BOARD OF DIRECTORS' REPORT

CAIXA GERAL DE DEPÓSITOS

1ST HALF 2011

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1. MACROECONOMIC BACKGROUND

Although the world economy continued to expand in 1st half 2011, economic growth remained moderate, particularly in the developed countries.

There was a heightening of the public debt market crisis in Europe, with fresh concerns not only over the situation in Greece and fears of a restructuring of Greek debt but also as regards the public finances of other peripheral countries in the region.

Portugal's growing difficulties in satisfying its borrowing requirements from the international markets led the government to submit a request for external assistance to the IMF, European Commission and European Central Bank (ECB) in April. There was still a considerable increase in yields on national public debt as in the case of the other peripheral countries, which also recorded new highs and yield spreads in comparison to Germany widened considerably.

As a consequence of the sharpening public debt crisis, several European governments such as France, Spain, Greece and Portugal either established or reinforced their current austerity plans. At the same time, the governments of Germany and France proposed initiatives for private investors to the effect that banks should reinvest a percentage of their Greek sovereign debt holdings maturing between 2011 and 2014.

1st half 2011 was characterised by a deterioration in the confidence of financial market investors. Although the situation regarding European public debt was a contributory factor, other reasons can be singled out, particularly fears of a worldwide economic slowdown. These were based on a slowdown of activity in the developed bloc, more in evidence from the 2nd quarter and the adoption of more restrictive monetary policy and fiscal measures.

Dynamic demand in many of the emerging economies and the political and social crises in several countries in North Africa and the Middle East, helped to fuel major hikes in oil prices which had corresponding inflationary effects. It was in such a context that the monetary authorities, particularly in the emerging bloc, increased their interest rates and adopted other macroprudential measures designed to contain potential inflationary pressure, while increasing fears that activity could be penalised.

In light of the increase in inflation and with the objective of maintaining price stability over the medium term, the ECB also deemed it necessary to adjust the highly expansionary nature of monetary policy, by announcing a 25 basis points increase in its reference rate from 1% to 1.25%, followed, at the beginning of June by a fresh increase of a similar magnitude to 1.50%. The president continued to stress the principle of separation between unconventional monetary policy measures and the definition of interest rate policies, having, in such a context, announced that the measures would remain unchanged up until the end of the 3rd quarter, i.e. unlimited liquidity injections with a maturity of three months (at the period's average rate), in addition to liquidity injection operations for unlimited amounts at fixed rates for one month and a week.

The relatively more favourable economic performance of the euro area over a large part of the half year and, particularly, the ECB's decision to increase its reference rates, led to a sharper increase in Euribor rates, starting at the beginning of March and which, at the end of June, reached their highest levels since the end of 2008 over the different maturities.

The single currency benefited from the ECB's actions, in a context in which the US Federal Reserve kept its extremely expansionary monetary policy unchanged. The euro recorded a second consecutive half of appreciation against the US currency, at around 8.4%, following the preceding half's 5.8%, having, after the ECB's decision in April, reached its highest level since December 2009. Although fears concerning the euro area's long term feasibility, deriving from the situation of the public finances in the region caused the single currency's value to oscillate, they were not sufficient to counteract the euro's appreciation trend.

The share market, after having reached its highest levels since September 2008, in Europe in February and in the USA, in April, was down over the course of the 2nd quarter, having inclusively in the case of several countries on the periphery of Europe, cancelled out the preceding months' gains. Whereas Germany's DAX closed the half year up 6.7% and the US stockmarket (S&P 500) up 5.0% , Portugal's PSI20 was down 3.5%.

The combination of an environment of high risk aversion with fears of an economic slowdown led investors to take positions in traditionally safer assets, contributing towards the maintenance of an environment of market interest rates in the main economies, at historically low levels.

There was an acceleration of the main trends noted over the last few months of the half year at the start of the second half. The fact that economic indicators continued to be disappointing and indicative of a slowdown, particularly in the USA, inclusively led the Federal Reserve, to admit, for the first time, that it would not be increasing the level of its reference interest rates until at least 2013. On the other hand, the sovereign debt crisis in the euro area widened to embrace larger countries such as Spain and Italy, leading the European authorities to provide Greece with a new aid package and agree to significant changes to the operating conditions of the European stabilisation mechanism, with the ECB resuming its purchases of government bonds in the market after an interregnum of several months.

This economic environment led to a downturn in the structure of interest rates in comparison to the end of June, owing to the economic news, decisions made by central banks and an ambient of risk aversion. This conditioned the behaviour of several assets, with fresh falls in share markets being witnessed, in addition to falling commodity prices and widening credit spreads, as an offset to the appreciation of assets such as gold, the Swiss franc or Japanese yen, which are traditionally considered to be safe.

2. OPERATING SUMMARY

2.1. KEY INDICATORS

In a particularly demanding economic environment in terms of access to liquidity and the need to meet a series of requirements set out in the memorandum announced by the IMF, CGD’s consolidated net income for first half 2011, was EUR 91.4 million.

CAIXA GERAL DE DEPÓSITOS

Consolidated Operations at 30 June 2011
Summary of Principal Indicators

(EUR million)

	June/10 (*)	December 2010	June/11	Change Jun/11 - Jun/10	Change Jun/11 - Dec/10
Results (*) :					
Net interest income	691.0		802.1	16.1%	
Net interest income including income from equity investments	806.5		918.2	13.8%	
Commissions (net)	250.3		247.8	-1.0%	
Non-interest income	385.5		405.9	5.3%	
Technical margin on insurance operations	229.5		229.0	-0.2%	
Net operating income from banking and insurance operations	1 421.5		1 553.1	9.3%	
Operating costs	944.0		920.5	-2.5%	
Gross operating income	477.5		632.6	32.5%	
Income before tax and minority shareholders' interests	147.6		221.3	50.0%	
Net income for period	105.3		91.4	-13.2%	
Balance sheet:					
Net assets	123 908	125 862	123 701	-0.2%	-1.7%
Cash and loans and advances to credit institutions	8 966	6 158	6 322	-29.5%	2.7%
Securities investments	28 226	30 547	27 454	-2.7%	-10.1%
Loans and advances to customers (net)	80 096	81 907	82 394	2.9%	0.6%
Loans and advances to customers (gross)	82 697	84 517	85 295	3.1%	0.9%
Central banks' and credit institutions' resources	14 060	14 604	13 298	-5.4%	-8.9%
Customer deposits	64 818	67 680	71 031	9.6%	5.0%
Debt securities	20 104	19 307	17 815	-11.4%	-7.7%
Technical provisions for insurance operations	6 305	5 743	5 436	-13.8%	-5.3%
Shareholders’ equity	7 268	7 840	6 649	-8.5%	-15.2%
Resources taken from customers	81 717	84 201	88 038	7.7%	4.6%
Profit and efficiency ratios:					
Gross return on equity - ROE (1) (2)	4.2%	5.0%	6.1%		
Net return on equity - ROE (1)	3.7%	4.1%	3.6%		
Gross return on assets - ROA (1) (2)	0.25%	0.29%	0.36%		
Net return on assets - ROA (1)	0.21%	0.24%	0.21%		
Cost-to-income (consolidated) *(2)*	66.4%	63.3%	59.1%		
Cost-to-income (separate) *(2)*	57.2%	58.5%	53.8%		
Cost-to-income (banking activity) *(2)*	63,0%	60,2%	55,1%		
Employee costs / Net operating income (2)	36.5%	33.7%	32.0%		
Operating costs / Average net assets (2)	1.57%	1.59%	1.49%		
Net operating income / Average net assets (2)	2.37%	2.51%	2.52%		
Credit quality and cover levels:					
Overdue credit / Total credit	2.99%	2.93%	3.44%		
Credit more than 90 days overdue / Total credit	2.59%	2.63%	3.03%		
Non-performing credit / Total credit (2)	3.13%	3.13%	3.59%		
Non-performing credit (net) / Total credit (net) (2)	-0.02%	0.04%	0.19%		
Overdue credit (net) / Total credit (net)	-0.16%	-0.16%	0.04%		
Overdue credit cover	105.1%	105.3%	98.8%		
Credit more than 90 days overdue cover	121.4%	117.4%	112.3%		
Credit impairment (P&LA) / Loans and advances to customers (average balance)	0.52%	0.45%	0.84%		
Structure ratios:					
Loans and advances to customers / Net assets	64.6%	65.1%	66.6%		
Loans and advances to customers / Customer resources	123.6%	121.0%	116.0%		
Loans and advances to customers / Customer deposits	138.2%	136.0%	128.2%		
Solvency ratios					
Solvency	11.9%	12.3%	11.5%		
Tier 1	8.2%	8.9%	8.6%		
Core Tier 1	8.,1%	8.8%	8.4%		

(1) Considering average shareholders' equity and net assets values.
(2) Ratios defined by the Bank of Portugal.
(*) For comparability purposes the values of Jun 2010 are *pro forma* values, considering the consolidation of Partang, SGPS by the acquisition consolidation method of accounting.

Key Group Developments

- Caixa Geral de Depósitos Group’s income before tax for the first six months of 2011 was up 47.4% by EUR 58.7 million to EUR 182.4 million in comparison to the same period last year.

- Consolidated net income was down 13.2% over the same period 2010 to EUR 91.4 million in first half 2011.

- Tax and contributions were up EUR 72.5 million in comparison to the same period last year to EUR 91.0 million. EUR 14.7 million of this amount comprised the extraordinary contribution payable by the banking sector.

- Net operating income from banking and insurance operations was up 9.3% by EUR 131.6 million in comparison to 1st half 2010 to EUR 1 553.1 million.

- Net interest income was up 16.1% by EUR 111.1 million, year-on-year, to EUR 802.1 million.

- Income from financial operations was up 45.5% by EUR 16.0 million to EUR 51.2 million.

- In terms of domestic activity, operating costs were down 8.8% by EUR 44.9 million in comparison to June 2010, particularly deriving from the 10.1% reduction in employee costs. On a consolidated level, the trend towards a reduction was less pronounced (down 2.5%), owing to the evolution of this account heading in the case of international and hospital activities (up 13.0% and 7.1% respectively).

- CGD Group’s cost-to-income ratio was down from 63.3% at the end of 2010 to 59.1% in June 2011 i.e. an improvement of 4.2 percentage points and from 58.5% to 53.8% in the case of CGD’s separate operations (down 4.7 percentage points).

- Credit impairment, net of cancellations and reversals, at EUR 349.3 million in 1st half 2011, was up 68.6% over first half 2010.

- CGD Group’s net assets were down 1.7% over the end of 2010 to EUR 123.7 billion in June 2011. A contributory factor to this evolution was the 10.1% reduction of EUR 3.1 billion in securities investments, reflecting CGD’s deleveraging strategy on its non-strategic assets.

- Loans and advances to customers (gross), excluding repo operations, were down 1.6% by EUR 1 321 million to EUR 82.3 billion since the start of the year albeit comprising an 0.8% year-on-year increase of EUR 662 million.

- In terms of domestic operations, corporate loans (excluding repo operations) were up 2.0% by EUR 476 million and mortgage loans down 0.7% by EUR 255 million during the half year. The annual changes were up EUR 732 million (3.0%) and down EUR 76 million (0.2%), respectively.

- The total customer resources balance was up 9.6% by EUR 6.2 billion to EUR 71 billion, year-on-year, and up 5% by EUR 3.35 billion since December last.

- The resources-to-loans ratio of 116.0%, measured by credit (net)/customer resources, while deposits-to-loans ratio measured by credit (net)/customer deposits was 128.2%, was indicative of a more favourable situation than registered by the end of 2010 ratio of 121.0% and 136%, respectively.

- The solvency ratio, on a consolidated basis, including retained earnings, was 11.5%, with a Tier I ratio of 8.6% and Core Tier I ratio of 8.4%. The 40 bp drop in Core Tier I in comparison to the end of 2010 translated the impact of the rating downgrades on the Portuguese Republic. The prudential regulation to the effect that exposures to the regional and local authorities of member states, expressed and financed in national currency will cease to be dependent on country risk will come into effect in December 2011, leading to a positive impact of 0.2% on Core Tier I.

- CGD's net borrowings from the ECB were reduced from a peak of EUR 10.1 billion in June 2010 to EUR 7.2 billion at the end of June this year.

- CGD had EUR 12.9 billion in total assets eligible as collateral for ECB funding operations at the end of June.

- The credit overdue for more than 90 days ratio was 3.03% with a respective cover ratio of 112.6%.

- The difficult economic and financial environment and rating downgrades on the Portuguese Republic over the course of 1st half 2011, translated into a deterioration of CGD's ratings:

	Short Term	Long Term
STANDARD & POOR'S	A-3	BBB-
FITCH RATINGS	F3	BBB-
MOODY'S	N/P	Ba1

3. KEY GROUP DEVELOPMENTS

CGD Group reinforced its intervention in international markets with which it has historical, linguistic and cultural affinities, in first half 2011 owing to the economic and financial slowdown which was particularly noticeable in euro area. Reference should be made to the group's operations in Lusophone Africa and Brazil, which represented a further advance in exploiting the synergies of CGD's worldwide presence.

The deed setting up Banco para Promoção e Desenvolvimento (BPD*)*, with a start-up capital of five hundred million US dollars, jointly owned in equal parts by CGD and Sonangol Groups, was signed in February. BPD will gear its activities to supporting the development of the Angolan and Portuguese economies.

In Mozambique, permission was given for the start-up of the activities of Banco Nacional de Investimento (BNI), owned 49.5% by CGD, 49.5% by the State of Mozambique through its National Directorate for the Treasury and 1% by Banco Comercial e de Investimentos (CGD Group). BNI will gear its activities to supporting the development of Mozambique's economy.

Caixa Banco de Investimento (CBI), is also furthering an international strategy and plans to have a presence in Angola and Mozambique over the short term.

As the Brazilian economy remains robust, with major growth potential, CGD Group's commitment to this market, via Banco Caixa Geral Brasil (BCG Brasil), has been and continues to be successful.

With the objective of incentivising the group's corporate and investment banking activities in the Brazilian market, there was a 277 million reais (EUR 115.7 million) share capital increase in 2010, with a partnership agreement having been entered into with Banif Group in Brazil providing for CGD Group's acquisition of 70% of the share capital of Banif Corretora de Valores e Câmbio ("Banif CVC").

A EUR 30 million increase in Banco Caixa Geral's share capital, fully subscribed for and paid up by CGD, was also realised in Spain, with the objective of maintaining Banco Caixa Geral's solvency ratios at adequate levels . BCG now has an equity capital of EUR 518.8 million.

Branch Office Network

CGD Group had 1 345 branch offices of which 873 on Portuguese territory at 30 June 2011.

NUMBER OF GROUP BRANCH OFFICES	Dec 2010	Jun 2011
CGD (Portugal)	869	872
Branch office network	830	833
Corporate offices	39	39
Caixa – Banco de Investimento (Lisbon + Madrid)	2	2
France branch	46	46
Banco Caixa Geral (Spain)	211	210
Banco Nacional Ultramarino (Macau)	14	14
Banco Comercial e de Investimentos (Mozambique)	95	105
Banco Interatlântico (Cape Verde)	9	9
Banco Comercial Atlântico (Cape Verde)	32	32
Mercantile Lisbon Bank Holdings (South Africa)	15	15
Banco Caixa Geral Brasil	1	1

Banco Caixa Geral Totta de Angola	21	22
Other CGD Group branches	16	16
Macau offshore branch	1	1
Total	**1 332**	**1 345**

International expansion, in first half 2011, translated into an increase in the number of CGD's branch offices abroad from 462 to 472, particularly including the opening of 10 Banco Comercial e de Investimentos (BCI) branch offices in Mozambique and a new Banco Caixa Geral Totta de Angola (BCGTA) branch in Angola.

Human Resources

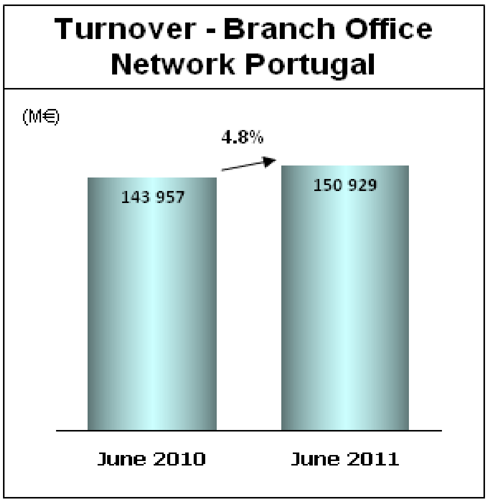
CGD Group had 23 435 employees at the end of first half 2011, of whom 9 808 were engaged on banking activities (CGD Portugal). Special reference should be made to the fact that this latter number comprises a 4.7% reduction of 353 employees associated with banking activity in Portugal in comparison to the same period of the preceding year. Given the seasonal nature associated with the bank's staff numbers, in June, a comparison with the number of employees in December (up 136) is not indicative of the trend occurring in the bank.

	Jun 2010	Dec 2010	Jun 2011
Banking operations (CGD Portugal)	10 296	9 672	9 808
Other	13 038	13 411	13 627
Total	**23 334**	**23 083**	**23 435**

4. MAIN BUSINESS AREA DEVELOPMENTS

4.1. RETAIL BANKING IN PORTUGAL

First half 2011 was characterised by the continuity of the commercial transformation project, particularly the consolidation of service models, improved value proposals, commercial guidelines, quality of customer service and increased customer loyalty and satisfaction indices. At 30 June 2011, more than 700 thousand individual and corporate customers had their own account manager, with Caixa continuing to be the undisputed leader in terms of customer care and service.

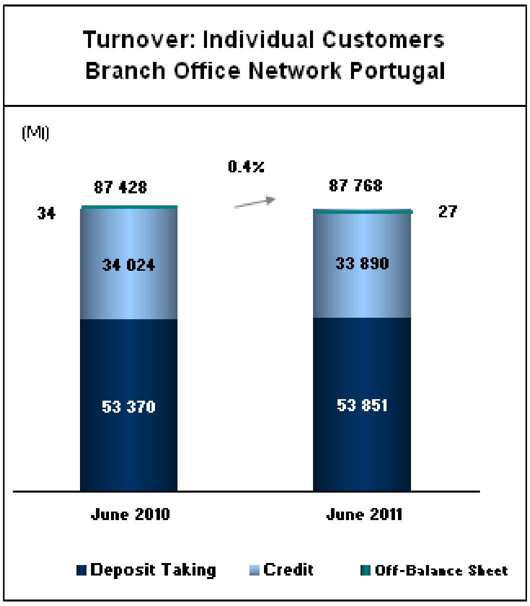


The branch office network, at 30 June 2011 comprised 833 branches and 39 Caixa Empresas corporate offices, with the same structure as at the end of the preceding year.

Branch office network turnover in Portugal at the end of June 2011 was up 4.8%, in year-on-year terms, conditioned by the economic environment and the significant evolution of several customers in the major corporates and institutional banking segment.

Individual Customers

Turnover in the individual customers segment was up 0.4%, year-on-year, to EUR 87.8 billion at the end of June 2011. This customer segment posted changes of 0.9% and -0.4%, in terms of the deposit-taking and credit segments, respectively.

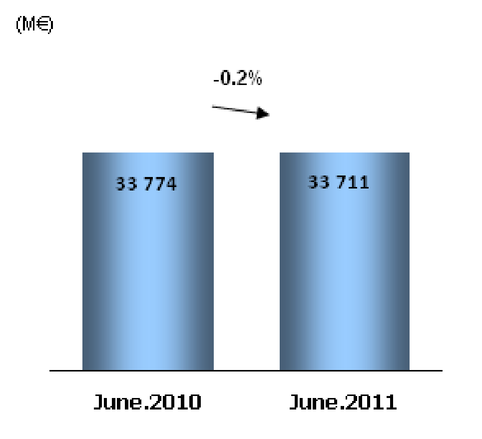


Individual customers' deposits in the branch office network in Portugal were up 1.7%, year-on-year, to EUR 41.8 billion at 30 June 2011.

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 in all segments, always providing the highest levels of security based on CGD's financial solidity and contributing towards the reinforcement of its liquidity.

Mortgage lending was down 0.2%, year-on-year, in portfolio value terms, as a reflection of the market's maturity and the difficulties represented by the current economic-social environment.

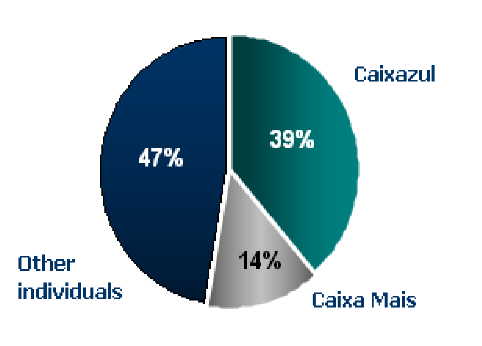
Mortgage Loans Portfolio Branch Office Network Portugal



CGD continues, however, to be the mortgage lending market leader both in terms of its current portfolio and new operations which also translated the dynamics of its innovative approach to supply, by integrating diversified solutions, capable of meeting different expectation profiles, notably as regards the types of interest rate schemes available, adjusted to customer-risk levels.

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 opportunity management. The service, at 30 June 2011, had 319,323 customers and accounted for more than 38.6% of turnover in the individual customers' segment. At the end of June 2011 the branch office network had 576 branches with such dedicated spaces.

Individual Customers Turnover Branch Office Network Portugal - June/11



One of the most significant aspects recorded by CGD's branch office network, in first half 2011 was the promotion of its **Caixa Mais** Service Model comprising 767 commercial staff members at 812 branches with 346,336 customers. This new **Caixa Mais** service model is intrinsically associated with a highly personalised, proactive new branch office service model, geared to customers and relational management. At the end of first quarter 2011 it accounted for 14% of turnover in the individual customers segment.

Companies

Turnover of EUR 41 billion in the **corporate** segment at the end of 1st half 2011 was up 2.9%, year-on-year. Evolution was highly positive across all components (deposit-taking, credit and off-balance sheet).

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. Notwithstanding such difficulties, CGD, succeeded in increasing its involvement, achieving year-on-year growth of 2.6% in credit at 30 June 2011.

Continuing to implement CGD's strategic guidelines of achieving growth of market share and business in the corporate segment, work continued to be carried out on consolidating the Caixa Empresas service model, with the underlying concept of CGD's provision of a personalised management service to the self-employed and CGD's small and micro companies customers whose account managers represent relational aspects on the basis of an integrated approach to corporate customers' business and individual needs. This service model had 22,682 customers at 30 June 2011, with a turnover of EUR 3.7 billion.

4.2. SPECIALISED CREDIT

Specialised Credit Sector

The financial leasing sector was down 39.1%, year-on-year, although there were differences between property leasing (down 41.8%) and equipment leasing (down 37.9%) products. Factoring, in light of its treasury support characteristics was up 4.7**%**

SECTOR SALES *(EUR million)*	**Jun 2010**	**Jun 2011**
Property leasing	633	369
Equipment leasing	1 456	904
Factoring	12 921	13 533

Sources: ALF – Assoc. Portuguesa de Leasing e Factoring (provisional data for June 2011)

Caixa Leasing e Factoring

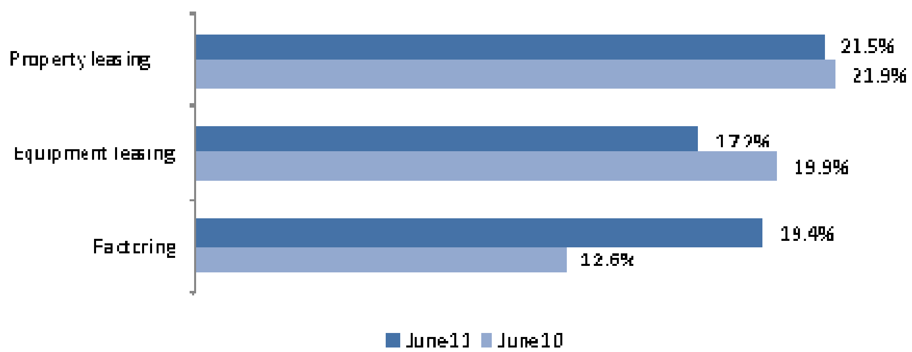
Caixa Leasing e Factoring, Instituição Financeira de Crédito, S. A. (CLF), represents CGD Group in the specialised credit sector and is active in the financial leasing (property and equipment), factoring and consumer credit sectors.

First half was characterised by a 43.1% contraction in property leasing activities and a contraction of 46.1% in the case of equipment leasing and a significant 60.9% growth in the factoring business. Consumer credit was down 51.7%, year-on-year.

CGD GROUP SALES (EUR thousand)	Jun 2010	Jun 2011	Change	Market Share
Property leasing	138 877	79 057	-43.1%	21.5%
Equipment leasing	289 551	155 924	-46.1%	17.2%
Factoring	1 629 919	2 622 463	60.9%	19.4%
Consumer credit	16 703	8 068	-51.7%	
of which:				
Vehicle finance				
Equipment leasing	109 769	50 193	-54.3%	
Vehicle loans	12 140	5 201	-57.2%	

In terms of its operating subsectors CLF came second in property leasing (first in June 2010), with a market share of 21.5% (21.9 % in 2010) and continues to come first in terms of equipment leasing, with a market share of 17.2% (19.9% in 2010). CLF came second in the factoring sector "ranking" (fourth in 2010), with an increase in its market share from 12.6%, in June 2010 to 19.4% in June 2011.

MARKET SHARES



Caixa Leasing e Factoring's net assets were down 5.0%, as a result of the 3.3% decrease in the loans and advances to customers portfolio (net of provisions) and 73.3% reduction in other assets (net of provisions).

KEY FINANCIAL INDICATORS (EUR thousand)	Jun 2010	Jun 2011
Net assets	3 623 941	3 441 518
Loans and advances to customers	3 534 403	3 433 579
Provisions balances on overdue loans and doubtful debts	(79 569)	(91 342)
Shareholders' equity	129 331	139 027
Net income	(2 036)	646

Net interest income and net operating income were down 4.8% and 5.5%, respectively. Continued endeavours and commitment in terms of default management resulted in a 32.3% reduction of EUR 5.6 million in value adjustments associated with the credit (net of recoveries and cancellations) account heading, enabling the company to achieve income before tax of around EUR 1.9 million (against losses of EUR 2.8 million in June 2010). After a tax appropriation of EUR 1.3 million, CLF posted net income of EUR 646 thousand (against losses of EUR 2.0 million in June 2010).

4.3. INTERNATIONAL OPERATIONS

In the current environment of national and international crisis and in its awareness of international business's crucial role in achieving a sustained recovery of the Portuguese economy, in a period of weak domestic demand and a context in which the exports sector still has a large amount of leeway for growth in comparison to other European economies of a similar dimension, CGD Group continued in first half 2011, to be strongly committed to supporting and accompanying Portuguese companies' internationalisation actions and strategies

Commitment to internationalisation has been one of the main development pillars behind the development of CGD's operations which have particularly focused on markets involving relationships of cultural and linguistic affinity or with large communities of Portuguese origin.

Caixa, in its maintenance of such guidelines, has, in the more recent past been particularly concentrating either directly or indirectly on markets with greater business potential for Portuguese companies and *ipso facto* for CGD Group itself, both in the form of its locally incorporated banks and its own branches and representative offices.

CGD has also reinforced its focus on support to the internationalisation of its customers, particularly in markets in which it has an active presence. In the current context, characterised by high levels of uncertainty deriving from liquidity constraints and the imposition of prices based on the current economic and financial environment on the business sector, CGD has affirmed its position as an active partner in its support for exports and the internationalisation of Portuguese companies.

CGD has an international presence in 23 countries spread over 4 continents, particularly concentrating on the economies of emerging and developing countries such as Lusophone Africa, Brazil, China and Latin American countries. With around 500 branch offices and some 5 000 employees working abroad, Caixa is proud to be the Portuguese bank with the largest branch office network outside the country.

Caixa, in first half, continued to consolidate its positions in the geographies in which it operates as its principal strategic thrust in the international area, through organic growth and efficiency improvements as well as by strengthening the synergies between its branch office network in Portugal and the group's international network, providing its customers with a vast range of products and services designed to support their operations outside Portugal.

The development and consolidation of CGD Group's international network made several important advances in first half 2011. Committed to proximity as a fundamental approach to strengthening its presence with customers, Caixa opened another representative office on 8 June last. This new office, located in the Canadian city of Toronto, will enable it to enjoy a closer relationship with Canada's large, important Portuguese community.

Actions designed to provide information and improve the capability of Portuguese companies in their internationalisation processes in strategic markets for Caixa Group were taken in first half 2011.

CGD provides foreign trade mechanisms in the form of short, medium and long term instruments comprising fundamental support for exports making a decisive contribution to boosting the performance of good companies committed to developing cross-border activities.

Medium and long term instruments are usually structured as direct credits to importers, in terms of credit support (i.e. concessional lines) as well as in commercial terms (commercial finance agreed in accordance with market conditions and generally covered by Cosec).

CGD continued to comply with its commitments, in first half 2011, related to the monitoring and promotion of concessional and commercial export lines of credit. This comprised significant support for the internationalisation of Portuguese companies in an effort to grow the national economy through exports.

Given the economic-financial constraints during the period, no additional concessional lines of credit were taken out. As regards already existing medium/long term commercial support, reference should be made to the furtherance of the negotiation and contracting process for the funding of projects under a EUR 300 million line of credit to Mozambique, scheduled for implementation in third quarter 2011.

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 Group's current international network comprises:

- 8 banking branch offices (New York, France, Luxembourg, London, Zhuhai/China, East Timor, Cayman Islands and Spain

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

- 1 associated company (in São Tomé e Príncipe)

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

Caixa Geral de Depósitos is active in strategic markets in Lusophone Africa, particularly Angola and Mozambique, in addition to Brazil and southern China, promoting links between different operations and leveraging the exploitation of commercial corridors between the main geographies in which CGD has a presence and which are also several of the more dynamic and high growth worldwide trade areas.

Notwithstanding the fact that CGD Group's international operations reflect the difficulty of the macroeconomic environment, notably in Europe and North America, the group has endeavoured to develop the good business opportunities which several geographies continue to provide. It has been the new economies which have displayed greater resilience to the effects of the global crisis in remaining highly dynamic in which Caixa has continued to reinforce its commitment.

In such a strategic environment, the operating account witnessed an 8.2% increase in net operating income from global activity resulting from the highly satisfactory increase of 5% in net interest income and 19.1% in non-interest income. International operations accounted for EUR 33 million of CGD Group's consolidated net income.

Loans and advances to customers (net) of EUR 13 116 million were down 5% over December 2010. Customer resources were up 1.3% over close 2010 to EUR 10 185 million.

Angola

The Angolan economy, in first half 2011, continued to achieve economic recovery following the "shock" of past years deriving from falling oil prices which naturally affected the climate of confidence and dynamism of activity noted in Angola since 2003.

The three main international rating agencies Fitch, Moody's and Standard & Poor's, upgraded the rating on the Angolan economy to "BB", with a stable outlook from Fitch and Standard & Poor's and "Ba3" with stable outlook from Moody's (equivalent to the other two agencies' "BB-" ratings).

Angola's external solvency continues to be reinforced by the accumulation of official currency reserves as a contributory factor to the improved business climate in the form of the progressive normalisation of the operation of the currency markets in addition to the settlement of payments to the public sector. Foreign currency reserves, in comparison to the amount of around USD 17.3 billion accumulated since December 2010, increased to USD 21.4 billion in the first half of this year or an accumulated change of 23.6% since the start of the year.

Banco Caixa Geral Totta de Angola (BCTA), in line with its strategic guideline plan particularly continues to focus on the expansion of its branch office network with the objective of achieving a presence in all provinces and continuing to improve the level of service to its customers, notably companies with a special impact in key economic sectors (oil and diamonds) and targeting its commercial operations to the retail sector for such companies' employees.

The country's growth prospects, Portuguese companies' continued commitment to exports and investment in Angola and, as a factor of major importance, the Angolan population's still low level of use of banking services comprise indicators of potential business that CGD is committed to developing.

Reference should also be made to the fact that BCTA rose to 41st position in South Africa's banks ranking and 147^{th} in the ranking for Africa.

Mozambique

BCI continued to implement its strategic plan, in first half 2011, based on the growth of its branch office network and reinforcement of its customer segment. The bank increased its number of branches from 95 to 105. Within the context of its expansion programme, the bank also expanded the use of its electronic channels with 27 new ATMs (up 12.39%) to 245 units and 447 new items of POS equipment (up 33%) to 1,812 units.

The increase in the bank's activity is also reflected in its number of customers, which was up 67% over June 2010 to 335 thousand, in addition to the number of cards issued (309 thousand, up 58% over June 2010).

The bank had a market share of 26.03% in total assets, 26.93% in deposits and 31.74% in credit in June 2011.

The bank won World Finance Magazine's "The Best Commercial Bank 2011 – Mozambique" prize. This award was based on such important aspects as the activity of Mozambique's commercial banks and their income levels, good practice, innovation and product quality.

Cape Verde

The trend of the economic climate indicator, in 2nd quarter 2011, is indicative of a slowdown in Cape Verde's economic growth rate.

The fact that the referred to economic climate indicator has evolved negatively in quarter-on-quarter terms, at a lower level than the average for the series, reinforces estimates of an unfavourable economic environment. This environmental diagnosis is a result of the summary of considerations based on information provided by businesspeople in the construction, commerce, tourism, manufacturing and transport and ancillary transport services.

According to foreign trade data compiled by the National Statistics Institute (INE) in second quarter 2011, re-exports, exports and imports were up 166.0%; 31.4% and 18.0% respectively, over the same period 2010. The balance of trade deficit moved in the same direction, with an increase of 17.0%, although the cover rate improved by no more than 0.9 pp quarter-on-quarter.

Standard & Poor's (S&P) maintained a long term sovereign rating of "B", having changed its outlook on Cape Verde from negative to stable. The agency has based its decision on the fact that, despite its high external and fiscal deficits, Cape Verde has shown that there are prospects for "moderate to strong " economic growth.

Banco Comercial do Atlântico

BCA, considered to be the benchmark operator nationwide and with the emigrant community, owing to its strong presence in Cape Verde's main emigration markets, has maintained its clear market lead.

One of the bank's strategic objectives is to continue to be the biggest and best national bank and it is with this objective in mind that it has endeavoured to become more competitive, diversifying supply through its launch of various products and services in the form of savings and corporate loan products.

BCA opened and remodelled 5 of its branch offices in the first half of the year.

Banco Interatlântico

Banco Interatlântico's performance continues to be in line with the preceding year's trend, characterised by above average market growth both in taking in resources from customers and in lending (14% and 19%, respectively).

These figures have undoubtedly contributed towards an increase in the bank's market shares, particularly in the corporate segment which has been chosen by the bank as a growth priority. This reinforcement has been confirmed by Banco Interatlântico's share of the number of active items of POS equipment in Cape Verde, in which it achieved a market share of 26%. BI continues to be the second largest bank in the system in this respect.

The bank ended the half year with a much higher than legally required solvency ratio of 14.1%.

The bank continued its negotiations with the French Development Agency for the supply of a second line of credit for Cape Verde's municipalities, including social and environmental responsibility in terms of project analysis as an innovation in market terms.

Banco Interatlântico has also remained at the forefront of the creation of a mutual guarantee company in Cape Verde, which will contribute to access to credit and consequently greater development of small and medium sized companies in Cape Verde.

South Africa

Although Mercantile Bank is essentially a niche operator in the corporate segment, its offer encompasses a full range of national and international banking services in addition to a product range that includes a full collection of investment and treasury loans as well as transactional products and customised services i.e. structured on the basis of each customer's specific business needs and the personal banking requirements of company owners.

Since its establishment in South Africa as the "Lisbon Bank" in 1965, the history of Mercantile Bank has been full and eventful. Following its recapitalisation, in 2005, Mercantile saw an increase in Caixa Geral de Depósitos's (CGD's) investment to 91.75%, following which it embarked on a highly successful recovery strategy. It was also at this time that the bank revitalised its brand and strategic focus with the objective of becoming a dominant player in the corporate banking market.

The difficult economic situation experienced in 2010, remained in force in 2011, both domestically and internationally .

Reference should be made to the following relevant aspects of Mercantile's activity in the first half of the year:

- The April acquisition of 74.9% of Custom Capital (Pty) Ltd which operates in the renting area.
- The July acquisition of 51% of non-life insurance broker Multi Risk Investment Holdings (Pty) Ltd.

These acquisitions will increase supply, diversify income sources and increase the cross selling potential of several of the group's customer bases.

Reference should also be made to the fact that the group, on 30 June 2011, contracted with IFC for a EUR 50 million loan facility with a maturity of 7 years to finance small and medium sized companies in addition to energy efficiency and renewable energy projects.

Brazil

On the other side of the Atlantic, Banco Caixa Geral Brasil has maintained a highly dynamic trajectory, based on a strategy particularly geared to the corporate segment and investment banking given the strategic importance of its presence in Brazil and the dimension of the corporate movements to and from it.

Working in close collaboration with CGD Group's network, BCG Brasil has been assisting its Portuguese customers' commercial and investment links with Brazil, in addition to assisting Brazilian customers performing such activities in Europe or Africa. BCG-Brasil's integrated offer of financial services includes local and foreign currency loans, guarantees, structured products, foreign currency operations and financial investments. BCG-Brasil has, as an investment bank, focused on providing advisory services to projects, mergers and acquisitions, structured finance and capital market operations.

The Brazilian scoring company used by institutions - RiskBank – classified BCG Brasil in 21st position out of 100 banks. Fitch issued BCG Brasil with an AA- rating in July 2011.

The Brazilian Association of Financial and Capital Markets recently announced the project finance rankings in which BCG Brasil came in 5th positions as "structurer" and in mergers and acquisitions in which it came 6th for its advisory services.

New York and Cayman Islands

CGD Group has a presence in North and Central America with two branches (New York and Cayman Islands). These branches perform their activities in close coordination with the other CGD Group units operating in the USD market, particularly Banco Caixa Geral Brasil.

The New York and Cayman Islands branches furthered their global asset reduction policy in first half 2011, following the worsening of the European sovereign risk crisis and consequent downgrade of the risks on the Portuguese Republic and on CGD.

The New York branch is a specialised wholesale business unit. Its activity is mainly performed in the capital market, import and export finance, syndicated operations and in taking in US dollar resources for the group, notably via its management of CGD Group's USD commercial paper programme.

In line with the referred to macroeconomic environment, the New York branch's activity was globally down by around 80.8% in terms of net assets in first half 2011 in comparison to the same period last year. This policy is, however, in line with the preventative measures taken in 2010.

The Cayman Islands branch operates as a CGD Group accounting centre and additional source of funding in USD for CGD Group.

The Cayman Islands branch posted a year-on-year decrease of around 47.6% in net assets in first half 2011 pursuant to the previously defined policy. Reference should also be made to the fact that, as in the case of the New York branch the Cayman Islands branch also posted a decrease in net assets in 2010.

France

The branch's retail activity in the french domestic market continued to make steady progress in a framework of moderate economic growth and continued to focus on deposit-taking activities on the basis of special campaigns and incentives. Customer deposits in June accordingly posted a year-on-year rate of change of 6.8%, with a 4.8% growth in credit. Credit growth was 4.2% for individual customers (4.9% for mortgages) and 7.0% in the case of small and medium-sized companies. Reference should also be made to the branch's role in channelling EUR 143.5 million in remittances to Portugal, in first half 2011.

In providing for its customers' needs, the CGD branch has launched major deposit-taking programmes. commercialising innovative products designed to optimise synergies and retain the loyalty of the local community, being naturally sensitive to particularly aggressive competitors while, at the same time, attracting new customer segments which consider that CGD provides them with the same type of response as provided by French banks. The range of solutions comprises various packages of products and services designed to meet the specific needs of the different income segments, professional groups and age brackets at which they are targeted.

At the end of June 2011, the France branch's balance totalled around EUR 8.4 billion, down 31.9% by EUR 3.9 billion over the same period 2010.

The drop in the value of the balance sheet derives from the reduction of the branch's international activity in two aspects. The intermediation of financial flows taken from the group's funding programme in the money and capital markets was down by around EUR 3.2 billion, in line with the change in the group's funding structure. The bilateral or syndicated domiciling of international operations in which the group is involved, including the securities and hedge derivatives portfolio witnessed a contraction of around EUR 0.6 billion, particularly resulting from the transfer of Spanish borrowers' operations to the Spain branch, sale of international assets as part of the group's deleveraging process, and, in the opposite direction, the use of already existing concessional lines of credit.

Spain

CGD Group's activity in Spain was strongly conditioned by the adverse macroeconomic framework affecting the country, characterised by high unemployment, anaemic GDP growth, severe liquidity constraints and the bursting of the property sector bubble.

There was a redefinition of the respective business models comprising, on a credit level, a concentration of activity on the SME Iberian business, operating as an important strategic instrument for the group's promotion of Portuguese exports and Portuguese investments in neighbouring Spain (and, to a lesser extent commercial flows from Spain to Portugal).

Caixa Group has also committed to innovative policies for taking in retail resources with the aim of decreasing the importance of wholesale funding for its activities in the Spanish market. The new savings products campaigns have been particularly successful.

First half 2011 was also characterised by growing integration between Iberian branch networks, with particular reference to the enhanced role of the Iberian Business Committee. This committee regularly brings together representatives from the diverse commercial structures on both sides of the border for the purpose of developing joint operating strategies which could result in positive operating synergies for CGD in these two markets.

Macau – China

The growth of Macau's economy is still heavily based on the gambling sector. Revenues from the sector already account for five times the revenues of Las Vegas with the total revenues for 2007 already having been exceeded in the first four months of 2011. 33 casinos owned by only 6 companies currently operate in the territory.

There continues to be inflationary pressure with a 5.5% in the CPI in March 2011, the highest since December 2008. The situation essentially derives from the territory's dependence upon imports for most of its consumer goods, particularly mainland China, given the low levels of industry and agriculture in Macau. The general level of prices is therefore highly dependent on import prices in addition to the evolution of the foreign exchange rate. As the pataca is indexed to the Hong Kong dollar which is, in turn, pegged to the US dollar, it is impossible to use monetary policy for price control purposes. Inflation in 2011/2012 is expected to be 3.6%.

The balance of trade remains in deficit although there is a positive balance on the current account owing to the large services account surplus.

CGD Group, in Macau, is present through Banco Nacional Ultramarino, which operates as a universal bank and continues to be the issuer of Macau's legal tender. The agreement with the Chinese authorities to extend the bank's status as the currency issuing bank was renewed in September 2010 for another 10 years.

In first half 2011, BNU remained strongly committed to furthering its policy of broadening its range of products and services to customers, adjusting its needs to market specifications. The bank's strategy comprises not only the broadening of its specific offer for companies but also its launch of new credit cards, wireless POS, broadening of the range of cards accepted by its ATMs (currently being the bank with the highest number of cards accepted). The offer has also been consistently broadened in the individual customers segment, notably wage accounts for customers and broadening of its offer of cards.

East Timor

There are visible signs of a higher level of economic dynamism in the country with a greater flow of currency in circulation, greater consumption of raw materials imports and a broader programme of public tenders for the development of basic infrastructures. The government's commitment (as the country's largest employer) to the implementation of measures designed to improve infrastructures will also help to fuel employment and improve the populations' average living standards.

Without prejudice to major oil and gas projects, signs of the population's greater financial affluence are evident, particularly civil servants. This will generate greater flows in terms of commercial/economic activity.

Other contributory factors will be investments in the tourism/hotel sector which, owing to the relatively scarcity of supply have high development potential.

4.4. INVESTMENT BANKING

Caixa - Banco de Investimento ("CaixaBI" or "Bank") posted gross operating income of EUR 40.7 million in 1st half 2011 and net income of €12 million, 43.2% down, year-on-year, on 2010. This result reflects the increase in the bank's funding costs with a negative effect on net interest income and a slowdown in activity having direct repercussions on commissions. The year-on-year reduction in structural costs was attenuated by the increase in provisions which also contributed towards the decrease in the result.

Recognition

CaixaBI's performance continued to be distinguished, in 2011, not only by its customers and partners but also the main international analysts who recognise the merit of the bank's position in the leading positions of the main league tables.

The US Global Finance magazine selected CaixaBI as the Best Investment Bank in Portugal, in 2011.

EMEA Finance magazine awarded CaixaBI its Best Investment Bank in Portugal, prize in 2010.

Euromoney also singled out CaixaBI, as the winner of its Award for Excellence 2011 in the category of the Best Debt House in Portugal 2011.

Rankings

According to Dealogic's Project Finance Review, CaixaBI/CGD at the end of first half 2011, came 1st in the National Project Financial Advisor ranking, 18th in the Iberian ranking and 42nd in the European ranking.

CaixaBI came 2nd in the bonds Issued by Portuguese Entities ranking according to Bloomberg data.

According to the CMVM, CaixaBI had a market share of 7.8% in the financial intermediation area, for the first five months of the year, coming in 4th position

Financial Intermediation

There were no primary market operations, in Portugal, in first half 2011. Several operations are, however, likely to take place during the year taking the foreseeable privatisations schedule into account.

The bank, in this environment, accordingly focused its attention on improving relationships with institutional investors, intensifying marketing operations with Portuguese and foreign companies involving domestic and international investors in collaboration with CaixaBI's research areas and other ESN members.

As regards international activities, CaixaBI was involved in the Sonae Sierra Brasil (January 2011) and EDP Brasil offers (June 2011), in both cases with co-manager status.

Corporate Advisory and Risk Management

CaixaBI continued to act as a liquidity provider for several securities listed on Euronext Lisbon, including Cofina, Orey Antunes, Altri, Inapa, and SAG Gest. This is a business area in which CaixaBI has been a pioneer and in which it continues to be a benchmark operator having been awarded Euronext's maximum "A" rating on all securities and categories.

As a benchmark operator in this type of activity, CaixaBI has been engaged on broadening its contracts base and diversifying the type of instruments on which it operates as a liquidity provider, continuing to perform a market-making activity for a property fund and for several deeply subordinated perpetual Tier 1 issues.

CaixaBI's activity, in this first half, focused not only on the activity of minimising interest rate risk but also on differentiating between its services and those of the bank's main competitors, providing solutions designed to minimise mark-to-market variability, both in scenarios of rate increases and decreases, thus providing for the growing concern of the companies assisted by the bank and which have implemented the International Accounting Standards (IAS/IFRS).

This half year witnessed a reduction in both the number and notional amount of hedges in comparison to the same period last year. However, on a level of non-daily income, the fact that the group's gains were practically identical shows its major concern to increase total returns from operations, having succeeded in increasing its income with only a half of the number of business opportunities.

Hedges in the said period were essentially on interest rates, although a certain activity in terms of the foreign exchange market and asset swaps was recorded.

Project Finance

CaixaBI was responsible for structuring eight project finance deals in the first six months of 2011, entailing global CGD Group investment of around EUR 186 million, fully allocated to operations in Portugal.

In addition to the operations closed in the first six months of 2011, the bank currently provides advisory or financial restructuring services to various other operations.

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

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.

Structured Finance

In terms of operations structured on a corporate basis, CaixaBI focused on identifying mandates to guarantee the bank's mandated lead arranger status over the first half of the year.

The scenario of liquidity restrictions experienced by several companies continued to favour liabilities restructuring and debt refinancing activities.

CaixaBI was responsible for managing and assisting around 238 projects in terms of credit processes, of which 134 outside Portugal.

Corporate Debt Finance

CaixaBI was the bookrunner for 4 issues (Portugal Telecom, Portuguese Republic and 2 Caixa Geral de Depósitos issues), giving it 2nd position as the bookrunner for bonds issued by national entities (Bloomberg ranking)[1]. The Portugal Telecom and Portuguese Republic issues comprised market placements with the Caixa Geral de Depósitos operations being retained.

CaixaBI organised and led two new commercial paper programmes for the amount of EUR 1 620 million, completed 35 renewals and/or restructuring operations and currently has nine programmes in progress from past years.

Equity Capital Market

CaixaBI was involved, in the second half of the year with co-manager status in the international tranche of Sonae Sierra Brasil's initial public offering, reinforcing its international presence in the equity capital market. CaixaBI, with this operation, contributed towards the placement's geographical diversification, having established contacts with a large number of institutional investors in the European market.

The bank was also involved in the following mandates in the first half of the year, whose operations were completed in July:

– Participation, in partnership with Banco Caixa Geral - Brasil in the international tranche of EDP – Energias do Brasil's secondary public offering with co-manager status;

– In the Bankia initial public offering with co-lead status, as the only Portuguese bank in the banking syndicate for one of the largest offerings in Europe in 2011.

Reference should also be made to several endeavours to secure mandates in Portugal, Spain and Brazil.

[1] It should, however, be noted that the full amount of the issues enabling Banco Santander to lead the ranking were own issues, not for market placement but for retention purposes, with the objective of reinforcing the asset base eligible for discounting purposes with the ECB.

Corporate Finance – Advisory

CaixaBI successfully developed and completed a set of projects in first half 2011 of which reference should be made to the financial advisory services to Portugal Telecom for its investment in Brazilian Group Oi, as one of the largest operations involving Portuguese companies over the last few years , in addition to financial advisory services to SAG for the disposal of an investment of around 47% in Unidas in the form of a share capital increase which was one of the largest private placements of the year in Brazil.

Reference should also be made to several projects for securing mandates performed by DCA, on various companies in different economic sectors in Portugal, Spain, Brazil, Angola and Mozambique.

Syndication and Sales

CaixaBI was involved in the following issues over the course of the first half year:

Placement of a Portugal Telecom Bond issue of EUR 600 million at a coupon rate of 5.625%, maturing on 08 February 2016.

Placement of a Portuguese Treasury Bond issue of EUR 3 500 million at a coupon rate of 6.4%, maturing on 15 February 2016. Caixa BI was joint lead manager together with other five international banks. CaixaBI was joint lead manager in conjunction with another five international banks.

CaixaBI was involved in Portuguese public debt auctions held in the first half of the year as a specialised treasury securities trader:

- January: auction of October 2014 3.60% Treasury Bonds and January 2020 4.80% Treasury Bonds;
- March: auction of September 2013 5.45% Treasury Bonds;
- April: extraordinary auction of June 2012 5% Treasury Bonds.

Notwithstanding the fact that it is not a specialised treasury bills trader, the bank was also one of the main drivers behind treasury bill auctions, procuring orders for the successful completion of all of the auctions in the period.

CaixaBI realised and was involved in 146 commercial paper issues for a total amount of EUR 3 687 450 000 during the course of the half year, having placed EUR 1 382 250 000 in coordination and with the support of CGD's Major Corporates Division.

Venture Capital

CaixaBI, through Caixa Capital, during the course of the half year, continued to take in and analyse investment opportunities eligible for one of the four venture capital funds under its management.

138 projects, 70 of which secured in the period and 68 brought forward from the preceding year were considered. 49 projects were filed or rejected, 50 remained under analysis and 39 were approved.

Project approvals comprised potential investment of around EUR 42 million. Of the said amount, EUR 9.2 million (EUR 1.5 million in 8 new operations and EUR 7.7 million in additional investment in 11 subsidiaries) was invested

4.5. ASSET MANAGEMENT

The preceding year was a particularly difficult one for the national asset management market with heightening tensions already felt in 2011. The budget crisis affecting several European and particularly the "peripheral" countries, contributed towards the deterioration of retail customers' already low risk aversion levels. This was accompanied by an across-the-board increase in the interest rates charged by Portuguese banks which increased the competitiveness and *ipso facto* attractiveness of traditional deposits in comparison to other investment alternatives in risk/return terms.

The asset management sector is therefore not immune from the capital requirements of the distribution banks which require a significant decrease in the conversion rate, penalised by off-balance sheet products.

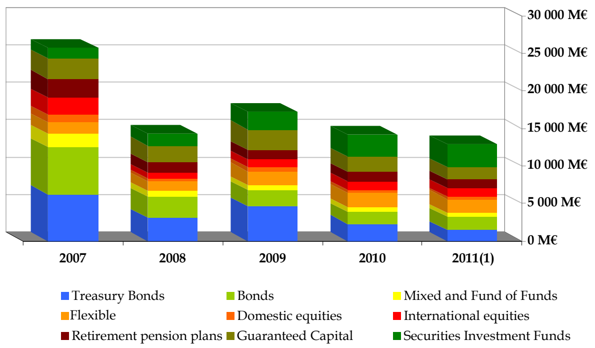
Such a difficult, complex environment affecting the Portuguese financial market, will be highly demanding in terms of asset management, notably characterised by lower turnover levels, increasing management companies' difficulties in achieving their strategic objectives.

Securities Investment Funds

The volume of unit trust investment funds managed by Portuguese fund managers at end June 2011 was down 9% over the start of the year to EUR 12,878 billion.

The most liquid funds were those to suffer the most owing to bank customers' transfers of their investments to deposits. On the other hand, the redemption of nine guaranteed capital funds, several of which of a significant dimension, also affected market volume. Only "special investment funds" and bond funds recorded positive growth rates.

Evolution of Market Volume



) first half 2011

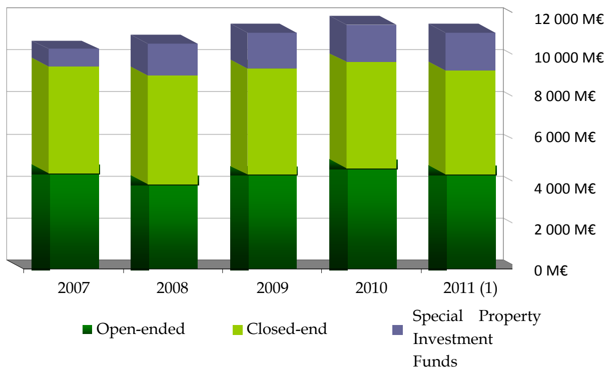
(1

At the end of the half year, 83% of the market for securities funds was concentrated in the five largest Portuguese fund managers with Caixagest retaining its market lead with a share of 22%,.

Property Investment Funds

The property investment funds market was down 3% over the course of the half year with assets under management by fund managers as a whole down EUR 374 million to EUR 11 247 million.

Evolution of Market Volume



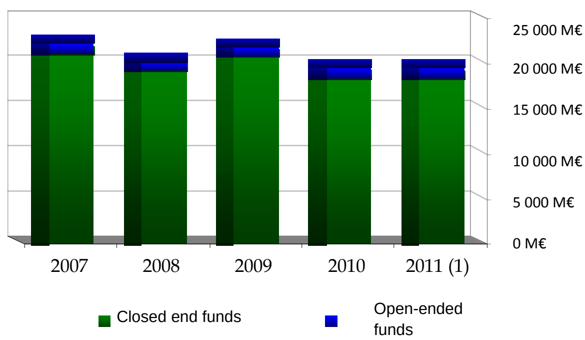
(1) first half 2011

The seven largest Portuguese property fund managers represented 61% of the market In June 2011 with Fundimo retaining its market lead with a market share of 14.6%,

Pension Funds

The pension funds market was worth EUR 19,605 million at the end of first quarter 2011. Closed pension funds, predominantly banking funds, continued to dominate this market segment with 94% of the total.

Evolution of Market Volumes



(1) first quarter 2011

93% of the pension funds market was concentrated in the seven largest pension funds managers with CGD Pensões retaining fourth position in the ranking by amount with a market share of 11.1%.

Wealth Management

The portfolio management market, centred on mandates from major institutional customers, was down 5% in first half to EUR 61 847 million. Caixagest retained its market lead with a market share of 28%.

CGD Group

The level of income from CGD Group's asset management business in first half 2011 was, in proportional terms, slightly up over the preceding year, notwithstanding the adverse environment in the financial markets.

Although the volume of assets under CGD Group management was down to EUR 23,549 million, an amount of EUR 24.79 million was earned in commissions from this business area owing to the increase in commissions from the wealth management segment.

COMMISSIONS *(EUR thousand)*	**Dec 2009**	**Dec 2010**	**Jun 2011**
Securities funds	21 176	21 727	9 161
Property funds	13 236	15 378	8 578
Pension funds	3 300	3 479	1 577
Wealth management	8 654	6 835	5 481
Total	**46 366**	**47 418**	**24 797**

Securities Funds – Caixagest

Keeping pace with market trends, amounts allocated to Caixagest managed funds were down 20%. Owing to the new circumstances in the financial markets, Caixagest had initiated a restructuring process on its permanent liquidity and bond funds offer, in the preceding year. With the aim of securing new customers, the proposals in these discretionary management and individualised third party areas were adjusted to the new circumstances in which special reference should be made to the expansion of the investment consultancy service for individual customers.

Working in cooperation with CGD's branch office and marketing network, Caixagest's strategy consisted of the launch of two protected capital structured funds, involving classroom training activities in various areas of the country and which took in resources of EUR 84 million.

Three funds were merged during the said period and three protected capital funds for a global amount of EUR 361 million were redeemed.

FUNDS UNDER MANAGEMENT (EUR million)	Dec 2009	Dec 2010	Jun 2011
Treasury funds	1 065	730	534
Bond funds	566	330	352
Protected capital funds	1 657	1 351	1 103
Share funds	241	260	226
Funds of funds and mixed funds	89	84	80
Special investment funds	488	528	553
Total	**4 106**	**3 282**	**2 848**

Caixagest had EUR 2 848 million under management in 50 securities investment funds at the end of June, with a diversified product portfolio covering various international financial markets.

First half 2011 commissions of EUR 9.16 million were proportionally down over the preceding year owing to the downturn in volume under management.

FUNDS UNDER MANAGEMENT (EUR thousand)	Dec 2009	Dec 2010	Jun 2011
Management fees	18 080	18 468	7 675
Depository fees	2 706	2 668	1 150
Subscription and redemption fees	390	591	336
Total	**21 176**	**21 727**	**9 161**

Property Funds – Fundimo

The consistency of Fundimo's performance and continuation of the implementation of its management strategy over the last few years – without any exposure to the residential sector and favouring a policy involving an active search for opportunities in prime national property zones explain the maintenance of the Fundimo Fund's effective net yield of 2.9% over the last twelve months.

As regards Fundimo's management of closed-end funds and owing to the fact that such funds are mainly allocated to property development and promotion, activity remained sluggish.

The property funds portfolio managed by Fundimo, totalled EUR 1 637 million and included 27 closed-end funds and one open-ended fund at the end of June.

FUNDS UNDER MANAGEMENT (EUR million)	Dec 2009	Dec 2010	Jun 2011
Fundimo open-ended fund	923	1 064	1023
Closed-end funds	655	619	14
Total	**1 578**	**1 683**	**1 637**

An amount of EUR 8.58 million was earned in commissions from property funds in first half 2011. This level of commissions resulted from the Fundimo Fund's efforts to relaunch its preceding year's level of commercial activity and increase the volume of commissions earned on redemptions charged by the Fundimo Fund.

COMMISSIONS *(EUR million)*	**Dec 2009**	**Dec 2010**	**Jun 2011**
Management fees	9 263	12 952	6 595
Depository fees	3 072	1 470	740
Redemption fees	901	957	1 243
Total	**13 236**	**15 378**	**8 578**

Pension funds – CGD Pensões

CGD Pensões had EUR 2 110 million under management at the end of the half year. This remained stable in comparison to the beginning of the year.

FUNDS UNDER MANAGEMENT *(EUR million)*	**Dec 2009**	**Dec 2010**	**Jun 2011**
Closed-end funds	1 988	2 065	1 996
Open-ended funds	112	118	114
Total	**2 100**	**2 183**	**2 110**

The half year continued to witness redemptions of open-ended pension funds by retired investors with one pension fund of a national banking entity having been wound up.

Commissions earnings for the same period totalled EUR 1.58 million.

COMMISSIONS *(EUR million)*	**Dec 2009**	**Dec 2010**	**Jun 2011**
Management fees	3 041	3 185	1 463
Depository fees	245	283	111
Redemption fees	14	10	2
Total	**3 300**	**3 479**	**1 577**

Wealth Management – Caixagest

Caixagest continued to develop its wealth management service based on a proximity approach with CGD's branch office network and its respective portfolio customers. Proposals were adjusted to the new circumstances with the aim of securing new customers. Reference should also be made to the continued success of investment consultancy services.

Caixagest's management operations on two important institutional portfolios for the amount of EUR 1 875 million, in January, offset the decrease in the volume of insurance portfolios. The amount of EUR 18 467 million, under Caixagest management, at the end of June, remained practically unchanged in comparison to the start of the year.

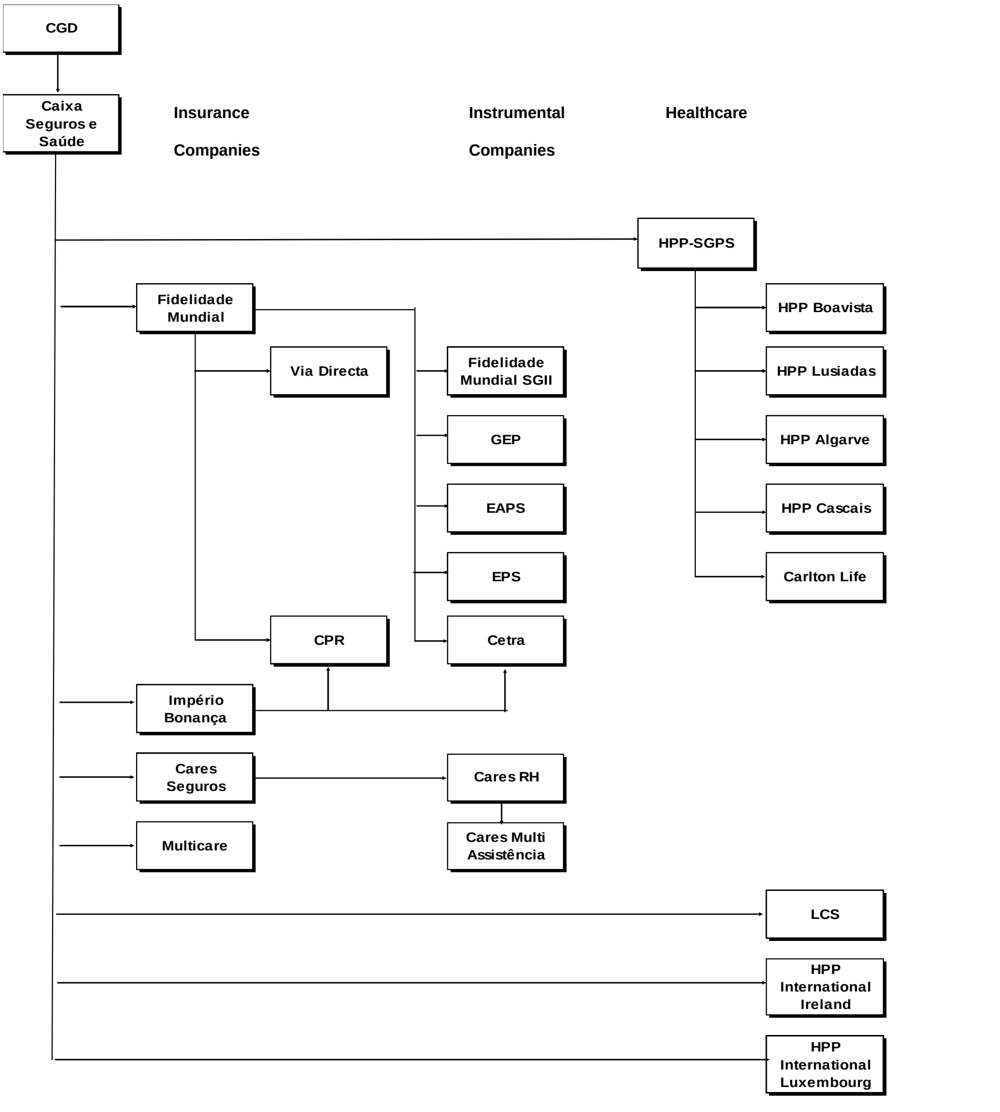
PORTFOLIOS UNDER MANAGEMENT *(EUR million)*	Dec 2009	Dec 2010	Jun 2010
Portfolios under management	**18 865**	**18 570**	**18 467**
Insurance	13 936	13 834	12 376
Institutional	2 894	2 627	4 044
Pension funds	1 802	1 879	1 813
Individual and corporate customers	234	230	234
Assets under advisory services	**273**	**303**	**301**

The addition of new institutional customer portfolios also fuelled an increase in global commissions earnings to EUR 5.48 million.

COMMISSIONS *(EUR million)*	Dec 2009	Dec 2010	Jun 2011
Management fees	4 693	2 732	3 393
Depository fees	3 961	4 103	2 089
Total	**8 654**	**6 835**	**5 481**

4.6. INSURANCE AND HEALTHCARE ACTIVTY

Caixa Seguros e Saúde is a global insurance market operator, commercialising products in all insurance areas, based on a multibrand strategy via the largest and most diversified insurance products sales network in the national market, comprising Fidelidade Mundial and Império Bonança branches, associated mediators, agents, brokers, CGD branch offices, CTT counters, internet and telephone channels.



In international terms, Caixa Seguros e Saúde's insurance area has focused on operations in foreign markets in which CGD either has an autonomous presence or operates through subsidiary companies.

Reference should also be made to the group'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, S.A. and LCS - Linha de Cuidados da Saúde, S.A.

In the hospital area, reference should be made to the opening of the new paediatrics wing of Lusíadas hospital and the inauguration of the HPP's new "Fórum Algarve" clinic in Faro. June also witnessed the signing of a partnership agreement with Techniker Krankenkasse which is the second largest German insurance company in the healthcare sector. Cascais hospital also received its environmental certificate and became the first in the country to achieve this seal of quality.

Caixa Seguros e Saúde, SGPS, SA – SA – Key Financial Indicators

Caixa Seguros e Saúde, SGPS, S.A. earned net income of EUR 36.8 million (EUR 27.0 million in the preceding year), in June 2011, under IAS/IFRS (CGD Group) standards, split up between income of EUR 65.8 million from its insurance operations and losses of EUR 29 million from its healthcare area.

Caixa Seguros e Saúde contributed EUR 330 million (up EUR 19 million over June 2010) to CGD Group's net operating income of which EUR 223 million were generated by the technical margin on insurance activities and EUR 107 million by financial activity.

The technical margin on insurance operation was up EUR 8 million over the preceding year, fundamentally reflecting the containment of claims costs.

Net operating income from financial operations, was, in turn, up EUR 11 million over June 2010, as a reflection of the continued launch of new life insurance products in the form of investment contracts and higher billing revenues in the hospital area, impacting this account heading.

CAIXA SEGUROS E SAÚDE, SGPS, SA (a)

(EUR million)

Financial Statements and Key Indicators	Jun 2010	Jun 2010
SUMMARY OF CONSOLIDATED BALANCE SHEET		
Net assets		
Securities portfolio, deposits and cash	13 979.0	12 805.7
Investment properties and investments in associated companies	353.2	340.4
Other tangible and intangible assets	506.4	482.7
Current and deferred tax assets	129.6	207.1
Technical provisions for outwards reinsurance	289.4	253.2
Other assets	641.1	638.2
Total assets	15 898.6	14 727.2
Liabilities and shareholders' equity		
Liabilities		
Financial liabilities (investment contracts)	7 230.4	7 180.9
Technical provisions (insurance contracts)	6 295.6	5 425.7
Other provisions	57.8	77.7
Current and deferred tax liabilities	20.7	21.8
Subordinated liabilities	411.5	436.5
Other liabilities	810.7	738.0
Total liabilities	14 826.8	13 880.5
Shareholders' equity		
Capital	448.4	448.4
Share premiums	178.4	184.4
Reserves	402.1	157.9
Advance of dividends	0.0	0.0
Net income	27.0	36.8

Minority shareholders' interests	15.8	9.2
Total shareholders' equity	1 071.8	846.7
Total liabilities and shareholders' equity	15 898.6	14 727.2
CONSOLIDATED SUMMARY OF GAINS AND LOSSES		
Net operating income from financial operations	96.1	107.0
Technical margin on insurance operations	215.5	223.2
Operating costs. including provisions changes	-250.7	-240.7
Impairment	-37.6	-19
Income generated by associated companies	0.4	0.4
Income before tax and minority shareholders' interests	23.6	71.0
Income tax	3.8	-33.6
Minority shareholders' interests	-0.4	-0.6
Income for period attributable to CGD	27.0	36.8

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

Caixa Seguros e Saúde, SGPS, S.A.'s statutory net income for first half 2011 was EUR 43.3 million (EUR 13.9 million in June 2010), split up into income of EUR 48.2 million from its insurance area (EUR 21.1 million in June 2010) and losses of EUR 4.9 EUR million from its hospital activity (losses of EUR 7.2 EUR million in June 2010).

Caixa Seguros e Saúde, SGPS, S.A.'s insurance companies' solvency levels, as a whole, remained comfortable, in achieving a solvency margin cover ratio of 158.4% (160.5% in June 2010). This is a highly comfortable situation for all insured and economic agents associated with its insurance companies.

Caixa Seguros e Saúde, SGPS, SA, achieved sales of EUR 1 740 million in direct insurance premiums, including resources taken under investment contracts, comprising a reduction of 32.3%, in June 2011.

97.9% of sales were achieved in Portugal, down 32.5% to EUR 1 704 million in terms of direct insurance premiums. This enabled Caixa Seguros e Saúde to maintain its lead of the national insurance market with a global market share of 28.5% (down 1.5 pp over June 2010), coming in top position both in life and non-life insurance, in all of the main insurance areas.

Reference should also be made to the increase in the consolidated turnover of HPP, SGPS which, in June 2011, achieved total operating income of EUR 96.1 million, up 20.1% over the preceding year.

Caixa Seguros e Saúde had consolidated net assets of EUR 14.6 billion and shareholders’ equity of EUR 984 million.

GENERAL INDICATORS

(EUR million)	Jun 2010	Jun 2011
CAIXA SEGUROS E SAÚDE, SGPS INDICATORS – (a)		
Net assets	15 667	14 637
Of which: securities portfolio, deposits and cash	14 584	13 557
Shareholders’ equity and minority shareholders’ interests	1 079	984
Liabilities	14 588	13 653
Of which: subordinated liabilities	412	437
Insurance contract liabilities	13 477	12 555
Technical provisions for direct insurance and inwards reinsurance	6 246	5 374
Liabilities for financial instruments	7 320	7 181
Net income	14	43
Of which: Insurance activity	21	48
Hospital activity	-7	-5
Profitability		
ROE (net)	1.4%	4.2%
Number of employees	5 840	5 791
Insurance companies	3 549	3 469
Instrumental companies (subsidiaries)	176	178
HPP (consolidated)	2 115	2 144

INSURANCE COMPANIES' INDICATORS		
Direct insurance premiums	2 568	1 740
Life insurance	153	139
Investment contracts (financial instruments)	1 798	998
Non-life insurance	617	603
Market shares (activity in Portugal)	30.0%	28.5%
Life insurance (including Investment contracts)	30.9%	29.5%
Non-life insurance	27.6%	26.9%
Combined ratio for non-life insurance (net of reinsurance)	110.9%	101.6%
Loss ratio (without cost allocations)	83.9%	75.1%
Expense ratio	27.0%	26.6%
Solvency (Local GAAP)		
A. Solvency margin (total)	1 216	1 118
B. Solvency margin (mandatory)	757	706
Solvency margin cover (A./B.)	161%	158%
Number of branches	150	153
Number of exclusive mediators	2 411	2604
LCS – Linha de Cuidados de Saúde INDICATORS		
Incoming calls	315 719	374 258
Level of satisfaction	97.5%	99.1%
Level of recommendation	98.4%	99.5%
HEALTHCARE INDICATORS (number)		
Turnover(EUR million)	80	90
Operations	10 985	13 145
Daily hospital confinements	83 950	92 250
Imagiology	151 300	181 500
Urgent consultations	118 500	146 100
Consultations	251 950	292 000

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

(*) Without cost allocations and excluding technical income from mathematical provisions on workman's compensation

Consolidated Financial Analysis

Technical Income

Consolidated technical income was EUR 71.2 million, in June 2011, up EUR 62.3 million in year-on-year terms. Essential contributory factors were the reduction in life and non-life insurance claims levels.

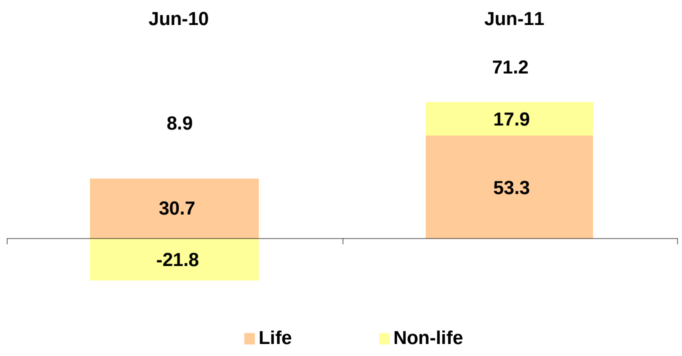
The following are the most relevant aspects of the analysis of the main technical account headings:

Technical income of EUR 17.9 million from non-life insurance was up EUR 39.7 million in year-on-year terms, owing to the claims effect. In technical terms, the combined ratio, net of reinsurance, at 101.6%, was down 9.3

pp over the preceding year, benefiting from an 8.9 pp reduction in the loss ratio and 0.44 reduction in the expense ratio.

Technical income from life and non-life insurance, particularly deriving from the improvements in technical and financial operation, was up EUR 22.6 and EUR 39.7 EUR million, respectively.

Technical income



Life Insurance

Caixa Seguros e Saúde performs its life insurance activities through Fidelidade Mundial, which has adopted a multichannel approach (traditional, banking and CTT channels) and Império Bonança, whose activities are geared to traditional mediation and brokerage networks.

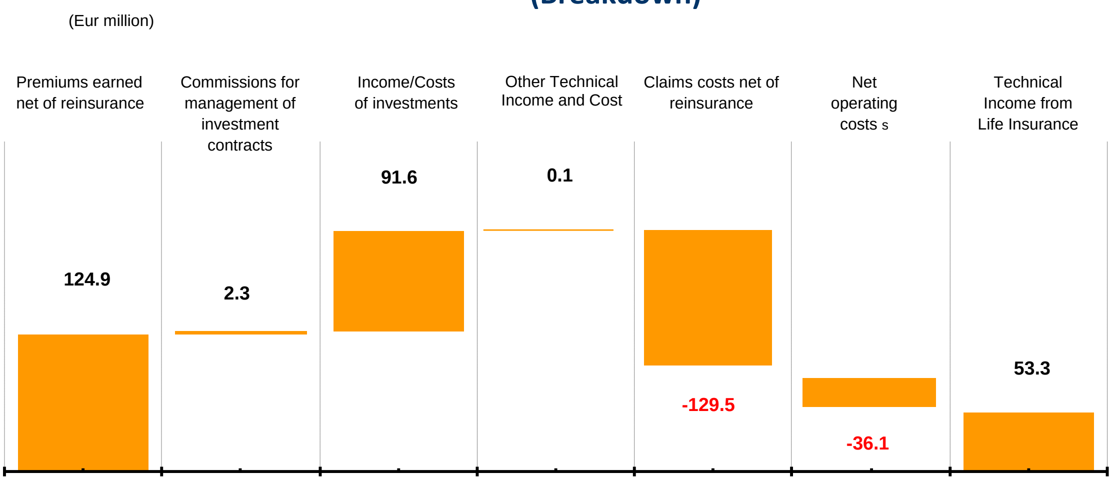
Caixa Seguros e Saúde's income from life insurance, including resources taken under investment contracts was EUR 1,137 million, in June 2011, down 41.7% year-on-year, essentially on account of a negative level of net resources taken from financial insurance, resulting from the deceleration in the sale of new insurance and increase in the rate of redemptions.

The following chart provides details on technical income, up EUR 22.6 million over the preceding year to EUR 53.3 million. Resources taken under investment contracts are not processed as direct insurance premiums.

Operating costs and expenses (including mediation commissions, but excluding allocations to claims functions) were unchanged from last year at EUR 36.1 million.

Technical Income from Life Insurance

(Breakdown)



Δ June11/June10

-10.8%	122.6%	15.9%	-20.8%	-15.5%	-0.4%	73.5%

Non-life insurance

In the case of non-life insurance, other than Fidelidade Mundial and Império Bonança, Caixa Seguros also provides its services through its Ok!teleseguros brand, which is especially geared to distance channels (telephone and internet).

The Multicare, Cares and Companhia Portuguesa de Resseguros insurance companies operate in this business area, but essentially in reinsurance.

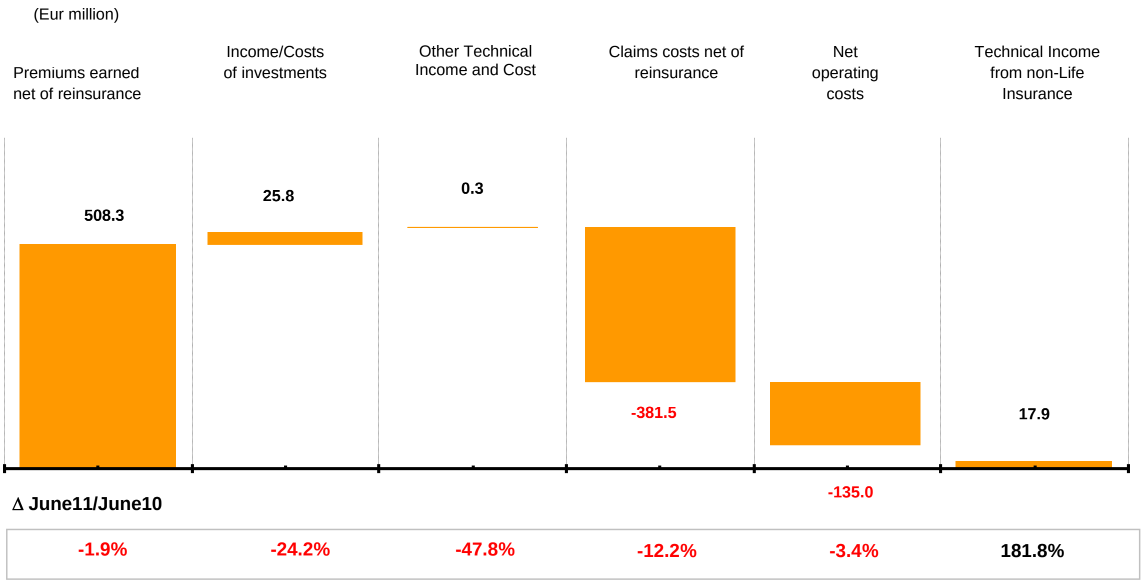
Caixa Seguros e Saúde achieved direct insurance premiums sales of EUR 603 million for non-life insurance as a whole, in June 2011, down by around 2.3% over the preceding year.

The loss ratio, down 8.9 pp to 75.1%, contributed towards a reduction of the combined ratio to 101.6% at the end of the year.

Operating costs and expenses (including mediation commissions, but excluding operating costs allocated to claims functions) were down EUR 4.7 million over the preceding year to EUR 135 million.

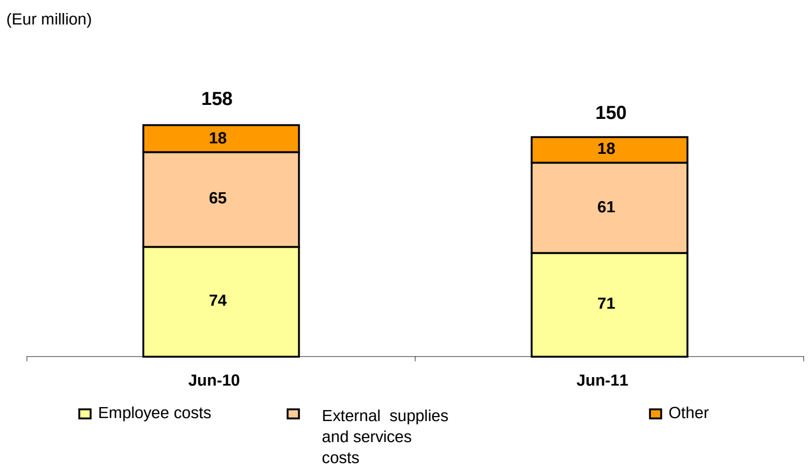
The following chart provides information on technical income of EUR 17.9 million, up EUR 39.7 million over 2010.

Technical Income from Non-Life Insurance (Breakdown)



Structural Costs

Insurance companies' overall structural costs were down 5.0% year-on-year, to EUR 150 million, in June 2011, essentially deriving from employee and external supplies and services costs.



Net Income and Shareholders' Equity

Income before tax in first half 2011 was up EUR 53.9 million over the preceding year to EUR 59.6 million, owing to the favourable performance of the technical component of life and non-life insurance.

Net income of EUR 43.3 million was up EUR 29.4 million year-on-year.

Shareholders' equity, including minority shareholders' interests, was down 8.8% to EUR 984 million, essentially on account of the decrease in revaluation reserves deriving from adjustments to the fair value of financial assets.

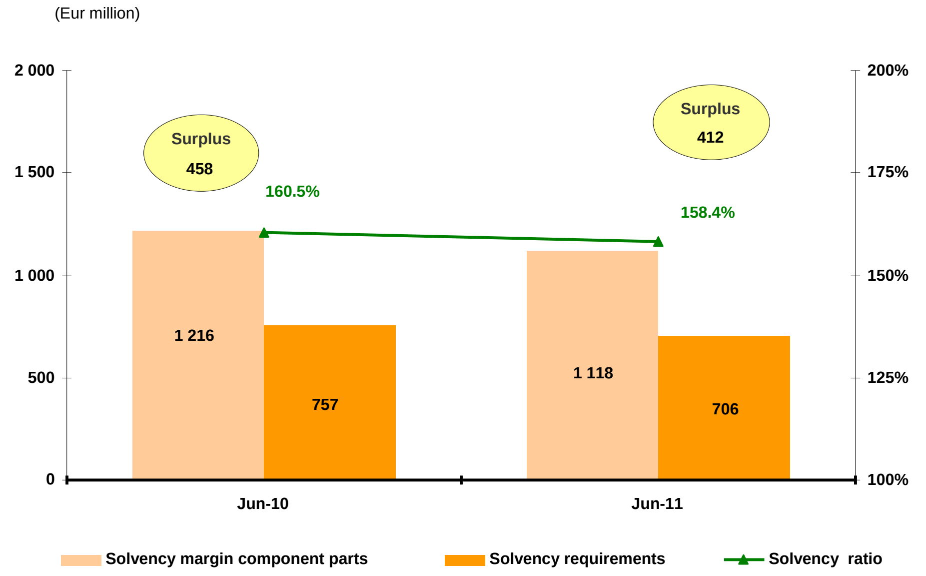
Technical Provisions and Solvency

Technical provisions for direct insurance and inwards reinsurance at EUR 12.6 billion, down by around EUR 922 million over the preceding year, particularly reflected the reduction in provisions on the financial component of life insurance activity.

TECHNICAL LIABILITIES NET OF REINSURANCE

(Eur thousand)	June 2010	June 2011
Provision for unearned premiums	336 230	320 822
Life insurance mathematical provision	3 667 359	2 958 921
Provision for claims	2 116 544	1 976 058
Life insurance	175 814	156 179
Workman's compensation insurance	754 350	718 701
Other insurance areas	1 186 381	1 101 178
Provision for profit sharing	50 764	39 320
Other technical provisions	75 401	78 521
Financial liabilities	7 230 424	7 180 873
Total Technical Liabilities	**13 476 722**	**12 554 517**
Technical provisions for outwards reinsurance	289 382	253 158
Technical Liabilities Net of Reinsurance	13 187 340	12 301 359

Whereas the amount of the solvency margin required of Caixa Seguros e Saúde in June 2011, was EUR 706 million, its respective component parts, totalling EUR 1 118 million, translated into a solvency margin cover rate of 158.4% against the preceding year's 160.5%.



Caixa Seguros e Saúde's insurance companies' liabilities to their insured and third parties are, therefore, fully covered and adequately represented, complying with financial investment limits, in addition to the solvency margin and guarantee fund levels and are significantly higher than the minimum, legally defined, amounts.

Summary of Insurance Area

Market Overview

According to information published by the Portuguese Insurance Association, the insurance market in June 2011 posted EUR 6.0 billion in direct insurance premiums from its activities in Portugal, including resources taken from investment contracts – down 28.9% over June 2010.

This evolution essentially derives from life insurance, which was down 39.0% over the past year owing to capitalisation insurance contracts and "PPRs" (retirement savings plans). Non-life insurance, influenced by the difficult economic situation and erosion of price levels was up 0.1%. This was felt with greater intensity in the workman's compensation, motor and transport areas in which a positive performance was turned in by the increase in the health and multirisk housing premiums portfolio.

Overview

The group's insurance area continued to reinforce its relationship with the mediation network, streamlining organisational aspects, exploiting synergies and developing products to meet customers' needs.

The restructuring of Fidelidade Mundial's and Império Bonança's branch office network, with direct specialised services to customers at customer branches and to mediators at mediation centres, provides the same level of service to both brands, enabling such units' activities to be geared to commercial actions and transferring administrative and technical tasks to other areas, providing for new market challenges.

The development of franchising and exclusive mediation, commercial growth of major mediators and the professionalism of the mediation network are in line with performance guidelines governing the group's insurance companies.

Endeavours were also made to continue to improve products for standardising the offer to achieve a price list more in line with market conditions and provide mediators with better contract management tools.

In life insurance terms, the retirements savings area continued to be a strategic objective, with the commercialisation of an innovative retirement savings plan under the 'Leve' brand.

The continuity thereof witnessed the creation of the "Clear Conscience Programme" comprising a CGD Group project designed to provide an additional stimulus for the creation of a new mentality and new principles of economic equilibrium in retirement, in the form of several initiatives for knowledge production and the creation of its respective means of disclosure.

In terms of communication and sales, endeavours were made via the use of mass, objective communication, to expand access to retirement, in the form of products such as *Leve PPR*, comprising closed, inexpensive theme product packages.

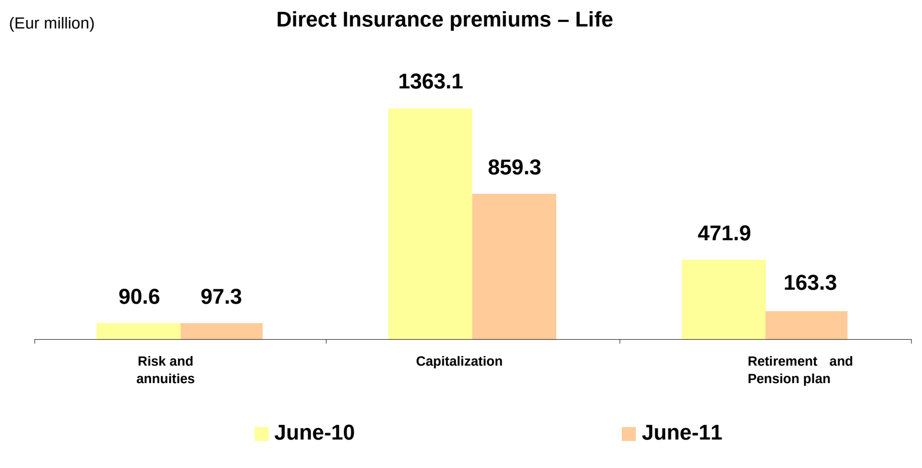
Sales and Market Shares

Caixa Seguros e Saúde remained the undisputed national insurance sector leader, with an overall market share of 28.5%, comprising a volume of direct insurance premiums, including resources taken under investment contracts of EUR 1 703 million, i.e. up 32.5% over the preceding year.

An amount of EUR 1 120 million in direct life insurance premiums (including resources taken from investment contracts), was processed in Portugal - down 41.8% over June 2010, in the form of capitalisation products and "PPRs" owing to the above referred to reasons.

Caixa Seguros e Saúde retained its market lead with a market share of 29.5% (down 1.5 p.p. over June 2010).

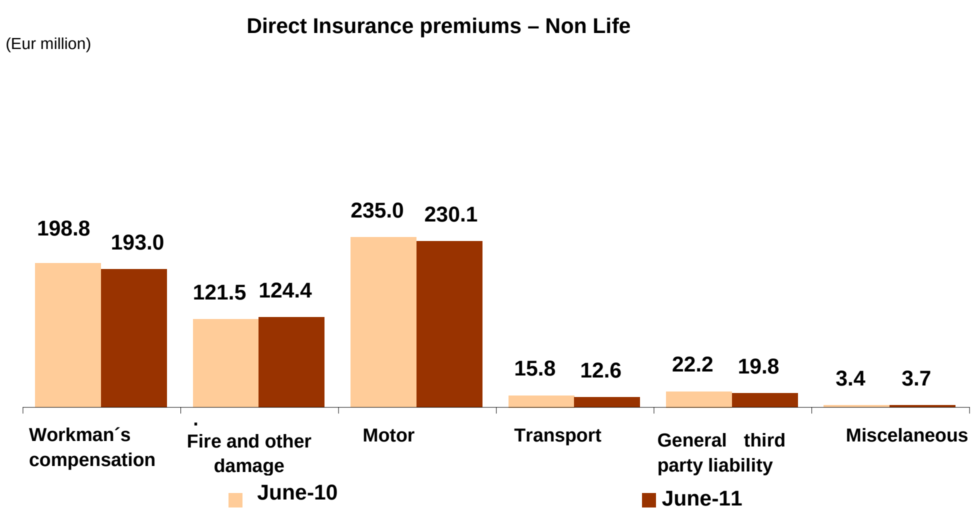
International activity posted premium income of EUR 17 million, down 30.7% year-on-year.



In terms of non-life insurance activity, Caixa Seguros e Saúde's sales, in Portugal, were down 2.2% over the same period 2010 to EUR 584 million, centred on motor and workman's compensation, transport and third party liability areas reflecting the economic slowdown and lower year-on-year price levels.

Notwithstanding its reduction in market share to 26.9% (27.6% in 2010), Caixa Seguros e Saúde continued to be the clear leader in non-life insurance fields as a whole (accounting for more than twice the amount of its closest competitors) in addition to all of the principal insurance areas.

In turn, foreign activities accounted for non-life insurance of EUR 19 million, down 4.2% over the preceding year.



Summary of Healthcare Area

Overview

2011 was characterised by stronger sales figures from HPP Saúde, in various aspects related to its commitments to customers and employees and interaction with society.

HPP Saúde has continued to consolidate its brand as a strategic asset geared to innovation in terms of its medical and support services, reaffirming its desire to consolidate its values and implement a new organisational culture in the form of concrete actions.

Projects were developed and actions taken to strengthen the company and expand its projection and sustainability in the first six months of the year.

In terms of medical assistance facilities, reference should be made to the opening of the new paediatrics wing of Lusíadas hospital and the inauguration of HPP's new "Fórum Algarve" clinic in Faro which benefits from the excellent medical staff of Santa Maria de Faro hospital. This unit has had a permanent reception service, specialised consultations and ancillary diagnostic facilities, since 01 June.

June also witnessed the signing of a partnership agreement with Germany's second largest insurance company in the healthcare sector Techniker Krankenkasse with around 8 million customers and which selected HPP Saúde on the basis of its strict quality and efficiency criteria in terms of healthcare services in addition to the fact that it is a nationwide hospital group.

Cascais hospital received its environmental certificate and became the first in the country to achieve this seal of quality. The process introduced measures to control consumption and reduce environmental impacts.

The effect of the work performed can also be measured through its impacts in the financial statements and sales indicators which indicate an extremely positive year-on-year change and as regards the budget for the period.

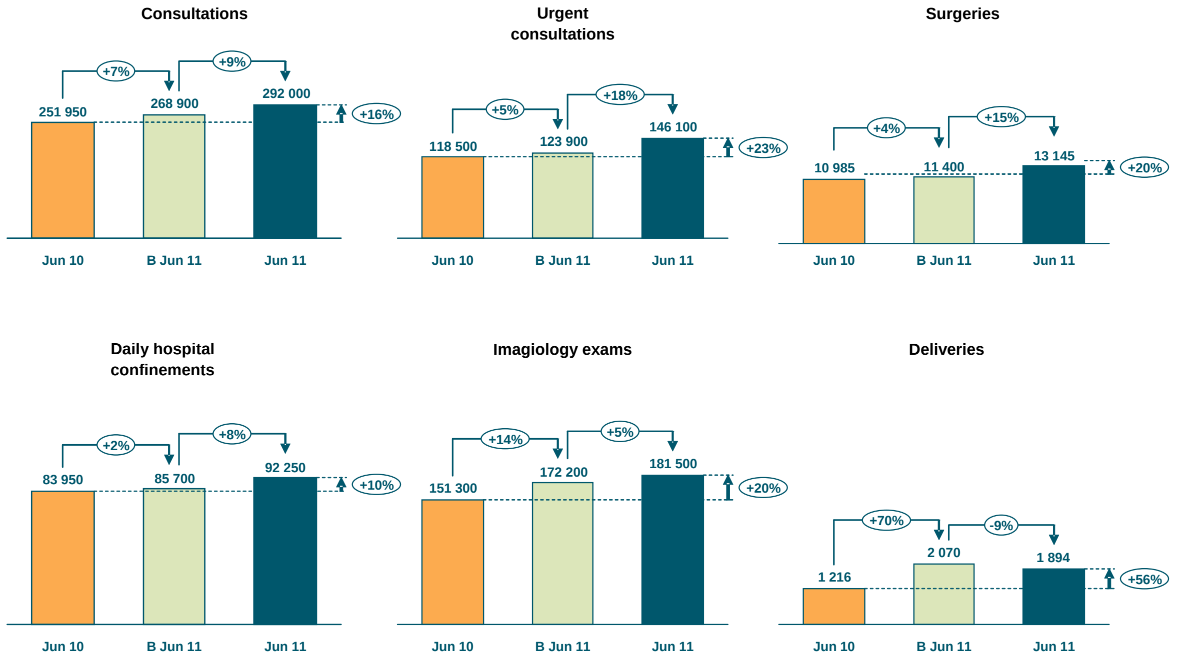
HPP Saúde's operating income for the first six months of the year was up by a global amount of 20.1% in comparison to 2010 and 6% in comparison to the budget for the period. Reference should be made to the growth of around 28% in Lusíadas hospital in comparison to 2010 which was 6.5% above target and around 25% in the case of Cascais hospital in comparison to the preceding year and 19.8% above target.

The company, overall, earned operating income of EUR 96.1 million in first half 2011 in comparison to EUR 80 million for first half 2010.

Consolidated EBITDA of EUR 4.1 million in first half 2011 was up 256% over the preceding year. This significant improvement particularly derived from the operational performance of Lusíadas and Cascais hospitals.

The healthcare area's accumulated consolidated net losses of EUR 4.9 million comprised an improvement of EUR 3.3 million over the preceding year.

There were also an expressive growth in sales of medical services between first half 2010 and 2011, with a 16% increase in consultations, 23% increase in urgent consultations, 20% in operations, 10% increase in hospital confinements, 20% increase in the number of imagiology exams and 56% increase in deliveries.



Outlook

The Portuguese economy will continue to be characterised by recession in the context of a process involving the need to correct macroeconomic imbalances. The said process, which is part of the economic and financial adjustment programme produced in the sphere of the request for financial assistance to the Portuguese economy, may have impacts on the population's purchasing power and affect demand for services.

Notwithstanding the relatively poor economic environment, HPP Saúde aims to achieve its proposed objectives and overcome the challenges to be faced in the second half of the year, namely:

- To maintain sustained growth and adjust the profitability, quality, organisation and efficiency levels of all group subsidiaries;

- To provide for greater competition in specific markets in which the HPP Saúde brand has a major presence not only in the Greater Porto and Algarve regions, but also in Lisbon;

- To schedule investment in new hospitals, building a new unit in Faro and another in Viseu;

- To optimise systems and "standardise", continuing to harmonise procedures and processes, medical practice and assistance, centralising processes and creating shared service areas to increase efficiency and leverage economies of scale.

A part of the company's objectives may, however, be affected, if several of Cascais hospital's structural problems cannot be resolved, as:

- The first half of this year has shown that the contracted for production levels which were unilaterally fixed by EPC have been insufficient to meet demand, the break-even point and the hospital's established capacity, mainly as regards external consultations, outpatient operations and urgent consultations – which areas may drain the defined production capacity as early as September – creating an imbalance between capacity and the population’s real needs and causing financial imbalance within the hospital;

- Labour market inflation, particularly in terms of medical staff, shortage of doctors, the full deregulation of the wages policy in public hospitals and recent dispositions regarding the impossibility of using the services of retired doctors have also penalised the hospital’s performance.

In a crucial year for the hospital’s development, such contingencies, which hamper activity, may even put the project’s economic and financial sustainability at risk.

5. FINANCIAL ANALYSIS

5.1. CONSOLIDATED OPERATIONS

Caixa Geral de Depósitos Group's **income before tax** for the first six months of 2011 was up 47.5% by EUR 58.7 million, year-on-year, to EUR 182.4 million.

5.1.1. RESULTS AND PROFITABILITY

CAIXA GERAL DE DEPÓSITOS

Consolidated Income Statement at 30 June 2011

(EUR million)

	30.06.2010	30.06.2011	Change Total	Change Percent
Interest and similar income	2 159 264	2 497 298	338 034	15.7%
Interest and similar costs	1 468 298	1 695 195	226 897	15.5%
Net interest income	***690 967***	***802 104***	***111 137***	***16.1%***
Income from equity instruments	115 540	116 088	548	0.5%
Net interest income including income from equity investments	**806 507**	**918 192**	**111 685**	**13.8%**
Income from services and commissions	318 844	315 292	-3 552	-1.1%
Costs of services and commissions	68 537	67 519	-1 018	-1.5%
Commissions (net)	***250 307***	***247 773***	***-2 534***	***-1.0%***
Income from financial operations	35 184	51 181	15 997	45.5%
Other net operating income	99 985	106 908	6 924	6.9%
Non-interest Income	**385 475**	**405 862**	**20 387**	**5.3%**
Premiums net of reinsurance	660 245	635 646	-24 599	-3.7%
Investment income allocated to insurance contracts	123 251	88 380	-34 871	-28.3%
Claims costs net of reinsurance	509 529	443 250	-66 279	-13.0%
Commissions and other associated income and costs	-44 485	-51 753	-7 268	16.3%
Technical margin on insurance operations	**229 482**	**229 023**	**-459**	**-0.2%**
Net operating income from banking and insurance operations	**1 421 464**	**1 553 077**	**131 613**	**9.3%**
Employee costs	518 398	497 645	-20 752	-4.0%
Other administrative expenses	324 717	325 945	1 228	0.4%
Depreciation and amortisation	100 855	96 890	-3 965	-3.9%
Operating costs and depreciation	**943 970**	**920 481**	**-23 489**	**-2.5%**
Gross operating income	**477 494**	**632 596**	**155 102**	**32.5%**
Provisions net of cancellations	27 165	13 540	-13 625	-50.2%
Credit impairment net of reversals	207 143	349 254	142 110	68.6%
Impairment of other assets (net)	96 094	52 225	-43 869	-45.7%
Provisions and impairment	**330 402**	**415 019**	**84 617**	**25.6%**
Income from associated companies	459	3 729	3 270	712.4%
Income before tax and minority shareholders' interests	**147 552**	**221 306**	**73 754**	**50.0%**
Tax	**18 490**	**91 025**	**72 534**	**392.3%**
Current	65 979	32 084	-33 894	-51.4%
Deferred	-47 488	44 241	91 729	193.2%
Extraordinary contribution on the banking sector		14 699	14 699	
Consolidated net income for period	**129 061**	**130 281**	**1 220**	**0.9%**
Minority shareholders' interests	23 778	38 852	15 074	63.4%
NET INCOME ATTRIBUTABLE TO CGD SHAREHOLDER	**105 283**	**91 429**	**-13 854**	**-13.2%**

For comparability purposes the values of June 2010 are pro forma values, considering the consolidation of Partang, SGPS by the acquisition consolidation method of accounting.

Consolidated net income for the 1st half was down 13.2% by EUR 13.9 million to EUR 91.4 million, in comparison to the same period 2010. The costs of tax and contributions registered for the period were up EUR 72.5 million in comparison to the same period of the preceding year to EUR 91.0 million, of which amount EUR 14.7 million in respect of the extraordinary contribution payable by the banking sector.

Contributory factors to the group's net income were national and international banking operations with EUR 55.9 million (61.1% of total) and insurance and healthcare with EUR 35.5 million.

RESULTS FROM CGD GROUP'S MAIN BUSINESS AREAS

(EUR thousand)	June 2010	June 2011	Percent	
			June 2010	June 2011
Banking	77 075	55 894	73.2%	61.1%
National	41 112	23 410	39.0%	25.6%
International	35 964	32 484	34.2%	35.5%
Insurance and healthcare	28 208	35 535	26.8%	38.9%
Total	**105 283**	**91 429**	**100.0%**	**100.0%**

Net interest income, including income from equity instruments, was up 13.8% by EUR 111.7 million in comparison to the same period of the preceding year to EUR 918.2 million, exclusively based on the performance of net interest income (up 16.1% by EUR 111.1 million), as the amount of income from equity instruments was up by no more than 0.5% at around EUR 116.1 million.

Income from commissions (net) was slightly down by EUR 2.5 million or 1% over 1st half 2010 to EUR 247.8 million.

Income from financial operations was up 45.5% by EUR 16 million to EUR 51.2 million.

The contribution made by the technical margin on insurance operations to the group's net operating income was slightly down by 0.2% in comparison to the same period last year to EUR 229 million.

Earned premiums net of reinsurance were down 3.7% over the first half of the preceding year to EUR 635.6 million. However, the 13% drop of EUR 66.3 million in claims costs net of reinsurance to EUR 443.3 million was even more marked.

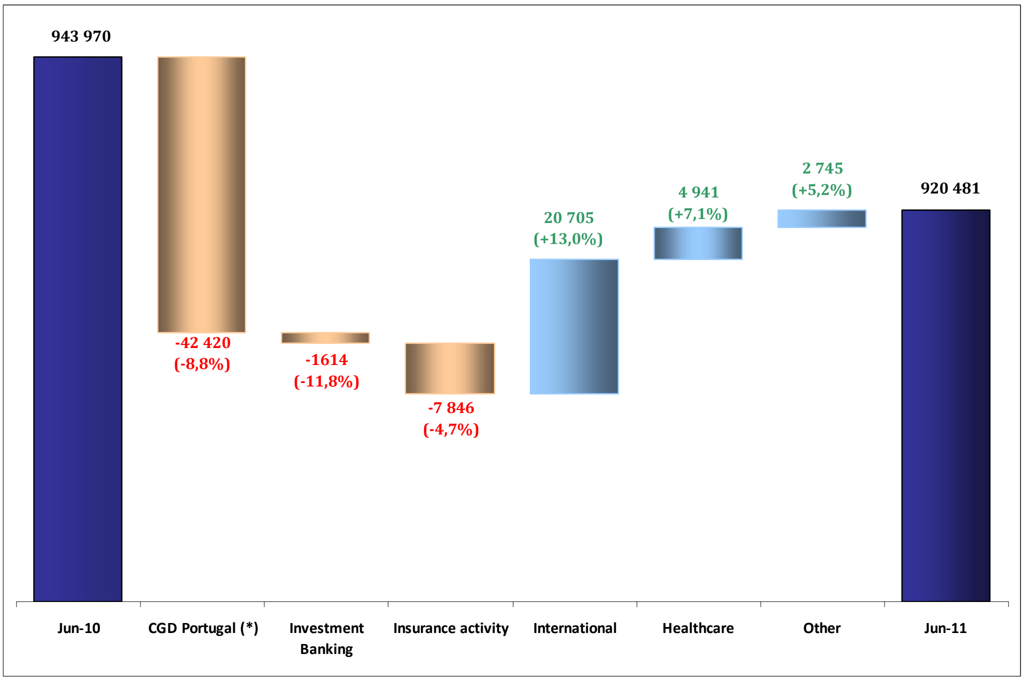
Income from investments allocated to insurance contracts was, in turn, down 28.3% by EUR 34.9 million to EUR 88.4 million.

The above led to a 9.3% improvement of EUR 131.6 million in net operating income from banking and insurance operations over 1st half 2010 to EUR 1 553.1 million.

Operating costs from domestic activity were down 8.8% by EUR 44.9 million in comparison to June 2010, based on the drop in all component parts, particularly employee costs (down 10.1%). On a consolidated level, operating costs, down 2.5% by EUR 23.5 million to EUR 920.5 million, particularly derived from employee costs which were down 4.0% by EUR 20.8 million to EUR 497.6 million.

OPERATING COSTS – EVOLUTION OF BUSINESS AREAS (Contribution)

Year-on-year change for 1st half 2011 - EUR thousand



*Includes offshore branch

The reduction of 4.7% in insurance activity operating costs was offset by cost increases of 13% and 7.1% in the international and hospital areas, respectively, translating such activities' current expansion.

The marked reduction in operating costs led to an across-the-board improvement in efficiency ratios, particularly cost-to-income, which was down from 63.3% at the end of 2010 to 59.1% in June 2011 within CGD Group, i.e. an improvement of 4.2 percentage points and from 58.5% to 53.8% for CGD's separate operations (down 4.7 percentage points).

EFFICIENCY RATIOS

	June 2010	December 2010	June 2011
Cost-to-income (consolidated operations)	66.4%	63.3%	59.1%
Cost-to-income (separate operations)	57.2%	58.5%	53.8%
Cost-to-income (banking)	63.0%	60.2%	55.1%
Employee costs / net operating income	36.5%	33.7%	32.0%
External supplies and services / net operating	22.8%	23.2%	20.9%
Operating costs / average net assets	1.57%	1.59%	1.49%

Credit impairment, net of cancellations and reversals of EUR 349.3 million in 1st half 2011, was up 68.6% over the same period 2010.

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR thousand)	Jun 2010	Jun 2011	Change	
			Total	Percent
PROVISIONS				
Provisions appropriations	58 246	39 220	-19 026	-32.7%
Recovery and cancellation of provisions	31 081	25 680	-5 401	-17.4%
Provisions (net)	**27 165**	**13 540**	**-13 625**	**-50.2%**
IMPAIRMENT				
(a) Credit (1) - (2) - (3)	**207 143**	**349 254**	**142 110**	**68.6%**
Impairment losses (1)	**767 866**	**850 188**	**82 322**	**10.7%**
Loans and advances to customers	314 795	296 077	-18 718	-5.9%
Overdue credit and interest_loans and adv.to costumers	453 071	554 111	101 040	22.3%
Reversals of impairment losses (2)	**546 995**	**486 017**	**-60 978**	**-11.1%**
Loans and advances to customers	221 314	240 227	18 913	8.5%
Overdue credit and interest – loans and advances to customers	325 680	245 790	-79 890	-24.5%
Credit recovery (3)	**13 728**	**14 917**	**1 189**	**8.7%**
Written-off loans	11 855	12 522	667	5.6%
Interest and expenses on overdue credit	1 873	2 395	522	27.9%
(b) Other assets (1) - (2)	**96 094**	**52 225**	**-43 869**	**-45.7%**
Impairment losses (1)	**180 226**	**81 229**	**-98 997**	**-54.9%**
Loans and advances to credit institutions	60 725	11 995	-48 730	-80.2%
Debtors and other loans and advances	709	1 033	325	45.8%
Securities	93 245	28 367	-64 878	-69.6%
Non financial and other assets	25 548	39 834	14 286	55.9%
Reversals of impairment losses (2)	**84 132**	**29 004**	**-55 128**	**-65.5%**
Loans and advances to credit institutions	58 811	11 488	-47 324	-80.5%
Debtors and other loans and advances	0	779	779	
Securities	5 139	122	-5 017	-97.6%
Investments in subsidiaries and associated companies	14	344	330	-
Non financial and other assets	20 168	16 271	-3 896	-19.3%
Net impairment (a) + (b)	**303 237**	**401 479**	**98 242**	**32.4%**
PROVISIONS AND IMPAIRMENT FOR PERIOD	**330 402**	**415 019**	**84 617**	**25.6%**

Gross return on shareholders' equity (ROE) and assets (ROA) improved to 6.1% and 0.36%, respectively, in 1st half 2011. The same indicators, after tax, were 3.6% and 0.21%, respectively, translating the above referred to expressive increase in tax and contributions.

Also in terms of profitability, mention should be made of the improvement of the net operating income/average net assets indicator from 2.36% at the end of 2010 to 2.52%.

PROFIT RATIOS

	December 2010	June 2011
Gross return on equity – ROE (1)	5.0%	6.1%
Net return on equity – ROE (1)	4.1%	3.6%
Gross return on assets – ROA (1)	0.29%	0.36%
Net return on assets – ROA (1)	0.24%	0.21%
Net operating income (2) / average net assets	2.36%	2.52%

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

2) Includes income from associated companies.

5.1.2. BALANCE SHEET

CGD Group's **consolidated net assets** of EUR 123.7 billion, in June 2011, were down 1.7% by EUR 2.2 billion over the end of 2010. Contributory factors were the 10.1% reduction of EUR 3.1 billion in securities investments.

CAIXA GERAL DE DEPÓSITOS

Consolidated Balance Sheet at 30 June 2011

(EUR million)

ASSETS

				Δ Jun/11 - Jun/10		Δ Jun/11 - Dec/10	
	30.06.2010	31.12.2010	30.06.2011	Total	Percent	Total	Percent
Cash and cash equivalents with central banks	1 713	1 469	1 128	-584	-34.1%	-340	-23.2%
Loans and advances to credit institutions	7 254	4 689	5 194	-2 060	-28.4%	505	10.8%
Loans and advances to customers	80 096	81 907	82 394	2 298	2.9%	486	0.6%
Securities investments	28 226	30 547	27 454	-772	-2.7%	-3 094	-10.1%
Investment properties	365	396	415	51	13.9%	19	4.7%
Investment in subsidiaries and associated companies	25	28	34	9	33.8%	5	18.5%
Intangible and tangible assets	1 640	1 569	1 530	-110	-6.7%	-39	-2.5%
Current tax assets	125	90	113	-12	-9.7%	22	24.8%
Deferred tax assets	1 025	1 089	1 472	447	43.6%	384	35.2%
Technical provisions for outwards reinsurance	293	265	258	-35	-11.9%	-6	-2.4%
Other assets	3 147	3 812	3 709	562	17.9%	-102	-2.7%
TOTAL	**123 908**	**125 862**	**123 701**	**-207**	**-0.2%**	**-2 161**	**-1.7%**

LIABILITIES

				Δ Jun/11 - Jun/10		Δ Jun/11 - Dec/10	
	30.06.2010	31.12.2010	30.06.2011	Total	Percent	Total	Percent
Central banks' and credit institutions' resources	14 060	14 604	13 298	-763	-5.4%	-1 306	-8.9%
Customer resources	64 818	67 680	71 031	6 213	9.6%	3 350	5.0%
Financial liabilities	2 082	1 712	1 283	-799	-38.4%	-429	-25.1%
Debt securities	20 104	19 307	17 815	-2 289	-11.4%	-1 491	-7.7%
Provisions	812	803	794	-18	-2.3%	-10	-1.2%
Technical provisions for insurance operations	6 305	5 743	5 436	-869	-13.8%	-307	-5.3%
Subordinated liabilities	2 930	2 800	2 548	-381	-13.0%	-252	-9.0%
Other liabilities	5 528	5 373	4 848	-680	-12.3%	-525	-9.8%
SUB-TOTAL	***116 640***	***118 022***	***117 052***	***412***	***0.4%***	***-970***	***-0.8%***
SHAREHOLDERS' EQUITY	7 268	7 840	6 649	-619	-8.5%	-1 191	-15.2%
TOTAL	**123 908**	**125 862**	**123 701**	**-207**	**-0.2%**	**-2 161**	**-1.7%**

For comparability purposes the values of June 2010 are pro forma values, considering the consolidation of Partang, SGPS by the acquisition consolidation method of accounting.

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

(Eur million)

CGD GROUP CONSOLIDATED NET ASSETS

BALANCES	Jun 2010		Dec 2010		Jun 2011	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
CGD GROUP						
Caixa Geral de Depósitos	91 726	74.1%	91 379	72.6%	92 653	74.9%
Caixa Seguros e Saúde	13 197	10.7%	13 335	10.6%	11 638	9.4%
Banco Caixa Geral (Spain)	4 801	3.9%	6 352	5.0%	6 004	4.9%
Banco Nacional Ultramarino, S.A. (Macau)	2 458	2.0%	2 467	2.0%	2 178	1.8%
Caixa Banco de Investimento	1 988	1.6%	1 856	1.5%	1 603	1.3%
Caixa Leasing e Factoring	3 528	2.8%	3 659	2.9%	3 338	2.7%
Partang (Banco Totta Angola)	658	0.5%	934	0.7%	757	0.6%
Banco Comercial Atlântico (Cape Verde)	579	0.5%	597	0.5%	585	0.5%
Banco Comercial Investimento (Mozambique)	988	0.8%	991	0.8%	1 036	0.8%
Mercantile Lisbon Bank Holdings (South Africa)	606	0.5%	579	0.5%	599	0.5%
Other companies [(a)]	3 379	2.7%	3 713	3.0%	3 309	2.7%
Consolidated Net Assets	**123 908**	**100.0%**	**125 862**	**100.0%**	**123 701**	**100.0%**

(a) Inclui as unidades registadas pelo método de equivalência patrimonial

Cash and loans and advances to credit institutions were up 2.7% over December 2010 to 6.3 billion, as opposed to resources of EUR 13.3 billion obtained from the same entities of which EUR 7.4 billion in respect of European Central Bank funding to CGD.

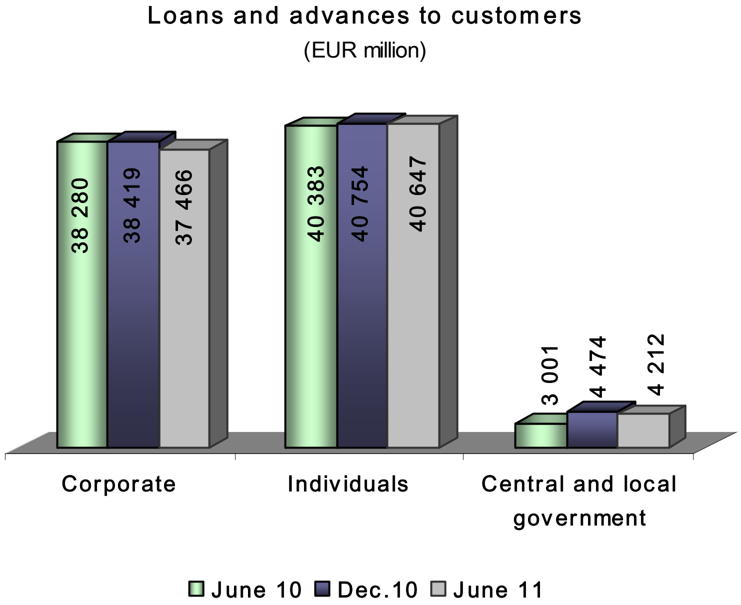
There was a 1.6% decrease of EUR a 1 321 million in the gross balance of loans and advances to customers (excluding repos) in first half 2011, with activity in Portugal continuing to represent more than 75% of the total. There was a reduction of EUR 346 million in Credip.

Information on the respective split is set out below:

LOANS AND ADVANCES TO CUSTOMERS (a)

(EUR million)	Jun-10	Dec-10	Jun-11	Change Jun/11 - Jun/10		Change Jun/11 - Dec/10	
				Total	%	Total	%
Companies	38 280	38 419	37 466	-814	-2,1%	-953	-2.5%
Of Which:							
Companies (Portugal)	24 071	24 328	24 803	732	3,0%	476	2,0%
Central and local government	3 211	4 474	4 212	1 211	40.4%	-262	-5.8%
Individual customers	40 383	40 754	40 647	265	0,7%	-107	-0.3%
Housing	37 692	38 144	38 085	393	1,0%	-59	-0.2%
Other	2 690	2 610	2 563	-128	-4.8%	-48	-1.8%
Of which:							
Consumer credit (b)	1 065	1 071	1 017	-48	-4,5%	-54	-5.0%
Credit cards (b)	338	342	348	10	3,0%	6	1.8%
Total	**81 664**	**83 647**	**82 326**	**662**	**0,8%**	**1 321**	**-1.6%**

a) Consolidated operations before Impairment and excluding repos b) Activity in Portugal



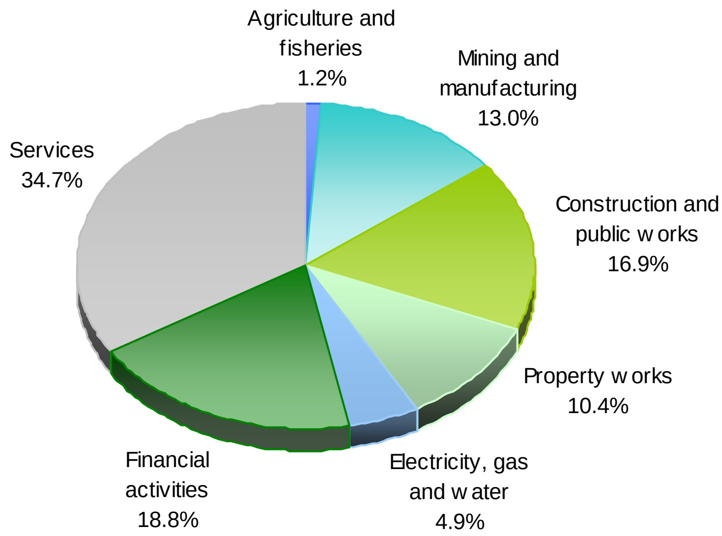
Corporate loans were down 2.5% by EUR 953 million in the half year, particularly financial activities, down 5.4% by EUR 405 million) and property activities down 8.1% by EUR 344 million).

LOANS AND ADVANCES TO COMPANIES AND INSTITUTIONS (a)

BY SECTORS OF ACTIVITY (Eur million)

Balances	Jun-10	Dec-10	Jun-11	Change Jun/11 - Jun/10		Change Jun/11 - Dec/10	
				Total	%	Total	%
Agriculture and fisheries	552	514	453	-99	-17.9%	-61	-11.8%
Mining and manufacturing	5 083	5 006	4 884	-199	-3.9%	-122	-2.4%
Construction and public works	6 207	6 163	6 331	124	2.0%	168	2.7%
Property activities	4 082	4 248	3 904	-178	-4.4%	-344	-8.1%
Electricity, gas and water	2 020	1 962	1 848	-172	-8.5%	-114	-5.8%
Financial activities	7 898	7 448	7 043	-855	-10.8%	-405	-5.4%
Services	12 439	13 078	13 003	564	-4.5%	-75	-0.6%
Total	**38 280**	**38 419**	**37 466**	**-814**	**-2.1%**	**-953**	**-2.5%**

a) Consolidated operations before impairment and excluding repos



New mortgage lending operations of EUR 805 million on national territory, in first half 2011, were down 43.7% over 1st half 2010.

NEW MORTGAGE LOANS (a)

(EUR million)

	Jun 2010	Jun 2011	Change	
			Total	Percent
Number of contracts	16 183	9 436	-6 747	-41.7%
Amount	1 430	805	-625	-43.7%

a) Activity in Portugal

CGD Group's market share in loans and advances to customers reached a slight improvement to 21.3% at the end of June with market shares in the corporate and individual customers segment of 16.6% and 23.5 % respectively. The market share of mortgage loans was 26.7%.

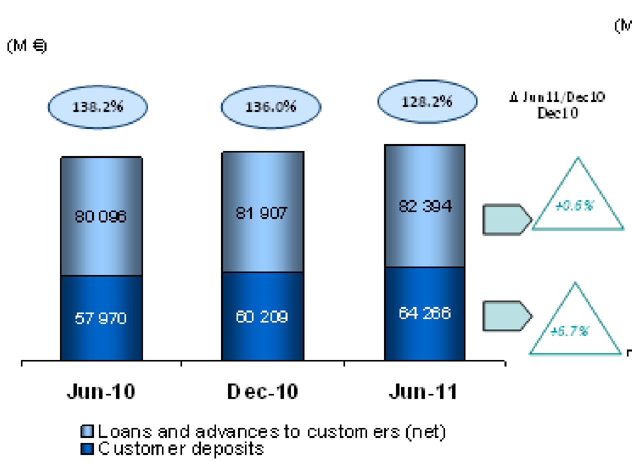
LOANS AND ADVANCES TO CUSTOMERS – MARKET SHARES(a)

By Segment	June 2010	Dec 2010	June 2011
Corporate	15.5%	16.4%	16.6%
Central and local government	36.5%	36.7%	35.5%
Individuals	23.5%	23.6%	23.5%
Mortgage	26.9%	26.8%	26.7%
Other	8.9%	9.2%	9.1%
Total	**20.5%**	**21.0%**	**21.3%**

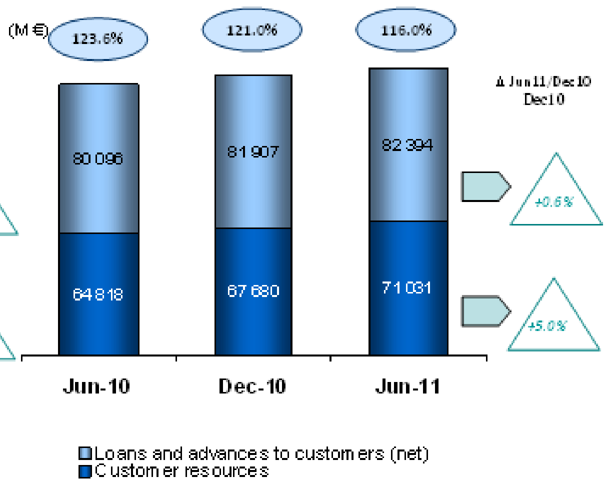
(a) Actividade em Portugal e incluindo os créditos titularizados

The conversion ratio, measured by net credit to customer resources of 116.0% and 128.2% in the case of customer deposits, was indicative of a more favourable performance in comparison to the ratios of 121.0% and 136.0%, posted at the end of 2010 respectively.

Credit (net)/ Deposits



Credit (net) / Customer Resources



The total overdue credit ratio was 3.44%, against 2.93% at the end of 2010, with a credit overdue for more than 90 days ratio of 3.03%, against 2.63% in December last. Asset quality measured by the non-performing credit ratio, calculated in accordance with Bank of Portugal rules, was 3.59%.

Asset quality measured by the non-performing credit ratio, calculated under Bank of Portugal rules was 3.59%.

CREDIT QUALITY (CONSOLIDATED)

BALANCES

(milhões de euros)	June 2010	Dec 2010	June 2011	Change Jun 11/Dec10 Total	Percent
Total credit	**82 698**	**84 517**	**85 295**	**778**	**0,9%**
Loans and advances to customers (outstanding)	80 222	82 039	82 359	321	0,4%
Overdue credit and interest	2 476	2 478	2 935	457	18,4%
Of which: credit overdue for more than 90 days	2 143	2 223	2 582	359	16,2%
Credit impairment	**2 602**	**2 610**	**2 901**	**291**	**11,2%**
Accumulated impairment – loans and advances to customers	1 290	1 250	1 324	74	5,9%
Accumulated impairment – overdue credit and interest	1 312	1 360	1 577	217	16,0%
Credit net of impairment	**80 096**	**81 907**	**82 394**	**486**	**0,6%**
Ratios					
Non-performing credit ratio (a)	3.13%	3.13%	3.59%		
Non-performing credit (net) / total credit (a)	-0.02%	0.04%	0.19%		
Overdue credit / total credit	2.99%	2.93%	3.44%		

Credit overdue for more than 90 days / total credit	2.59%	2.63%	3.03%
Accumulated impairment / non-performing credit	100.5%	98.7%	94.8%
Accumulated impairment / overdue credit	105.1%	105.3%	98.8%
Accumulated impairment / credit overdue for more than 90 days	121.4%	117.4%	112.3%

Indicators calculated in accordance with Bank of Portugal Instruction

Accumulated impairment on loans and advances to customers (normal and overdue) of EUR 2 901 million at the end of June gave a credit overdue for more than 90 days cover ratio of 112.3%.

Securities investments, which include the investment activity of the group's insurance companies, were down 10.1% to EUR 27.5 billion in December last, reflecting a strong deleveraging strategy on assets in the current context of reduced liquidity and high borrowing costs.

SECURITIES INVESTMENTS (CONSOLIDATED)

(Eur million)	June 2010	Dec 2010	June 2011	Change Jun11/Dec 10	
				Total	Percent
Banking	**16 715**	**18 925**	**17 542**	**-1 382**	**-7.3%**
Financial assets at fair value through profit or loss	5 702	4 970	3 530	-1 439	-29.0%
Available for sale financial assets	11 012	13 955	14 012	57	0.4%
Insurance	**11 511**	**11 623**	**9 911**	**-1 711**	**-14.7%**
Financial assets at fair value through profit or loss	113	97	97	0	0.2%
Available for sale financial assets	10 553	10 793	6 234	-4 559	-42.2%
Investments associated with unit linked products	845	733	678	-54	-7.4%
Investments to be held to maturity	0	0	2 902	2 902	-
Total	**28 226**	**30 547**	**27 454**	**- 3 094**	**-10.1%**

There was a reduction in securities investments over the course of the 1st half, either in the form of sales or the failure to reinvest in positions maturing in the meantime.

This decrease in the securities portfolio was part of a deleveraging strategy on assets, fuelling an increase in liquidity and a reduction in capital expenditure together with a crystallising of capital gains in the income statement.

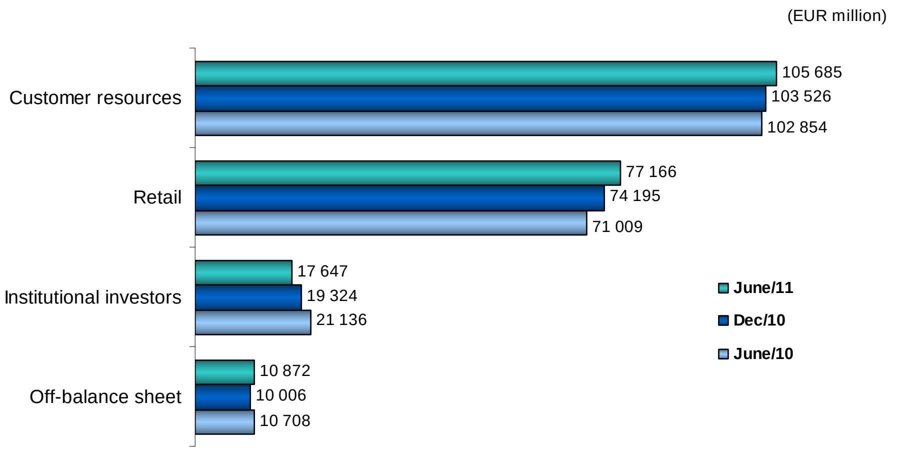
In the sphere of the investment portfolio, performance was geared to the use of securities as collateral with private counterparties for borrowing operations, enabling liquidity sources to be diversified and dependence on the ECB to be reduced.

Funding and Liquidity Management

The tensions resulting from the heightening of the Greek sovereign debt crisis and various rating downgrades on the Portuguese state, banks and several non-financial companies, substantially increased borrowing costs and the sentiment of aversion, increasing national banks' difficulty in securing funds from the wholesale market.

Notwithstanding this environment, the total resources balance taken by the group (excluding the interbank money market) was up 2.1% since the start of the year to EUR 105.7 billion. However, excluding funding from institutional investors, the total customer resources balance was up 4.6% by EUR 3.8 billion.

TOTAL RESOURCES TAKEN



Balance sheet resources totalled EUR 94.8 billion, a large part of which from retail activities with a balance of EUR 77.2 billion, up 4.0% over December 2010, benefiting from the positive evolution of 6.7% in customer deposits.

Resources taken from institutional investors in the form of own issues influenced by the reduction in balances issued under the EMTN and ECP programmes were down 8.7% by EUR 1.7 billion. The balance on covered bonds was unchanged at around EUR 7.1 billion.

RESOURCES TAKEN BY GROUP

Balances	Jun-10	Dec-10	Jun-11	Change Jun/11 - Jun/10		Change Jun/11 - Dec/10	
(EUR million)				Total	%	Total	%
Balance sheet	**92 145**	**93 520**	**94 813**	**2 668**	**2.9%**	**1 293**	**1.4%**
Retail	**71 009**	**74 195**	**77 166**	**6 157**	**8.7%**	**2 972**	**4.0%**
Customer deposits	57 970	60 209	64 266	6 296	10.9%	4 056	6.7%
Capitalisation insurance (a)	10 679	10 843	9 912	-767	-7.2%	-931	-8.6%
Other customer resources	2 361	3 142	2 989	628	26.6%	-154	-4.9%

Institutional investors	**21 136**	**19 324**	**17 647**	**-3 490**	**-16.5%**	**-1 677**	**-8.7%**
EMTN	8 603	8 786	7 769	-834	-9.7%	-1 017	-11.6%
ECP and USCP	2 602	676	47	-2 555	-98.2%	-629	-93.0%
Nostrum Mortgages and Nostrum Consumer	534	475	424	-109	-20.4%	-51	-10.7%
Covered bonds	7 096	7 125	7 101	5	0.1%	-24	-0.3%
Bonds guaranteed by the Portuguese Republic	1 272	1 250	1 275	3	0.2%	25	2.0%
Bonds issued on the public sector	1 030	1 013	1 031	1	0.1%	18	1.8%
Off-balance sheet	**10 708**	**10 006**	**10 872**	**164**	**1.5%**	**866**	**8.7%**
Investment units in unit trust investment funds	5 473	4 966	4 485	-988	-18.1%	-481	-9.7%
Caixagest	3 765	3 283	2 848	-917	-24.4%	-435	-13.3%
Fundimo	1 708	1 683	1 637	-71	-4.2%	-46	-2.7%
Pension funds	2 107	2 183	2 110	3	0.1%	-73	-3.3%
Wealth management (b)	3 128	2 857	4 277	1 149	36.7%	1 420	49.7%
Total	**102 854**	**103 526**	**105 685**	**2 832**	**2.8%**	**2 160**	**2.1%**
Total excluding institutional investors	**81 717**	**84 201**	**88 038**	**6 321**	**7.7%**	**3 838**	**4.6%**

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

(b) Does not include CGD companies' insurance portfolios

Off-balance sheet resources were up 8.7% to EUR 10.9 million of which special reference should be made to the 49.7% increase of EUR 1.4 billion in wealth management over the end of 2010.

Customer resources, mainly comprising customer deposits, were up 5.0% over the end of 2010 to EUR 71 billion. Reference should be made to the evolution of customer deposits which largely offset the decrease in the other customer resources account heading.

CUSTOMER RESOURCES (CONSOLIDATED)

Balances

(EUR million)	June 2010	Dec 2010	June 2011	Change Jun 11/Dez 10	
				Total	Percentage
Deposits	**57 970**	**60 209**	**64 266**	**4 056**	**6.7%**
Sight	19 616	19 046	20 050	1 005	5.3%
Term and savings	37 803	40 783	43 777	2 994	7.3%
Mandatory	551	381	438	57	15.1%
Other resources [a]	**6 848**	**7 471**	**6 765**	**-706**	**-9.4%**
Total	**64 818**	**67 680**	**71 031**	**3 350**	**5.0%**

(a) Inclui produtos dos seguros de taxa fixa

The global deposits balance was up EUR 4 billion to EUR 64.3 billion, since the end of 2010. A decisive factor in this change was the performance of term deposits and savings accounts, with a 7.3% increase of EUR 3 billion in this balance in December 2010.

CUSTOMER DEPOSITS (CONSOLIDATED)

BALANCES

(EUR million)	Dec 2010	Jun 2011	Change	
			Total	Percent
Individual customers	**46 274**	**48 538**	**2 265**	**4.9%**
Sight deposits	13 092	13 318	226	1.7%
Term deposits and savings accounts	33 182	35 221	2 039	6.1%
Companies	**11 104**	**8 752**	**-2 352**	**-21.2%**
Sight deposits	4 178	3 769	-409	-9.8%
Term deposits	6 926	4 983	-1 943	-28.0%
Public sector	**2 832**	**6 975**	**4 143**	**146.3%**
Sight deposits	1 775	2 963	1 188	66.9%
Term deposits	676	3 574	2 898	428.9%
Mandatory deposits	381	438	57	15.1%
Total	**60 209**	**64 266**	**4 056**	**6.7%**

In the case of deposits by segments, the growth of EUR 2.3 billion in individual customers' deposits was offset by the EUR 2.4 billion downturn in corporate deposits. In turn, the general government deposits balance formed the basis for the overall 146.3% growth of deposits (EUR 4.1 billion) of which EUR 2.9 billion comprised term deposits.

At the end of June 2011, CGD Group market share relative to customer deposits increased to 29.4%.The corporate segment market share declined, while the general government recorded an 18 p.p. growth. The market share in the segment of individual customers' deposits was around 32%.

CUSTOMER DEPOSITS – MARKET SHARE[a]

BY CUSTOMER SEGMENT	June 2010	Dec 2010	June 2011
Corporate	10,6%	15,3%	10,7%
General government	21,7%	23,1%	42,0%
Individual customers	33,4%	32,6%	32,3%
Emigrants	41,5%	41,5%	42,3%
Mandatory	97,6%	94,6%	95,3%
Total	**28,7%**	**28,5%**	**29,4%**

(a) Activity in Portugal

Debt securities were down 7.7% since the end of 2010, as a reflection of the current situation in international markets, principally on a short term funding level and especially ECP and USCP programme issues.

DEBT SECURITIES

(Eur million)	June 2010	Dec 2010	June 2011	Change Jun 11/Dec 10	
				Total	Percentage
EMTN programme issues [a]	7 302	8 563	7 834	-729	-8.5%
ECP and USCP programme issues	2 602	676	47	-629	-93.0%
Nostrum Mortgages and Nostrum Consumer	534	475	424	-51	-10.7%
Covered bonds	7 096	7 125	7 101	-24	-0.3%
Bonds guaranteed by the Portuguese Republic	1 272	1 250	1 275	25	2.0%
Bonds issued on the public sector	1 030	1 013	1 031	18	1.8%
Cash bonds and certificates of deposit	269	205	103	-102	-49.7%
Total	**20**	**19 307**	**17 815**	**-1 491**	**-7.7%**

a) Does not include issues classified as subordinated liabilities

Caixa took in resources of EUR 2.6 million in subordinated liabilities (down 8.7% over December 2010), mainly comprising bonds issued under the Euro Medium Term Notes programme.

SUBORDINATED LIABILITIES

(milhões de euros)	June 2010	Dec 2010	June 2011	Change Jun 11/Dec 10	
				Total	Percent
EMTN programme issues [a]	1 847	1 762	1 511	-251	-14.2%
Other	1 082	1 038	1 047	8	0.8%
Total	**2 930**	**2 800**	**2 558**	**-242**	**-8.7%**

a) Does not include issues classified as debt securities

5.1.3. CAPITAL MANAGEMENT

The group's shareholders' equity was down 15.2% by EUR 1.2 billion to EUR 6.6 billion at the end of June 2010, influenced by the negative change of EUR 1.2 billion in fair value reserves. In comparison to June 2010, shareholders' equity was down 8.5% by EUR 619 million

SHAREHOLDERS' EQUITY

(EUR million)	Jun-10	Dec-10	Jun-11	Change Jun/11 - Jun/10		Change Jun/11 - Dec/10	
				Total	%	Total	%
Share capital	4 500	5 050	5 050	550	12.2%	0	0.0%
Fair value reserves	-611	-507	-1 669	-1 059	173.3%	-1 162	229.0%
Other reserves and retained earnings	1 684	1 516	1 764	80	4.7%	247	16.3%
Minority shareholders' interests	1 589	1 530	1 413	-176	-11.1%	-117	-7.7%
Net income for period	105	251	91	-14	-13.2%	-159	-63.5%
Total	**7 268**	**7 840**	**6 649**	**-619**	**-8.5%**	**-1 191**	**-15.2%**

The solvency ratio, on a consolidated basis, including retained earnings, in June 2011 was 11.5% Special reference should be made to the Core Tier I and Tier I ratios of 8.4% and 8.6%, respectively. The 40 bp decrease in Core Tier I in comparison to the end of 2010 translated the impact of the rating downgrade on the Portuguese Republic.

The prudential regulation to the effect that exposures to the regional and local authorities of member states, expressed and financed in national currency will cease to be dependent on country risk will come into effect in December 2011 leading to a positive impact of 0.2% on Core Tier 1.

SOLVENCY RATIO (ON A CONSOLIDATED BASIS) [a]

Balances

(EUR million)	Jun 2010	Dec 2009	Jun 2011
Total own funds (1)	**8 676**	**9 486**	**9 226**
a) Basis own funds	5 971	6 844	6 846
of which: core capital	5 888	6 798	6 730
b) Complementary own funds	2 744	2 682	2 421
c) Deductions	39	40	41
Total weighted assets (2)	**72 612**	**76 989**	**79 991**
Own funds requirements (3) = (2) / (*12.5*)	5 809	6 159	6 399
Surplus own funds (4) = (1) - (3)	2 867	3 327	2 827
TIER I (5) = (1a) / (2)	**8,2%**	**8,9%**	**8.6%**
Core TIER I (6)	**8,1%**	**8,8%**	**8.4%**
Solvency ratio (7) = (1) / (2)	**11.9%**	**12.3%**	**11.5%**

(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.

In 2011, CGD was a member of the group of institutions taking part in the EU-wide stress tests undertaken by the Committee of European Banking Supervisors (CEBS), working in close collaboration with the Bank of Portugal. Information on the results achieved by Caixa in the referred to test, including information on exposure to sovereign debt, is available from CGD, Bank of Portugal and CMVM websites.

5.1.4. GROUP RATING

The difficult economic and financial climate and rating downgrades on the Portuguese Republic by Standard & Poor's, Moody's and Fitch Ratings during the course of 1st half 2011, led to a deterioration of CGD' ratings and those of other banks in the national financial system.

Standard & Poor's

On 28 March 2011, following the downgrade of its long term rating on the Portuguese Republic from A- to BBB, which was put on *CreditWatch Negative*, Standard & Poor's downgraded its long and short term ratings on CGD from A- and A-2 to BBB and A-3, respectively, maintaining *CreditWatch Negative* status over the long term. CGD's standalone credit profile (SACP) was. at the same time, changed from a- to bbb.

On 31 March 2011, following a fresh review of its long and short term ratings on the Portuguese Republic from BBB to BBB- and from A-2 to A-3, respectively, with negative outlook, Standard & Poor's changed its long term rating on CGD from BBB to BBB- with negative outlook and restated its short term A-3 rating.

Fitch Ratings

On 30 March 2011, following the 24 March 2011 downgrade of its long and short term rating on the Portuguese Republic from A+ to A- and from F1 to F2, respectively and placing it on "rating watch negative", Fitch Ratings reviewed CGD's ratings from A to BBB+ for the long term and from F1 to F2 for the short term, placing it on "rating watch negative".

Following a fresh review of its long and short term rating on the Portuguese Republic on 1 April 2011 from A- to BBB- and from F2 to F3, respectively, with "rating watch negative" status, Fitch Ratings reviewed its ratings on CGD from BBB+ to BBB- for the long term and from F2 to F3 for the short term on 5 April 2011. CGD's "individual rating" was changed from C to C/D for the same reason, with all of the other referred to ratings remaining on *rating watch negative*.

Moody's

On 6 April 2011, Moody's, following the previous day's downgrade of its long term rating on the Portuguese Republic, from A3 to Baa1, which was placed under review for possible downgrade, reviewed its long term ratings for CGD, from A1 to Baa1 and short term ratings from P-1 to P-2, both of which under review for possible downgrade.

	Short term	Long term
STANDARD & POOR'S	A-3	BBB-
FITCHRATINGS	F3	BBB-
MOODY'S	N/P	Ba1

5.2. SEPARATE OPERATIONS [2]

5.2.1. RESULTS

Net income from CGD's separate banking activity for first half 2011 was EUR 96.4 million against EUR 112.8 million for the same period of the preceding year.

Net interest income including income from equity instruments, as the main component part of net operating income was down 0.4% over 1st half 2010 to EUR 689.0 million. The 9.0% increase of EUR 42.8 million in net interest income did not make it possible to offset the evolution of equity instruments, down 21.1% year-on-year.

CAIXA GERAL DE DEPÓSITOS

Separate Income Statement at 30 June 2011

(EUR million)

			Change	
	30.06.2010	30.06.2011	Total	Percent
Interest and similar income	2 126 492	2 506 425	379 933	17.9%
Interest and similar costs	1 650 491	1 987 626	337 135	20.4%
Net interest income	***476 001***	***518 799***	***42 798***	***9.0%***
Income from equity instruments	215 787	170 191	-45 596	-21.1%
Net interest income including income from equity investments	**691 788**	**688 990**	**-2 798**	**-0.4%**
Income from services and commissions	245 322	235 078	-10 244	-4.2%
Costs of services and commissions	45 644	46 046	402	0.9%
Commissions (net)	***199 678***	***189 032***	***-10 646***	***-5.3%***
Income from financial operations	12 483	17 016	4 533	36.3%
Other net operating income	52 944	41 601	-11 343	-21.4%
Non-interest Income	**265 105**	**247 649**	**-17 456**	**-6.6%**
Net operating income	**956 893**	**936 639**	**-20 255**	***-2.1%***
Employee costs	308 333	280 845	-27 488	-8.9%
Other administrative expenses	179 290	170 936	-8 354	-4.7%
Depreciation and amortisation	59 593	51 694	-7 899	-13.3%
Operating costs and depreciation	**547 216**	**503 475**	**-43 741**	**-8.0%**
Gross operating income	**409 677**	**433 164**	**23 486**	**5.7%**
Provisions net of cancellations	10 117	12 967	2 850	28.2%
Correction of the amount of loans and advances to customers and receivables from other debtors, net of reversals	252 134	254 190	2 056	0.8%
Credit impairment net of reversals	37 840	20 183	-17 657	-46.7%
Impairment of other assets (net)	7 949	3 095	-4 854	-61.1%
Provisions and impairment	**308 039**	**290 434**	**-17 605**	**-5.7%**
Income before tax	**101 638**	**142 730**	**41 092**	**40.4%**
Tax	**-11 199**	**46 376**	**57 575**	-514.1%
Current	39 505	11 871	-27 634	-70.0%
Deferred	-50 704	21 032	71 736	-141.5%
Extraordinary contribution on the banking sector		13 473	13 473	
NET INCOME	**112 837**	**96 352**	**-16 485**	**-14.6%**

[2] (*) Including the operations of the France, London, Spain Luxembourg, New York, Grand Cayman, Madeira Offshore, Timor and Zuhai branches.

Non-interest income of EUR 247.6 million, was down 6.6% over the same period for 2010, largely owing to the unfavourable performance of other operating income and net commissions. This was offset by the 36.3% increase in income from financial operations in comparison to June 2010.

As regards operating costs and as in the preceding year, reference should be made to the fresh 8.0% reduction of EUR 43. million in comparison to June 2010, to which a significant contribution was made by the 8.9% decrease of EUR 27.5 million in employee costs.

Provisions and impairment for 1st half 2011 were down 5.7% by EUR 17.6 million to EUR 290 million in comparison to June 2010.

5.2.2. BALANCE SHEET

Caixa Geral de Depósitos’s separate net assets of EUR 112.8 billion at the end of first half 2011, were down 0.1% by EUR 119 million over December 2010.

CAIXA GERAL DE DEPÓSITOS

Separate Balance Sheet at 30 June 2011

(EUR million)

ASSETS

				∆ Jun/11 - Jun/10		∆ Jun/11 - Dec/10	
	30.06.2010	31.12.2010	30.06.2011	Total	Percent	Total	Percent
Cash and cash equivalents with central banks	1 112	919	564	-549	-49.3%	-356	-38.7%
Loans and advances to credit institutions	15 121	12 477	11 862	-3 259	-21.6%	-615	-4.9%
Loans and advances to customers	68 614	69 715	71 587	2 972	4.3%	1 872	2.7%
Securities investments	16 006	21 895	20 276	4 270	26.7%	-1 619	-7.4%
Investment in subsidiaries and associated companies	3 433	3 280	3 486	53	1.6%	206	6.3%
Intangible and tangible assets	754	624	609	-146	-19.3%	-15	-2.4%
Deferred tax assets	734	745	1 023	289	39.3%	278	37.3%
Other assets	3 015	3 247	3 376	363	12.1%	131	4.0%
TOTAL	**108 789**	**112 903**	**112 784**	**3 995**	**3.7%**	**-119**	**-0.1%**

LIABILITIES

				∆ Jun/11 - Jun/10		∆ Jun/11 - Dec/10	
	30.06.2010	31.12.2010	30.06.2011	Total	Percent	Total	Percent
Central banks’ and credit institutions’ resources	17 201	16 666	14 948	-2 253	-13.1%	-1 718	-10.3%
Customer resources	53 537	54 788	59 454	5 917	11.1%	4 666	8.5%
Financial liabilities	2 697	7 523	6 863	4 166	154.5%	-660	-8.8%
Debt securities	21 263	20 364	18 981	-2 282	-10.7%	-1 383	-6.8%
Provisions	1 218	1 125	1 142	-77	-6.3%	17	1.5%
Subordinated liabilities	3 220	3 163	2 949	-272	-8.4%	-214	-6.8%
Other liabilities	4 060	3 072	2 945	-1 115	-27.5%	-127	-4.1%
SUB-TOTAL	***103 196***	***106 700***	***107 281***	***4 085***	***4.0%***	***581***	***0.5%***
SHAREHOLDERS' EQUITY	5 593	6 202	5 503	-90	-1.6%	-699	-11.3%
TOTAL	**108 789**	**112 903**	**112 784**	**3 995**	**3.7%**	**-119**	**-0.1%**

Notwithstanding the stability of the evolution of net assets, reference should be made to the 2.7% growth of the loans and advances to customers account heading which was almost fully offset by the 7.4% decrease of EUR 1.6 billion in securities investments over December 2010.

Cash and loans and advances to credit institutions were down 23.5% to EUR 12.4 billion in comparison to resources of EUR 14.9 billion taken from the same entities.

As regards liabilities, reference should be made to the customer resources balances with an 8.5% improvement of EUR 4.7 million over December 2010 and up 11.1% by EUR 5.9 million year-on-year.

Debt securities and subordinated liabilities were down 6.8% by EUR 1.4 billion and 6.8% by EUR 0.2 billion respectively in comparison to June 2010.

5.2.3. CAPITAL MANAGEMENT

The negative change of EUR 788 million in fair value reserves over the end of 2010, expressively conditioned the performance of shareholders' equity in the first half year. Shareholders' equity, at EUR 5.6 billion in June 2011 was down 11.3% by EUR 699 million in comparison to last December. The negative change in comparison to the same month last year was 1.6% (EUR 90 million).

SHAREHOLDERS' EQUITY (SEPARATE)

BALANCES

(EUR million)	Jun 2010	Dec 2010	Jun 2011	Δ Jun/11 / Jun/10		Δ Jun/11 / Dec/10	
				Total	Percent	Total	Percent
Capital	4 500	5 050	5 050	550	12.2%	0	0.0%
Revaluation reserves	- 260	- 121	- 909	- 649	- 249.7%	- 788	- 650.9%
Other reserves and retained earnings	1 240	1 226	1 265	25	2.0%	39	3.2%
Net income for period	113	47	96	- 16	- 14.6%	49	103.9%
Total	**5 593**	**6 202**	**5 503**	**- 90**	**- 1.6%**	**- 699**	**- 11.3%**

6. MAIN RISKS AND UNCERTAINTIES IN 2ND HALF 2011

The end of 1st half 2011 witnessed signs of an economic cooling-off process as a consequence of higher prices for energy commodities, the earthquakes in Japan and the adoption of more restrictive monetary policy measures in several countries.

A high level of uncertainty continued to exist between halves as these signs of a slowdown occurred at the same time as the continued elimination of much of the stimulus to activity introduced in the past by the authorities as a response to the economic crisis. The job creation rate in developed countries remains very moderate, whereas in many of the emerging economies the fact that inflation was higher than projected led the banks to continue to consolidate the interest rate increase process.

The apparent spreading of the sovereign debt crisis to other larger states in the euro area increased the already pressing need for fiscal consolidation and fuelled more negative impacts, both in economic terms and owing to the need to take new fiscal measures and as regards levels of risk aversion, further increasing the difficulty of making placements in a scenario of lower demand from investors for such states' assets, translating into higher funding costs for governments and other economic agents.

Although the series of new decisions announced by European leaders after the extraordinary summit in Brussels on 21 July has generated optimism regarding the start of the resolution of the debt crisis, notably as regards fears of contagion, there is still some uncertainty regarding the implementation and success of several of the measures, notably as regards the private sector's participation in the assistance.

In addition, higher sovereign risk premiums for economies will condition credit risk and banking liquidity. On the one hand, on the basis of potential losses on banks' portfolios and higher default rates and, on the other, putting off the banks' resumption of wholesale market operations, inclusively on account of the decrease in the value of the collateral resulting from the depreciation of assets and revised ratings.

In addition to such impacts is the persistence of a trend putting pressure on net interest income deriving from higher borrowing costs, at a first stage in the wholesale market and latterly on a retail level. The future performance of this component of the sector's results will therefore also be subject to the evolution of the economy and investors' risk aversion in addition to the European Central Bank's handling of monetary policy, notably as regards the process involving a gradual increase in key interest rates and the possible normalisation of open market operation rules.

In the specific case of Portugal, the fiscal consolidation measures and the performance of the economy and banking sector will be conditioned by the measures contained in the economic and financial assistance programme agreed with the European Union, ECB and the IMF.

The contraction of economic activity, clearly visible in the figures for the last two quarters and expected for the next ones will inevitably have an effect on employment and consequently credit quality. The magnitude thereof, remains, however, a factor of uncertainty.

Similarly market reaction to the execution of the Portuguese macroeconomic adjustment programme and external environment in terms of the sovereign debt crisis is also an unknown factor at the point of departure. The reopening of international financing markets and costs of access thereto will be contingent upon the above.

The need for the deleveraging of the financial system and the economy as a whole and the reinforcement of institutions' capitalisation levels, will continue to have a markedly conditioning effect on the activity of Portuguese banks over the next few years, including the dimension and composition of their balance sheets.

7. SUBSEQUENT EVENTS

Caixa Geral de Depósitos's shareholders' meeting was held on 22 July and nominated the company's statutory bodies for the term of office 2011/2013, as follows:

Shareholders' Meeting

Chairman	Manuel Carlos Lopes Porto
Deputy chairman	Rui Manuel Parente Chancerelle de Machete
Secretary	José Lourenço Soares

Board of Directors

Chairman	Fernando Manuel Barbosa Faria de Oliveira
Deputy chairman	José Agostinho Martins de Matos
Members	António do Pranto Nogueira Leite
	Norberto Emílio Sequeira da Rosa
	Jorge Humberto Correia Tomé
	Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
	Pedro Manuel de Oliveira Cardoso
	Nuno Maria Pinto de Magalhães Fernandes Thomaz
	Eduardo Manuel Hintze da Paz Ferreira
	Pedro Miguel Duarte Rebelo de Sousa
	Álvaro José Barrigas do Nascimento

In the sphere of the adoption of the new governance model for CGD, the shareholders' meeting also decided that the audit board would comprise the following board members:

Audit Board

Chairman	Eduardo Manuel Hintze da Paz Ferreira
Deputy chairman	Pedro Miguel Duarte Rebelo de Sousa
Secretary	Álvaro José Barrigas do Nascimento

The new board of directors, in turn, at a meeting held on 27 July, appointed the members of the executive board which was created pursuant to the adoption of the new governance model, with the following composition:

Executive Board

Chairman	José Agostinho Martins de Matos
Deputy chairmen	António do Pranto Nogueira Leite
	Norberto Emílio Sequeira da Rosa
Members	Jorge Humberto Correia Tomé
	Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
	Pedro Manuel de Oliveira Cardoso
	Nuno Maria Pinto de Magalhães Fernandes Thomaz

8. DECLARATION 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 first half 2011 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 for the next six months.

9. STATEMENT ON THE AUDITING OF THE ACCOUNTS

Under the terms of no. 3 of no.1 Securities Code, we declare that the financial information for first half 2011 relating to Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter has not been audited.

10. BONDS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

(Article 447 of the Commercial Companies Code)

Bondholders Members of the board of directors:	Security	No. securities at 30/06/2011
Faria de Oliveira	"Caixa Valor Nacional" bonds 2010/2015 "Caixa Dia da Poupança" bonds 2010/2013	50 25
Francisco Bandeira	Subordinated Caixa bonds – CGD 2007/2017 – 1st issue Subordinated Caixa bonds – CGD 2007/2017 – 2nd issue "Caixa TaxaMix" bonds July 2010/2013	300 300 50
Norberto Rosa	Subordinated Caixa bonds – CGD 2007/2017 "Caixa Valor Nacional" bonds 2010/2015	200 40
Rodolfo Lavrador	Subordinated Caixa bonds – CGD 2008/2018 – 1st issue	300
Jorge Tomé	Subordinated Caixa bonds – CGD 2007/2017 – 1st issue Subordinated Caixa bonds– CGD 2008/2018 – 1st issue Subordinated CGD bonds – 2009/2019 – Anniversary issue "Caixa Valor Nacional" bonds 2010/2015 "Caixa TaxaMix" bonds July 2010/2013	1 500 200 25 250 250
José Araújo e Silva	Subordinated bonds – CGD – 2009/2019 Anniversary issue "Caixa TaxaMix" bonds July 2010/2013 "Caixa Dia da Poupança" bonds 2010/2013	20 95 20
Spouse/children:		
Marina Maria Wolffensperger Faria de Oliveira	Covered Bond CGD 2016 "Caixa Valor Nacional" bonds 2010/2015	3 25
Carolina Tomé	Subordinated bonds – CGD – 2009/2019 – Anniversary issue "Caixa Valor Nacional" bonds 2010/2015	30 20

11. INFORMATION ON CGD SHAREHOLDERS

(Article 448 of Commercial Companies Code)

Shareholders	Share capital at 30/06/2011	% equity investment at 30/06/2011
Portuguese state	EUR 5 050 000 000	100%

Lisbon, 29 August de 2011

Board of Directors

Chairman	Fernando Manuel Barbosa Faria de Oliveira
Deputy chairman	José Agostinho Martins de Matos
Members	António do Pranto Nogueira Leite
	Norberto Emílio Sequeira da Rosa
	Jorge Humberto Correia Tomé
	Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
	Pedro Manuel de Oliveira Cardoso
	Nuno Maria Pinto de Magalhães Fernandes Thomaz
	Eduardo Manuel Hintze da Paz Ferreira
	Pedro Miguel Duarte Rebelo de Sousa
	Álvaro José Barrigas do Nascimento

12. SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

CAIXA GERAL DE DEPÓSITOS, S.A.

SEPARATE BALANCE SHEET

(euros)

(Translation of balance sheets originally issued in Portuguese)

ASSETS	30-06-2011 Amounts before impairment, amortisation and depreciation	30-06-2011 Provisions, impairment and amortisation and depreciation	30-06-2011 Net assets	31-12-2010 Net assets
Cash and cash equivalents at central banks	563 688 629	-	563 688 629	919 449 031
Cash balances at other credit institutions	436 913 874	-	436 913 874	494 799 108
Financial assets held for trading	2 353 698 611	-	2 353 698 611	3 611 863 397
Other financial assets at fair value through profit or loss	684 611 708	-	684 611 708	675 961 557
Available-for-sale financial assets	17 651 055 509	(413 098 395)	17 237 957 114	17 607 645 770
Loans and advances to credit institutions	11 460 933 457	(36 288 648)	11 424 644 809	11 982 240 562
Loans and advances to customers	73 632 847 688	(2 046 268 801)	71 586 578 887	69 714 917 988
Hedging derivatives	93 164 634	-	93 164 634	113 601 534
Non-current assets held for sale	309 944 292	(50 357 190)	259 587 102	250 550 249
Investment property	6 294 730	-	6 294 730	6 294 730
Other tangible assets	1 191 700 339	(703 073 376)	488 626 963	497 338 021
Intangible assets	534 854 760	(414 614 749)	120 240 011	126 434 860
Investments in associates, subsidiaries and joint ventures	3 591 663 748	(105 422 992)	3 486 240 756	3 280 177 330
Current tax assets	82 030 203	-	82 030 203	56 728 305
Deferred tax assets	1 022 537 752	-	1 022 537 752	744 983 279
Other assets	2 979 381 372	(42 089 520)	2 937 291 852	2 819 824 084
Total assets	116 595 321 306	(3 811 213 671)	112 784 107 635	112 902 809 805

LIABILITIES AND EQUITY	30-06-2011	31-12-2010
Resources of central banks	7 421 674 112	7 572 699 955
Financial liabilities held for trading	1 717 470 140	2 237 458 682
Resources of other credit institutions	7 526 231 123	9 093 770 665
Customer resources	59 454 179 773	54 787 526 101
Debt securities	18 981 232 605	20 364 034 596
Financial liabilities associated with transferred assets	5 145 386 321	5 285 202 014
Hedging derivatives	148 413 399	168 739 503
Provisions	1 141 506 803	1 124 832 153
Current tax liabilities	15 887 491	1 810 392
Deferred tax liabilities	93 740 893	83 056 370
Other subordinated liabilities	2 948 678 208	3 162 979 039
Other liabilities	2 686 685 947	2 818 276 090
Total Liabilities	107 281 086 815	106 700 385 560
Share capital	5 050 000 000	5 050 000 000
Revaluation reserves	(908 691 705)	(121 010 231)
Other reserves and retained earnings	1 265 360 209	1 226 178 425
Net income for the period	96 352 316	47 256 051
Total Equity	5 503 020 820	6 202 424 245
Total Liabilities and Equity	112 784 107 635	112 902 809 805

Certified Public Accountant
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CAIXA GERAL DE DEPÓSITOS, S.A.

INCOME STATEMENTS (SEPARATE)

(euros)

(Translation of income statements income originally issued in Portuguese)

	30-06-2011	30-06-2010
Interest and similar income	2 506 424 638	2 126 491 778
Interest and similar costs	(1 987 626 075)	(1 650 490 705)
NET INTEREST INCOME	**518 798 563**	**476 001 073**
Income from equity instruments	170 191 101	215 787 469
Income from services and commissions	235 077 830	245 322 367
Cost of services and commissions	(46 046 107)	(45 644 170)
Net results of assets and liabilities measured at fair value through profit or loss	2 987 555	26 989 859
Net gain on available-for-sale financial assets	9 538 180	11 745 322
Net foreign exchange revaluation gain	27 804 043	(26 161 474)
Net gain on the sale of other assets	(23 314 262)	(90 722)
Other operating income	41 601 255	52 943 723
NET OPERATING INCOME	**936 638 158**	**956 893 447**
Staff costs	(280 844 626)	(308 333 412)
Other administrative costs	(170 936 099)	(179 289 755)
Depreciation and amortisation	(51 693 936)	(59 593 112)
Provisions net of reversals	(12 967 314)	(10 116 756)
Correction of amount of loans and advances to costumers and receivables from other debtors	(254 190 031)	(252 133 718)
Impairment of other financial assets net of reversals	(20 183 201)	(37 839 675)
Impairment of other assets net reversals	(3 094 523)	(7 948 862)
INCOME BEFORE TAX	**142 728 428**	**101 638 157**
Income tax		
Current	(25 344 136)	(39 504 566)
Deferred	(21 031 976)	50 703 805
	(46 376 112)	**11 199 239**
Net income for the period	**96 352 316**	**112 837 396**
Average number of ordinary shares outstanding	1 010 000 000	900 000 000
Earnings per share (in Euros)	0.10	0.13

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CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(euro thousand)

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

	30-06-2011	30-06-2010
Adjustments to fair value of available-for-sale financial assets		
Changes in period	(1 083 574)	(231 004)
Reclassification of adjustments of fair value reserves to results:		
Recognition of impairment for the period	20 813	37 817
Sale of available-for-sale financial assets	(9 538)	(17 824)
Tax effect	284 618	31 534
Post employment benefits - amortisation of transition to IAS' s impact		
Change in period	(16 728)	(16 728)
Tax effect	4 685	9 277
Exchange fluctuations	3 506	(8 378)
Other	464	134
Total comprehensive income for the period recognised in reserves	(795 756)	(195 173)
Net income for the period	96 352	112 837
Total comprehensive income for the period	(699 403)	(82 335)

CAIXA GERAL DE DEPÓSITOS, S.A.

CASH FLOW STATEMENTS (SEPARATE)

(euro thousand)

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

	30-06-2011	30-06-2010
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2 716 427	2 368 773
Interest, commissions and similar costs paid	(1 526 707)	(1 332 764)
Recovery of principal and interest	13 047	11 478
Payments to employees and suppliers	(484 197)	(515 664)
Payments and contributions to pensions funds, health plan and other benefits	-	(33 177)
Other results	60 790	9 925
	779 360	508 571
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(1 522 024)	(706 727)
Assets held for trade and other assets		
at fair value through profit or loss	730 076	(775 152)
Other assets	(79 636)	(196 902)
	(871 584)	(1 678 780)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(1 728 823)	7 511 202
Customer resources	4 584 793	(159 504)
Other liabilities	(289 205)	494 127
	2 566 764	7 845 825
Net cash from operating activities before taxation	2 474 540	6 675 616
Income tax	(48 645)	(35 364)
Net cash from operating activities	2 425 896	6 640 252
INVESTING ACTIVITIES		
Capital gains from the disposal of equity instruments	42 425	71 613
Capital gains from available-for-sale financial assets	55 215	99 764
Acquisition of investments in subsidiary and associated companies, net of disposals	(15 656)	(76 065)
Acquisition of available-for-sale financial assets, net of disposals	(853 908)	(1 195 385)
Acquisition of tangible and intangible assets, net of disposals	(49 409)	(85 415)
Net cash from investing activities	(821 333)	(1 185 487)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(34 932)	(42 356)
Interest on debt securities	(378 974)	(325 453)
Issue of subordinated liabilities, net of repayments	(224 568)	(236 045)
Issue of debt securities	(1 379 735)	(5 051 120)
Dividends paid	-	(170 157)
Net cash from financing activities	(2 018 209)	(5 825 132)
Increase (decrease) in cash and cash equivalents	(413 646)	(370 367)
Cash and cash equivalents at beginning of period	1 414 248	2 228 919
Cash and cash equivalents at end of period	1 000 603	1 858 552

CAIXA GERAL DE DEPÓSITOS, S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY (SEPARATE)

(euro thousand)

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

		Reservas de reavalia	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	Total
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 to reserves and 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
Balances at 31 December 2010	5 050 000	(440 289)	110 280	208 998	(121 010)	853 455	397 105	(24 382)	1 226 178	47 256	6 202 424
Appropriation of net income for 2010:											
Transfer to reserves and retained earnings	-	-	-	-	-	9 451	13 423	24 382	47 256	(47 256)	-
Other entries directly recorded in equity:											
Valuation of available-for-sale financial assets	-	(1 072 299)	284 618	-	(787 681)	-	-	-	-	-	(787 681)
Amortisation of the impact of the transition to the IAS relative to											
post-employment benefits	-	-	-	-	-	-	-	(12 044)	(12 044)	-	(12 044)
Currency changes in subsidiaries	-	-	-	-	-	-	3 506	-	3 506	-	3 506
Reclassification between reserves and retained earnings	-	-	-	-	-	-	2 011	(2 011)	-	-	-
Other	-	-	-	-	-	-	464	-	464	-	464
Total gains and losses for the period recognised in equity	-	(1 072 299)	284 618	-	(787 681)	-	5 980	(14 054)	(8 074)	-	(795 756)
Net income for the period	-	-	-	-	-	-	-	-	-	96 352	96 352
Balances at 30 June 2011	5 050 000	(1 512 588)	394 898	208 998	(908 692)	862 906	416 508	(14 054)	1 265 360	96 352	5 503 021

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED BALANCE SHEET

(euros)

(Translation of balance sheets originally issued in Portuguese)

ASSETS	Notes	30-06-2011 Amounts before impairment, amortisation and depreciation	30-06-2011 Impairment and amortisation and depreciation	30-06-2011 Net assets	31-12-2010 Net assets
Cash and cash equivalents at central banks	4	1 128 305 996	-	1 128 305 996	1 468 751 616
Cash balances at other credit institutions	5	1 237 357 505	-	1 237 357 505	1 264 973 198
Loans and advances to credit institutions	6	3 986 006 070	(29 632 412)	3 956 373 658	3 424 241 930
		6 351 669 571	(29 632 412)	6 322 037 159	6 157 966 744
Financial assets at fair value through profit or loss	7	3 627 185 826	-	3 627 185 826	5 066 406 778
Available-for-sale financial assets	8	20 732 279 538	(485 909 747)	20 246 369 791	24 748 550 805
Unit-linked investments	9	678 196 869	-	678 196 869	732 511 643
Hedging derivatives	10	85 983 528	-	85 983 528	114 866 963
Held-to-maturity investments	11	2 902 027 584	-	2 902 027 584	2 836
		28 025 673 345	(485 909 747)	27 539 763 598	30 662 339 025
Loans and advances to customers	12	85 294 548 418	(2 900 869 995)	82 393 678 423	81 907 204 111
Non-current assets held for sale	13	549 616 827	(81 509 947)	468 106 880	423 388 652
Investment property		415 221 863	-	415 221 863	396 440 513
Other tangible assets		2 160 373 244	(1 026 725 174)	1 133 648 070	1 149 998 019
Intangible assets		1 021 620 254	(625 148 793)	396 471 461	419 386 093
Investments in associates	14	33 732 125	-	33 732 125	28 463 595
Current tax assets	15	112 640 579	-	112 640 579	90 269 525
Deferred tax assets	15	1 472 252 088	-	1 472 252 088	1 088 679 963
Technical provisions for outwards reinsurance	16	258 177 138	-	258 177 138	264 564 342
Other assets	17	3 303 964 808	(148 674 951)	3 155 289 857	3 273 273 895
Total assets		128 999 490 260	(5 298 471 019)	123 701 019 241	125 861 974 477

LIABILITIES AND EQUITY	Notes (a)	30-06-2011	31-12-2010
Resources of central banks and other credit institutions	18	13 297 637 117	14 603 669 257
Customer resources	19	71 030 529 759	67 680 044 524
Liability of unit-linked products	9	678 191 535	732 511 643
Debt securities	20	17 815 278 933	19 306 747 511
		89 524 000 227	87 719 303 678
Financial liabilities at fair value through profit or loss	10	1 282 919 108	1 712 117 274
Hedging derivatives	10	148 405 613	166 047 660
Provisions for employee benefits	21	533 544 741	530 191 951
Provisions for other risks	21	260 009 166	273 227 156
Technical provisions for insurance contracts	22	5 436 145 331	5 742 936 344
Current tax liabilities	15	41 313 295	57 827 737
Deferred tax liabilities	15	196 258 831	180 917 514
Other subordinated liabilities	23	2 548 393 323	2 800 164 159
Other liabilities	24	3 783 590 883	4 235 575 941
Total liabilities		117 052 217 635	118 021 978 671
Share capital	25	5 050 000 000	5 050 000 000
Fair value reserves	26	(1 669 438 742)	(507 360 163)
Other reserves and retained earnings	26	1 763 763 327	1 516 423 994
Net income attributable to the shareholder of CGD	26	91 429 417	250 581 934
Equity attributable to the shareholder of CGD		5 235 754 002	6 309 645 765
Minority interest	27	1 413 047 604	1 530 350 041
Total equity		6 648 801 606	7 839 995 806
Total liabilities and equity		123 701 019 241	125 861 974 477

(a) These notes are detailed in the Chapter Notes to the Consolidated Financial Statement

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CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED INCOME STATEMENTS

(euros)

(Translation of income statements income originally issued in Portuguese)

	Notes (a)	30-06-2011	30-06-2010
Interest and similar income	28	2 497 298 270	2 152 165 445
Interest and similar costs	28	(1 695 194 517)	(1 466 658 239)
Income from equity instruments	29	116 087 927	115 539 940
NET INTEREST INCOME		**918 191 680**	**801 047 146**
Income from services rendered and commissions	30	315 291 881	316 723 371
Cost of services and commissions	30	(67 518 934)	(68 383 362)
Results from financial operations	31	51 180 689	25 867 679
Other net operating income	32	106 908 313	100 191 646
NET OPERATING INCOME		**1 324 053 629**	**1 175 446 480**
TECHNICAL MARGIN ON INSURANCE OPERATIONS			
Premiums net of reinsurance	33	635 645 990	660 245 051
Result of investments relating to insurance contracts	33	88 380 178	123 251 492
Cost of claims net of reinsurance	33	(443 249 523)	(509 528 990)
Commissions and other income and cost relating to insurance contracts	33	(51 753 217)	(44 485 202)
		229 023 428	**229 482 351**
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS		**1 553 077 057**	**1 404 928 831**
Staff costs	34	(497 645 378)	(516 116 718)
Other administrative costs	35	(325 945 455)	(322 299 038)
Depreciation and amortisation		(96 890 260)	(100 545 450)
Provisions net of reversals	21	(13 540 016)	(26 322 145)
Loan impairment net of reversals and recovery	36	(349 253 711)	(206 777 754)
Other assets impairment net of reversals and recovery	36	(52 225 079)	(96 093 804)
Result of associated companies		3 728 724	459 001
INCOME BEFORE TAX AND MINORITY INTEREST		**221 305 882**	**137 232 923**
Tax			
Current	15	(46 783 620)	(62 719 018)
Deferred	15	(44 241 110)	47 488 232
		(91 024 730)	**(15 230 786)**
Consolidated net income for the period, of which:		**130 281 152**	**122 002 137**
Minority interest	27	(38 851 735)	(16 718 793)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		**91 429 417**	**105 283 344**
Average number of ordinary shares outstanding	25	1 010 000 000	900 000 000
Earnings per share (in Euros)		0.09	0.12

(a) These notes are detailed in the Chapter Notes to the Consolidated Financial Statement

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CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euro thousand)

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

	30-06-2011	30-06-2010
Adjustments to fair value of available-for-sale financial assets		
Changes in period	(1 581 579)	(422 938)
Reclassification adjustments of fair value reserves to results		
Recognition of impairment for the period	26 910	125 204
Sale of available-for-sale financial assets	(4 910)	3 110
Tax effect	431 755	20 249
Exchange fluctuations		
Changes in period	(72 365)	97 256
Tax effect	3 453	(4 903)
Other	(6 398)	11 038
Total comprehensive income for the period recognised in reserves	(1 203 134)	(170 985)
Net income for the period	130 281	122 002
Total comprehensive income for the period, of which:	(1 072 853)	(48 983)
Minority interest	(33 041)	(4 701)
Total comprehensive income attributable to the shareholder of CGD	(1 105 894)	(53 683)

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

(euro thousand)

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

	30-06-2011	30-06-2010
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2 762 727	2 448 086
Interest, commissions and similar costs paid	(1 327 519)	(1 218 244)
Premiums received (insurance)	612 923	638 508
Cost and claims paid (insurance)	(730 590)	(678 595)
Recovery of principal and interest	14 917	13 721
Payments to employees and suppliers	(814 007)	(833 156)
Payments and contributions to pension funds	(2 098)	(30 713)
Other results	428 804	219 232
	945 157	558 838
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(1 334 151)	(180 248)
Assets held for trade and other assets at fair value through profit or loss	480 967	(86 549)
Other assets	37 422	214 135
	(815 762)	(52 662)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(1 309 520)	7 572 161
Customer resources	3 867 042	(118 009)
Other liabilities	(804 053)	30 533
	1 753 469	7 484 685
Net cash from operating activities before taxation	1 882 864	7 990 862
Income tax	(79 859)	(92 376)
Net cash from operating activities	1 803 005	7 898 486
INVESTING ACTIVITIES		
Dividends received from equity instruments	116 088	115 540
Acquisition of investments in subsidiary and associated companies, net of disposa	(1 195)	1 426
Acquisition of available-for-sale financial assets, net of disposals	(12 750)	(2 155 065)
Acquisition of tangible and intangible assets and investment property, net of disp	(136 677)	(187 913)
Net cash from investing activities	(34 535)	(2 226 012)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(30 183)	(39 970)
Interest on debt securities	(358 849)	(243 036)
Dividends paid on preference shares	(5 685)	(4 346)
Issue of subordinated liabilities, net of repayments	(254 891)	(207 708)
Issue of debt securities, net of repayments	(1 486 923)	(5 367 713)
Dividends paid	-	(170 157)
Net cash from financing activities	(2 136 531)	(6 032 929)
Increase (decrease) in cash and cash equivalents	(368 061)	(360 455)
Cash and cash equivalents at the beginning of the period	2 733 725	3 164 463
Cash and cash equivalents at the end of period	2 365 664	2 804 007

CAIXA GERAL DE DEPÓSITOS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(euro thousand)

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

	Share capital	Fair value reserve	Other reserves and retained earnings: Other reserves	Other reserves and retained earnings: Retained earnings	Other reserves and retained earnings: Total	Net income	Sub-total	Minority interest	Total
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	7 156 851
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 period recognised in equity	-	(279 660)	120 694	-	120 694	-	(158 967)	(12 018)	(170 985)
Changes in Group 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
Balances at 31 December 2010	5 050 000	(507 360)	1 659 988	(143 564)	1 516 423	250 582	6 309 646	1 530 350	7 839 996
Appropriation of net income for 2010:									
Transfer to reserves and retained earnings	-	-	226 200	24 382	250 582	(250 582)	-	-	-
Other entries directly recorded in equity:									
Valuation of available-for-sale financial assets	-	(1 162 079)	23 192	-	23 192	-	(1 138 887)	11 063	(1 127 824)
Currency changes	-	-	(58 248)	-	(58 248)	-	(58 248)	(10 663)	(68 912)
Other	-	-	(188)	-	(188)	-	(188)	(6 210)	(6 398)
Total gains and losses for the period recognised in equity	-	(1 162 079)	(35 245)	-	(35 245)	-	(1 197 323)	(5 811)	(1 203 134)
Changes in Group perimeter	-	-	-	-	-	-	-	(98 296)	(98 296)
Acquisition of preference shares issued by Caixa Geral Finance	-	-	32 002	-	32 002	-	32 002	(34 474)	(2 472)
Dividends paid on preference shares and on minority interest	-	-	-	-	-	-	-	(17 573)	(17 573)
Reclassification between reserves and retained earnings	-	-	6 045	(6 045)	-	-	-	-	-
	-	-	-	-	-	91 429	91 429	38 852	130 281
Balances at 30 June 2011	5 050 000	(1 669 439)	1 888 991	(125 227)	1 763 763	91 429	5 235 754	1 413 048	6 648 802

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 872 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 2011 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 comply 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 consistently in all the periods presented in the financial statements.

2.2. Adoption of (new or revised) standards issued by the "International Accounting Standards Board" (IASB) and interpretations issued by the "International Financial Reporting Interpretation Committee" (IFRIC), as adopted by the European Union

In preparing its financial statements, in the period of six months ended 30 June 2011, 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 2011. The following alterations were relevant to CGD Group:

- 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.

- 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.

- 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.

On this date, seven international financial standards that have been subject to several amendments issued by the IASB in May 2010, were also adopted by the Group. Of this collection of amendments, reference should be made to IAS 34 - "Interim Financial Reporting" which sets up supplementary disclosure requirements that emphasise the importance of disclosing updated information per reference to the last annual financial report, particularly significant events and transactions occurred in the referred to interim report period (such as transfers between fair value hierarchy levels, changes to the classification of financial assets as a result of a change in their purpose, changes in contingent assets and liabilities and changes in the economic or business scenarios which might impact on the fair value of assets and liabilities in balance sheet).

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 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 embedded derivatives, should be measured and classified considering the total characteristics of the instruments, no longer being possible to separate the embedded 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.

- IFRS 7 (Amendment) – "Financial instruments: Disclosures" – With the amendment made to the text of IFRS 7, IASB intended to clarify and complement the existing requirements relating to the disclosure of financial instruments at fair value through profit or loss and liquidity risk management. In addition, these amendments intend to improve the quality of disclosures relative to financial assets transfer operations such as securitisation operations. The amendments to this standard are mandatory for financial years starting on or after 1 July 2011.

- IFRS 13 – "Fair value measurement" – IFRS 13 sets out a framework for the initial and subsequent measuring of assets or liabilities at fair value, whenever this measuring is required by any other standard. It also defines disclosure requirements of assets and liabilities measured at fair value. The application of this standard is mandatory for financial years starting on or after 1 January 2013 although an early adoption may be possible.

- "The Package of Five"

  In May 2011 IASB published a collection of five standards addressing to the preparation of consolidated financial statements and transactions between entrepreneurs. Therefore, amendments to IAS 27 – "Separate and consolidated financial statements" and IAS 28 – "Investments in Associates and Joint Ventures", as well as the new standards IFRS 10 – " Consolidated financial statements", IFRS 11 - "Joint arrangements" and IFRS 12 – "Disclosures of interests in other entities" were issued. Each one of these standards is mandatory for financial years starting on or after 1 January 2013 although an early adoption may be possible. The early adoption of one of these standards included in the "Package of five" is extended to the others.

  - IFRS 10 – "Consolidated financial statements" and IAS 27 – "Separate financial statements". IFRS 10 revokes SIC 12 - "Consolidation – Special Purpose Entities" and the part of the text of IAS 27 that concerns the criteria for the preparation of consolidated financial statements. The new standard sets out the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. Definition of control is established as sole base of consolidation. Control will always exist whenever an entity is exposed or has rights to variable returns of an entity and, at the same time, is able to influence those same returns. IAS 27 only refers to the accounting and disclosure requirements for the preparation of separate financial statements.

  - IFRS 11 – "Joint arrangements" – IFRS 11 revokes and replaces IAS 31 – "Interests in joint ventures" and SIC 13 – "Jointly controlled entities – non-monetary contributions by venturers". The new standard sets out the criteria for identification, classification and establishes accounting procedures of joint arrangements, based on rights and obligations the parts involved hold in the transaction.

  - IAS 28 – "Investments in associates" - The amended text of IAS 28 regulates the accounting of investments held in associates and sets out the requirements for the application of the equity method in associates and joint ventures. This standard is applicable to entities with joint control or significant influence over other entities.

  - IFRS 12 – "Disclosure of interests in other entities – this standard sets out the disclosure requirements relative to investments in associates and joint ventures that will enable the assessment of the nature and risks regarding equity participations in other entities and the way in which the referred to participations will effect the financial position, performance and cash flows of the investing entities.

Although an assessment of the effect of adopting the above standards and interpretations on CGD's consolidated financial statements has not yet been made, the Board of Directors believes that their adoption in the future will not have any materially relevant impact.

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 2011 and 31 December 2010, 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 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

Accounting for put options written over non-controlling interests (written put options)

Liabilities resulting from put options written over non-controlling interests are recognised by the Group against "Other reserves". Subsequent changes to the fair value of the put option measured on the basis of the contract agreed, are also charged to "Other 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). The equity method of accounting is used up to the moment in which the accumulated losses incurred by the subsidiary and recognised by the Group, exceed the respective investment book value. From this moment on it will be descontinued, except if there is a legal or constructive obligation through the creation of a provision for that purpose.

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, 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 that 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.

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 and 11.

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 initial effective 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, 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 2011 and 31 December 2010, the Group only hedged the exposure to changes in fair value of recognised assets or liabilities, called "fair value hedges".

At the inception of a hedge relationship, the Group prepares formal documentation that includes the following minimum aspects:

- Risk management objective and strategy for undertaking the hedge, in accordance with defined hedging policies;

- Description of the hedged risk(s);

- Identification and description of the hedged and hedging financial instruments;

- Method for assessing the hedge's effectiveness and frequency of that assessment.

Assessments of hedge effectiveness are performed and documented periodically, by comparing the changes in fair value of the hedging instrument and of the hedged item (part attributable to the hedged risk). According to IAS 39, the use of hedge accounting is allowed if actual results of the hedge fall within a range of 80% to 125%. Prospective effectiveness tests are also performed to estimate future effectiveness of the hedge.

Hedging derivatives are measured at fair value, with daily changes in fair value being recognised in the income statement for the year. If the hedge is regarded as effective, through the determination of an effectiveness rate of between 80% and 125%, the Group also records in the income statement for the year in the heading "Results from financial operations" the change in the fair value of the hedged item attributable to the hedged risk. In the case of instruments with an interest component (such as interest rate swaps), accrued interest for the period and realized cash flows are recognised in the net interest income headings "Interest and similar income" and "Interest and similar costs".

Whenever a hedging relationship ceases to be effective for the application of hedge accounting defined by the Standard or if Caixa revokes the designation, hedge accounting is discontinued. In these cases, adjustments carrying amount of hedged items up to the date that hedge accounting ceases to be effective or the revoking of that designation is decided, are recognised in profit or loss up to the financial asset or liability's maturity, based on the effective interest rate.

Caixa decided to revoke the hedge designation as from 1 October 2008 and during 2009, of a certain number of swaps which were hedging interest rate risk of liabilities issued. Gains on those swaps as from that date, were recorded in "Results from financial assets and liabilities held for trade – in derivatives – interest rate".

Positive and negative revaluation of hedging derivatives is recognised in specific asset and liability headings, respectively.

Changes in fair value of hedged items are recognised in the balance sheet headings in which such assets and liabilities are recorded.

Trading derivatives

These include all derivatives that are not effective hedging instruments in accordance with IAS 39, namely:

- Derivatives contracted to hedge risks on assets or liabilities measured at fair value through profit or loss, thus rendering hedge accounting unnecessary;
- Derivatives contracted for hedging purposes that fail to meet the requirements for hedge accounting under IAS 39, due to difficulty in specifically identifying the hedged items, cases other than micro hedges or if the results of the effectiveness tests fall outside the range permitted by IAS 39;
- Derivatives contracted for trading purposes".

Trading derivatives are measured at fair value, with daily changes being recorded in profit or loss for the 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 assessed 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

Finance lease operations are recorded as follows:

As lessee

Assets purchased under finance lease agreements are recorded at fair value in "Other tangible assets" and in liabilities and the corresponding depreciation is recognised.

Lease instalments are divided in accordance with the respective financial plan, under which the liability is reduced by principal repayment component of the instalments and the interest component is recognised in "Interest and similar costs".

As lessor

Leased assets are recognised in the balance sheet as "Loans and advances to customers", and are repaid in accordance with the financial plan of the corresponding contracts. Interest included in the instalments is recognised in the heading "Interest and similar income".

2.12. Intangible assets

This heading comprises essentially the cost of acquiring, developing and preparing for use the software used in Group's operations. Where the requirements of IAS 38 – "Intangible assets" are met, the internal costs incurred in developing software are capitalised as intangible assets. These costs consist exclusively of staff costs.

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised to the income statement on a systematic basis over the estimated useful life of the assets, which is normally between 3 and 6 years.

Software maintenance costs are recognised as a cost for the year in which they are incurred.

2.13. Income tax

Current tax

All Group companies are taxed individually, and those with head offices in Portugal, namely CGD, are subject to the regime set out in the Portuguese Corporate Income Tax Code (Código do IRC or "IRC Code"). The branches' accounts are included in the head office accounts for tax purposes. In addition to being subject to IRC, the net income of branches is also subject to local taxes in the countries/territories in which they operate. Local taxes are deductible from the head office's tax under article 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 Administrative Ruling 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 2011 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 2011 and in 2010 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 payroll.

Therefore, considering that CGD's tax deductible costs in the first half 2011 and in 2010, 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 2011 and in 2010 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 near 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 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.

Income from the sale of debt and equity instruments related to insurance contracts classified as "Available- for-sale financial assets" are recorded as a charge to "Results of investments relating to insurance contracts", in the income statement.

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, 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 upgrading, 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. From the collection of these data over an eight year period, a mortality table is graduated, based on the Gompertz-Makeham law, which is subsequently used to estimate future mortality.

Redemption:

The mathematical provisions at the beginning and end of the year and the amounts redeemed are obtained from the companies' databases.

For Fidelidade-Mundial, the referred to data is used to calibrate a generalised linear model based on the time elapsed since the beginning of the contract, on the type of product and on the difference between market interest rate and technical rate, with explanatory variable. This results in a model used to estimate future redemptions.

For Império-Bonança, the average mathematical provisions for each product is calculated and a division of the number of redemptions by that 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 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.

Determination of impairment on loans and other amounts receivable

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:

		30-06-2011			31-12-2010	
Activity / Entity	Head office	% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Bandeirantes, SGPS, S.A.	Madeira	-	-	-	8	(3)
Caixa - Gestão de Activos, SGPS, S.A.	Lisbon	100.00%	18 242	40	29 202	14 036
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	58 679	8 655	50 806	2 268
Caixa Desenvolvimento, SGPS, S.A.	Lisbon	100.00%	4 128	32	6 596	661
Caixa Seguros e Saúde, SGPS, S.A.	Lisbon	100.00%	1 001 216	47 629	1 001 150	52 208
Caixaweb, SGPS, S.A.	Lisbon	-	-	-	7 482	99
Gerbanca, SGPS, S.A.	Lisbon	100.00%	99 352	14 945	84 407	21 012
Parbanca, SGPS, SA	Madeira	100.00%	29 646	6 463	19 613	8 120
Parcaixa SGPS, S.A.	Lisbon	51.00%	1 032 198	15 700	1 010 917	5 849
Partang, SGPS	Lisbon	51.00%	97 748	5 321	92 433	4 950
Banking						
Banco Caixa Geral, S.A. (b)	Vigo	99.79%	420 148	659	435 534	1 180
Banco Comercial do Atlântico, S.A.R.L.	Praia	59.33%	24 159	1 570	24 972	5 563
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	51.00%	91 363	11 470	74 430	21 337
Banco Nacional de Investimentos, S.A.	Maputo	50.01%	800	(871)	1 629	-
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	186 732	3 764	186 619	4 765
Banco Interatlântico, S.A.R.L.	Praia	70.00%	13 738	759	13 576	1 180
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	192 752	15 009	226 367	35 156
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.71%	231 059	12 047	275 520	40 153
Caixa Geral de Depósitos - Subsidiária Offshore de Macau	Macau	100.00%	25 050	3 613	24 480	1 451
CGD - North America	Delaware	100.00%	1	-	1	-
CGD - Participações em Instituições Financeiras Ltda.	São Paulo	99.86%	(514)	(6)	15	(38)
Mercantile Lisbon Bank Holdings, Ltd. (b)	Johannesburg	91.75%	161 656	5 512	162 177	16 698
Banco Caixa Geral Totta Angola, S.A.	Luanda	26.01%	173 735	16 539	187 110	30 961
Banco para Promoção e Desenvolvimento, S.A.	Luanda	50.00%	339 660	-	-	-
Insurance						
Cares - Companhia de Seguros, S.A.	Lisbon	100.00%	14 663	2 431	16 909	5 306
Companhia de Seguros Fidelidade - Mundial S.A.	Lisbon	100.00%	776 274	41 387	782 282	65 763
Companhia Portuguesa de Resseguros, S.A.	Lisbon	100.00%	9 628	44	19 395	5 326
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	Praia	65.36%	7 451	959	7 267	917
Império - Bonança - Companhia de Seguros, S.A.	Lisbon	100.00%	216 337	6 037	229 293	19 421
Multicare - Seguros de Saúde, S.A.	Lisbon	100.00%	27 032	670	26 980	604
Universal Seguros, S.A. (Angola)	Luanda	70.00%	5 827	(27)	-	-
Via Directa - Companhia de Seguros, S.A.	Lisbon	100.00%	25 843	272	26 897	(2 981)
Specialised Credit						
Caixa Leasing e Factoring - Instituição Financeira de Crédito, S.A.	Lisbon	51.00%	139 027	646	140 219	9 009
CREDIP - Instituição Financeira de Crédito, S.A.	Lisbon	80.00%	11 870	167	11 703	659
Promoleasing - Sociedade de Locação Financeira, S.A.	Praia	60.25%	227	26	23 731	(6 269)
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	26 752	705	27 106	1 053
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	4 300	388	4 827	1 017
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisbon	100.00%	4 765	2 065	5 557	3 408
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	52.72%	3 223	95	3 381	51
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	100.00%	34 557	1 953	32 955	4 863
Property						
Imocaixa - Gestão Imobiliária, S.A.	Lisbon	100.00%	1 417	6	1 329	7
Caixa-Imobiiário S.A.	Lisbon	100.00%	89	24	(187)	(233)
Fidelidade Mundial - SGII, S.A.	Lisbon	100.00%	42 311	557	42 304	381
Inmobiliaria Caixa Geral SL	Madrid	99.79%	(17 464)	(4 566)	(12 898)	(4 389)
Other Financial Entities						
CGD Finance	Cayman	100.00%	6 830	464	6 366	1 485
Caixa Geral Finance (c)	Cayman	0.00%	600 049	5 733	600 043	9 268

(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	30-06-2011 Equity (a)	30-06-2011 Net income	31-12-2010 Equity (a)	31-12-2010 Net income
Other Companies						
Caixanet - Telemática e Comunicações, S.A.	Lisbon	80.00%	1 779	1	1 778	12
Caixatec, Tecnologias de Comunicação, S.A.	Lisbon	100.00%	26	(52)	16	(48)
Cares RH - Companhia de Assistência e Representação de Seguros, S.A.	Lisbon	100.00%	782	164	647	207
Cares Multiassitance, S.A.	Lisbon	51.00%	1 720	771	1 349	771
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	Lisbon	100.00%	134	63	104	37
EPS - Gestão de Sistemas de Saúde, S.A.	Lisbon	100.00%	619	(2)	621	20
LCS - Linha de Cuidados de Saúde, S.A.	Lisbon	100.00%	3 577	1 127	2 450	329
Cetra - Centro Técnico de Reparação Automóvel, S.A.	Lisbon	100.00%	4 341	94	4 247	209
GEP - Gestão de Peritagens Automóveis, S.A.	Lisbon	100.00%	221	103	188	78
HPP - Hospitais Privados de Portugal, SGPS, S.A. (b)	Lisbon	100.00%	(3 448)	(3 627)	15 418	(23 872)
HPP International Ireland, Ltd.	Dublin	100.00%	30 926	(6)	30 933	(18)
HPP International - Luxembourg, S.A.R.L.	Luxembourg	100.00%	(16 698)	(6)	(15 412)	(16)
Wolfpart, SGPS, S.A.	Lisbon	100.00%	8 424	138	8 286	380
Mesquita ETVIA, Construção de Vias de Comunicação, S.A.	Lisbon	99.98%	18 469	74	18 394	(687)
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 Mortgage 2003-1	Lisbon	100.00%	453 761	143	478 833	308
Nostrum Mortgages PLC	Dublin	100.00%	5 398	1 963	3 435	963
Intermoney Banking Caixa Geral RMBS	Madrid	99.79%	-	-	-	-
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	99.98%	340 152	(5 426)	327 115	9 794
Fundo de Capital de Risco - Energias Renováveis - Caixa Capital	Lisbon	90.74%	32 696	1 621	31 075	(3 018)
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	6 898	(288)	7 186	(170)
Fundo de Capital de Risco Caixa Mezzanine - Caixa Capital	Lisbon	100.00%	29 314	(42)	29 356	(371)
Fundo de investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	Lisbon	99.36%	40 888	223	40 697	762
Fundo Invest. Imobil. Fechado Imocentro	Lisbon	100.00%	4 931	(61)	4 992	(232)
Caixagest Estratégia Dinâmica	Lisbon	57.81%	61 426	117	63 203	(413)
Fundo Esp. Inv. Aberto Estrat. Alternat.	Lisbon	75.71%	28 646	(446)	29 672	(451)
Caixagest Renda Mensal - Fundo Investimento Mobiliário Aberto Obrigações Taxa Variável	Lisbon	-	-	-	120 600	3 242
Caixa Imobiliário - Fundo de Investimento fechado de Arrendamento Habitacional	Lisbon	100.00%	50 942	523	50 453	492
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	71.25%	109 313	11 521	93 192	12 683
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	70.21%	250 033	9 374	242 861	10 205
Caixagest Infra-Estruturas - Fundo Especial de Investimento	Lisbon	67.95%	86 140	3 347	82 793	102
Caixagest Moeda - Fundo de Investimento Mobiliário de Tesouraria	Lisbon	-	-	-	131 611	3 169
Caixagest Oportunidades - Fundo Especial de Investimento	Lisbon	84.16%	21 486	(299)	18 737	(1 896)
Fundo de Investimento Imobiliário Fechado Saudeinvest	Lisbon	81.94%	92 759	1 390	95 212	7 412
Fundo de Investimento Imobiliário Fechado Bonança 1	Lisbon	100.00%	15 008	(107)	15 114	33
Companies Recorded by the Proportional Method						
Esegur - Empresa de Segurança, S.A.	Lisbon	50.00%	10 090	592	9 750	510
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	Lisbon	50.00%	7 622	1 499	4 972	1 570

(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 2011 and in 2010 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, of which 3 327 751 shares were subscribed by CGD.

In the general meeting of August 2010, it was decided a new share capital increase for Banco Caixa Geral from EUR 462 792 thousand to EUR 488 792 thousand, through the issuance of 4 326 146 new shares of EUR 6.01 per share, of which 4 326 034 shares subscribed by CGD.

In 2011 and in order to strengthen the bank's capital structure, the shareholders' general meeting decided a new share capital increase of EUR 30 000 thousand through the issuance of 4 991 672 new shares of EUR 6.01 per share subscribed and fully paid up by CGD.

On 30 June 2011 and 31 December 2010, the amounts relative to the share capital increases subscribed by Caixa Geral de Depósitos were fully paid up.

Banco para Promoção e Desenvolvimento, S.A. (BDP)

Banco para Promoção e Desenvolvimento was incorporated on 14 February 2011, through a public deed signed between Sonangol, Empresa Pública, Sonangol Holdings, Limitada, Gerbanca, S.G.P.S., S.A., Caixa - Participações, S.G.P.S., S.A. and Caixa Geral de Depósitos, S.A. with the purpose of operating in the banking area as permitted by law.

The bank's share capital is 49 500 000 000 Kwanzas, representing USD 500 000 000 at the date of its incorporation, of which 23 500 000 kwanzas paid up in cash. CGD Group's equity investment in BDP is 50%, split up between CGD (49.99%), Caixa – Participações (0.005%) and Gerbanca (0.005%).

Caixaweb, S.G.P.S., S.A. (in liquidation) (Caixaweb)

The Shareholders' General Meeting of 28 March 2011 decided the end of the liquidation process of Caixaweb. As a result, the company's net assets were delivered to the sole shareholder, Caixa Geral de Depósitos, S.A..

Caixa incorporated the equity investments held by Caixaweb in Caixatec – Tecnologias de Comunicação, S.A. (and respective partners' loans) and Yunit Serviços, S.A..

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 BRL 138 500 each, in January and July 2010.

Banco Interatlântico, S.A.R.L

Banco Interatlântico made in April 2010 a share capital increase of CVE 400 000 million through the issuance of 40 000 new shares of CVE 10 thousand each. CGD followed this share capital increase subscribing 28 000 new shares, becoming the holder of 70 000 shares and keeping its participation interest in 70% of Banco Interatlântico share capital.

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. The initial share capital estimated at the date of incorporation was MZN 17 145 000 thousand of which MZN 70 000 thousand has been realised.

In December 2010, Banco Nacional de Investimento, S.A.'s subscribed and paid up capital was MZN 70.000 thousand, split up by Direcção Nacional de Tesouro (Treasury) (49.5%), CGD (49.5%) and Banco Comercial de Investimentos, S.A.R.L. (1%).

Gerbanca, SGPS, S.A.

In June 2010 the shareholders general meeting of Gerbanca decided to increase the company's share capital by EUR 12 140 thousand through the issuance of 2 428 shares of EUR 5 per share with an issue premium of EUR 26 063.7431 each, paid up by Companhia de Seguros Fidelidade-Mundial, S.A., in kind, through the delivery of 12 658 640 shares of Caixa Banco de Investimento, S.A., measured at market value of EUR 5 per share, corresponding to a global value of approximately EUR 63 295 thousand.

Companhia de Seguros Fidelidade-Mundial, S.A sold to CGD in September 2010, its equity participation in Gerbanca by the global amount of EUR 63 295 thousand.

Partang, SGPS, S.A. (Partang) e 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 and 2010:

- 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;
- On 2 July 2010, Caixa exercised a call option of 1% of capital and voting rights of Partang, at the global price of USD 2 381 597 (EUR 1 885 thousand at that date exchange rate). As a result of this operation, the equity interest held by Caixa in Partang's share capital increased to 51%.

Also under the terms of the agreement entered into between Caixa and BST:

- 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 addition, 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.

CGD – Participações em Instituições Financeiras, Ltda

In June 2010, Caixa sold 601 751 shares and 12 929 shares of CGD – Representação de Bancos, to Banco Caixa Geral – Brasil, S.A. and Caixa - Banco de Investimento, S.A., respectively for their nominal value of 1 Real each. As a result of these transactions Caixa ceased to have any direct equity participation in CGD – Representação de Bancos.

In addition, Caixa - Banco de Investimento, S.A. acquired 588 821 shares of CGD – Representação de Bancos to Caixa Participações, SGPS, S.A..

At the same date the two new shareholders of CGD - Representação de Bancos changed its designation to CGD – Participações em Instituições Financeiras, Ltda.

Banif Correctora de Valores e Câmbio, S.A.

During 2010, CGD Group signed with Banif Group a partnership agreement under which the acquisition to the latter of 70% of Banif Correctora de Valores e Câmbio, S.A.'s share capital. This operation is subject to prior authorisation of the respective regulatory authorities of both Portugal and Brazil.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This heading comprises the following:

	30-06-2011	31-12-2010
Cash	533 027	588 476
Demand deposits at central banks		
- Principal	594 724	879 616
- Accrued interest	555	659
	1 128 306	1 468 752

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 2011 and 31 December 2010, 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:

	30-06-2011	31-12-2010
Cheques for collection		
Portugal	113 376	146 057
Abroad	23 808	15 183
	137 185	161 240
Demand deposits		
Portugal	353 652	571 771
Abroad	744 726	528 705
	1 098 377	1 100 477
Accrued interest	1 796	3 257
	1 237 358	1 264 973

"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:

	30-06-2011	31-12-2010
Interbank Money Market	194 992	807 537
Term deposits		
- Portugal	157 515	33 761
- Abroad	179 231	288 919
Loans		
- Portugal	1 543 360	649 948
- Abroad	1 326 617	819 594
Other applications		
- Portugal	62 311	242 683
- Abroad	222 634	457 299
Purchase operations with repurchase agreement	252 827	98 618
Overdue credit and interest	32 567	104 469
	3 972 053	3 502 828
Adjustments to assets under hedging operations	8 400	2 257
Accrued interest	8 396	8 296
Deferred income	(2 843)	(205)
	3 986 006	3 513 175
Impairment (Note 36)	(29 632)	(88 933)
	3 956 374	3 424 242

On 30 June 2011 and 31 December 2010, the heading "Loans - Portugal" comprises EUR 1 400 000 thousand and EUR 400 000 thousand, respectively relative to commercial paper issues made by BPN and which are guaranteed by the Portuguese State under the terms of Law 62-A/2008 of 11 November which nationalised BPN.

In December 2010, and in scope of the reorganization process of BPN liquidity assistance operations, Caixa subscribed bond loans made by Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. (whose share capital is fully owned by BPN), in the amount of EUR 3 100 000 thousand. These issues are also guaranteed by the Portuguese State and are recognised in the "Available-for-sale financial assets" heading. (Note 8). The application of funds in BPN by the referred to entities, enabled this company to liquidate part of the liabilities assumed in Caixa under the commercial paper programme which represented at that time EUR 4 000 000 thousand.

Loans have also been granted to these companies in the amount of approximately EUR 795 112 thousand and recorded in the "Loans and advances to customers" heading, and are guaranteed by pledges and mortgages on the assets of the respective vehicles (Note 12).

In addition, at 30 June 2011 and 31 December 2010 the heading "Interbank Money Market" included EUR 105 000 thousand and EUR 745 852 thousand, respectively, of applications made in BPN.

Although the liquidity assistance operations through the interbank money market do not have yet the usual Guarantee Statement issued by Direcção Geral do Tesouro e Finanças (Treasury), Caixa Geral de Depósitos considers that those operations benefit from the State personal guarantee under the terms of paragraph 9 of article 2 of Law 62-A/2008.

In fact, paragraph 9 of article 2 of Law 62-A/2008, establishes that "loans or liquidity support operations made by Caixa Geral de Depósitos, S. A. in BPN in terms of nationalisation up to the date of the approval of management objectives foreseen in paragraph 7, benefit from the State personal guarantee as a result of the present law". In turn, paragraph 10 of the same article determines that "the previous paragraph does not affect the observance of maximum limit legally established for the granting of the State personal guarantees. The minister responsible for the finance will ensure the compliance of the respective dispositions".

Caixa considers that the referred to article applies to this particular situation since they are liquidity support operations made by Caixa in BPN in the context of the nationalisation as a substitute for the State. It also considers that, the management objectives foreseen in paragraph 7 of article 2 of the said decree law have not been approved, yet and the compliance with the maximum limit established by law for the granting of the State personal guarantees is ensured by the finance minister.

Caixa recorded impairment for applications in banks based in Iceland, which amounted to EUR 29 125 thousand, and EUR 49 125 thousand at 30 June 2011 and 31 December 2010, respectively.

During the first half 2011, Caixa sold its rights over the receivable balances with a North American bank. As a result of this transaction the previously booked provision for this asset, in the amount of EUR 39 557 thousand has been used.

The changes in impairment of loans and advances to credit institutions during the half years ended on 30 June 2011 and 2010 are presented in Note 36.

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

These headings comprise the following:

	30-06-2011			31-12-2010		
	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	82 029	-	82 029	132 704	-	132 704
. Treasury bills	100 772	14 248	115 019	281 695	11 590	293 285
. Bonds of other public issuers:						
Foreign	286 945	14 562	301 507	691 254	164 348	855 601
- Other issuers:						
. Bonds and other securities:						
Issued by residents	88 116	25 261	113 377	94 609	133 471	228 079
Issued by non-residents	54 203	131 256	185 459	130 569	99 247	229 816
	612 065	185 327	797 392	1 330 831	408 655	1 739 486
Equity instruments						
Issued by residents	11 633	494 649	506 281	9 233	479 011	488 244
Issued by non-residents	55 159	950	56 109	15 781	-	15 781
	66 791	495 599	562 390	25 014	479 011	504 026
Other financial instruments						
- Trust fund units						
Issued by residents	17 739	263 073	280 812	64 900	723 200	788 100
Issued by non-residents	106 821	485 291	592 112	134 060	3 881	137 941
- Other						
Issued by non-residents	-	-	-	-	8 068	8 068
	124 560	748 364	872 924	198 960	735 149	934 109
Loans and receivables	-	9 635	9 635	-	2 686	2 686
Derivatives with positive fair value (Note 10)						
- Swaps	960 325	-	960 325	1 297 804	-	1 297 804
- Futures and other forward operation:	2 891	-	2 891	12 521	-	12 521
- Options	337 655	-	337 655	458 129	-	458 129
- Caps and floors	83 208	-	83 208	115 734	-	115 734
- Other	766	-	766	1 913	-	1 913
	1 384 844	-	1 384 844	1 886 101	-	1 886 101
	2 188 261	1 438 925	3 627 186	3 440 906	1 625 501	5 066 407

Financial assets held for trading and other financial assets at fair value through profit or loss at 30 June 2011, include participating units in unit trust and property funds managed by Group entities, in the amounts EUR 93 771 thousand and EUR 63 853 thousand, respectively (EUR 162 099 thousand and EUR 65 380 thousand, respectively on 31 December 2010).

On 30 June 2011 and 31 December 2010, the heading "Financial assets held for trading –debt instruments", includes securities relative to the issue of covered bonds with a book value of EUR 116 780 thousand and EUR 45 317 thousand, respectively (Note 20).

On 30 June 2011 and 31 December 2010, the heading "Financial assets at fair value through profit or loss – equity instruments", includes EUR 339 355 thousand and EUR 326 538 thousand, respectively, 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 was recorded in the heading "Options – Shares and indexes" (Note 10).

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 is presented in Note 8.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

These headings comprise the following:

	30-06-2011	31-12-2010
Debt instruments		
- Public debt securities	5 163 662	4 718 376
- Issued by other public issuers	1 013 364	2 561 233
- Issued by international financial organisations	251 908	253 531
- Issued by other issuers:	11 161 924	14 571 055
	17 590 857	22 104 195
Equity instruments		
- Measured at fair value	1 829 689	1 908 891
- Measured at historical cost	192 617	197 100
	2 022 305	2 105 991
Other instruments	1 119 117	1 031 611
	20 732 280	25 241 797
Impairment (Note 36)		
- Equity instruments	(346 434)	(332 398)
- Debt instruments	(45 129)	(59 982)
- Other instruments	(94 346)	(100 867)
	(485 910)	(493 246)
	20 246 370	24 748 551

The "Debt instruments" heading at 30 June 2011 and 31 December 2010, includes securities relative to the issue of covered bonds (mortgage and public sector) in the amount EUR 71 764 thousand and EUR 408 803 thousand (Note 20).

On 30 June 2011 and 31 December 2010, the heading "Debt instruments – Issued by other issuers" includes EUR 2 362 603 thousand and EUR 3 100 000 thousand, respectively, relative to bonds issued by Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. under the re-organisation process of liquidity support operations in BPN (Note 6). These bonds are secured by a Portuguese State guarantee and will be amortised in increasing capital instalments over a 10 year period.

On 30 June 2011 and 31 December 2010, impairment of debt instruments includes EUR 25 484 thousand and EUR 29 556 thousand respectively, relative to bonds issued by banks based in the Republic of Iceland. At 31 December 2010, it also includes impairment of EUR 7 687 thousand to cover estimated losses in debt instruments issued by a North-American bank.

On 30 June 2011, impairment of "Other instruments" includes EUR 4 171 thousand and EUR 1 943 thousand, respectively relative to unit trust and property investment funds, managed by Group companies, which presented a long-standing decline in their market value, below cost price (EUR 13 562 thousand in unit trust funds at 31 December 2010).

The balance net of impairment at 30 June 2011, 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 304 191 thousand and EUR 103 964 thousand, respectively (EUR 246 765 thousand and EUR 101 743 thousand, respectively at 31 December 2010).

The equity instruments heading includes the following investments:

30-06-2011	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Fair value reserve	Effective participating interest (%)
Measured at fair value								
Portugal Telecom, S.A.	374 474	4 174	-	378 649	-	378 649	(110 888)	6.18
Galp Energia, SGPS, S.A.	229 205	4 423	-	233 628	-	233 628	57 262	1.71
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	308 309	1 645	-	309 954	(203 048)	106 906	9 143	10.80
Banco Comercial Português, S.A.	123 820	26 459	-	150 279	(63 937)	86 342	4	2.92
Instituto da Habitação e da Reabilitação Urbana, I.P.	54 332	-	-	54 332	-	54 332	(32 621)	52.49
EDP – Energias de Portugal, S.A.	51 936	5 434	-	57 370	(5 735)	51 635	(10 373)	0.58
SICAR NovEnergia II	-	-	49 321	49 321	-	49 321	14 321	14.90
La Seda Barcelona, S.A.	43 250	-	2	43 252	(2)	43 250	(3 534)	14.77
Brisa - Auto-Estradas de Portugal, S.A.	37 890	1 595	-	39 485	-	39 485	(26 018)	1.56
Finpro, SGPS, S.A.	-	-	33 668	33 668	-	33 668	9 850	17.16
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	21 816	21 816	-	21 816	516	23.90
Redes Energéticas Nacionais, SGPS, S.A.	16 951	290	-	17 241	-	17 241	5 752	1.12
EDP Renováveis, S.A.	7	2 149	1 676	3 832	(1 653)	2 179	419	0.05
Foreign entities' shares	5 366	361 796	14 067	381 229	(32 523)	348 706	(6 193)	
Other instruments with characteristics of equity	2 867	-	-	2 867	-	2 867	919	
Other	4 455	18 552	29 759	52 766	(31 474)	21 292	581	
	1 252 863	426 518	150 308	1 829 689	(338 373)	1 491 316	(90 860)	
Measured at historical cost								
Águas de Portugal, S.A.	153 003	-	-	153 003	-	153 003	-	9.69
VAA - Vista Alegre Atlantis, S.A.	4 058	-	622	4 680	(1 178)	3 502	-	4.48
Other	26 096	67	8 770	34 933	(6 883)	28 050	-	
	183 157	67	9 392	192 617	(8 061)	184 555	-	
	1 436 020	426 584	159 701	2 022 305	(346 434)	1 675 871	(90 860)	

31-12-2010	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Fair value reserve	Effective participating interest (%)
Measured at fair value								
Portugal Telecom, S.A.	458 987	5 616	-	464 604	-	464 604	(25 490)	6.26
Galp Energia, SGPS, S.A.	199 805	5	-	199 810	-	199 810	27 525	1.39
ZON - Serviços de Telecomunicações e Multimédia, SGPS, S.A.	314 580	1 825	-	316 406	(203 102)	113 304	15 461	10.93
Banco Comercial Português, S.A.	85 516	26 188	-	111 703	(40 367)	71 337	-	2.68
Instituto da Habitação e da Reabilitação Urbana, I.P.	54 332	-	-	54 332	-	54 332	(32 621)	52.49
EDP – Energias de Portugal, S.A.	52 616	5 342	-	57 958	(5 667)	52 291	(9 731)	0.41
Brisa - Auto-Estradas de Portugal, S.A.	46 971	1 936	-	48 907	-	48 907	(16 689)	1.64
SICAR NovEnergia II	-	-	46 127	46 127	-	46 127	11 127	14.90
Finpro, SGPS, S.A.	-	-	42 156	42 156	-	42 156	18 339	17.16
La Seda Barcelona, S.A.	32 539	-	2	32 540	(2)	32 539	(18 655)	14.77
A.Silva & Silva - Imobiliário e Serviços, S.A.	-	-	23 030	23 030	-	23 030	1 730	23.90
Redes Energéticas Nacionais, SGPS, S.A.	17 544	-	-	17 544	-	17 544	6 349	1.17
EDP Renováveis, S.A.	7	1 961	21 182	23 150	(9 922)	13 228	668	0.38
Foreign entities' shares	2 888	359 837	7 765	370 490	(36 504)	333 986	(2 626)	
Other instruments with characteristics of equity	43 729	-	-	43 729	-	43 729	(487)	
Other	4 456	15 328	36 622	56 406	(27 497)	28 909	748	
	1 313 968	418 038	176 884	1 908 891	(323 060)	1 585 830	(24 354)	
Measured at historical cost								
Águas de Portugal, S.A.	153 004	-	-	153 004	-	153 004	-	9.69
VAA - Vista Alegre Atlantis, S.A.	4 058	-	691	4 749	(1 178)	3 571	-	4.48
Other	27 774	33	11 541	39 347	(8 159)	31 188	-	
	184 835	33	12 232	197 100	(9 337)	187 762	-	
	1 498 803	418 071	189 116	2 105 990	(332 398)	1 773 593	(24 354)	

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 2011 and 2010 comprises the following (Note 36):

	30-06-2011	30-06-2010
Banco Comercial Português, S.A.	23 928	22 563
ZON - Serviços de Comunicações e Multimédia, SGPS, S.A.	-	20 649
Equity instruments - Insurance	1 300	37 471
Other	2 274	4 521
	27 501	85 204

At 30 June 2011 and 31 December 2010, the fair value reserve of available-for-sale financial assets comprises the following:

	30-06-2011	31-12-2010
Fair value reserve		
(gross values before minority interest)		
Debt instruments	(2 219 117)	(685 097)
Equity instruments		
- Positive fair value	124 660	104 672
- Negative fair value		
. Unrealised loss lower than 20% of acquisition cost	(11 335)	(49 112)
. Unrealised loss between 20% and 30% of acquisition cost	(130 233)	(27 942)
. Unrealised loss between 30% and 40% of acquisition cost	(61 887)	(50 977)
. Unrealised loss between 40% and 50% of acquisition cost	(12 066)	(995)
	(90 860)	(24 354)
Other instruments	47 813	43 739
	(2 262 164)	(665 712)
Balance attributable to minority interest	(6 319)	(12 390)
	(2 268 483)	(678 102)
Deferred tax reserve	599 044	170 742
	(1 669 439)	(507 360)

In the six month period ended on 30 June 2011 and in 2010, the changes in the main equity instruments recorded as "available-for-sale financial assets" were as follows:

Banco Comercial Português, S.A. (BCP) and BCP – Subordinated perpetual securities

In the scope of the public bid to acquire subordinated perpetual securities launched by Banco Comercial Português on 29 April 2011 (as a public exchange offer), Caixa converted the two issues of the referred to instruments held in its portfolio, at a total nominal value of EUR 41 325 thousand, into shares representative of the offeror's share capital. The terms of this exchange operation determined the receipt of 1 600 shares of BCP for each subordinated perpetual security whose nominal value was EUR 1 000. As a result, Caixa recognised a capital loss of EUR 8 265 thousand (Note 31).

Caixa also sold subordinated perpetual securities in the period prior to the public exchange offer, which enabled a capital gain of EUR 133 thousand (Note 31).

Furthermore and as a result of the approval of a share capital increase at the shareholders general meeting of BCP of April 2011, Caixa acquired 14 567 133 new shares at EUR 0.36 each.

Portugal Telecom, S.G.P.S., S.A. (Portugal Telecom)

During 2010, CGD acquired 22 707 328 shares of Portugal Telecom for EUR 226 369 thousand. Also in that period Caixa sold 23 007 328 shares for EUR 229 196 thousand. As a result of these operations, the Group recorded a capital gain of EUR 31 727 thousand.

Still in the course of the year, Caixa Seguros e Saúde sold 8 933 238 shares of Portugal Telecom by the global amount of EUR 88 818 thousand and recorded net capital gains of EUR 31 457 thousand. The referred to transactions do not include securities affected to insurance portfolios whose results in the sale are recognised as a charge to “Results from investments related to insurance contracts” (Note 2.16.b)).

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 31).

ZON – Serviços de Telecomunicações e Multimédia, SGPS, SA (ZON)

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 31).

In addition and also in 2010, Caixa acquired 1 481 007 shares of ZON for EUR 5 233 thousand and sold 1 532 744 shares for EUR 5 388 thousand, a capital gain of EUR 914 thousand having been recorded

Caixa Seguros e Saúde contribution was positive in EUR 26 thousand resulting from the sale of 1 619 714 shares of ZON for EUR 6 414 thousand. The referred to operations do not include securities affected to insurance portfolios whose results in the sale are recognised as a charge to “Results from investments related to insurance contracts” (Nota 2.16.b)).

EDP – Energias de Portugal, S.A. (EDP)

On 30 September 2010, Caixa sold to Parpública 91 413 443 shares of EDP for EUR 292 523 thousand, and received EUR 58 505 thousand as agreed under the terms of the transfer contract of the referred to participation interest. As a result of this operation, Caixa recognised a capital loss of EUR 28 827 thousand.

In the same period, Caixa recognised, as a charge to net income, the impairment for the shares that remained in the portfolio in the amount of EUR 93 075 thousand.

At 31 December 2010, Caixa sold a second block of 91 413 443 shares of EDP for EUR 283 382 thousand, of which EUR 56 676 thousand were paid at the date of the operation. As a result, the Group recorded a capital gain of EUR 53 568 thousand.

Galp Energia, SGPS, S.A. (Galp)

During 2010, CGD sold 1 401 489 shares of Galp for EUR 20 273 thousand recording a total capital gain of EUR 2 414 thousand.

La Seda Barcelona

During 2010 and as a result of the general meeting' deliberation, La Seda increased its share capital to EUR 300 million through the issue of 3 000 million shares at EUR 0.1 each. As result of that share capital increase Caixa Group strenghtened its equity participation in La Seda through the subscription of 490 450 377 shares, of which 422 394 839 were paid in cash and 68 055 538 through the credit conversion as follows:

	Subscribed shares
Caixa Geral de Depósitos (Head office)	
Cash	250 000 000
Credit conversion	68 055 538
Caixa Geral de Depósitos - Spain Branch	153 125 142
Caixa Banco de Investimento	19 269 697
	490 450 377

As a result of these operations, the Group had and an equity participation in this company of 14.77% at 30 June 2011 and 31 December 2010.

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

Caixa subscribed 35 997 328 new shares of EUR 0.08 each in the scope of the share capital increase made by Vista Alegre Atlantis SGPS, S.A. in July 2010. As a result, the Group's equity participation was 4.48% at 30 June 2011 and 31 December 2010.

Martifer, S.G.P.S., S.A. (Martifer)

During 2010 the Fundo de Capital de Risco Energias Renováveis – Caixa Capital, sold its total equity participation in Martifer for EUR 1 418 thousand and recorded a capital loss of EUR 1 178 thousand as a result of this operation.

Reclassification

Caixa Geral de Depósitos

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 2.4., owing to the exceptional circumstances experienced in the financial markets in the referred 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 advances to customers
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 31-12-2010	336 275	n.a
Book value at 30-06-2011	311 931	n.a
Fair value of securities reclassified at 30-06-2011	311 931	n.a
Fair value reserve of securities reclassified at 30-06-2011	(10 838)	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 31-12-2010		
. Unrealised capital gains (net) recognised as a charge to fair value reserves	57 186	n.a
. Impairment for the period	(52 234)	n.a
. Other gains and losses recognised as a charge to net income	(2 247)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2010 and 30-06-2011		
. Unrealised capital gains (net) recognised as a charge to fair value reserves	266	n.a
. Other gains and losses recognised as a charge to net income	(570)	n.a

Securities reclassified in 2010

	Available-for-sale financial assets	Loans and advances to customers
Book value at reclassification date	1 414 007	503 466
Book value at 31-12-2010	1 039 972	504 393
Book value at 30-06-2011	496 681	504 794
Fair value of securities reclassified at 30-06-2011	496 681	509 993
Fair value reserve of securities reclassified at 30-06-2011	(70 899)	n.a
Gains / (losses) associated with the change of the fair value of securities between the reclassification date and 31-12-2010		
. Unrealised capital gains (net) recognised as a charge to fair value reserves	(36 589)	n.a
Gains / (losses) associated with the change of the fair value of securities between 31-12-2010 and 30-06-2011		
. Unrealised capital gains (net) recognised as a charge to fair value reserves	(34 311)	n.a
. Other gains and losses recognised as a charge to net income	(1 234)	-

The values presented do not reflect tax effect.

"Other gains / (losses) recognised as charge to net income for the year" comprise results of the disposal of securities after the date of reclassification and foreign exchange valuation.

Caixa Seguros e Saúde

In the first half 2011, Caixa Seguros e Saúde reclassified a group of debt instruments from the category "Available-for-sale financial assets" to "Held to maturity investments". Details on the referred to reclassification are presented in Note 11.

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 2011 and 31 December 2010 comprises the following:

	30-06-2011	31-12-2010
Unit-linked investments:		
- Debt instruments	593 882	620 488
- Equity instruments	24 806	26 740
- Other	21	22
Derivatives		
- Positive fair value	5 599	5 182
Loans and advances to credit institutions	53 889	80 080
	678 197	732 512
Liability to subscribers of unit-linked products	678 192	732 512

10. DERIVATIVES

The Group 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.

The Group 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 2011 and 31 December 2010 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:

	30-06-2011							
	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				2 664	(3 666)	-	-	(1 002)
Purchase	636 832	-	636 832					
Sale	629 150	-	629 150					
FRA (forward rate agreements)	15 000	-	15 000	181	-	-	-	181
Swaps								
Currency swaps				3 112	(13 460)	-	-	(10 348)
Purchase	1 744 969	-	1 744 969					
Sale	1 755 172	-	1 755 172					
Interest rate swaps e cross currency interest rate swaps				951 238	(800 851)	85 984	(148 406)	87 965
Purchase	66 595 332	1 460 074	68 055 406					
Sale	66 562 802	1 475 586	68 038 387					
Loan swaps				5 975	(22 262)	-	-	(16 287)
Purchase	714 488	-	714 488					
Sale	714 488	-	714 488					
Futures								
Currency	58 132	-	58 132	-	-	-	-	-
Interest rate	4 947 502	-	4 947 502	-	-	-	-	-
Shares and indexes	52 429	-	52 429	46	-	-	-	46
Other	410 477	-	410 477	-	-	-	-	-
Options								
Currency				2 708	(2 108)	-	-	600
Purchase	4 398	-	4 398					
Sale	4 398	-	4 398					
Shares and indexes				334 947	(352 425)	-	-	(17 478)
Purchase	55 200	-	55 200					
Sale	55 200	-	55 200					
Interest rates (Caps & Floors)				83 208	(83 687)	-	-	(480)
Purchase	996 760	-	996 760					
Sale	1 021 825	-	1 021 825					
Other	-	-	-	766	(4 460)	-	-	(3 694)
	146 974 554	2 935 660	149 910 213	1 384 844	(1 282 919)	85 984	(148 406)	39 503

	31-12-2010							
	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				8 296	(7 135)	-	-	1 161
Purchase	465 109	-	465 109					
Sale	452 879	-	452 879					
NDF's (no deliverable forward)				3 345	(437)	-	-	2 908
Purchase	21 980	-	21 980					
Sale	21 996	-	21 996					
FRA (forward rate agreements)	20 000	-	20 000	328	-	-	-	328
Swaps								
Currency swaps				2 521	(3 302)	-	-	(781)
Purchase	547 985	-	547 985					
Sale	550 132	-	550 132					
Interest rate swaps and cross currency interest rate swaps				1 289 168	(1 064 663)	114 867	(166 048)	173 324
Purchase	67 322 603	2 002 823	69 325 426					
Sale	67 275 634	1 905 047	69 180 681					
Loan swaps				6 115	(30 708)	-	-	(24 593)
Purchase	800 970	-	800 970					
Sale	800 970	-	800 970					
Futures								
Currency	145 542	-	145 542	-	-	-	-	-
Interest rate	2 969 484	-	2 969 484	33	-	-	-	33
Shares and indexes	28 233	-	28 233	516	-	-	-	516
Other	588 949	-	588 949	4	-	-	-	4
Options								
Currency				5 229	(5 353)	-	-	(123)
Purchase	8 888	-	8 888					
Sale	8 888	-	8 888					
Shares and indexes				452 900	(480 386)	-	-	(27 486)
Purchase	-	-	-					
Sale	-	-	-					
Interest rates (Caps & Floors)				115 734	(114 407)	-	-	1 327
Purchase	1 029 113	-	1 029 113					
Sale	1 072 439	-	1 072 439					
Other				1 913	(5 727)	-	-	(3 814)
Purchase	-	-	-					
Sale	-	-	-					
	144 131 792	3 907 870	148 039 662	1 886 101	(1 712 117)	114 867	(166 048)	122 803

11. HELD TO MATURITY INVESTMENTS

This heading comprises the following:

	30-06-2011	31-12-2010
Debt instruments		
Public debt	1 770 206	-
Issued by public entities	281 681	-
Issued by other entities	850 141	3
	2 902 028	3

Caixa Seguros e Saúde, during the course of first half 2011, reclassified a series of sovereign debt instruments, debt issued by financial institutions and other corporate debt from the available-for-sale financial assets to the held to maturity investments category.

The criteria governing the reclassification, which took into account the level of illiquidity and maturity of the financial assets, consequently determined the exclusion of insurance portfolios with a profit-sharing component from its scope of application. The liquidity generating liabilities of this collection of portfolios are more difficult to harmonise with the immobilising of such securities to maturity.

A series of instruments was therefore selected under the terms of IAS 39 while always bearing the involved portfolios' future cash flow requirements in mind.

The following details on the characteristics of the reclassified debt instruments on the date of transfer between financial assets categories in addition to the gains and losses recognised in shareholders' equity after the reclassification date are given below:

	National public debt securities	Securities issued by foreign public entities	Securities issued by other entities	Total
Reclassification date				
Balance sheet value	1 752 395	279 321	843 119	2 874 835
Fair value reserve	(310 335)	(38 095)	(28 605)	(377 036)
Effective interest rate		7.98%		
At 30 June 2011				
Balance sheet value	1 770 206	281 681	850 138	2 902 024
Fair value	1 558 145	262 242	822 992	2 643 380
Gains / (losses) which would have been recognised as a charge to shareholders' equity if the assets had not been reclassified	(212 061)	(19 438)	(27 146)	(258 645)

It should be noted that the calculation of the effective rate on reclassified assets on the date of transfer between portfolios considered the recovery of the full amount of the future cash flows associated with such instruments.

12. LOANS AND ADVANCES TO CUSTOMERS

This heading comprises the following:

	30-06-2011	31-12-2010
Domestic and foreign loans		
Loans	52 599 208	53 297 575
Current account loans	4 253 947	4 917 873
Other	12 876 470	13 432 304
Other loans and amounts receivable - securitised		
. Commercial Paper	3 635 358	3 609 136
. Other	1 519 739	1 518 840
Property leasing operations	1 720 758	1 752 760
Discounts and other loans secured by bills	668 483	749 723
Assets with repurchase agreement	2 024 399	116 769
Equipment leasing operations	1 251 361	1 330 923
Loans taken – factoring	984 730	591 624
Overdrafts	446 226	413 915
	81 980 679	81 731 440
Adjustment to assets under hedging operations	1 201	1 492
Accrued interest	373 605	319 773
Deferred income, commissions and other cost and income associated with amortised cost	4 355	(13 491)
	82 359 840	82 039 214
Overdue loans and interest	2 934 708	2 477 814
	85 294 548	84 517 028
Impairment (Note 36)	(2 900 870)	(2 609 824)
	82 393 678	81 907 204

The "Domestic and foreign – other loans" heading at 30 June 2011 and 31 December 2010 includes EUR 86 884 thousand and EUR 86 924 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 2011 and 31 December 2010, the book value of these assets was EUR 504 794 thousand and EUR 504 393 thousand, respectively.

On 30 June 2011, the heading "Assets with repurchase agreement" includes EUR 1 913 446 thousand and EUR 104 928 thousand relative to contracts settled with Caixa Geral de Aposentações and Caixa Geral de Depósitos' Pension Fund, respectively. On 31 December 2010, the book value of the contracts settled with Caixa Geral de Depósitos' Pension Fund was EUR 110 885 thousand.

The "Loans" heading at 30 June 2011 and 31 December 2010, includes EUR 795 112 thousand relative to credit granted by Caixa to Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. in the scope of the liquidity support re-organisation process in BPN (Notes 6 and 8). These loans are not covered by the guarantee granted by the Portuguese state and are collaterised by pledges and mortgages on the assets of the referred to vehicles.

The heading "Loans" at 30 June 2011 and 31 December 2010 includes mortgage loans ceded by Caixa in securitisation operations. The changes in these loans in the half years ended 30 June 2011 were as follows:

	Nostrum Mortgages no. 1	Nostrum Mortgages no. 2	Total
Balances at 31.12.2010	476 584	5 280 725	5 757 309
Sale of new loans	408	1 065	1 473
Payments	(24 654)	(96 252)	(120 906)
Repurchase	(408)	(45 356)	(45 764)
Other	-	(952)	(952)
Balances at 30.06.2011	451 930	5 139 230	5 591 160

These loans serve as collateral for the securities issued by the SPEs in these operations, which amounted, in what concerns Nostrum Mortgage no. 1, to EUR 424 322 thousand and EUR 475 046 thousand, respectively, at 30 June 2011 and 31 December 2010 (Note 20). These balances do not include liabilities associated with the Nostrum Mortgages no.2 operation which are fully held by the Group and therefore, were derecognised in the consolidated financial statements.

The heading "Loans" at 30 June 2011 and 31 December 2010 includes mortgage loans given as collateral in the issue of covered bonds with a book value of EUR 11 237 729 thousand and EUR 8 988 548 thousand, respectively, as well as loans allocated to the issue of public sector covered bonds in the amount of EUR 1 256 950 thousand and EUR 1 308 423 thousand, respectively At 31 December 2010, that heading also includes loans related to the commercial paper issue programmes of EUR 48 150 thousand (Note 20).

In addition, at 30 June 2011 and 31 December 2010 the autonomous pool of assets allocated to the issue of covered bonds also included debt securities with a book value of EUR 140 652 thousand and EUR 454 120 thousand, respectively (Notes 7 and 8).

At 30 June 2011 and 31 December 2010, the aging of "Overdue loans and interest" was as follows:

	30-06-2011	31-12-2010
Up to three months	354 190	254 912
Three to six months	301 389	155 978
Six months to one year	257 728	211 950
One to three years	911 935	889 925
Over three years	1 109 467	965 049
	2 934 708	2 477 814

Loans and advances to customers at 30 June 2011 and 31 December 2010, except adjustments to the value of assets under hedging operations, by business sector are made up as follows:

	30-06-2011								
	Central and local government			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	-	-	-	426 872	26 158	453 030	426 872	26 158	453 030
Mining industries	-	-	-	472 364	16 574	488 937	472 364	16 574	488 937
Manufacturing industries			-						
Food, beverages and tobacco	-	-	-	974 764	58 225	1 032 989	974 764	58 225	1 032 989
Textiles	-	-	-	305 626	32 518	338 144	305 626	32 518	338 144
Leather and by-products	-	-	-	58 731	2 884	61 615	58 731	2 884	61 615
Wood and cork	-	-	-	215 585	21 089	236 674	215 585	21 089	236 674
Pulp, paper, printing and publishing	-	-	-	278 471	6 271	284 743	278 471	6 271	284 743
Coal, oil products and nuclear fuel	-	-	-	288 246	63	288 309	288 246	63	288 309
Chemical products and synthetic or artificial fibres	-	-	-	345 531	4 329	349 859	345 531	4 329	349 859
Rubber and plastic goods	-	-	-	137 755	6 691	144 446	137 755	6 691	144 446
Non-metallic mineral products	-	-	-	393 090	24 423	417 513	393 090	24 423	417 513
Basic metallurgy industries and metallic products	-	-	-	511 069	38 988	550 057	511 069	38 988	550 057
Machinery and equipment	-	-	-	101 430	6 301	107 731	101 430	6 301	107 731
Electrical and optical equipment	-	-	-	194 289	4 083	198 372	194 289	4 083	198 372
Transport equipment	442	-	442	131 539	2 758	134 296	131 980	2 758	134 738
Miscellaneous manufacturing industries	-	-	-	212 779	37 145	249 924	212 779	37 145	249 924
Electricity, water and gas	4 413	-	4 413	1 844 144	3 956	1 848 100	1 848 557	3 956	1 852 513
Building	24 616	96	24 712	5 827 028	504 362	6 331 390	5 851 644	504 458	6 356 102
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	121	-	121	3 452 159	186 779	3 638 938	3 452 281	186 779	3 639 060
Restaurants and hotels	545	-	545	1 126 783	53 615	1 180 398	1 127 328	53 615	1 180 943
Transports, warehousing and communications	215 735	-	215 735	1 956 275	55 246	2 011 521	2 172 010	55 246	2 227 255
Financial activities	700 359	-	700 359	7 981 276	116 832	8 098 108	8 681 635	116 832	8 798 467
Real estate activities	975	-	975	3 716 395	187 737	3 904 132	3 717 370	187 737	3 905 106
Other activities	19 548	-	19 548	2 533 802	68 000	2 601 802	2 553 350	68 000	2 621 350
Public administration, defence and mandatory social security contributions	5 008 083	71 846	5 079 929	543 450	1 510	544 960	5 551 533	73 356	5 624 890
Education	4 665	-	4 665	196 911	2 090	199 001	201 576	2 090	203 666
Healthcare and welfare	2 229	8 514	10 744	592 641	200 112	792 753	594 870	208 627	803 497
Other activities and social and personal services	61 707	1 733	63 440	1 965 899	65 290	2 031 189	2 027 606	67 023	2 094 629
Families with domestic employees	-	-	-	729	218	947	729	218	947
International entities and other institutions	-	-	-	157	246	402	157	246	402
	6 043 438	82 190	6 125 628	36 785 788	1 734 493	38 520 281	42 829 226	1 816 683	44 645 910
Individuals									
Housing	-	-	-	37 111 192	973 712	38 084 904	37 111 192	973 712	38 084 904
Other	-	-	-	2 418 220	144 313	2 562 533	2 418 220	144 313	2 562 533
	-	-	-	39 529 412	1 118 025	40 647 437	39 529 412	1 118 025	40 647 437
	6 043 438	82 190	6 125 628	76 315 201	2 852 518	79 167 718	82 358 639	2 934 708	85 293 347

	31-12-2010								
	Sector Público Administrativo			Empresas e particulares			Total		
	Crédito vincendo	Crédito vencido	Total	Crédito vincendo	Crédito vencido	Total	Crédito vincendo	Crédito vencido	Total
Empresas									
Agricultura, produção animal, caça e silvicultura	70	-	70	483 310	30 542	513 852	483 380	30 542	513 923
Indústrias extractivas	-	-	-	523 541	2 746	526 287	523 541	2 746	526 287
Indústrias transformadoras			-						
Indústrias alimentares, de bebidas e do tabaco	50	-	50	1 042 653	60 318	1 102 970	1 042 702	60 318	1 103 020
Indústria têxtil	-	-	-	400 846	28 977	429 823	400 846	28 977	429 823
Indústria do couro e de produtos de couro	-	-	-	57 436	2 543	59 979	57 436	2 543	59 979
Indústrias da madeira, da cortiça e suas obras	-	-	-	211 914	19 734	231 648	211 914	19 734	231 648
Indústria de pasta de papel, cartão e artigos edição e impressão	25	-	25	274 793	6 371	281 164	274 818	6 371	281 189
Fabrico de coque, produtos petrolíferos, refinados e combustível nuclear	-	-	-	223 899	8	223 907	223 899	8	223 907
Fabrico de produtos quimicos e de fibras sintéticas ou artificiais	-	-	-	330 943	3 276	334 220	330 943	3 276	334 220
Fabrico de artigos de borracha e de matérias plásticas	-	-	-	151 900	7 557	159 456	151 900	7 557	159 456
Fabrico de outros produtos minerais não metálicos	-	-	-	307 968	20 295	328 262	307 968	20 295	328 262
Indústrias metalúrgicas de base e de produtos metálicos	3 673	-	3 673	616 886	22 427	639 312	620 558	22 427	642 985
Fabrico de máquinas e de equipamentos	-	-	-	124 404	6 148	130 553	124 404	6 148	130 553
Fabrico de equipamento eléctrico e de óptica	266	-	266	147 994	965	148 958	148 259	965	149 224
Fabrico de material de transporte	440	-	440	92 910	5 624	98 534	93 350	5 624	98 974
Indústrias transformadoras não especificadas	356	-	356	277 874	33 115	310 988	278 230	33 115	311 344
Produção e distribuição de electricidade, de água e gás	2 546	-	2 546	1 960 244	2 112	1 962 356	1 962 790	2 112	1 964 902
Construção	27 728	-	27 728	5 731 481	431 829	6 163 310	5 759 209	431 829	6 191 039
Com. grosso / retalho, reparação de autom., motoc. e bens pess. e domest.	288	-	288	3 624 680	165 892	3 790 572	3 624 968	165 892	3 790 859
Alojamento e restauração (restaurantes e similares)	561	-	561	1 176 515	43 303	1 219 817	1 177 076	43 303	1 220 379
Transportes, armazenagem e comunicações	113 488	-	113 488	2 558 076	25 986	2 584 062	2 671 564	25 986	2 697 551
Actividades financeiras	697 873	-	697 873	8 266 062	51 554	8 317 616	8 963 934	51 554	9 015 488
Actividades imobiliárias	1 508	-	1 508	4 097 781	150 443	4 248 224	4 099 289	150 443	4 249 732
Outras actividades	6 061	-	6 061	1 724 046	33 789	1 757 835	1 730 107	33 789	1 763 896
Administração pública, defesa e segurança social obrigatória	3 461 490	78 223	3 539 713	578 444	1 033	579 477	4 039 934	79 256	4 119 190
Educação	6 532	-	6 532	248 115	1 938	250 053	254 647	1 938	256 585
Saúde e segurança social	6 727	8 817	15 544	564 118	96 657	660 775	570 845	105 473	676 319
Outras actividades e serviços colectivos, sociais e pessoais	55 320	1 719	57 039	2 126 317	97 536	2 223 853	2 181 637	99 255	2 280 892
Familias com empregados domésticos	-	-	-	3 385	80	3 465	3 385	80	3 465
Organismos internacionais e outros institutos extraterritoriais	3	-	3	95	246	341	98	246	343
	4 385 004	88 759	4 473 763	37 928 628	1 353 041	39 281 669	42 313 633	1 441 800	43 755 432
Particulares									
Habitação	-	-	-	37 232 527	911 391	38 143 917	37 232 527	911 391	38 143 917
Outros fins	-	-	-	2 491 604	124 623	2 616 227	2 491 604	124 623	2 616 227
	-	-	-	39 724 130	1 036 014	40 760 144	39 724 130	1 036 014	40 760 144
	4 385 004	88 759	4 473 763	77 652 758	2 389 055	80 041 813	82 037 763	2 477 814	84 515 576

13. NON-CURRENT ASSETS HELD FOR SALE

At 30 June 2011 and 31 December 2010, this heading comprised the following:

	30-06-2011	31-12-2010
Property and equipment	549 617	495 517
Impairment (Note 36)	(81 510)	(72 128)
	468 107	423 389

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

14. INVESTMENTS IN ASSOCIATES

This heading includes the following:

	30-06-2011		31-12-2010	
	Effective participating interest (%)	Book Value	Effective participating interest (%)	Book Value
SIBS - Sociedade Interbancária de Serviços, S.A.	21.60	15 069	21.60	14 837
Torre Ocidente Imobiliária, S.A.	25.00	6 230	25.00	1 531
Prado - Cartolinas da Lousã, S.A.	38.14	4 292	38.14	4 361
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	2 885	27.00	2 752
Companhia de Papel do Prado, S.A.	38.14	1 302	38.14	1 303
Other		3 953		3 680
		33 732		28 464

Financial data of the principal associated companies at 30 June 2011 and 31 December 2010 is as follows:

Business sector / Entity	Registered office	30-06-2011 (b) Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	54 616	43 927	10 689	430	2 747
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	73 843	48 921	24 922	2 943	6 425
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	382 591	425 391	(42 800)	(9 912)	6 358
Other						
Companhia de Papel do Prado, S.A.	Tomar	4 363	949	3 414	(2)	11
Prado - Cartolinas da Lousã, S.A.	Lousã	20 986	9 734	11 252	933	12 775
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	n.a.	n.a.	n.a.	6 938	n.a.

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

Sector de actividade/Entidade	Registered office	31-12-2010 Assets	Liabilities	Equity (a)	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	54 082	43 900	10 182	1 080	6 309
Property						
Torre Ocidente, Imobiliária, S.A.	Lisbon	43 654	38 193	5 461	255	714
Vale do Lobo, Resort Turístico de Luxo, S.A.	Lisbon	381 964	414 853	(32 889)	(15 139)	47 836
Other						
Companhia de Papel do Prado, S.A.	Tomar	4 327	911	3 416	6	24
Prado - Cartolinas da Lousã, S.A.	Lousã	20 490	9 059	11 431	1 699	24 727
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	127 450	63 959	63 491	4 669	147 225

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

15. INCOME TAX

Income tax assets and liabilities at 30 June 2011 and 31 December 2010 were as follows:

	30-06-2011	31-12-2010
Current tax assets		
Income tax recoverable	76 802	68 312
Other	35 839	21 957
	112 641	90 270
Current tax liabilities		
Income tax payable	(22 369)	(20 428)
Other	(18 944)	(37 400)
	(41 313)	(57 828)
Deferred tax assets		
Temporary differences	1 428 138	1 006 417
Reported tax losses	44 114	82 263
Deferred tax liabilities	(196 259)	(180 918)
	1 275 993	907 762

Changes in deferred tax in 30 June 2011 and 2010 were as follows:

	30-06-2011					
		Change in		Transfer		
	Balance at 31.12.2010	Equity	Profit or loss	to current tax	Other	Balance at 30.06.2011
Impairment and adjustments to property and tangible and intangible assets	51 616	809	(750)	-	(47)	51 628
Provisions and impairment temporarily not tax deductible	460 828	-	18 036	(1 398)	(2 563)	474 903
Measurement of derivatives	603	-	(207)	-	(2)	394
Measurement of available-for-sale assets	172 200	431 488	(17 508)	-	(15 923)	570 257
Measurement of other securities	13 848	-	98	-	16	13 962
Tax loss carry forward	82 263	-	(36 605)	-	(1 544)	44 114
Employee benefits	116 208	-	(176)	-	-	116 032
Commissions	22 401	-	(1 724)	-	656	21 333
Legal revaluation of other tangible assets	(5 796)	-	394	-	-	(5 402)
Pluriannual costs	858	-	(429)	-	-	429
Other	(7 267)	-	(5 371)	-	981	(11 657)
	907 762	432 297	(44 241)	(1 398)	(18 426)	1 275 993

	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 other 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

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

	30-06-2011	30-06-2010
Current tax		
For the year	39 223	47 012
Prior year adjustments (net)	(7 138)	15 707
Extraordinary contribution on the banking sector	14 699	-
	46 784	62 719
Deferred tax	44 241	(47 488)
	91 025	15 231
Consolidated income before tax and minority interest	221 306	137 233
Tax charge	41.13%	11.10%

In the six month period ended 30 June 2011 and 2010, the "Prior year adjustments" heading comprises the following:

	30-06-2011	30-06-2010
Insufficiency / excess of estimated tax for 2010 and 2009	(6 112)	4 119
Adjustments to previous years taxable income	(906)	11 619
Other	(120)	(31)
	(7 138)	15 707

Reconciliation between nominal rate and effective tax rate for the half years ended 30 June 2011 and 2010 is as follows:

	30-06-2011		30-06-2010	
	Rate	Tax	Rate	Tax
Income before income tax		221 306		137 233
Tax at the nominal rate	28.79%	63 714	28.77%	39 482
Madeira Offshore Financial Branch (Note 2.13)	0.10%	231	(4.16%)	(5 716)
Investments recorded in accordance with the equity method	(0.49%)	(1 073)	0.02%	26
Impact of companies with tax rates different from the nominal rate in Portugal	2.99%	6 625	2.82%	3 873
Definitive differences to be deducted:				
Dividends from available-for-sale equity instruments	(2.76%)	(6 101)	(19.94%)	(27 358)
Tax exempted capital gains	(2.18%)	(4 832)	(6.34%)	(8 706)
Impairment on available-for-sale financial assets net of write-offs	1.51%	3 335	9.23%	12 662
Definitive difference to be added / (deducted):	0.31%	675	(0.85%)	(1 171)
Deduction of tax losses not offset by deferred tax	4.25%	9 416	-	-
Autonomous taxation	0.71%	1 578	1.71%	2 344
Contribution on the banking sector	6.64%	14 699	-	-
Change in nominal tax - derrama (State surcharge)	-	-	(26.40%)	(36 232)
Other	0.72%	1 594	16.75%	22 983
	40.60%	89 860	1.59%	2 187
Tax adjustments relative to prior years				
Adjustment to taxable income from previous years	(0.41%)	(906)	8.75%	12 015
Insufficiency / (excess) of tax estimate relative to 2010 and 2009, net of deferred tax	0.99%	2 190	1.01%	1 382
Other	(0.05%)	(120)	(0.26%)	(353)
	0.53%	1 165	9.50%	13 044
	41.13%	91 025	11.10%	15 231

In the six month period ended 30 June 2011, CGD's nominal tax rate considering the municipal surcharge (derrama) applicable to its operations was 28.79% (28.77% at 30 June 2010).

The setting up of CGD's nominal tax rate at 30 June 2011 and 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 thousand 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.

In addition, CGD recognised in December 2010 deferred tax assets of EUR 53 112 thousand (EUR 26 862 thousand at 30 June 2011) relative to tax losses incurred during the year. In accordance with the law in force, tax losses are recoverable in a four year period after their creation are can be deductible to tax gains generated in that period.

During the first half year, the Group recognised a cost of EUR 14 699 thousand relative to the introduction of a new tax regime applicable to the banking sector, established by article 141 of the State Budget for 2011 (Law 55-A/2010 of 31 December. The tax base of the new contribution under Administrative Ruling 121/2011 of 30 March, should focus on the liabilities amount of credit institutions based on Portugal, deductible to basis and complementary own funds therein included and also deposits covered by the Deposit Guarantee Fund, as well as on the notional value of derivatives not having a hedging nature. Credit institutions' branches based outside Portugal are also subject to that contribution, in addition to branches in Portugal that are based outside the European Union.

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 (2007 to 2010 in the case of companies based in Portugal), as a result of different interpretations of the law. Given the nature of possible corrections that may be made, they cannot be quantified at present. However, Caixa's Board of Directors believes that any corrections relating to the above years will not have a significant effect on the consolidated financial statements.

16. TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

At 30 June 2011 and 31 December 2010, this heading is made up as follows:

	30-06-2011	31-12-2010
Caixa Seguros		
Life insurance:		
Mathematical provision	5 414	5 020
Provision for claims:		
Reported claims	15 479	15 246
Unreported claims (IBNR)	1 906	1 940
	17 385	17 186
Provision for profit sharing	-	31
Total life insurance	22 799	22 237
Non-life insurance:		
Provision for unearned premiums	55 942	43 687
Provision for claims:		
Reported claims	165 979	185 022
Unreported claims (IBNR)	8 438	9 216
	174 417	194 238
Total non-life insurance	230 359	237 925
Subtotal Caixa Seguros e Saúde	253 158	260 162
Other	5 019	4 402
Total	258 177	264 564

17. OTHER ASSETS

This heading is made up as follows:

	30-06-2011	31-12-2010
Other assets		
Debt certificates of the Territory of Macau	273 669	274 633
Other	22 006	58 324
Debtors and other applications		
Premiums receivable - Insurance	125 497	102 773
Other debtors	967 023	724 939
Central and local government	5 581	12 220
Shareholders' loans	158 562	123 428
Debtors - futures contracts	60 997	36 307
Amount receivable from the sale of EDP (Note 8)	460 724	460 724
Grants receivable from		
The State	24 125	17 135
Other entities	11 030	12 018
Amount receivable from the sale of assets received as settlement o	25 430	23 415
Other	545 938	530 856
Liability for pensions and other benefits		
Excess coverage of liabilities		
Caixa Geral de Depósitos	116 651	116 651
Caixa Seguros e Saúde	2 543	6 491
Insufficient coverage of liabilities		
Other	(1 075)	(501)
Actuarial gains and losses:		
CGD (Note 38)	127 139	127 139
Caixa Seguros e Saúde	19 319	16 194
Other	3 496	3 479
Income receivable	58 094	60 565
Deferred costs		
Rent	8 395	8 079
Other	38 827	32 865
Deferred income	(14 930)	(4 702)
Operations pending settlement	247 844	684 105
Stock exchange operations	17 079	1 941
	3 303 965	3 429 078
Impairment (Note 36)	(148 675)	(155 804)
	3 155 290	3 273 274

The changes in impairment of debtors and other applications in the half years ended 30 June 2011 and 2010 are presented in Note 36.

On 30 June 2011 and 31 December 2010 the amounts receivable for the sale of EDP 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 2011 and 31 December 2010, the "Debtors and other applications – other debtors" heading includes EUR 539 488 thousand and EUR 417 695 thousand, respectively, relative to surety accounts in several financial institutions under the "Interest rate swaps" agreements signed with these entities.

On 30 June 2011 and 31 December 2010, the "Debtors and other applications – other debtors" heading includes EUR 50 282 thousand relative to surety accounts made by Caixa with the Tax Administration in the scope of the suspension of the tax exemption as referred to in greater detail in Note 21.

Under the terms of the contract to issue notes entered into between Banco Nacional Ultramarino, S.A. (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 24). 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 2011 and 31 December 2010 amounted to EUR 273 669 thousand and EUR 274 633 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 2011 and 31 December 2010 shareholders' loans granted were made up as follows:

	30-06-2011	31-12-2010
Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	43 000	45 000
Moretextile, SGPS, S.A.	31 182	-
A. Silva & Silva - Imobiliário & Serviços, SA	26 381	25 640
Sagesecur - Estudo, Desenvolvimento e Participações em Projectos, S.A.	15 805	19 705
PP3E - Projectos e Participações em Empreendimentos de Energia Eléctrica, SA	9 891	9 891
Other	32 303	23 192
	158 562	123 428

At 30 June 2011 and 31 December 2010, the shareholders' loans attributed to Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A. represent 50% of the amounts granted to this entity (consolidated in compliance with the proportional method) with the following characteristics:

- Shareholders' loan of EUR 60 000 thousand. This operation bears interest at a 3 month Euribor rate. Interest is paid quarterly at the end of the period on 1 February, May, August and November each year. In July 2010 a new additional clause was signed, envisaging the reimbursement of the outstanding balance in two instalments. Subsequently, at December 2010 Locarent owed a partial reimbursement of the referred to shareholders' loan of EUR 24 000 thousand, of which only EUR 20 000 thousand were reimbursed. The remaining EUR 4 000 thousand were paid in January 2011. In addition, the same additional clause of the EUR 60 000 thousand contract determines the reimbursement of the remainder EUR 36 000 thousand at 30 July 2014.

- Shareholders' 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. In the first half 2011 a new additional clause to the shareholders's loan made by Caixa to this entity was signed, the initial maturity date (1 April 2011) being postponed until 30 September 2012.

In the scope of the financial restructuring agreement of the textile groups Coelima, JMA - José Machado de Almeida e AAF – António Almeida & Filhos, signed during the first half 2011, Caixa granted to Moretextile, SGPS, S.A. (a company created as a result of this operation), shareholders' loans of EUR 31 182 thousand. These shareholders' loans used in the partial amortisation of the Coelima's debt from its creditors (among which CGD), bear an interest rate corresponding to a 6 month Euribor rate plus a 2.5% spread, and will be fully reimbursed (principal and interest) in a lump sum on 13 May 2018. This term will be renewable for an additional 5 year period. The reimbursement of these shareholders’ loans is subject to the liquidation by Moretextil and its subsidiaries of overdue and unpaid loans from other creditors.

On 30 June 2011 and 31 December 2010, this heading also includes the ceding to Parcaixa of the credit rights over 19.5% of the shareholders’ loans granted to Sagesecur by Parpública, in the scope of the carrying out of its share capital, at the date of its incorporation. During the first half 2011 Sagesecur amortised the shareholders’ loan for the amount EUR 3 900 thousand.

18. RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This heading comprises the following:

	30-06-2011	31-12-2010
Resources of central banks		
Resources - European central banks		
Loans, deposits and other resources		
Caixa Geral de Depósitos	7 400 000	6 550 000
Other Group companies	1 285 000	1 430 002
Resources - Other Central Banks		
Deposits and other resources		
Of domestic credit institutions	626	330 553
Of foreign credit institutions	13 709	681 839
Sales operations with repurchase agreement	25 191	6 677
Other resources	5 642	2 689
Accrued interest	8 301	10 712
	8 738 469	9 012 473
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	621 542	834 497
Of foreign credit institutions	2 793 728	2 411 292
Interbank Money Market resources	291 052	327 630
Very short term resources		
Of domestic credit institutions	198 782	337 474
Of foreign credit institutions	63 235	174 891
Loans		
Of domestic credit institutions	1 823	58 709
Of foreign credit institutions	27 372	15 922
Resources of international financial entities	44 577	43 338
Sales operations with repurchase agreement	495 809	1 383 335
Adjustments to liabilities under hedging operations	8 400	(2 844)
Accrued interest	17 244	12 463
Charges with deferred cost	(4 394)	(5 511)
	4 559 168	5 591 196
	13 297 637	14 603 669

On 30 June 2011 and 31 December 2010, the "Sales operations with repurchase agreement" heading refers to sale contracts of financial assets with repurchase agreement in a future date, for which the price has already been established , and were signed by the Group with different financial institutions.

The financial instruments ceded in sales operations with repurchase agreement are not derecognised in the balance sheet and remain classified and measured in accordance with the accounting policies applicable to underlying assets. The difference between the sale and the repurchase price is recognised as interest income and it is deferred through the contract period.

On 30 June 2011 and 31 December 2010, these assets correspond mainly to debt instruments classified in the trading and available-for-sale portfolios and in loans and advances to customers with a balance amounting to EUR 533 226 and EUR 1 419 642 thousand, respectively.

19. CUSTOMER RESOURCES

This heading comprises the following:

	30-06-2011	31-12-2010
Savings deposits	4 015 250	5 235 562
Other debts		
Repayable on demand	20 039 479	19 037 259
Term		
Deposits	39 400 596	35 284 915
Fixed rate products - insurance	6 502 682	7 110 244
Mandatory deposits	438 018	380 589
Other resources:		
Cheques and orders payable	65 185	82 392
Loans	177 901	233 058
Sales operations with repurchase agreement	13 983	26 647
Other	55 735	58 684
	46 654 099	43 176 528
Accrued interest	340 908	235 859
Deferred costs net of deferred income	(8 544)	(11 330)
Adjustments to liabilities under hedging operations	(1 002)	16 153
Commissions associated with amortised cost (deferred)	(9 661)	(9 986)
	321 701	230 695
	71 030 530	67 680 045

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.

20. DEBT SECURITIES

This heading comprises the following:

	30-06-2011	31-12-2010
Bonds issued:		
Bonds issued under the EMTN Programme		
. Remuneration indexed to interest rates	2 674 533	3 078 230
. Fixed interest rate	3 765 212	3 833 620
. Remuneration indexed to shares/indexes	889 727	1 278 628
. Remuneration indexed to exchange rates	549 909	398 458
	7 879 380	8 588 936
Covered bonds	7 012 750	7 015 350
Public sector covered bonds	1 000 000	995 000
Other cash bonds		
. Remuneration indexed to interest rates	-	45 768
. Remuneration indexed to shares/indexes	11 890	11 890
. Fixed interest rate	1 185 500	1 232 326
	17 089 520	17 889 270
Other:		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
. Commercial Paper	47 006	676 124
	47 006	676 124
Other certificates of deposit	20 757	22 458
Securities issued under securitisation operations (Note 12):		
. Mortgage loans	424 322	475 046
	492 085	1 173 628
Adjustments to liabilities under hedging operations	35 208	17 524
Deferred costs net of income	(55 739)	(70 159)
Accrued interest	254 204	296 482
	17 815 279	19 306 748

On 30 June 2011 and 31 December 2010 the heading "Bonds issued – other cash bonds – fixed interest rate" includes EUR 1 185 500 thousand and EUR 1 185 200 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.

(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 thousand. 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 bondholders 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 2011 and 31 December 2010 the nominal value of covered bonds issued by Caixa was EUR 8 545 000 thousand and EUR 8 024 150 thousand, respectively with the following characteristics:

Designation	Nominal 30.06.2011	Nominal 31.12.2010	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30.06.2011	Interest rate at 31.12.2010
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%	1.52%	1.19%
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%	1.53%	1.06%
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%	1.75%	1.35%
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%	1.37%	1.30%
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%	1.47%	1.01%
Hipotecárias Series 1 2006/2016 2nd tranche	150 000	129 150	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 Series 9 15/09/2016	175 000	175 000	08/10/2009	15/09/2016	Half yearly, on 15 March and 15 September	6 month Euribor rate + 0.575%	1.49%	1.71%
Hipotecárias Series 10 2010/2020	1 000 000	1 000 000	27/01/2010	27/01/2020	Annually, on 27 January	Fixed rate	4.25%	4.25%
	7 045 000	7 024 150						
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%	-	1.73%
Hipotecárias Series 12 2011/2021 FRN (*)	750 000	-	28/04/2011	28/04/2021	Quarterly, on 28 January, April, July and October	3 month Euribor rate + 0.75%	1.36%	-
Hipotecárias Series 13 2011/2021 FRB (*)	750 000	-	28/04/2011	28/04/2021		3 month Euribor rate + 0.75%	1.36%	-
	8 545 000	8 024 150						

(*) Issue fully repurchased by CGD. These securities are collaterising liquidity providing operations with the European Central Bank

The cover pool which backs the issues comprises mortgage loans originated in Portugal. At 30 June 2011 and 31 December 2010 their book value was EUR 11 237 729 thousand and EUR 8 988 548 thousand (Note 12). At 31 December 2010, it also comprises loans acquired in the scope of the commercial paper issue programmes amounting to EUR 48 150 thousand (Note 12).

In addition, at 30 June 2011 and 31 December 2010, the autonomous assets which backed the issues also comprised debt securities whose book value was EUR 116 780 thousand and EUR 454 120 thousand, respectively (Notes 7 and 8).

At 30 June 2011, Moody's and Fitch awarded these covered bonds Baa3 and A- ratings, respectively.

(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 2011 and 31 December 2010 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 1 256 950 thousand and EUR 1 308 423 at 30 June 2011 and 31 December 2010 (Note 12) respectively. At 30 June 2011, it also includes debt securities with a book value of EUR 71 764 thousand.

At 30 June 2011, Moody's and Fitch awarded the public sector bonds Baa3 and BB, respectively.

At 30 June 2011 and 31 December 2010 the bonds issued, by type of remuneration and residual term to maturity, were as follows:

30-06-2011							
	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	54 317	179 301	1 146 321	1 379 938	-	1 197 390	2 577 328
One to five years	527 355	178 780	4 881 416	5 587 551	3 426 650	1 000 000	10 014 201
Five to ten years	60 500	14 624	376 042	451 166	3 316 100	-	3 767 266
Over ten years	247 555	177 204	35 966	460 725	270 000	-	730 725
	889 727	549 909	6 439 745	7 879 380	7 012 750	2 197 390	17 089 520

31-12-2010							
	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	478 516	-	1 807 868	2 286 384	-	1 278 094	3 564 477
One to five years	559 972	120 000	4 770 220	5 450 192	3 091 200	1 006 890	9 548 282
Five to ten years	72 847	62 885	283 053	418 786	3 654 150	-	4 072 936
Over ten years	167 293	215 573	50 709	433 575	270 000	-	703 575
	1 278 628	398 458	6 911 850	8 588 936	7 015 350	2 284 984	17 889 270

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 2011 and 2010:

30-06-2011	Balance at 31.12.2010	Issues	Payments	Exchange differences	Other	Balance at 30.06.2011
Bonds issued under the EMTN programme	8 588 936	650 199	(1 023 506)	(32 423)	(303 826)	7 879 380
Covered bonds	7 015 350	1 500 000	-	(2 600)	(1 500 000)	7 012 750
Public sector bonds	995 000	-	-	-	5 000	1 000 000
Other cash bonds	1 289 984	-	(93 709)	-	1 115	1 197 390
Commercial paper issued under ECP and CCP programme	676 124	27 000	(678 576)		22 458	47 006
Certificates of deposit	22 458	-	-	(1 701)	-	20 757
Securities issued under securitisation operations	475 046	-	(50 724)	-	-	424 322
	19 062 898	2 177 199	(1 846 515)	(36 724)	(1 775 253)	17 581 605

	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 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 12)	580 742	-	(47 124)	-	-	533 618
	25 274 503	7 139 310	(11 518 730)	8 531	(996 822)	19 906 792

21. PROVISIONS AND CONTINGENT LIABILITIES

Provisions

The changes in the provisions for employee benefits and provisions for other risks at 30 June 2011 and 2010 were as follows:

	30-06-2011						
	Balances 31.12.2010	Additions	Reversals	Write-offs	Exchange differences	Other	Balances 30.06.2011
Provision for employee benefits	530 192	3 553	(2 982)	(14 354)	(290)	17 426	533 545
Provision for litigation	18 180	447	(160)	-	(58)	511	18 920
Provision for guarantees and other commitments	142 518	10 352	(3 311)	-	13	(27 297)	122 275
Provision for other risks and charges	112 529	24 867	(19 227)	(1 138)	66	1 717	118 814
	273 227	35 666	(22 698)	(1 138)	21	(25 069)	260 009
	803 419	39 219	(25 680)	(15 492)	(269)	(7 643)	793 554

	30-06-2010						
	Balances 31.12.2009	Additions	Reversals	Write-offs	Exchange differences	Other	Balances 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

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:

	30-06-2011	31-12-2010
Contingent liabilities		
Guarantees and sureties	5 406 305	5 003 841
Assets given as collateral	23 900 298	18 311 197
Stand by letters of credit	110 710	110 804
Open documentary credits	251 558	378 078
Acceptances and endorsements	2 276	2 277
Transactions with recourse	3	9
Other contingent liabilities	7 978	4 168
	29 679 127	23 810 375
Commitments		
Revocable commitments	11 607 035	13 608 355
Irrevocable lines of credit	2 758 851	2 891 116
Other irrevocable commitments	842 777	1 664 250
Securities subscribed for	2 544 676	2 118 354
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155 553	154 428
Investors' indemnity system	32 087	32 087
Term operations	84 130	80 919
Forward deposit agreements		
Receivable	351 744	256 575
To be created	26 387	2 634
Other	108 572	103 945
	18 511 813	20 912 661
Deposit and custody of securities	52 174 192	53 190 453

"Assets given as collateral" heading at 30 June 2011 and 31 December 2010 corresponded to the following main situations:

	30-06-2011	31-12-2010
Debt Instruments		
Consigned resources		
EIB European Investment Bank	618 052	646 352
ECB - European Central Bank	20 729 827	16 013 930
Bank of Portugal	655 125	597 814
Deposit Guarantee Fund	185 710	179 750
Royal Bank of Scotland	20 000	25 000
Investors' indemnity system (futures)	24 115	20 251
Euronext	10 000	10 000
Equity instruments		
JP Morgan	485 702	-
Natixis	412 485	-
Other Assets		
Consigned resources		
European Development Bank	692 500	692 500
ECB - European Central Bank	40 000	90 000
Other	26 782	35 601
	23 900 298	18 311 197

At 30 June 2011 and 31 December 2010, assets given as collateral correspond to debt instruments and equity instruments classified as assets held for trading, available-for-sale financial assets, and loans and advances for customers. At 30 June 2011 and 31 December 2010, this heading also includes securities acquired in the scope

of sales operations with repurchase agreement whose nominal value was at that date EUR 2 700 129 thousand and EUR 93 160 thousand, respectively. These securities are not recognised in the balance sheet. The acquisition cost was recorded as a loan in the "Loans and advances to customers" heading. Market value of debt instruments given as collateral was at those dates, EUR 20 888 655 thousand and EUR 17 188 634 thousand, respectively.

In addition, at 30 June 2011, the "Assets given as collateral" heading comprises credit granted by the Group as guarantee to the European Investment Bank and European Central Bank in the amounts of EUR 692 500 thousand and EUR 40 000 thousand, respectively (EUR 692 500 thousand and EUR 90 000 thousand respectively, at 31 December 2010).

At 30 June 2011 and 31 December 2010, CGD gave securities in the amount of EUR 192 755 thousand and EUR 195 910 thousand, respectively, as collateral for term commitments relating to annual contributions to the Deposit Guarantee Fund and Investors' Indemnity System.

Assets given as collateral are not available for free use by the Group and are recorded at nominal value, except for equity instruments whose book value reflects the adjustments resulting from changes in market value.

In 2009, CGD was notified by the Portuguese tax authorities of their report for 2005 which included corrections to the taxable income of the year 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 contested 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 2011 and 31 December 2010.

As a result of these taxation procedures deriving from previous corrections made by the Tax Administration during 2010, Caixa constituted a surety bond as collateral to the suspension of the tax settlement. The referred to surety bond in the amount of EUR 50 282 thousand, is recorded in the "Other assets – debtors and other applications" heading (Note 17).

22. TECHNICAL PROVISION FOR INSURANCE CONTRACTS

At 30 June 2011 and 31 December 2010 this heading is made up as follows:

	30-06-2011								
	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	245 260	2 717 068	2 962 328	-	-	-	-	2 962 328
Provision for profit sharing	28 044	11 223	39 267	-	-	-	-	39 267
Provision for claims:								
Reported claims	99 360	44 893	144 253	-	-	-	-	144 253
Unreported claims (IBNR)	11 305	622	11 927	-	-	-	-	11 927
Provision for unearned premiums	3 852	87	3 939	-	-	-	-	3 939
Other technical provisions								
Provision for commitments to rate	-	6 393	6 393	-	-	-	-	6 393
Portfolio stabilisation provision	19 504	-	19 504	-	-	-	-	19 504
Other provisions	5 281	-	5 281	-	-	-	-	5 281
Total life insurance	412 606	2 780 286	3 192 892	-	-	-	-	3 192 892
Non-life insurance:								
Provision for unearned premiums	-	-	-	86 393	13 576	216 915	316 884	316 884
Provision for claims:								
Reported claims	-	-	-	635 267	728 284	389 760	1 753 311	1 753 311
Unreported claims (IBNR)	-	-	-	42 996	29 775	33 156	105 927	105 927
	-	-	-	678 263	758 059	422 916	1 859 238	1 859 238
Provision for risks in progress	-	-	-	19 528	3 065	14 052	36 645	36 645
Other technical provisions								
Provision for profit sharing	-	-	-	-	-	53	53	53
	-	-	-	784 184	774 700	653 936	2 212 820	2 212 820
Other provisions	-	-	-	7 681	6 121	6 204	20 006	20 006
Total non-life insurance	-	-	-	791 865	780 821	660 140	2 232 826	2 232 826
	412 606	2 780 286	3 192 892	791 865	780 821	660 140	2 232 826	5 425 718
Garantia								10 428
Total								5 436 145

	31-12-2010							
	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	251 069	2 970 247	3 221 316	-	-	-	-	3 221 316
Provision for profit sharing	27 107	27 453	54 560	-	-	-	-	54 560
Provision for claims:								
Reported claims	96 363	59 334	155 697	-	-	-	-	155 697
Unreported claims (IBNR)	11 441	537	11 978	-	-	-	-	11 978
Provision for unearned premiums	1 550	91	1 641	-	-	-	-	1 641
Other technical provisions								
Provision for commitments to rate	-	6 393	6 393	-	-	-	-	6 393
Portfolio stabilisation provision	18 086	-	18 086	-	-	-	-	18 086
Total life insurance	405 616	3 064 055	3 469 671	-	-	-	-	3 469 671
Non-life insurance:								
Provision for unearned premiums	-	-	-	137 391	12 745	146 159	296 295	296 295
Provision for claims:								
Reported claims	-	-	-	657 548	717 427	401 142	1 776 117	1 776 117
Unreported claims (IBNR)	-	-	-	44 523	41 355	43 137	129 015	129 015
	-	-	-	702 071	758 782	444 279	1 905 132	1 905 132
Provision for risks in progress	-	-	-	26 225	4 995	12 468	43 688	43 688
Other technical provisions								
Provision for profit sharing	-	-	-			334	334	334
	-	-	-	865 687	776 522	603 240	2 245 449	2 245 449
Other provisions	-	-	-	4 952	3 285	9 598	17 835	17 835
Total non-life insurance	-	-	-	865 687	776 522	603 240	2 263 284	2 263 284
	405 616	3 064 055	3 469 671	865 687	776 522	603 240	2 263 284	5 732 955
Garantia								9 981
Total								5 742 936

23. OTHER SUBORDINATED LIABILITIES

This heading comprises the following:

	30-06-2011	31-12-2010
CGD Finance - € 200 000 000 Floating Rate Subordinated Notes due 2011	28 710	27 817
CGD Finance - € 110 000 000 Floating Rate Undated Subordinated Notes	80 469	75 198
CGD Finance - USD 265 000 000 Floating Rate Subordinated Notes due 2016	89 770	131 705
CGD Finance - € 55 000 000 Floating Rate Subordinated Notes due 2017	55 000	55 000
CGD (France Branch) - Euros 110 000 000 Floating Rate Undated Subordinated Notes	71 135	81 245
CGD (France Branch) - Euros 21 000 000 Floating Rate Subordinated Notes	21 000	21 000
CGD (France Branch) - Euros 40 000 000 Floating Rate Note Due 2016 (5 issues)	-	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	129 032	138 058
Caixa Geral de Depósitos - Eur 538.552.000 20 year lower tier - 9th issue	537 552	535 016
Subordinated Cash Bonds - CGD 2007/2017 – 1st issue	395 465	393 486
Subordinated Cash Bonds - CGD 2007/2017 – 2nd issue	81 595	81 511
Subordinated Cash Bonds CGD 2008/2018 - 1st issue	369 051	364 495
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 - Renda Mais 2006/2016	96 129	96 537
Subordinated Cash Bonds Fixed to Floater 27 Dec 2017	125 000	125 000
Subordinated Cash Bonds Floating Rate Notes Dec 2017	95 696	100 720
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
Caixa Geral de Depósitos - Eur 100 000 000 5.980% 20 year lower tier	100 000	100 000
Subordinated loan BI - Cape Verde	625	3 910
Subordinated loan BCA - Cape Verde	4 535	4 535
Subordinated loan BPI	4 920	4 654
Subordinated loan IFC	5 966	6 445
Subordinated loan BCI	2 599	2 808
	2 589 140	2 844 031
Interest payable	13 035	9 150
Deferred expenses net of profits	(53 775)	(57 503)
Value adjustment of liabilities subject to hedging operations	(7)	4 485
	2 548 393	2 800 164

The conditions of the principal issues are as follows:

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30.06.2011	Interest rate at 31.12.2010	Early redemption clause
CGD Finance - €110 000 000 Floating Rate Subordinated Notes	80 469	18.12.2002	Perpetual	Quarterly, on 18 March, June, September and December.	3 month Euribor rate + 1.3%	2.82%	2.32%	As from 18 December 2012. If there is no early redemption, after this date the applicable interest rate will be 3 month Euribor rate + 2.80%.
CGD Finance - USD 265 000 000 Floating Rate Subordinated Notes	89 770	06.12.2006	20.12.2016	Quarterly, on 20 March, June, September and December. First payment on 20 March 2007.	3 month Euribor rate + 0.25%	2.33%	1.00%	As from 20 December 2016. If there is no early redemption, after this date the applicable interest rate will be 3 month Euribor rate + 0.75%
CGD Finance - Euros 5 .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%	2.60%	2.10%	As from 17 December 2012. If there is no early redemption, after this date the applicable interest rate will be 6 month Euribor rate + 1.58%
CGD Finance - Euros 200 000 000 Floating Rate Subordinated Notes Due 2011	28 710	03.12.2001	03.12.2011	Quarterly on 3 March, June, September and December.	3 month Euribor rate + 1.15%	2.61%	2.19%	As from 3 December 2006. If there is no early redemption, after this date the applicable interest rate will be 3 month Euribor rate + 1.15%
CGD (France Branch) - € 110 000 000 Floating Rate Undated Subordinated Notes	71 135	18.12.2002	Perpetual	Quarterly on 18 March, June, September and December.	3 month Euribor rate + 1.30%	2.79%	2.32%	As from 18 December 2012. If there is no early redemption, after this date the applicable interest rate will be 3 month Euribor rate + 2.80%.
CGD (France Branch) - € 21 000 000 Floating Rate Subordinated Notes	21 000	14.07.2005	28.06.2016	Half yearly on 28 June and December.	6 month Euribor rate + 0.22%	1.99%	1.46%	N/A
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%	2.06%	1.67%	For the last five years, Caixa will be able to redeem the loan early, with prior authorisation from the Bank of Portugal.
CGD (France Branch) - JPY 15 000 000 000 Fixed Rate Subordinated Notes Due 2036	129 032	15.12.2006	15.12.2036	Half yearly on 15 June and 15 December	Fixed rate	2.88%	2.88%	As from 15 December 2016 anad for the last 20 years, Caixa will be able to redeem the loan early, with prior authorisation from the Bank of Portugal.

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30.06.2011	Interest rate at 31.12.2010	Early redemption clause
Caixa Geral de Depósitos - EUR 538 552 000 20 year lower tier - 9th issue	537 552	11.05.2009	13.05.2019	Yearly	1st year: 4%; 2nd year: 4.25% or switch remuneration ; 3rd year: 4.5% or switch remuneration; 4th year: 4.75% or switch remuneration; 5th year: 5.00% or switch remuneration. From the 6th coupon onwards, remuneration will be indexed to the 12 month Euribor rate + 1.65%.	4.50%	4.25%	For the last five years, Caixa will be able to redeem the loan early, with prior authorisation from the Bank of Portugal.
Subordinated cash bonds - CGD 2007/2017 - 1st issue	395 465	12.11.2007	13.11.2017	Yearly	12 month Euribor rate.	1.55%	1.55%	As from 12 November 2011. 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; 4th and 5th years remuneration will be indexed to indices.	-	-	As from 12 November 2011. 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	369 051	03.11.2008	05.11.2018	Yearly	12 month Euribor rate + 0.125%.	1.67%	1.67%	With prior authorisation of the Banco de Portugal, the issuer may redeem the loan early, in full or in part, with reduction on this later case from nominal value on the dates of the payment of coupons from the 6th year onwards.
Subordinated cash bonds - CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2008. A s from 30 July 2012 up to the redemption date, quarterly on 30 January, April, July and October.	Fixed rate 21% (1st coupon); 3 months Euribor rate + 0.65%.	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Subordinated cash bonds - CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2009. As from 30 July 2012 up to the redemption date, quarterly on 30 January, April, July and October.	Fixed rate 21.5% (1st coupon); 3 month Euribor rate + 0.65%.	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Subordinated cash bonds - CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2010. As from 30 July 2012 up to the redemption date, quarterly on 30 January, April, July and October.	Fixed rate 22% (1st coupon); 3 months Euribor rate + 0.65%.	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Subordinated cash bonds - CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2011. As from 30 July 2012 up to the redemption date, quarterly on 30 January, April, July and October.	Indexed to Caixagest Fund (1st coupon); 3 month Euribor rate + 0.65%.	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Subordinated cash bonds - CGD 2007/2012	20 000	30.07.2007	31.07.2017	First payment on 30 July 2012. As from 30 July 2012 up to the redemption date, quarterly on 30 January, April, July and October.	Indexed to Caixagest Fund (1st coupon); 3 month Euribor rate + 0.65%.	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Subordinated cash bonds - Renda Mais 2005/2015	104 891	29.06.2005	03.07.2015	Half yearly on 3 January and July.	6 month Euribor rate + 0.25%	3.74%	1.32%	As from 3 July 2010. 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	96 129	28.12.2006	28.12.2016	Yearly	12 month Euribor rate	1.52%	1.52%	As from 28 December 2011. If there is no early redemption, after this date the applicable interest rate will be the 12 month Euribor rate + 0.50%.

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30.06.2011	Interest rate at 31.12.2010	Early redemption clause
Subordinated cash bonds Fixed to Floater 27 Dec. 2017	125 000	27.12.2007	27.12.2017	Yearly up to 27 December 2012. As from this date up to redemption date, quarterly on 27 March, June, September and December.	Fixed rate 5.733% (up to 2012); 3 month Euribor rate + 1.70%	5.73%	5.73%	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Subordinated Cash Bonds Floating Rate Notes Dec. 2017	95 696	17.12.2007	17.12.2017	Quarterly on 17 March, June, September and December.	3 month Euribor 3 rate + 1.08%	2.60%	2.10%	As from 12 December 2012. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor + 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%	2.63%	2.09%	As from 28 December 2012. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate + 1.58%
Cash Bonds Fixed to Floating Rate Notes Dec. 2017	6 000	03.12.2007	04.12.2017	First payment 3 December 2008. As from 3 December 2012 up to the redemption date, quarterly on 3 March, June, September and December.	Fixed rate 22.5% (1st coupon); 3 month Euribor rate + 0.85%	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Cash Bonds Fixed to Floating Rate Notes Dec. 2017	6 000	03.12.2007	04.12.2017	First payment 3 December 2009. As from 3 December 2012 up to the redemption date, quarterly on 3 March, June, September and December.	Fixed rate 23% (1st coupon); 3 month Euribor rate + 0.85%	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Cash Bonds Fixed to Floating Rate Notes Dec. 2017	6 000	03.12.2007	04.12.2017	First payment 3 December 2010. As from 3 December 2012 up to the redemption date, quarterly on 3 March, June, September and December.	Fixed rate 23.5% (1st coupon); 3 month Euribor rate + 0.85%	23.50%	23.50%	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Cash Bonds Fund Linked to Floating Rate Notes Dec. 2017	6 000	03.12.2007	04.12.2017	First payment 3 December 2011. As from 3 December 2012 up to the redemption date, quarterly on 3 March, June, September and December.	Indexed to Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
Cash Bonds Fund Linked to Floating Rate Notes Dec. 2017	6 000	03.12.2007	04.12.2017	First payment 3 December 2012. As from 3 December 2012 up to the redemption date, quarterly on 3 March, June, September and December.	Indexed to Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%	-	-	In the last five years, Caixa will be able to redeem the loan early, with a prior authorisation from the Banco de Portugal.
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
Subordinated Loans BI - Cape Verde	625	08.07.2008	08.07.2018	Yearly on 8 July.	Fixed rate 6%, up to July 2013; as from this date, the rate of last Treasury Bonds issue date, 5 year maturity + 0.5%	6.00%	6.00%	N/A
Subordinated Loans BCA - Cape Verde	4 535	17-12-2010	17-12-2017	Half yearly on 17 June and 17 December.	1st and 2nd years: 5.75%; 3rd and 4th years: 5.85%; 5th and 6th years: 6% and in 7th year 6.25%	-	-	The issuer has an early redemption option at nominal value of outstanding debt applicable from the 5th coupon onwards, every six months, with a 0.5% premium payment over the nominal value of the bonds that would be amortised in subsequent periods.
Subordinated Loans - Banco de Moçambique Pension Fund	2 599	30.07.2008	30.07.2018	Quarterly on 30 January, April, July and October.	3 month Libor rate + 3.00%	3.27%	3.74%	Principal redemption term is 10 years. BCI will pay to CGD the entire amount of principal on 30 July 2018.

Bonds	Book value	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 30.06.2011	Interest rate at 31.12.2010	Early redemption clause
Subordinated Loan IFC	5 966	20.03.2009	15-06-2015	Quarterly on 15 March, June, September and December.	3 month Libor rate + 3.00%, plus 0.5% if contractual conditions are to be met	3.25%	3.30%	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 of BCI 2008/2018 - MZN 216 000 000	4 920	16.10.2008	16.10.2018	Quarterly on 16 January, April, July and October.	1st Coupon: 15.25%. Remainder coupons indexed to the average weighted rate of the last six Treasury Bills issues with maturity equal or over 90 days plus 1%	14.31%	14.31%	Early redemption may occur at any interest payment date after 16 April 2009, after prior notice in the Mozambique's Stock Exchange Bulletin, no less than 15 days in advance.

24. OTHER LIABILITIES

This heading comprises the following:

	30-06-2011	31-12-2010
Creditors		
Consigned resources	1 222 492	1 786 800
Suppliers of finance leasing assets	47 438	38 099
Other suppliers	65 507	101 372
Resources - collateral account	147 782	163 743
Resources - subscription account	3 668	1 006
Resources - secured account	9 156	1 799
Other creditors:		
Creditors for direct insurance and reinsurance	191 798	199 878
Creditors for factoring ceded	32 425	46 471
Caixa Geral de Aposentações	205 683	38 622
Creditors for futures contracts	14 360	6 129
Creditors for operations on securities	350	695
Other	637 114	457 760
Other liabilities:		
Notes in circulation - Macau (Note 17)	273 932	280 130
Withholding taxes	97 788	64 131
Social Security contributions	22 062	12 922
Other taxes payable	33 995	18 851
Collections on behalf of third parties	1 293	947
Other	64 906	20 012
Accrued costs:		
Interest and similar costs	2 028	2 654
Staff costs		
Long service bonus - CGD	42 394	42 394
Other	135 329	141 634
General administrative costs	31 223	32 172
Other accrued costs	88 264	78 578
Deferred income	108 081	108 821
Liabilities pending settlement	298 896	585 623
Stock exchange operations	5 627	4 331
	3 783 591	4 235 576

At 30 June 2011 and 31 December 2010 the "Other resources" heading includes EUR 145 967 thousand and EUR 161 732 thousand, respectively, relating to deposits in CGD from several financial institutions in the scope of interest rates swaps contracts.

25. CAPITAL

At 30 June 2011 and 31 December 2010, CGD's share capital, made up of 1 010 000 000 shares of EUR 5 each, is totally held by the Portuguese State.

CGD's share capital reflects the deliberation of its sole shareholder at 31 December 2010, to increase its share capital by EUR 550 000 thousand, through the issue of 110 000 000 shares of EUR 5 each totally paid up in cash.

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

The Shareholder's General Meeting held in May 2011, decided a total retention of net income for 2010 its distribution being carried out by the incorporation EUR 9 451 thousand in legal reserve, EUR 13 423 thousand in free reserves and the remainder (EUR 24 382 thousand) having been transferred to cover negative retained earnings.

26. RESERVES, RETAINED EARNINGS AND NET INCOME FOR PERIOD

At 30 June 2011 and 31 December 2010, the reserves and retained earnings headings comprise the following:

	30-06-2011	31-12-2010
Fair value reserve, net of deferred tax	(1 669 439)	(507 360)
Other reserves and retained earnings		
- Legal reserve - CGD	862 906	853 455
- Other reserves	1 026 084	806 533
- Retained earnings	(125 227)	(143 564)
	1 763 763	1 516 424
Net income attributable to the shareholder of CGD	91 429	250 582
	185 754	1 259 646

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.

At 30 June 2011, the "Other reserves and retained earnings" heading includes the CGD's legal reserve amounting to EUR 862 906 thousand (EUR 853 455 thousand and 31 December 2010), 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 2011 and 31 December 2010, 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:

	30-06-2011	30-06-2010
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	(10 816)	17 289
Spain Branch	(40 700)	(16 646)
France Branch	29 873	11 055
Madeira Offshore Financial Branch	(10 333)	12 250
New York Branch	(6 353)	4 396
Cayman Branch	4 002	4 757
London Branch	(1 762)	5 499
Timor Branch	1 397	890
Luxembourg Branch	63	203
Zhuhai Branch	11	(28)
Monaco Branch	-	(55)
	(34 619)	39 609
Contribution of subsidiaries to net income:		
Caixa Seguros e Saúde, SGPS, S.A. (a)	35 535	28 208
Banco Nacional Ultramarino, S.A. (Macau)	16 536	15 003
Caixa – Banco de Investimento, S.A. (a)	13 366	20 403
Banco Caixa Geral, S.A. (a)	7 477	(2 901)
Banco Comercial e de Investimentos, S.A.R.L.	5 850	5 103
Caixagest Private Equity FEI	5 758	-
Parcaixa, SGPS, S.A.	5 392	637
Mercantile Bank Holdings, Ltd.	5 062	5 123
Caixagest Imobiliario Internacional FEI	4 702	-
Inmobiliaria Caixa Geral, SL	(3 768)	(2 765)
Banco Caixa Geral - Brasil, S.A.	3 764	1 490
CGD Macau	3 597	401
Banco Comercial do Atlântico, S.A.	3 141	2 208
Partang, SGPS (a)	2 958	2 840
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	1 846	1 596
Fundo de Capital de Risco – Grupo CGD	1 690	312
Caixagest Infra-Estruturas FEI	1 620	-
Locarent	1 616	(1 574)
Nostrum Mortgages (Fund and Plc)	1 341	123
Other	5 446	(10 628)
	122 929	65 577
Contribution of associates to net income:		
SIBS – Sociedade Interbancária de Serviços, S.A.	1 499	1 186
Torre Ocidente	736	414
Other	885	(1 503)
	3 119	97
Consolidated net income attributable to the shareholder of CGD	91 429	105 283

(a) Data taken from the consolidated financial statements

During the second half 2010 and after deliberation on its cease of activity, assets and liabilities of Monaco Branch were transferred to the Paris Branch which provided for their incorporation

27. MINORITY INTEREST

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

	30-06-2011	31-12-2010
Caixa Geral Finance	522 429	557 749
Parcaixa, SGPS, S.A.	502 144	496 467
Partang, SGPS	137 216	144 739
Caixagest Imobiliário Internacional FEI	73 206	71 672
Banco Comercial e de Investimentos, S.A.R.L.	41 567	36 467
Caixagest Private Equity FEI	29 461	26 911
Caixagest Infra-Estruturas FEI	27 286	26 522
Caixagest Estratégia Dinâmica	25 952	27 807
Mercantile Bank Holdings, Ltd.	13 244	14 221
Banco Comercial do Altlântico, S.A.R.L.	10 576	11 839
Fundo Especial Investimento Aberto Caixagest Estratégias Alternati	7 024	7 681
FCR Energias Renováveis - Caixa Capital	4 774	4 645
Banco Interatlântico, S.A.R.L.	3 845	4 046
Caixa Seguros e Saúde, SGPS, S.A.	3 580	1 452
Caixagest Oportunidades FEI	3 417	370
Credip - IFIC, S.A.	2 374	2 341
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	1 535	1 378
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1 194	1 255
Banco Caixa Geral, S.A.	749	1 051
Caixagest Renda Mensal - Fundo de Inv. Mob. Aberto de Obrig. de Taxa Variável	-	63 999
Caixagest Moeda	-	25 733
Caixa – Banco de Investimento, S.A.	683	808
Other	790	1 199
	1 413 048	1 530 350

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 2011 the Group re-acquired preference shares issued by Caixa Geral Finance in the amount of EUR 2 000 thousand.

The proportion of consolidated net income attributable to minority shareholders for the half years ended 30 June 2011 and 2010 is as follows:

	30-06-2011	30-06-2010
Partang, SGPS, S.A.	10 871	4 219
Parcaixa, SGPS, S.A.	8 536	7 183
Banco Comercial e de Investimentos, S.A.R.L.	5 620	4 903
Caixa Geral Finance	4 840	3 934
Caixagest Private Equity FEI	2 446	-
Banco Comercial do Atlântico, S.A.	2 153	1 513
Caixagest Imobiliario Internacional FEI	1 973	-
Caixa Seguros e Saúde, SGPS, S.A.	846	383
Other	1 565	(5 417)
	38 852	16 719

28. INTEREST AND SIMILAR INCOME AND COSTS

These headings are made up as follows:

	30-06-2011	30-06-2010
Interest and similar income		
Interest on loans and advances to domestic credit institutions	24 224	34 113
Interest on loans and advances to foreign credit institutions	10 911	7 490
Interest on domestic credit	937 134	782 566
Interest on foreign credit	239 450	118 370
Interest on overdue credit	19 469	22 788
Interest on financial assets held for trade		
- Derivatives	644 702	751 169
- Securities	24 944	40 343
Interest on financial assets at fair value through profit or loss	2 989	3 218
Interest on available-for-sale financial assets	331 276	173 958
Interest on hedging derivatives	24 300	68 481
Interest on debtors and other applications	3 268	7 000
Interest on cash equivalents	11 356	10 651
Interest on other loans and other amounts receivable	81 944	42 551
Other interest and similar income	2 657	8 577
Commissions received relating to amortised cost	58 631	43 907
Other	80 044	36 984
	2 497 298	2 152 165
Interest and similar costs		
Interest on deposits of		
- Central and local government	43 542	10 060
- Other residents	298 038	196 965
- Emigrants	19 714	17 705
- Other non-residents	56 375	21 182
- Fixed rate products - insurance	82 887	78 532
- Other	363	427
Interest on resources of foreign credit institutions	98 378	41 472
Interest on resources of domestic credit institutions	14 949	4 029
Interest on swaps	610 867	661 969
Interest on other trading liabilities	3 102	1 414
Interest on unsubordinated debt securities	321 516	316 420
Interest on subordinated liabilities	11 566	38 745
Interest on hedging derivatives	34 067	14 563
Other interest and similar costs	23 765	20 110
Commissions paid relating to amortised cost	5 062	5 695
Other	71 002	37 370
	1 695 195	1 466 658

29. INCOME FROM EQUITY INSTRUMENTS

This heading comprises the following:

	30-06-2011	30-06-2010
Portugal Telecom, SGPS, S.A.	73 507	43 380
ZON Multimédia - Serv. Telecomunicações e Multimédia SGPS, S.A.	5 317	5 972
ADP - Águas de Portugal SGPS, S.A.	5 130	4 677
EDP - Energias de Portugal, S.A.	4 202	37 448
Brisa - Auto-estradas de Portugal S. A.	2 803	2 790
Galp Energia, SGPS, S.A.	1 951	2 147
Ascendi Beiras Litoral e Alta, Auto-Estradas das Beiras Litoral e Alta, SA	1 437	-
BCP - Valores Mobiliários Perpétuos Subordinados	1 400	3 316
REN - Redes Energéticas Nacionais, S.A.	986	1 302
Banco Espírito Santo, S.A.	631	2 313
Unicre - Cartão Internacional de Crédito, S.A.	-	2 024
Jerónimo Martins SGPS, S.A.	-	1 166
Income received from investment funds	11 099	180
Other	7 625	8 825
	116 088	115 540

30. INCOME AND COSTS FROM SERVICES AND COMMISSIONS

These headings comprise the following:

	30-06-2011	30-06-2010
Income from services rendered and commissions:		
Payment means	108 679	102 890
Operations carried out on behalf of third parties	52 847	55 029
Credit operations	73 507	58 174
Assets management	24 046	27 120
Guarantees given	30 256	27 047
Operations on financial instruments	8 590	17 599
Other	17 367	28 863
	315 292	316 723
Cost of services and commissions:		
Payment means	47 930	44 398
Operations carried out on behalf of third parties	6 714	9 873
Credit operations	604	3 401
Assets management	3 975	2 740
Guarantees received	263	46
Operations on financial instruments	5 616	6 959
Other	2 416	967
	67 519	68 383

31. RESULTS FROM FINANCIAL OPERATIONS

These headings comprise the following:

	30-06-2011	30-06-2010
Result of foreign exchange operations:		
Revaluation of foreign exchange position	81 920	(18 774)
Result of currency derivatives	(26 758)	19 165
	55 162	391
Result of financial assets and liabilities held for trading:		
Securities:		
Debt instruments	(35 019)	50 211
Equity instruments	352	(53 016)
Other	35	95
	(34 632)	(2 709)
Derivatives:		
Interest rate	(37 154)	37 452
Shares and indexes	6 345	91 799
Credit	6 037	9 988
Other	507	3 830
	(24 265)	143 069
	(58 897)	140 360
Result of other financial assets at fair value through profit or loss		
Debt instruments	2 701	681
Equity instruments	30 193	(100 191)
Other	17 302	(1 696)
Loans and other amounts receivable	(483)	148
	49 714	(101 058)
Results of the sale os loans and advances to customers	(25 798)	-
Result of available-for-sale financial assets:		
Debt instruments	(3 382)	(16 697)
Equity instruments		
BCP Perpétuas (Note 8)	(8 132)	-
EDP Renováveis	2 197	-
Unicre (Note 8)	-	21 816
Zon (Note 8)	2	11 881
Other	377	1 118
	(5 556)	34 815
Other securities	5 576	(20 423)
	(3 362)	(2 305)
Result of hedging operations:		
Interest rate swaps	26 175	219 164
Futures and other forward operations	1 006	(2 405)
Value adjustments of hedged assets and liabilities	(7 547)	(229 557)
	19 635	(12 798)
Other	14 726	1 278
	51 181	25 868

During the first half 2011, Caixa Group sold loans and advances to customers to the corporate and project finance portfolio customers in a total amount of approximately EUR 540 500 thousand. Losses of some EUR 25 798 thousand were recorded as a result of these operations.

32. OTHER NET OPERATING INCOME

These headings comprise the following:

	30-06-2011	30-06-2010
Other operating income:		
Rendering of miscellaneous services	130 407	115 063
Expense reimbursement	6 340	3 226
Operating lease instalments	2 512	2 160
Gains on non-financial assets:		
- Non-current assets held for sale	4 332	2 835
- Other tangible assets	414	384
- Investment property	3 660	4 220
- Other	210	193
Secondment of employees to Caixa Geral de Aposentações	1 717	2 120
Sale of cheques	8 977	9 017
Other	23 838	25 424
	182 408	164 642
Other operating costs:		
Donations and subscriptions	5 175	5 231
Losses on non-financial assets:		
- Non-current assets held for sale	1 845	970
- Other tangible assets	395	333
- Other	629	605
Other taxes	17 211	12 406
Contribution to the Deposit Guarantee Fund	5 627	6 049
Fines and penalties	496	2 106
Other	44 122	36 750
	75 499	64 450
	106 908	100 192

In 30 June 2011 and 2010, the "Rendering of miscellaneous services" heading includes operating income from the Group's equity investments in the healthcare area.

33. TECHNICAL MARGIN ON INSURANCE OPERATIONS

33.1 Premiums net of reinsurance

This heading for the half years ended 30 June 2011 and 2010, is made up as follows:

	30-06-2011			30-06-2010		
	Gross premiums	Provision for unearned premiums	Net premiums	Gross premiums	Provision for unearned premiums	Net premiums
Direct insurance						
. Life insurance						
. Insurance contracts	108 808	(2 302)	106 506	101 166	(2 252)	98 913
. Investment contracts with discretionary profit sharing	29 955	5	29 960	51 800	(12)	51 788
. Non-life insurance						
. Motor	212 101	1 865	213 966	219 744	16 147	235 891
. Workman's compensation	81 890	(1 035)	80 855	88 504	(1 727)	86 777
. Other	309 012	(27 964)	281 048	314 965	(44 810)	270 156
Outwards reinsurance						
. Gross premiums issued						
. Life insurance						
. Insurance contracts	(11 537)	-	(11 537)	(10 576)	-	(10 576)
. Non-life insurance						
. Motor	(813)	27	(786)	(877)	16	(860)
. Workman's compensation	(415)	-	(415)	(456)	4	(452)
. Other	(79 725)	12 149	(67 576)	(87 651)	14 898	(72 753)
Inwards reinsurance and retrocession premiums	28	1 193	1 221	(1 021)	308	(713)
	649 303	(16 062)	633 241	675 597	(17 427)	658 170
Other			2 404			2 075
			635 646			660 245

33.2 Result of investments relating to insurance contracts

This heading for the half years ended 30 June 2011 and 2010, is made up as follows:

	30-06-2011			30-06-2010		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Interest	43 578	21 038	64 616	40 699	18 868	59 567
Dividends	10 116	4 502	14 618	10 262	4 889	15 151
Net realised capital gains and losses	(498)	866	368	28 878	10 619	39 497
Other	-	8 778	8 778	12	9 024	9 036
	53 196	35 184	88 380	79 851	43 400	123 251

33.3 Cost of claims, net of reinsurance

This heading for the half years ended 30 June 2011 and 2010, is made up as follows:

30-06-2011	Life insurance: Insurance contracts	Life insurance: Investment contracts with profit sharing	Life insurance: Subtotal	Non-life insurance: Motor	Non-life insurance: Workman's compensation	Non-life insurance: Other	Non-life insurance: Subtotal	Total
Direct insurance and inwards reinsurance								
Claims paid	47 802	341 709	389 511	159 724	56 592	158 659	374 975	764 486
Change in provision for claims	2 865	(14 254)	(11 389)	(19 702)	(280)	(19 687)	(39 669)	(51 058)
	50 667	327 455	378 122	140 022	56 312	138 972	335 306	713 428
Provision for profit sharing	3 907	9 336	13 243	(3)	(20)	(238)	(261)	12 982
Change in other technical provisions	(4 391)	(256 664)	(261 055)	(6 696)	(1 930)	1 188	(7 438)	(268 493)
	50 183	80 127	130 310	133 323	54 362	139 922	327 607	457 917
Balance of outwards reinsurance	(5 610)	-	(5 610)	472	-	(9 777)	(9 305)	(14 915)
	44 573	80 127	124 700	133 795	54 362	130 145	318 302	443 002
Other								248
								443 250

30-06-2010	Life insurance: Insurance contracts	Life insurance: Investment contracts with profit sharing	Life insurance: Subtotal	Non-life insurance: Motor	Non-life insurance: Workman's compensation	Non-life insurance: Other	Non-life insurance: Subtotal	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

33.4 Commissions and other income and costs relating to insurance

This heading for the half years ended 30 June 2011 and 2010, is made up as follows:

	30-06-2011			30-06-2010		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Technical income:						
Commissions:						
Outwards reinsurance	2 621	10 715	13 336	3 136	10 134	13 270
Co-insurance management charges	10	441	451	85	645	730
Pensions Funds management charges	91	-	91	41	-	41
Other technical income	3	68	71	4	77	81
	2 725	11 224	13 949	3 266	10 856	14 122
Technical costs:						
Commissions:						
Direct insurance operations:						
- Mediation and brokerage charge	(6 326)	(43 221)	(49 547)	(827)	(44 406)	(45 233)
- Collection charges	(63)	(3 920)	(3 983)	(51)	(4 314)	(4 365)
- Other	-	(5 545)	(5 545)	-	(4 782)	(4 782)
Inwards reinsurance operations	-	2 626	2 626	-	1 111	1 111
Co-insurance management charges	(2)	(187)	(189)	(3)	(105)	(108)
Other technical income						
Provision for premiums receivable	(1 222)	(6 230)	(7 452)	(183)	(2 511)	(2 694)
Taxes specific to the insurance business	(536)	(1 422)	(1 958)	(943)	(1 903)	(2 846)
Other	(2)	(1)	(3)	(94)	(1)	(95)
	(8 151)	(57 900)	(66 051)	(2 101)	(56 911)	(59 012)
	(5 426)	(46 676)	(52 102)	1 165	(46 055)	(44 890)
Other			349			405
			(51 753)			(44 485)

34. STAFF COSTS

This heading is made up as follows:

	30-06-2011	30-06-2010
Remuneration of management and supervisory bodies	7 349	8 430
Remuneration of staff	367 641	374 709
	374 989	383 139
Other charges relating to remuneration	40 165	37 412
Healthcare - CGD		
- Normal cost	15 656	16 990
- Contributions relating to current staff	15 418	15 367
- Amortisation of deviations exceeding the corridor	-	1 719
Pension liability - CGD		
- Normal cost	23 233	34 542
- Amortisation of deviations exceeding the corridor	-	1 294
Other pension costs		
Caixa Seguros e Saúde	1 557	847
Other	4 226	3 207
Other mandatory social charges	12 603	12 220
	112 858	123 598
Other staff costs	9 798	9 379
	497 645	516 117

The average number of employees of Caixa and subsidiaries during the half years ended 30 June 2011 and 2010, by function, was as follows:

	30-06-2011			30-06-2010		
	Banking	Insurance	Group	Banking	Insurance	Group
Senior management	421	236	657	391	253	644
Management	2 821	571	3 391	2 752	544	3 296
Technical staff	4 974	2 246	7 220	4 441	2 107	6 548
Administrative staff	7 646	2 187	9 833	8 051	2 172	10 223
Auxiliary	1 440	661	2 101	1 293	668	1 961
	17 301	5 900	23 200	16 927	5 744	22 671
Number of employees at the end of the year	17 482	5 883	23 365	17 337	5 924	23 261

These numbers at 30 June 2011 and 2010 do not include staff employed by the Support Department of Caixa Geral de Aposentações (269 and 284, respectively), those assigned to CGD's Social Services (70 and 73, respectively) and those on secondment abroad (93 and 74, respectively).

35. OTHER ADMINISTRATIVE COSTS

This heading is made up as follows:

	30-06-2011	30-06-2010
Specialised services		
- IT services	46 962	48 278
- Cleaning	5 640	6 174
- Studies and consultancy	3 747	3 990
- Contracts and service fees	3 585	4 125
- Safety and security	4 521	3 853
- Information services	3 616	3 635
- Other	105 918	105 250
Leases	47 242	40 952
Advertising and publications	16 534	15 609
Communications and postage	25 130	26 570
Maintenance and repairs	19 296	20 770
Water, energy and fuel	13 137	11 453
Travel, lodging and representation expenses	5 357	6 370
Transport of cash and other values	9 526	11 163
Standard forms and office supplies	4 848	4 588
Other	10 887	9 519
	325 945	322 299

36. ASSET IMPAIRMENT

The changes in impairment at 30 June 2011 and 2010 were as follows:

	30-06-2011								
	Balance at 31.12.2010	Acquisitions/ (sale) of subsidiaries	Additions	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30.06.2011	Credit recovery, interest and expenses
Impairment of loans and adv. to customers (Note 12)	2 609 824	-	850 251	(486 080)	(81 173)	(7 264)	15 311	2 900 870	(14 917)
Impairment of loans and adv. to credit institutions (Note 6)	88 933	-	11 995	(11 488)	(58 931)	(214)	(662)	29 632	
Impairment of available-for-sale financial assets (Note 8)									
Equity instruments	332 398	-	27 501	-	(12 716)	(141)	(607)	346 434	
Debt instruments	59 982	-	106	(122)	(14 749)	(695)	607	45 129	
Other	100 867	-	760	-	(6 706)	(575)	-	94 346	
Impairment of other tangible assets	15 741	-	84	(1 039)	-	-	-	14 786	
Impairment of intangible assets	958	-	12 502	(717)	-	-	-	12 744	
Impairment of non-current assets held for sale									
Property and equipment (Note 13)	72 128	-	23 678	(14 049)	(278)	-	31	81 510	
Impairment of other assets (Note 17)	155 804	-	4 539	(1 182)	(9 162)	(102)	(1 222)	148 675	
Impairment in associates	-	-	-	(344)	-	-	344	-	
	826 811	-	81 165	(28 941)	(102 543)	(1 727)	(1 508)	773 257	-
	3 436 635	-	931 417	(515 021)	(183 716)	(8 991)	13 803	3 674 127	(14 917)

	30-06-2010								
	Balance at 31.12.2009	Acquisitions/ (sale) of subsidiaries	Additions	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30.06.2010	Credit recovery, interest and expenses
Impairment of loans and adv. to customers	2 405 224	2 324	766 855	(546 357)	(42 293)	16 409	(3 234)	2 598 929	(13 721)
Impairment of loans and adv. to credit institutions	159 563	-	60 725	(58 811)	-	10 923	(616)	171 783	
Impairment of available-for-sale financial assets									
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	59 825	-	21 132	(10 142)	(971)	9	(3 352)	66 501	
Impairment of other assets	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)

37. 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 2011 and in 2010, distributed by business segment and geographic market, are as follows:

Business segment

	30-06-2011								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Life insurance	Non-life insurance	Other	Total
Net interest income	(156 136)	536 248	279 148	2 430	111 662	25 495	1 365	1 891	802 103
Income from equity instruments	12 610	35	89 733	9 970	56	863	171	2 648	116 088
Income from services rendered and commissions	11 127	84 520	54 339	17 811	34 461	2 329	-	110 706	315 292
Cost of services and commissions	(2 989)	(18 453)	(4 569)	(3 699)	(475)	(49)	(112)	(37 174)	(67 519)
Results from financial operations	14 452	26 062	(3 534)	19 148	(164)	(10 547)	157	5 608	51 181
Other net operating income	567	(11 766)	18 778	(3 970)	74	(62)	112	103 176	106 908
Premiums net of reinsurance	-	-	-	-	-	124 977	510 669	-	635 646
Results of investments relating to insurance contracts	-	-	-	-	-	53 196	35 184	-	88 380
Claims costs net of reinsurance	-	-	-	-	-	(124 750)	(318 500)	-	(443 250)
Commissions and other income and costs relating to insurance contracts	-	-	-	-	-	(5 647)	(46 106)	-	(51 753)
Net operating income from banking and insurance operations	(120 369)	616 646	433 895	41 690	145 614	65 805	182 940	186 855	1 553 076
Other costs and income									(1 461 648)
Net income attributable to the shareholder of CGD									91 429
Cash balances and loans and advances to credit institutions (net)	4 919 444	1 194 124	115 672	2 091	-	4 564	14 372	71 768	6 322 037
Investments in securities and derivatives (net)	15 737 202	533 249	501 255	546 262	-	8 391 806	1 522 857	307 132	27 539 764
Loans and advances to customers (net)	625 354	39 314 352	41 791 787	35 465	594 860	2 499	2 813	26 548	82 393 678
Technical provision for outwards reinsurance	-	-	-	-	-	23 074	235 103	-	258 177
Total net assets	22 015 034	41 281 633	43 021 194	623 118	740 409	8 553 784	2 510 902	4 954 945	123 701 019
Resources of central banks and credit institutions	12 296 977	270 783	628 906	8 931	72 567	-	-	19 474	13 297 637
Customer resources	847 763	49 416 868	14 151 647	17 624	4 847	6 502 682	-	89 100	71 030 530
Debt securities	17 390 603	424 676	-	-	-	-	-	-	17 815 279
Technical provision for insurance contracts	-	-	-	-	-	3 193 153	2 242 993	-	5 436 145
Liability to subscribers of unit-liked products	-	-	-	-	-	678 192	-	-	678 192

	31-12-2010								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Life insurance	Non-life insurance	Other	Total
Net interest income	(74 256)	861 540	426 323	11 824	149 907	33 950	3 025	2 945	1 415 258
Income from equity instruments	29 190	158	146 519	13 936	135	1 100	5 292	1 147	197 477
Income from services rendered and commissions	23 672	199 807	95 403	35 614	74 987	2 707	-	216 439	648 628
Cost of services and commissions	(12 072)	(42 784)	(8 165)	(8 218)	(8 652)	(68)	(274)	(66 080)	(146 313)
Results from financial operations	54 254	43 543	2 277	(18 767)	(138)	5 789	30 897	6 533	124 388
Other net operating income	2 664	(3 667)	47 525	(5 571)	22 992	(25)	(5 324)	292 369	350 963
Premiums net of reinsurance	-	-	-	-	-	293 059	1 030 293	-	1 323 352
Results of investments relating to insurance contracts	-	-	-	-	-	140 432	94 256	(27 921)	206 767
Claims costs net of reinsurance	-	-	-	-	-	(256 912)	(674 750)	2	(931 660)
Commissions and other income and costs relating to insurance contracts	-	-	-	-	-	1 627	(91 081)	(7)	(89 461)
Net operating income from banking and insurance operations	23 451	1 058 597	709 881	28 818	239 231	221 658	392 335	425 427	3 099 398
Other costs and income									(2 848 816)
Net income attributable to the shareholder of CGD									250 582
Cash balances and loans and advances to credit institutions (net)	4 617 426	1 365 534	32 102	24 202	-	6 368	20 878	91 477	6 157 987
Investments in securities and derivatives (net)	16 765 676	613 003	559 243	750 032	-	10 034 325	1 626 074	313 986	30 662 339
Loans and advances to customers (net)	1 120 382	39 513 829	40 145 861	135 787	957 298	2 695	2 949	28 404	81 907 204
Technical provision for outwards reinsurance	-	-	-	-	-	22 238	242 326	-	264 564
Total net assets	23 276 730	42 903 736	40 398 207	934 658	1 163 017	10 140 780	2 100 967	4 943 879	125 861 974
Resources of central banks and credit institutions	13 407 713	414 775	635 149	31 545	99 536	-	-	14 952	14 603 669
Customer resources	601 444	47 138 248	12 750 839	60 631	4 830	7 110 244	-	13 808	67 680 045
Debt securities	18 831 408	475 339	-	-	-	-	-	-	19 306 748
Technical provision for insurance contracts	-	-	-	-	-	3 473 730	2 269 206	-	5 742 936
Liability to subscribers of unit-liked products	-	-	-	-	-	732 512	-	-	732 512

Geographic Markets

	30-06-2011								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Net interest income	543 106	109 160	14 327	4 189	15 672	24 294	69 331	22 024	802 103
Income from equity instruments	209 759	3 947	-	-	-	14	3 215	(100 847)	116 088
Income from services rendered and commissions	263 848	29 658	149	970	3 822	16 192	30 273	(29 620)	315 292
Cost of services and commissions	(66 855)	(9 090)	(2)	(23)	(97)	(7 958)	(9 069)	25 575	(67 519)
Results from financial operations	58 604	(4 364)	(1 008)	(6 566)	(2 656)	3 454	31 068	(27 351)	51 181
Other net operating income	171 654	(4 779)	(25)	(281)	(1 012)	1 353	2 924	(62 926)	106 908
Premiums net of reinsurance	633 242	-	-	-	-	-	2 404	-	635 646
Results of investments relating to insurance contracts	96 252	-	-	-	-	-	-	(7 872)	88 380
Claims costs net of reinsurance	(443 002)	-	-	-	-	-	(248)	-	(443 250)
Commissions and other income and costs relating to insurance contracts	(64 260)	-	-	-	-	-	349	12 158	(51 753)
Net operating income from banking and insurance operations	1 402 348	124 532	13 441	(1 711)	15 729	37 349	130 247	(168 859)	1 553 076
Other costs and income									(1 461 648)
Net income attributable to the shareholder of CGD									91 429
Cash balances and loans and advances to credit institutions (net)	18 282 221	5 118 704	611 859	880 956	103 328	3 064 430	739 278	(22 478 739)	6 322 037
Investments in securities and derivatives (net)	33 839 876	2 675 007	383 145	66 356	125 067	49 496	445 046	(10 044 229)	27 539 764
Loans and advances to customers (net)	69 078 489	9 717 937	1 103 643	387 672	122 769	1 122 893	1 848 643	(988 368)	82 393 678
Technical provision for outwards reinsurance	253 158	-	-	-	-	-	5 019	-	258 177
Total net assets	134 144 252	17 930 862	2 102 557	1 336 294	358 321	4 539 874	3 499 507	(40 210 648)	123 701 019
Resources of central banks and credit institutions	21 247 760	9 301 803	1 094 462	1 344 917	41 407	966 200	171 450	(20 870 362)	13 297 637
Customer resources	62 828 932	4 725 582	926 704	88	113 281	3 023 091	2 464 418	(3 051 566)	71 030 530
Liability to subscribers of unit-liked products	678 192	-	-	-	-	-	-	-	678 192
Debt securities	19 318 708	1 473 201	-	20 912	-	-	-	(2 997 542)	17 815 279
Technical provision for insurance contracts	5 425 718	-	-	-	-	-	10 428	(1)	5 436 145

	31-12-2010								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Net interest income	963 827	197 087	19 383	17 763	28 333	48 981	123 599	16 285	1 415 258
Income from equity instruments	339 220	20 437	-	-	-	96	2 688	(164 964)	197 477
Income from services rendered and commissions	585 164	62 877	848	3 299	9 209	32 385	50 579	(95 733)	648 628
Cost of services and commissions	(136 772)	(17 850)	(13)	(195)	(307)	(15 754)	(19 374)	43 952	(146 313)
Results from financial operations	127 267	(3 436)	2 847	(3 690)	(10 804)	2 891	55 630	(46 317)	124 388
Other net operating income	461 602	(4 458)	(49)	(609)	(2 248)	2 154	2 757	(108 186)	350 963
Premiums net of reinsurance	1 319 389	-	-	-	-	-	3 963	-	1 323 352
Results of investments relating to insurance contracts	243 821	-	-	-	-	-	-	(37 054)	206 767
Claims costs net of reinsurance	(929 907)	-	-	-	-	-	(1 753)	-	(931 660)
Commissions and other income and costs relating to insurance contracts	(131 116)	-	-	-	-	-	1 726	39 929	(89 461)
Net operating income from banking and insurance operations	2 842 495	254 657	23 016	16 568	24 183	70 753	219 815	(352 088)	3 099 399
Other costs and income									(2 848 817)
Net income attributable to the shareholder of CGD									250 582
Cash balances and loans and advances to credit institutions (net)	19 082 084	7 354 761	727 116	1 042 288	14 897	3 252 985	903 328	(26 219 492)	6 157 967
Investments in securities and derivatives (net)	37 136 072	2 959 816	486 446	82 345	223 632	54 106	398 733	(10 678 811)	30 662 339
Loans and advances to customers (net)	67 644 936	10 231 498	1 102 207	631 317	75 723	1 161 906	1 795 125	(735 508)	81 907 204
Technical provision for outwards reinsurance	260 162	-	-	-	-	-	4 402	-	264 564
Total net assets	136 391 836	20 958 925	2 321 970	1 757 534	321 923	4 779 221	3 591 675	(44 261 110)	125 861 974
Resources of central banks and credit institutions	24 273 690	11 059 639	1 195 718	1 745 779	38 952	1 052 891	226 805	(24 989 805)	14 603 669
Customer resources	58 877 116	4 476 344	1 020 416	18 730	82 520	3 159 005	2 473 174	(2 427 260)	67 680 045
Liability to subscribers of unit-liked products	732 512	-	-	-	-	-	-	-	732 512
Debt securities	19 727 908	2 471 308	27 455	22 620	-	-	-	(2 942 543)	19 306 748
Technical provision for insurance contracts	5 732 955	-	-	-	-	-	9 981	-	5 742 936

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

In the half years ended 30 June 2011 and 2010, the Group’s contribution for results by business sector, according to the internal management criteria is broken-down as follows:

	30-06-2011					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	2 551 473	614 443	162 152	159 386	(990 156)	2 497 298
Interest and similar costs	(2 099 383)	(391 797)	(146 190)	(108 115)	1 050 290	(1 695 195)
Income from equity instruments	89 490	4 282	132	1 035	21 149	116 088
Net interest income including income from equity investments	**541 581**	**226 928**	**16 094**	**52 305**	**81 284**	**918 192**
Income from services rendered and commissions	214 208	80 916	30 620	2 329	(12 781)	315 292
Cost of services and commissions	(43 161)	(26 238)	(4 598)	(3 923)	10 400	(67 519)
Results from financial operations	30 105	20 935	4 697	(11 074)	6 518	51 181
Other net operating income	32 387	(1 796)	390	67 143	8 784	106 908
Non-interest income	**233 539**	**73 817**	**31 109**	**54 475**	**12 921**	**405 862**
Premiums net of reinsurance	-	2 404	-	633 242	-	635 646
Results of investments relating to insurance contracts	-	-	-	96 252	(7 872)	88 380
Claims costs net of reinsurance	-	(248)	-	(443 002)	-	(443 250)
Commissions and other income and costs relating to insurance contracts	-	349	-	(64 260)	12 157	(51 753)
Technical margin on insurance operations	**-**	**2 505**	**-**	**222 232**	**4 286**	**229 023**
NET INCOME FROM BANKING AND INSURANCE OPERATIONS	**775 119**	**303 251**	**47 204**	**329 013**	**98 491**	**1 553 077**
Other costs and income	(796 268)	(270 766)	(31 981)	(293 478)	(69 155)	(1 461 648)
Net income attributable to the shareholder of CGD	**(21 149)**	**32 484**	**15 223**	**35 535**	**29 336**	**91 429**

	30-06-2010					
	Banking business in Portugal	International business	Investment banking	Insurance and healthcare business	Other	Total
Interest and similar income	2 161 078	406 749	128 290	152 534	(696 485)	2 152 165
Interest and similar costs	(1 749 352)	(216 618)	(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	**491 457**	**210 652**	**17 302**	**42 888**	**38 748**	**801 047**
Income from services rendered and commissions	224 475	68 399	42 410	1 046	(19 606)	316 723
Cost of services and commissions	(39 446)	(25 634)	(6 908)	(3 182)	6 787	(68 383)
Results from financial operations	37 579	12 176	(8 659)	3 303	(18 532)	25 868
Other net operating income	40 615	(4 015)	449	52 002	11 141	100 192
Non-interest income	**263 223**	**50 926**	**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 costs net of reinsurance	-	(534)	-	(508 995)	-	(509 529)
Commissions and other income and costs relating to insurance contracts	-	522	-	(64 024)	19 018	(44 485)
Technical margin on insurance operations	**-**	**2 063**	**-**	**212 917**	**14 503**	**229 482**
NET INCOME FROM BANKING AND INSURANCE OPERATIONS	**754 680**	**263 640**	**44 593**	**308 975**	**33 041**	**1 404 929**
Other costs and income	(725 141)	(227 677)	(27 020)	(280 766)	(39 041)	(1 299 645)
Net income attributable to the shareholder of CGD	**29 538**	**35 964**	**17 573**	**28 208**	**(6 000)**	**105 283**

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

38. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Credit risk

Maximum exposure to credit risk

At 30 June 2011 and 31 December 2010, the Group's maximum exposure to credit risk is broken down as follows:

	30-06-2011	31-12-2010
Trading securities		
Public debt	469 746	1 105 653
Private Debt	142 319	225 178
	612 065	1 330 831
Financial assets at fair value through profit or loss		
Public debt	28 810	175 937
Private Debt	156 517	232 718
	185 327	408 655
Available-for-sale financial assets		
Public debt	6 177 026	7 279 609
Private Debt	11 368 702	14 764 604
	17 545 728	22 044 214
Held to maturity investments		
Public debt	2 051 887	-
Private Debt	850 242	3
	2 902 129	3
	21 245 249	23 783 702
Derivatives	1 470 828	2 000 967
Loans and advances to credit institutions	3 956 374	3 424 242
Loans and advances to customers	82 397 365	81 927 912
Other debtors	2 741 371	2 428 083
Other operations pending settlements	247 844	684 105
	90 813 781	90 465 310
Other commitments		
Personal/Institutional guarantees given		
Guarantees and sureties	5 284 029	4 861 323
Stand-by letters of credit	110 710	110 804
Open documentary credits	251 558	378 078
Other personal guarantees and other contingent liabilities	10 407	6 604
Forward deposit guarantees	26 387	2 634
Irrevocable lines of credit	2 758 851	2 891 116
Other irrevocable commitments	842 777	1 664 250
Credit default swaps	714 488	800 970
	9 999 206	10 715 780
Maximum exposure to credit risk	**122 058 236**	**124 964 791**

Exposure of the sovereign debt of Eurozone peripheral countries

In 2010 and in the first half 2011, the credit markets of the Eurozone sovereign debt, particularly peripheral countries characterised by significant budget imbalances, have been affected by a growing volatility. This situation, portrayed in the continuous broadening of risk spreads associated with these issues, culminated in the need for intervention of the European Central Bank, the International Monetary Fund and the European Union into the governments of Greece and Ireland (still in 2010) and, in 2011, Portugal.

The principal characteristics of these issues in the scope of CGD Group at 30 June 2011, are as follows:

	Book value								Fair value	Fair value reserve
	Residual maturities									
	2011	2012	2013	2014	2014-2020	after 2020	no maturity	**Total**		
Financial assets at fair value trough profit or loss										
Portugal	114 068	33 753	-	36 290	11 982	956	-	197 048	197 048	-
Greece	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	25	-	25	25	-
Italy	-	-	-	-	-	27	-	27	27	-
	114 068	33 753	-	36 290	11 982	1 008	-	197 100	197 100	-
Available-for-sale financial assets										
Portugal	2 446 636	1 345 211	176 539	245 905	940 228	7 307	1 834	5 163 662	5 163 662	(535 106)
Greece	22 794	19 456	2 851	12 197	3 647	23 545	-	84 490	84 490	(45 056)
Ireland	-	-	88	20 124	14 402	-	-	34 614	34 614	(11 711)
Spain	27 087	26 885	16 859	19 408	17 868	8 271	-	116 378	116 378	(2 492)
Italy	110 659	10 218	15 674	19 225	63 877	21 578	-	241 230	241 230	(1 665)
	2 607 177	1 401 770	212 011	316 859	1 040 022	60 701	1 834	5 640 374	5 640 374	(596 029)
Investments held to maturity										
Portugal	-	904	236 094	178 305	1 352 209	2 695	-	1 770 206	1 558 145	(297 095)
Greece	3 093	30 868	28 927	14 600	21 293	18 809	-	117 590	98 560	(38 197)
Ireland	-	-	467	-	-	-	-	467	441	(44)
Spain	-	-	-	-	-	-	-	-	-	-
Italy	48 184	72 587	-	21 661	21 192	-	-	163 624	163 241	2 088
	51 277	104 358	265 488	214 565	1 394 694	21 504	-	2 051 887	1 820 388	(333 248)
Total										
Portugal	2 560 705	1 379 868	412 633	460 500	2 304 419	10 958	1 834	7 130 916	6 918 855	(832 202)
Greece	25 887	50 324	31 778	26 797	24 940	42 354	-	202 080	183 050	(83 253)
Ireland	-	-	555	20 124	14 402	-	-	35 081	35 055	(11 756)
Spain	27 087	26 885	16 859	19 408	17 868	8 296	-	116 403	116 403	(2 492)
Italy	158 843	82 805	15 674	40 885	85 069	21 605	-	404 881	404 499	424
	2 772 522	1 539 881	477 499	567 713	2 446 698	83 213	1 834	7 889 361	7 657 862	(929 278)

The unrealised results of the sovereign debt instruments of peripheral countries presented in column "Fair value reserve" do not include capital gains and losses not recorded as a charge to equity of Caixa Seguros e Saúde securities portfolio, reclassified during the first half 2011 from available-for-sale financial assets category to held to maturity investments, after the date of the referred to transfer (Note 11).

In terms of exposure to Greek public debt securities, the general conditions to be fulfilled by the forecast restructuring plan applicable to such instruments in the case of private investors were recently announced.

Based on the information available at the date of publication of these financial statements and considering the circumstances of Portugal's financial assistance plan, CGD Group considers that it should not be involved in the referred to restructuring operation.

Exposure to credit risk affected by the financial turmoil

At 30 June 2011 and 31 December 2010, 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:

Type	Rating	Seniority level of the tranche held	Geographical area of the issuer	30-06-2011 Book value (net of impairment)	30-06-2011 Accumulated impairment	30-06-2011 Fair value reserve	31-12-2010 Book value (net of impairment)	31-12-2010 Accumulated impairment	31-12-2010 Fair value reserve
Available-for-sale financial assets									
Commercial mortgage-backed securities									
	AAA	Senior	União Europeia	-	-	-	2 726	-	(186)
	AA- to AA+	Senior	União Europeia	-	-	-	827	-	(89)
	A- to A+	Senior	União Europeia	18 846	-	(1 623)	27 996	-	(3 839)
	Lower than A-	Mezzanine	União Europeia	-	-	-	3 256	-	(1 331)
	CCC	Senior	União Europeia	3 005	-	(199)	3 045	-	(521)
				21 851	-	(1 822)	37 850	-	(5 965)
Residential mortgage-backed securities									
	AAA	Senior	União Europeia	23 982	-	1 363	26 379	-	1 240
	AA- to AA+	Senior	União Europeia	22 119	-	(1 837)	22 942	-	(2 486)
		Mezzanine	União Europeia	198	-	(3)	196	-	(6)
	A- to A+	Senior	União Europeia	22 897	-	(4 297)	26 354	-	(2 670)
		Mezzanine	União Europeia	77	-	(125)	6 896	-	(3 928)
	Lower than A-	Senior	União Europeia	17 378	-	(3 201)	19 140	-	(2 520)
		Mezzanine	União Europeia	4 683	-	(7 601)	18 014	-	(17 787)
	CCC	Mezzanine	América do Norte	329	(8 507)	134	415	(9 202)	262
				91 664	(8 507)	(15 568)	120 336	(9 202)	(27 894)
Asset-backed securities									
	AAA	Senior	União Europeia	-	-	-	41	-	(1)
	AA- to AA+	Mezzanine	União Europeia	-	-	-	1 413	-	(162)
				-	-	-	1 454	-	(163)
Collateralised loan obligations									
	AAA	Senior	União Europeia	6 789	-	(527)	6 565	-	(739)
			Outros	32 547	-	(1 149)	34 555	-	(1 841)
	AA- to AA+	Senior	União Europeia	88	-	(9)	86	-	(11)
	A- to A+	Mezzanine	União Europeia	246	-	(57)	5 175	-	(1 014)
	Lower than A-	Mezzanine	União Europeia	8 547	-	(6 125)	53 937	-	2 473
	CCC	Mezzanine	União Europeia	696	-	(116)	847	-	44
				48 913	-	(7 983)	101 165	-	(1 087)
Collateralised debt obligations	Lower than A-	Outros	União Europeia	-	-	-	680	-	(6 109)
Other financial instruments									
	No rating	Senior	União Europeia	8 019	(25 484)	(85)	8 970	(33 426)	-
		Outros	União Europeia	-	-	-	12 815	-	(7 115)
		Fundos	União Europeia	79 361	(7 579)	409	90 681	(10 537)	(3 270)
				87 380	(33 064)	324	112 466	(43 963)	(10 385)
				249 807	(41 571)	(25 049)	373 951	(53 165)	(51 604)
Financial assets at fair value through profit or loss									
Residential mortgage-backed securities									
	AA- até AA+	Senior	União Europeia	-	-	-	1 167	-	-
	Menor que A-	Mezzanine	União Europeia	-	-	-	1 560	-	-
				-	-	-	2 727	-	-
Asset-backed securities									
	AA- até AA+	Senior	União Europeia	-	-	-	412	-	-
		Mezzanine	União Europeia	-	-	-	925	-	-
				-	-	-	1 338	-	-
Other financial instruments	AA- até AA+	Senior	União Europeia	47 172	-	-	47 067	-	-
				47 172	-	-	51 131	-	-
				296 979	(41 571)	(25 049)	425 083	(53 165)	(51 604)

(a) Securities presented in accordance with information on ratings available at 30-06-2011

The change in these securities in the half years ended 30 June 2011 and 2010 was as follows:

					30-06-2011				
					Impact in results for the period				
Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31.12.2010	Amortisations	Capital gains / (losses) recognised against results	Change in the fair value reserve	Acquisition (sale) of subsidiaries	Book value (net) at 30.06.2011
Available-for-sale financial assets									
Commercial mortgage-backed securities									
	AAA	Senior	European Union	2 726	(647)	10	186	(2 276)	-
	AA- to AA+	Senior	European Union	827	-	-	89	(916)	-
	A- to A+	Senior	European Union	27 996	(11 382)	17	2 215	-	18 846
	Lower than A-	Mezzanine	European Union	3 256	(3 803)	(784)	1 331	-	-
	CCC	Senior	European Union	3 045	(344)	(17)	322	-	3 005
Residential mortgage-backed securities									
	AAA	Senior	European Union	26 379	(2 095)	(142)	122	(283)	23 982
	AA- to AA+	Senior	European Union	22 942	(1 375)	(96)	649	-	22 119
		Mezzanine	European Union	196	-	-	2	-	198
	A- to A+	Senior	European Union	26 354	(1 860)	29	(1 627)	-	22 897
		Mezzanine	European Union	6 896	(5 785)	(1 836)	3 803	(3 001)	77
	Lower A-	Senior	European Union	19 140	(1 118)	37	(681)	-	17 378
		Mezzanine	European Union	18 014	(5 914)	(2 657)	10 185	(14 944)	4 683
	CCC	Mezzanine	North America	415	-	42	(128)	-	329
Asset-backed securities									
	AAA	Senior	European Union	41	-	-	-	(41)	-
	AA- to AA+	Mezzanine	European Union	1 413	-	-	162	(1 576)	-
Collateralised loan obligations									
	AAA	Senior	European Union	6 565	-	12	212	-	6 789
			Other	34 555	-	(2 700)	692	-	32 547
	AA- to AA+	Senior	European Union	86	-	-	2	-	88
	A-to A+	Mezzanine	European Union	5 175	(5 780)	(106)	957	-	246
	Lower A-	Mezzanine	European Union	53 937	(34 986)	(1 805)	(8 598)	-	8 547
	CCC	Mezzanine	European Union	847	-	9	(160)	-	696
Collateralised debt obligations	Lower than A-	Other	European Union	680	-	-	6 109	(6 790)	-
Other financial instruments									
	No rating	Senior	European Union	8 970	(750)	4	(85)	(120)	8 019
		Other	European Union	12 815	(19 456)	(475)	7 115	-	-
		Funds	European Union	90 681	(17 377)	2 379	3 679	-	79 361
				373 951	(112 672)	(8 081)	26 554	(29 945)	249 807
Financial assets at fair value through profit or loss									
Residential mortgage-backed securities									
	AA- to AA+	Senior	European Union	1 167	-	-	-	(1 167)	-
	Lower than A-	Mezzanine	European Union	1 560	-	-	-	(1 560)	-
Asset-backed securities									
	AA- to AA+	Senior	European Union	412	-	-	-	(412)	-
		Mezzanine	European Union	925	-	-	-	(925)	-
Other financial instruments	AA- to AA+	Senior	European Union	47 067	(3 738)	3 853	-	(9)	47 172
				51 131	(3 738)	3 853	-	(4 074)	47 172
				425 083	(116 410)	(4 228)	26 554	(34 019)	296 979

(a) Securities presented in accordance with information on ratings available at 30-06-2011

Type	Rating (a)	Seniority level of the tranche held	Geographical area of the issuer	Book value (net) at 31.12.2009	30-06-2010 Impact in results for the period Amortisations	Capital gains / (losses) recognised against results	Change in the fair value reserve	Book value (net) 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-	Other	European Union	2 676	-	643	(1 151)	2 168
	C	Other	North America	-	-	-	-	-
	CCC	Other	North America	198	-	15	-	212
Other financial instruments								
	A- to A+	Other	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) Securities presented in accordance with information on ratings available at 30-06-2010

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 2011 and 31 December 2010:

	30-06-2011				
	Analysed balances			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	1 128 306	1 128 419	113	-	1 128 306
Cash balances at other credit institutions	1 237 358	1 237 358	-	-	1 237 358
Loans and advances to credit institutions	3 816 838	3 833 950	17 112	139 536	3 956 374
Held to maturity investments	2 902 028	2 643 383	(258 645)	-	2 902 028
Loans and advances to customers	81 748 909	78 272 337	(3 476 573)	644 769	82 393 678
	90 833 438	87 115 445	(3 717 993)	784 305	91 617 743
Liabilities					
Resources of central banks and other credit institutions	13 679 239	13 729 627	(50 388)	(381 602)	13 297 637
Customer resources	71 426 652	71 238 543	188 109	(396 123)	71 030 530
Debt securities	17 961 515	16 097 170	1 864 345	(146 236)	17 815 279
Subordinated liabilities	2 542 209	2 468 696	73 512	6 185	2 548 393
Consigned resources	1 222 469	1 234 363	(11 893)	23	1 222 492
	106 832 084	104 768 399	2 063 685	(917 753)	105 914 331

	31-12-2010				
	Analysed balances			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	1 468 751	1 469 210	459	1	1 468 752
Cash balances at other credit institutions	1 264 884	1 264 884	-	89	1 264 973
Loans and advances to credit institutions	3 315 863	3 499 107	183 244	108 379	3 424 242
Loans and advances to customers	80 478 328	76 985 228	(3 493 100)	1 428 876	81 907 204
	86 527 826	83 218 429	(3 309 397)	1 537 345	88 065 171
Liabilities					
Resources of central banks and other credit institutions	14 511 998	15 067 060	(555 062)	91 671	14 603 669
Customer resources	66 305 056	67 667 912	(1 362 855)	1 374 988	67 680 045
Debt securities	19 308 394	20 134 821	(826 426)	(1 647)	19 306 748
Subordinated liabilities	2 768 523	2 569 926	198 597	31 642	2 800 164
Consigned resources	1 781 751	1 786 297	(4 546)	5 049	1 786 800
	104 675 722	107 226 015	(2 550 293)	1 501 703	106 177 425

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 debt instrumenst classified as "Held to maturity investments" was determined using active market prices whenever available or, if market prices are not available, using valuations granted by issuers structurers or counterparties.

- 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 incorporating average spreads charged on Caixa's new loan operations at June 2011 and December 2010, for comparable credit types;
- Interest rates incorporating Caixa's risk spread for liabilities issued for institutional investors, based on the type of instrument and respective maturity;

The "Balances not analysed" column includes essentially:

- Overdue credit, net of impairment;
- Balances of entities not included in Caixa's calculations.

The fair value valuation of financial instruments reflected in the financial statements at 30 June 2011 and 31 December 2010, can be summarised as follows:

	30-06-2011			
		Measurement techniques		
	Level 1 Market prices	**Level 2** Market inputs	**Level 3** Other measurement techniques	Total
Securities held for trading	572 491	230 926	-	803 417
Securities at fair value through profit or loss	1 031 009	227 222	171 058	1 429 290
Available-for-sale financial assets	8 353 718	11 308 480	399 616	20 061 814
Trading derivatives	46	101 879	-	101 925
Hedging derivatives	-	(62 422)	-	(62 422)
	9 957 264	**11 806 086**	**570 675**	**22 334 024**

	31-12-2010			
		Measurement techniques		
	Level 1 Market prices	**Level 2** Market inputs	**Level 3** Other measurement techniques	Total
Securities held for trading	1 196 550	358 255	-	1 554 805
Securities at fair value through profit or loss	1 056 131	402 214	164 470	1 622 815
Available-for-sale financial assets	7 635 089	16 614 420	311 238	24 560 746
Trading derivatives	553	173 430	-	173 983
Hedging derivatives	-	(51 181)	-	(51 181)
	9 888 323	**17 497 138**	**475 708**	**27 861 169**

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.

In the first half 2011, the changes in the financial instruments classified in column "Other measurement techniques" are as follows

Type	Book value (net) at 31.12.2010	Acquisitions	Sales	Gains / (losses) recognised as against results - instruments sold	Gains / (losses) recognised as against results - portfolio instruments	Impairment for period	Gains / (losses) recognised as against fair value reserves	Exchange differences	Other	Book value (net) at 30.06.2011
	30-06-2011									
Trading securities	-	-	-	-	-	-	-			-
Securities at fair value through profit or loss										
Equity instruments	152 461	3 271	(781)	-	4 082	-	-	-	-	159 033
Debt instruments										
Corporate bonds	12 009	-	-	-	16	-	-	-	-	12 025
	164 470	3 271	(781)	-	4 098	-	-	-	-	171 058
Available-for-sale financial assets										
Equity instruments	254 388	100 070	(766)	(29)	(519)	(1 316)	(6 728)	-	(92)	345 009
Debt instruments										
Corporate bonds	56 850	239	(229)	10	(73)	-	206	155	(2 550)	54 608
	311 238	100 309	(995)	(19)	(592)	(1 316)	(6 522)	155	(2 642)	399 617
	475 708	**103 580**	**(1 776)**	**(19)**	**3 506**	**(1 316)**	**(6 522)**	**155**	**(2 642)**	**570 675**

In the half year ended 30 June 2011, changes in the fair value financial instruments hierarchy are as follows:

	Transfers from Level 1 to Level 2	Transfers from Level 2 to Level 1	Securities maintaining the same level in hierarchy	Acquisitions	Total
	30-06-2011				
Financial assets held for trading	25 662	50 109	675 533	52 114	803 417
Other financial assets at fair value through profit or loss	-	21 726	1 397 010	10 554	1 429 290
Available-for-sale financial assets	757 120	974 213	16 358 036	1 972 445	20 061 814
Trading derivatives	-	-	101 925	n.a	101 925
Hedging derivatives	-	-	(62 422)	n.a	(62 422)
Total	**782 782**	**1 046 048**	**18 470 082**	**2 035 113**	**22 334 024**

Transfers between fair value levels of hierarchy mainly derive from changes occurred in the sources for the measurement of these assets (market or external counterparties).

Debt instruments of financial and non-financial entities

Whenever possible, securities are valued at market prices, in accordance with an algorithm developed internally. This algorithm searches for the most appropriate price for each security in accordance with a hierarchy of contributors defined internally by CGD. Price changes are analysed on a daily basis in order to monitor the quality of the prices used.

There are some securities for which market prices cannot be obtained: assets classified in levels 2 and 3 of the fair value hierarchy. The price of these securities can be obtained by resorting to internal/external theoretical measurements. In general, the valuations include the discount of estimated future cash flows. This estimate can be the result of a more or less complex model ranging from the simple discount of cash flows resulting from forward rates (based on the most appropriate interest rate curve, which in turn is constructed by resorting to money market rates and swaps rates, the money market part being adjusted to interest rate future prices) to a CLO (collaterised loan obligations) cascade payment (an estimate made based information disclosed by Investor Reports).

For discount purposes, internal valuations use a listed credit curve referring to the currency/sector/rating trinomial of the issue in order to consider the risk for each issue. The separation between levels 2 and 3, refers to the origin of the rating considered: level 2 for ratings from agencies, level 3 for internal rating.

Internal ratings are only used where there is no risk classification for the issue, issuer or guarantor. Level 2 also includes the valuations granted by the structurers, issuers or counterparties (external measurements).

In general, inputs used in internal measurements are obtained through Bloomberg and Reuters systems.

Interest rate curves are calculated based on money market interest rates and swaps curves. In the case of EUR, GBP and USD interest rates curves, an adjustment is made using the market price of interest rate futures.

At 30 June 2011, the values of the curves referring to currencies with major exposure were as follows:

	EUR	USD	GBP
Overnight	1.6250	0.1000	0.5000
1 month	1.2700	0.3100	0.7500
2 months	1.3700	0.3900	0.8500
3 months	1.4589	0.4283	0.9026
6 months	1.6137	0.3872	0.8958
9 months	1.7109	0.4040	0.9196
1 year	1.7840	0.4309	0.9588
2 years	2.1720	0.6965	1.4500
3 years	2.3940	1.1245	1.8295
5 years	2.8080	1.9880	2.5170
7 years	3.1100	2.6350	3.0370
10 years	3.4160	3.2240	3.5470
15 years	3.7670	3.7170	3.9495
20 years	3.8810	3.9000	4.0520
25 years	3.8700	3.9890	4.0770
30 years	3.8340	4.0365	4.0720

The values of credit curves are obtained through the Bloomberg system and calculated based on prices of a set of securities respecting the trinomial currency/sector/rating. At June 2011 the values of the credit curve of the Portuguese and German governments were as follows:

	Portuguese government	German government
3 months	7.5684	1.1378
6 months	7.8769	1.2906
9 months	8.5466	1.3721
1 year	9.2163	1.4535
2 years	12.3601	1.5826
3 years	13.5721	1.8162
5 years	12.4718	2.3350
7 years	12.6141	2.6929
10 years	11.7936	3.0439
15 years	11.0547	3.6439
20 years	10.1504	3.7970
25 years	9.3713	3.8181
30 years	9.1847	3.7766

The values of the European Central Bank fixing are used in foreign exchange rates. The following table presents the foreign exchange rates of some of the relevant currencies at 30 June 2011:

EUR/USD	1.4453
EUR/GBP	0.90255
EUR/CHF	1.2071
EUR/AUD	1.3485
EUR/JPY	116.25
EUR/BRL	2.2601

Equity instruments held in venture capital business

Unlisted own equity instruments held in the venture capital business are valued based on the following criteria:

i) Prices of significant transactions made by independent entities in the last six months;

ii) Multiples of comparable companies in terms of business sector, size and profitability;

iii) Discounted cash flows;

iv) Liquidation value corresponding to the net value of the investee' s assets;

v) Acquisition cost (only in the case of participations acquired in the twelve month period prior to the valuation date).

39. NOTE ADDED FOR TRANSLATION

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

14. ADOPTION OF FINANCIAL STABILITY FORUM (FSF) AND COMMITTEE OF EUROPEAN BANKING SUPERVISORS (CEBS) RECOMMENDATIONS ON INFORMATION TRANSPARENCY AND ASSET VALUATION

Bank of Portugal Circular Letter 97/2008/DSB of 03 December

I.	Business Model	
1.	Description of business model (i.e. reasons for the development of activities/businesses and their respective contribution to the value creation process) and, if applicable, the changes made (e.g. as a result of the period of turmoil);	**See Board of Directors' Report 2010** – 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 Director's Report – 1st half 2011** See Board of Directors' Report 2010 – Chapters: - Financial Analysis – Balance Sheet Evolution (on securitisation and structured operations) - See Notes to the Consolidated Financial Statements: Note 12 Note 20 Note 23
3.	Description of the importance of the activities performed and their respective contribution to the business (including a quantitative approach);	**Board of Director's Report 2010:** See Board of Directors' Report – Chapter: Strategy and Business Model **Board of Director's Report – 1st half 2011:** See Board of Directors' Report – Chapter: Main Business Area Developments Financial Analysis – Results and Profitability See Notes to the Consolidated Financial Statements: Note 26 Note 37

I.	**Business Model**	
4.	Description of the type of activities performed, including a description of the instruments used, their operation and qualification criteria with which the products/investments must comply;	See items I.1 to I.3 above. **Board of Director's Report 2010:** See Board of Directors' Report – Chapter on Risk Management. **Board of Director's Report – 1st half 2011:** See Notes to the Consolidated Financial Statements: Note 2.7.
5.	Description of the objective and amplitude of the institution's involvement (i.e. commitments and obligations assumed) for each activity performed;	See items I.1 to I.3 above.
II.	**Risks and Risk Management**	
6.	Description of the nature and amplitude of the risks incurred on activities performed and instruments used;	**Board of Director's Report 2010:** See Board of Directors' Report – Chapter on Risk Management. See Notes to the Consolidated Financial Statements: Note 42: containing a detailed description of the financial risk management policies inherent to the group's activity, the monitoring thereof, maximum exposure to credit risk, credit quality, liquidity risk, interest rate risk, foreign exchange risk, market risk and VaR analyses and sensitivity to interest rate Note 43: describing risk management for Insurance and Reinsurance Contracts
7.	Description of risk management practices relevant to the activities (particularly including liquidity risk in the present context), description of any fragilities/weaknesses identified and the corrective measures taken;	See item II.6 above.

III.	Impact of period of financial turmoil in results	
8.	A qualitative and quantitative description of the results, particularly losses (when applicable) and impact of write-downs in results;	**Board of Director's Report – 1st half 2011:** See Board of Directors' Report – Chapter: Financial Analysis - Results See Notes to the Consolidated Financial Statements: Notes 6, 8, and 17
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 Director's Report – 1st half 2011:** See Notes to the Consolidated Financial Statements: Note 38, containing the exposures affected by the period of financial turmoil
10.	Description of the reasons and factors responsible for the impact;	**Board of Director's Report – 1st half 2011:** 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 - Results 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 items III. 8 and III.10 above.
12.	Breakdown of "write-downs" between realised and unrealised amounts;	**Board of Director's Report – 1st half 2011:** See items III.8 and III.10 above, particularly Note 38 of Notes to the Consolidated Financial Statements. See Notes to the Consolidated Financial Statements: Note 31

III.	**Impact of period of financial turmoil in results**	
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 Director's Report – 1st half 2011:** See Board of Directors' Report particularly chapter - Principal Risks and Uncertainties in 2nd half 2011. See item 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 Director's Report – 1st half 2011:** See Board of Directors' Report – Chapter: Financial Analysis – Results. 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";	**Board of Director's Report 2010:** See Board of Directors' Report – Chapter: Risk Management. **Board of Director's Report – 1st half 2011:** See Notes to the Consolidated Financial Statements: Note 2.7 Note 38, setting out a comparison between the fair and book value of assets and liabilities recognised at amortised cost .

IV.	Levels and types of exposures affected by the period of turmoil	
17.	Information on credit risk mitigating factors (e.g. credit default swaps) and respective effect on present exposures	**Board of Director's Report 2010:** See Notes 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 Director's Report – 1st half 2011:** See Notes to the Consolidated Financial Statements: Note 2.7, describes the accounting policies for derivatives and hedge accounting. Note 10 Note 38
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 Director's Report – 1st half 2011:** See Notes to the Consolidated Financial Statements: Note 38 of Notes 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.
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.

IV.	**Levels and types of exposures affected by the period of turmoil**	
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 Director's Report – 1st half 2011:** See Notes 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 Director's Report – 1st half 2011:** See Notes to the Consolidated Financial Statements: Notes 7 and 38 (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 2010:** See Notes to the Consolidated Financial Statements: Notes 42 and 43 **Board of Director's Report – 1st half 2011:** See Notes 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 Director's Report – 1st half 2011:** See Notes to the Consolidated Financial Statements: Note 2