros	North America	-	-	-	-	-
	CCC	Outros	North America	198	-	15	-	212
Other financial instruments								
	A- to A+	Outros	European Union	9 320	-	119	2 211	11 650
	No rating	Senior	European Union	11 820	-	-	-	11 820
		Mezzanine	North America	1 045	-	(1 045)	-	-
	n.a	Funds	European Union	79 583	-	1 292	4 736	85 612
				515 936	(144 774)	(583)	38 278	408 857
Financial assets at fair value through profit or loss								
Other financial instruments	AA- to AA+	Senior	European Union	42 893	(3 464)	6 576	-	46 004
				558 829	(148 238)	5 993	38 278	454 862

(a) Presentation of securities according to the rating available at 30-06-2010

					30-06-2009					
					Impactoin results for period					
Type	Rating	Seniority level of the tranche held	Geographical area of the issuer	Net book value at 31.12.2008	Amortisations	Acquisitions	Capital gains / (losses) recognised against profits or loss	Impairment	Change in the fair value reserve	Net book value at 30.06.2009
Available-for-sale financial assets										
Commercial mortgage-backed securities										
	AAA	Senior	European Union	38 204	(283)	-	(274)	-	(12 688)	24 960
	AA- to AA+	Mezzanine	European Union	4 220	-	-	(9)	-	(2 204)	2 007
	A- to A+	Mezzanine	European Union	11 957	-	-	1 830	-	(3 401)	10 386
Residential mortgage-backed securities										
	AAA	Senior	European Union	177 813	(11 053)	-	(32)	-	(7 281)	159 447
			North America	5 238	(1 497)	-	461	-	21	4 223
			Other	13 291	(1 346)	-	521	-	(1 034)	11 432
	AA- to AA+	Mezzanine	European Union	25 830	(1 064)	-	(181)	-	232	24 817
			North America	131	-	-	4	(104)	-	31
		Senior	European Union	157	-	-	(2)	0	3	158
	A- to A+	Mezzanine	European Union	19 028	(476)	-	(3)	-	(2 395)	16 155
		Senior	European Union	160	-	-	(2)	-	(111)	47
	Lower than A-	Mezzanine	European Union	35 292	(2 604)	-	65	-	(4 239)	28 514
		Senior	European Union	385	-	-	(3)	-	(18)	365
	CCC	Mezzanine	North America	652	-	-	21	(534)	-	139
Asset-backed securities										
	AAA	Senior	América do Norte	3 415	-	-	(56)	-	164	3 523
			European Union	83	-	-	(1)	-	(4)	78
	A- to A+	Senior	North America	2 407	-	-	(56)	-	1 173	3 524
			European Union	234	-	-	(2)	-	(41)	190
	A- to A+	Senior	European Union	37	-	-	(1)	-	(19)	16
	Lower than A-	Senior	European Union	16	-	-	(1)	-	(11)	4
Collateralised Loan Obligations										
	AAA	Senior	European Union	11 555	(1 080)	-	471	-	(3 598)	7 348
			Other	31 479	(596)	-	(2 768)	-	3 100	31 215
	A- to A+	Mezzanine	European Union	5 233	-	-	24	-	(4 042)	1 215
	Lower than A-	Mezzanine	European Union	25 835	-	-	(361)	-	(16 272)	9 201
	CCC	Mezzanine	European Union	363	-	-	(12)	-	(269)	82
Other financial instruments										
	A- to A+	Other	European Union	10 998	-	-	118	-	(5 290)	5 825
	C	Senior	European Union	9 264	-	-	(164)	-	-	9 100
	Not rated	Senior	European Union	6 778	-	-	(128)	-	-	6 650
		Mezzanine	North America	1 308	-	-	(6)	(236)	-	1 065
	n.a.	Funds	European Union	48 645	-	10 399	(142)	-	2 894	61 796
				490 008	(19 997)	10 399	(691)	(875)	(55 329)	423 513
Financial assets at fair value through profit or loss										
Other financial instruments	Not rated	Senior	European Union	52 253	(263)	322	(10 481)	-	-	41 831
				542 262	(20 260)	10 720	(11 172)	(875)	(55 329)	465 344

(a) Presentation of securities according to the rating available at 30-06-2009

The “capital gains / (losses) recognised against results” heading includes accrued interest and the result of foreign exchange revaluation.

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 30 June 2010 and 31 December 2009:

	30-06-2010				
	Balances analysed			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	1 656 492	1 656 492	-	-	1 656 492
Cash balances at other credit institutions	1 147 515	1 147 515	-	-	1 147 515
Loans and advances to credit institutions	5 952 764	5 977 990	25 227	74 275	6 027 038
Loans and advances to customers	76 173 149	76 272 214	99 065	3 844 909	80 018 058
	84 929 919	85 054 211	124 292	3 919 184	88 849 103
Liabilities					
Resources of central banks and other credit institutions	14 001 150	14 001 885	(735)	66 101	14 067 250
Customer resources	63 387 702	63 445 386	(57 684)	1 208 164	64 595 866
Debt securities	20 152 276	20 287 645	(135 369)	(47 951)	20 104 324
Subordinated liabilities	2 934 683	3 113 113	(178 430)	(4 848)	2 929 834
Consigned resources	1 767 694	1 770 716	(3 022)	1 707	1 769 401
	102 243 504	102 618 744	(375 240)	1 223 172	103 466 676

	31-12-2009				
	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

Fair value was determined using the following assumptions:

- The book value of amounts payable/receivable on demand corresponds to their fair value;

- The fair value of the remaining instruments was determined using discounted cash flow models, taking into consideration the contractual terms of the operations and use of interest rates appropriate to the type of instrument, including:

  . Market interest rates for applications and resources with credit institutions;

. Interest rates charged on Caixa's new loan operations at 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 30 June 2010 and 31 December 2009, can be summarised as follows:

	30-06-2010			
		Measurement techniques		
	Level 1 Market prices	**Level 2** Market inputs	**Level 3** Other measurement techniques	Total
Financial assets held for trading	1 543 995	187 762	-	1 731 758
Other financial assets at fair value through profit or loss	514 590	551 758	163 833	1 230 181
Available-for-sale financial assets	7 799 245	12 920 146	581 948	21 301 339
Trading derivatives	410	760 367	-	760 777
Hedging derivatives	-	(18 820)	-	(18 820)
	9 858 240	**14 401 213**	**745 781**	**25 005 235**

	31-12-2009			
		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**

In producing the table above, the following assumptions were used:

Level 1 - Market quotations – this column comprises financial instruments measured on the basis of active market quotation;

Level 2 - Measurement techniques – market inputs – this column comprises financial instruments measured on the basis of in-house models using market inputs (interest rates, foreign exchange rates, risk ratings awarded by external entities, other) and reference bid prices obtained from external counterparties;

Level 3 - Other measurement techniques – this column comprises financial instruments measured on the basis of in-house models on non-observable market parameters.

38. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statement originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal. In the event of discrepancies the Portuguese language version prevails.

14. CEBS REPORTS

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);	**Annual Report 2009** 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. **Board of Directors' Report – 1st Half 2010** See Board of Directors' Report – Chapters: - Financial Analysis – Balance Sheet Evolution (on securitisation operations and structured products) See Annex to the Consolidated Financial Statements: Notes 11,19 and 22.
3.	Description of the importance of the activities performed and their respective contribution to the business (including a quantitative approach);	**Annual Report 2009** See Board of Directors' Report – Chapters: - Strategy and Business Model **Board of Directors' Report – 1st Half 2010** See Board of Directors' Report – Chapters: - Principal Developments in the Business Area - Financial Analysis – Results See Notes to the Consolidated Financial Statements - Note 25 - Note 36

<table>
<tr><td>4.</td><td>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;</td><td>See items I.1 to I.3 above.

Annual Report 2009

See Board of Directors' Report – Chapter on Risk Management.

Board of Directors' Report – 1st Half 2010

See Note 2.7.of the Annex to the Consolidated Financial Statements.</td></tr>
<tr><td>5.</td><td>Description of the objective and amplitude of the institution's involvement (i.e. commitments and obligations assumed) for each activity performed;</td><td>See items I.1 to I.3 above.</td></tr>
<tr><td>II.</td><td colspan="2">Risks and Risk Management</td></tr>
<tr><td>6.</td><td>Description of the nature and amplitude of the risks incurred on activities performed and instruments used;</td><td>Annual Report 2009

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</td></tr>
<tr><td>7.</td><td>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;</td><td>See II.6 above.</td></tr>
<tr><td>III.</td><td colspan="2">Impact of period of financial turmoil in results</td></tr>
<tr><td>8.</td><td>A qualitative and quantitative description of the results, particularly losses (when applicable) and impact of write-downs in results;</td><td>Board of Directors' Report – 1st Half 2010

See Board of Directors' Report – Chapter:

- Financial Analysis – Results and Profitability

See Notes 6, 8 and 16 of the Annex to the Consolidated Financial Statements .</td></tr>
</table>

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);	**Board of Directors' Report – 1st Half 2010** See Annex to the Consolidated Financial Statements: - Note 37 where the exposures affected by the turmoil period are presented
III.	**Impact of period of financial turmoil in results**	
10.	Description of the reasons and factors responsible for the impact;	**Board of Directors' Report – 1st Half 2010** 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: - 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;	**Board of Directors' Report – 1st Half 2010** See contents of items III.8 to III.10 above, particularly Note 37 of the Annex to the Consolidated Financial Statements. - Note 30
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;	**Board of Directors' Report – 1st Half 2010** See Board of Directors' Report, particularly the Chapter on Financial Analysis - Principal Risks and Uncertainties. – 2nd Half 2010 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;	**Board of Directors' Report – 1st Half 2010** 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;	**Annual Report 2009** See Board of Directors' Report – Chapter: - Risk Management **Board of Directors' Report – 1st Half 2010** See Annex to the Consolidated Financial Statements: - Note 2.7 - Note 37, 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;	**Annual Report 2009** See Annex to the Consolidated Financial Statements : - Notes 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. **Board of Directors' Report – 1st Half 2010** - Note 2.7, describes the accounting policies for derivatives and hedge accounting - Note 10 - Note 37
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.	**Board of Directors' Report – 1st Half 2010** See Annex to the Consolidated Financial Statements. - Note 37 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 items III.8 to III.15 above.

IV.	Levels and types of exposures affected by the period of turmoil	
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;	**Board of Directors’ Report – 1st Half 2010** 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);	**Board of Directors’ Report – 1st Half 2010** See Notes 7 and 37 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.

V.	Accounting policies and valuation methods	
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.	**Annual Report 2009** See Annex to the Consolidated Financial Statements : - Notes 42 and 43 **Board of Directors' Report – 1st Half 2010** See Annex to the Consolidated Financial Statements - Note 2.7, setting out information and processes applied by CGD in the valuation of financial instruments
VI.	**Other relevant disclosure aspects**	
26.	Description of disclosure policies and principles used for reporting disclosures and financial reporting.	**Board of Directors' Report – 1st Half 2010** See Note 2 of the Annex to the Consolidated Financial Statements.