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Caixa Geral de Depósitos

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CGD GROUP - CONSOLIDATED OPERATIONS

PRINCIPAL INDICATORS

(EUR million)

	2004	2005	2006	2007
Balance sheet				
Loans and advances to customers (gross)	48 100	52 153	58 824	68 573
Customer resources	47 863	50 162	53 768	54 039
Debt securities	12 486	11 652	13 360	16 231
Shareholders' equity	3 318	4 325	5 014	5 541
Net assets	78 355	86 461	96 246	103 554
Operating income				
Net interest income, including income from equity instruments	1 429	1 454	1 778	2 032
Non-interest income	340	658	620	568
Technical income from insurance operations	370	513	586	549
Net operating income	2 130	2 625	2 984	3 149
Gross operating income	695	998	1 289	1 414
Income before taxation	454	674	990	1 075
Net income	408	538	734	856
Ratios				
Solvency ratio (Bank of Portugal)	9.4%	12.4%	10.5%	10.1%
TIER I (Bank of Portugal)	6.2%	7.4%	7.4%	6.7%
Non-performing credit/Total credit (a)	2.68%	2.69%	2.29%	2.10%
Overdue credit/Total credit	2.38%	2.44%	2.15%	2.08%
Accumulated impairment/Overdue credit	105.7%	111.7%	123.2%	121.4%
Accumulated impairment/Credit overdue for more than 90 days	113.4%	125.2%	138.5%	137.9%
Cost: income	66.3%	61.2%	56.2%	55.1%
Cost: income (banking)	64.7%	57.7%	53.6%	52.5%
ROE (after tax)	15.5%	15.1%	16.5%	17.1%
ROA (after tax)	0.51%	0.67%	0.86%	0.91%

...Continued

(EUR million)

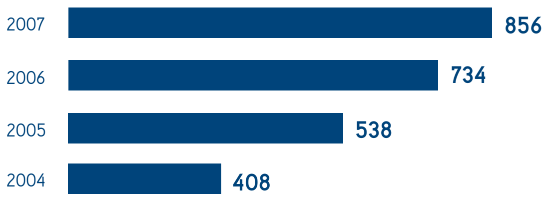
	2004	2005	2006	2007
Other indicators				
Branches	1 095	1 099	1 137	1 187
Portugal	780	771	789	811
Abroad	315	328	348	376
Representative offices	10	10	11	11
Employees (b)	19 065	20 778	20 106	20 562
CGD Portugal	10 274	10 161	9 759	9 695
Other banking institutions	3 355	3 485	3 698	3 953
Insurance companies	2 394	3 822	3 441	3 503
Financial companies	300	308	332	338
Other activities	2 742	3 002	2 876	3 073
Ratings (long/short term)				
Standard & Poor's	A+/A-1	A+/A-1	A+/A-1	A+/A-1
Moody's	Aa3/P-1	Aa3/P-1	Aa3/P-1	Aa1/P-1
FitchRatings	AA-/F1+	AA-/F1+	AA-/F1+	AA-/F1+

(a) Indicator calculated in accordance with Bank of Portugal Instruction.
(b) This table does not include 299 CGD employees in the Caixa Geral de Aposentações Support Department or 82 employees engaged on public service secondment or in other situations.

INDICATORS GRAPHS

Net Income

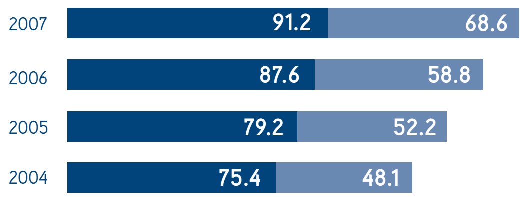
(EUR million)



Customers Activity

Resources   Loans (Gross)

(EUR billion)

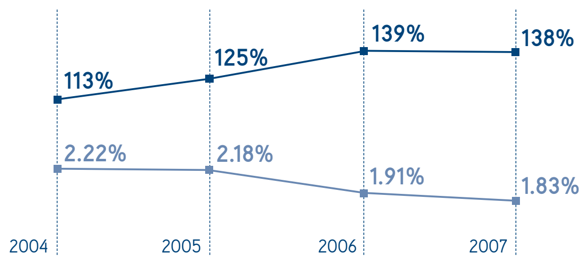


Insurance: Premiums

(EUR million)

Credit Quality

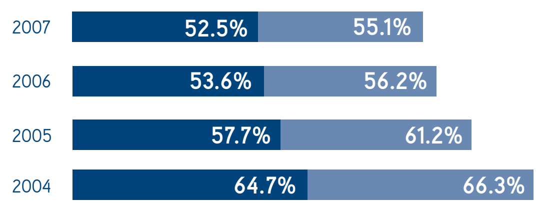
Overdue loans hedging >90 days   Overdue loans >90 days ratio



Total Solvency Ratio

Cost-to-Income

Banking   Group



CHAIRMAN'S STATEMENT

I. CGD's board of directors took office on 10 January this year.

Although the board of directors is responsible for presenting the accounts for 2007, the officers responsible for managing the bank's affairs in the said year, were the members of the former board of directors, of whom only the current deputy-chairman, Francisco Bandeira and Norberto Rosa are members of CGD's existing board. The merit for CGD's good performance therefore belongs to the former board of directors.

Caixa Geral de Depósitos Group's consolidated net income for 2007, exceeded objectives with a 16.7% increase over the preceding year to EUR 856.3 million. CGD's state shareholder will receive EUR 300 million in dividends. In addition to the intense modernisation and good performance of the commercial area, other contributory factors to the results were a favourable economic climate, in which special reference should be made to the effect of the increase in interest rates on deposits, exceeding the pressure on credit margins and capital markets appreciation.

There was a reasonably high increase in lending, particularly to companies and SMEs.

Notwithstanding the very large increase in the proportion of weighted assets, solvency ratio, TIER I and Core TIER I levels certify CGD´s financial strength.

Shareholders' equity was up EUR 527 million to EUR 5.6 billion. The share capital increase of EUR 150 million, subscribed for by the state, was a sign of our shareholder's trust in CGD's future expansion. The increase, which complemented Caixa Geral de Depósitos' organic generation of own funds, deriving from retained earnings, helped to maintain its solvency ratios at comfortable levels of around 10.1%.

Insurance operations kept up their good pace of the last few years with a 19% contribution to results and 7% increase in profits.

CGD's foreign subsidiaries, particularly in Macau, South Africa, Spain, UK and France enjoyed high performance levels, increasing their share of results from 5% to 12% (EUR 102 million).

Caixa has succeeded in consolidating its position in investment banking, both in Portugal and abroad, with a contribution of around EUR 40 million to results.

Net assets were up EUR 104 billion, positioning CGD as the 4th largest bank and 6th largest financial institution in the Iberian Peninsula.

The magnificent work performed by CGD's employees has been a decisive factor in achieving the said results.

Last quarter 2007 was a time of concern owing to the sub-prime crisis in the US and crisis in the financial markets, simultaneously comprising a liquidity crisis in respect of institutions, uncertainty over the future, unpredictability, serious solvency issues in several international financial institutions, tension in the money markets, falling share prices on stockmarkets and successive downwards revisions of economic growth, beginning in the US but affecting all others, with signs of alarm intensifying in November and greater difficulty in securing credit and its respective cost.

Higher risk assets are being heavily penalised in early 2008, owing to the uncertain climate characterised by volatility, confirming the existence of a complex, difficult crisis.

Banks are, therefore, adapting their commercial strategies to the new economic circumstances.

Although prices must be adjusted to banks' new funding conditions, our objective must be to provide competitive market credit to the economy and our customers.

We are in a position to do so, owing to our financial strength: CGD is well placed in terms of liquidity, enjoys high returns, has comfortable solvency TIER I and Core TIER I ratios, good cover ratios, a correct risk control policy and adequate management and supervisory capacity.

CGD's new strategic goals for the three year period 2008/2010 will reflect the complex situation existing in international financial markets. A repetition of the results, achieved in 2007, is therefore a demanding objective which is difficult to achieve (or improve upon) in the current market context, which is expected to see more moderate growth in terms of credit and resources.

II. CGD's objective is to consolidate its operations as a structuring Portuguese financial system group and as a highly relevant and responsible organisation in its contribution to the country's economic development and in reinforcing the competitiveness, innovation and internationalisation of Portuguese companies, in addition to the financial system's stability and strength.

As the financial market leader, its aims are to achieve a balanced evolution between return, growth, financial strength and prudent risk management. Our priorities comprise operating efficiency, quality of service and an increasingly customer-centric approach.

Our strategic vision for the three year period 2008-2010 will consist of implementing the former board of directors' successful guidelines, reinforcing several and enhancing others, while adapting CGD Group to the expected and foreseeably difficult changes in the external environment. This environment is likely to witness important changes, having an impact over the coming years in terms of liquidity shortages, uncertainty in terms of capital markets and international economic growth and greater competition in the Portuguese banking sector.

To maintain its benchmark status in the domestic financial market, CGD needs to sustain its business profitability. Together with the consolidation of its leadership of the retail segment, which has been one of its traditionally strong areas and which has accounted for a significant proportion of the Group's operations, it will continue to enjoy significant growth in terms of small and medium sized enterprises as a segment in which its market share has still to achieve its natural potential.

Another priority will be to develop investment banking, which experienced high growth rates over the last three year period.

Caixa's growth objective also includes an aggressive internationalisation policy. The objective, in Spain, is to consolidate the turnaround achieved in 2007, in which Banco Caixa Geral achieved highly positive results. CGD remains interested in reinforcing its presence in the Spanish market and is assessing acquisition-based growth potential. A new investment bank will be set up to assist Portuguese companies in the Brazilian marketplace. The priority in Angola, in which a partnership has been entered into with Banco Santander, is one of business development.

CGD group is committed to maintaining its leading position in the life and non-life insurance market with the principal aim of consolidating growth in the global insurance business. Its objective, in the health area, is to consolidate growth by guaranteeing a high level of quality and service.

The development of models and risk management capacity will concentrate on good risks and provide each customer with competitive pricing, differentiated in accordance with operations' characteristics.

Improvements in productivity and the efficiency of operating procedures, by aligning with best practice, is a management priority for the next three year period. In the area of quality reference should be made to shorter waiting times in branch offices in which CGD faces an additional challenge, *vis-à-vis* its competitors, owing to its high number of customers per branch.

Various alternative solutions are being studied for increasing shareholders' equity to sustain our continued growth in assets and international expansion.

As an exclusively state-owned bank, CGD operates as an instrument for the protection and promotion of Portugal's economic interests, with a part of its mission being to contribute towards economic development. CGD, on the basis of its undisputable management autonomy, will analyse and participate in all structuring, value-creating economic investments in Portuguese economic terms and in projects expected to generate high levels of return. CGD's special characteristics, as an institution, explain its interest in improving its performance in the domains of culture and art, social responsibility and environmental sustainability. In addition to maintaining high levels of quality, transparency and ethical behaviour, CGD Group aims to be a benchmark operator in terms of governance models and ethical conduct.

The board of directors hereby wishes to express its gratitude to its state shareholder, audit committee, statutory and external auditors and monetary and supervisory authorities for their most valuable co-operation in monitoring CGD's operations.

The board also wishes to express its acknowledgment of the attitude and professional commitment of CGD and CGD company employees who, in the performance of their functions, have greatly contributed to CGD's development and prestige.

Caixa Geral de Depósitos Group's consolidated net income for 2007 was up 16.7% to EUR 856.3 million, against the preceding year's figure of EUR 733.8 million.

Caixa Seguros increased the size of its contribution to the Group's consolidated net income by 6.5% over 2006 to EUR 162.4 million, with the Group's foreign branches increasing their contribution by 155% to EUR 101.9 million. Investment banking was up 37.2% to EUR 36.2 million.

Net operating income from banking and insurance was up 5.5% to EUR 3 149.3 million, with net interest income from equity instruments up 14.3% to EUR 2 032 million. This income includes a 13.7% increase in interest income to EUR 1 939.1 million, in addition to income from equity instruments comprising a 27.2% increase in dividends to EUR 92.9 million.

In the case of non-interest income of EUR 568.1 million, particular reference should be made to income from services and commissions with an 8.3% increase, net of costs, to EUR 394.9 million. Income from financial operations was EUR 84.3 million, after the allocation of the full amount of the negative impact originated by the US sub-prime crisis, in addition to the depreciation of securities portfolios resulting from broader spreads.

In the insurance area, the contribution of the technical margin on insurance operations to the Group's net operating income was down 6.3% to EUR 549.2 million, in comparison to 2006. This was offset by the 8.6% increase in the contribution of the Group's insurance companies to net interest income, through the sale of financial products over 2006, to EUR 52.1 million.

Operating costs were up 2.4% during the year to EUR 1 735.7 million, translating a 2.6% increase in employee costs and external supplies and services.

Efficiency ratios also improved during the year. Cost: income improved by 1.1 p.p. decreasing from 56.2% to 55.1%. The indicator, when solely in respect of banking operations, was reduced from 53.6% to 52.5%.

An amount of EUR 249.4 million was allocated to credit impairment, net of reversals, leading to an improvement in the level of cover on non-performing loans from 115.5% to 120.1%.

Income tax totalled EUR 177.5 million, with EUR 315.2 million of the said amount comprising current tax (up 18.6%) less EUR 137.6 million in deferred tax assets.

Profit ratios were similar to 2006: net return on shareholders' equity (ROE) was 17.1% (20.5% before tax) with net return on assets (ROA) of 0.91% (1.09% before tax).

CGD Group's net assets were up 7.6% over the end of the preceding year to EUR 103.6 billion. Contributory factors were the increases in loans and advances to customers and securities investments. On the liabilities side, reference should be made to the expansion of credit institutions' resources and debt securities.

CGD Group's separate contribution to the Group's net assets was 73.7%, with the insurance sector contributing 12.2 % and Banco Caixa Geral, in Spain, 4.4% (3.6% in 2006). The remaining institutions particularly included Caixa Leasing e Factoring with 2.7% and BNU (Macau) with 1.8%.

Asset quality also improved, with an overdue to total credit ratio of 2.1% which was slightly down over the preceding year. The non-performing loans rate, calculated under Bank of Portugal rules, was also 2.1% against the year 2006 figure of 2.3%.

The amount of accumulated impairment on loans and advances to customers (normal and overdue) was EUR 1 729 million at year end, with an 11.1% increase of EUR 173 million, signifying 121.4% cover of overdue credit and 138% on credit overdue for more than 90 days. These figures are also similar to 2006.

Total resources taken by the Group, excluding money market resources from financial institutions were up 4.2% to EUR 91.2 billion with a 4.9% increase in balance sheet resources to EUR 78.5 billion and 0.2% decrease in "off-balance sheet" resources to EUR 12.7 billion.

In the case of balance sheet resources, particularly in evidence were customer deposits, with a balance of EUR 50.6 billion (down 1.2% over the preceding year) in the retail segment and an increase of 9.5% in capitalisation insurance to EUR 8.7 billion. There was a 32.7% increase on the balance of resources taken from institutional investors on the capital market to EUR 17.6 billion, particularly deriving from the issue of covered bonds and euro medium term notes.

There was a 10.5% increase of EUR 527 million in shareholders' equity during the year to EUR 5.5 billion.

The consolidated solvency ratio, calculated under Bank of Portugal rules, was 10.1%, as opposed to the preceding year's 10.5%, particularly deriving from the high growth of 16.2% in weighted risk positions which was significantly higher than the 11.9% growth in own funds. TIER I, in turn, fell from 7.4% to 6.7%, and Core TIER I, from 6.2% to 5.8%.

Group Presentation

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EQUITY STRUCTURE

Caixa Geral de Depósitos' share capital is exclusively owned by the Portuguese state as its sole shareholder. The state approved a share capital increase of EUR 150 million to EUR 3 100 million at 31 December 2007.

MILESTONES

1876 Formation of Caixa Geral de Depósitos, under the aegis of the Junta de Crédito Público, with the essential aim of taking in mandatory deposits, as ordered by law or the courts.

1880 Formation of Caixa Económica Portuguesa, to take in and administer the deposits of the poorer sectors of society, effectively merged with CGD in 1885.

1896 CGD was spun-off from the Junta de Crédito Público. This was followed by the creation of Caixa de Aposentações for wage earners and Monte de Piedade Nacional as a pawnbroking operation.

1918 CGD develops general credit operations.

1969 CGD, up until the said time, a public service, subject to the state's administrative rules, becomes a state-owned company.

1975 Creation of Paris branch.

1982 Formation of Locapor and Imoleasing leasing companies (1982). The Fundimo (1986) and Caixagest (1990) property and unit trust investment funds were formed in the following years, with investments having been made in the financial brokerage company Sofin (1998) and consumer credit company Caixa Crédito (2000).

1988 Formation of Caixa Group for investments in Banco Nacional Ultramarino's domain and in Companhia de Seguros Fidelidade.

1991 Acquisition of Banco de Extremadura in Spain and Chase Manhattan Bank España, with a name change to Banco Luso-Español.

1992 Stake in the venture capital company Promindústria, giving rise to the Caixa Investimentos investment company in 1997.

1993 CGD becomes an exclusively state-owned public company, confirming its status as a universal, fully competitive bank, without prejudice to its special vocation for the formation and taking-in of savings and support for the country's economic and social development.

1995 Acquisition of Banco Simeón, in Spain.

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

1998 Inauguration of Cape Verde branch, becoming Banco Interatlântico in 1999. With its acquisition of Banco Comercial do Atlântico, in 2000, CGD Group becomes the most important institution in Cape Verde.

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

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

2001 CGD opens its East Timor branch.

2001 Banco Nacional Ultramarino assimilated by CGD.

2001 The Paris branch is merged with Banque Franque Portugaise, creating the France branch.

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

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

2004 CGD increases its capital to take a controlling interest in Mercantile Lisbon Bank Holding of South Africa.

2006 Banco Simeón alters its name and brand to Banco Caixa Geral.

DIMENSION AND INTERNATIONAL RANKING OF GROUP

CGD consolidated the leading position in its principal operating areas, in 2007, notably retail banking in Portugal, with an end of year market share of 27.2% in customer deposits, particularly in the individual customers' and emigrants' segments, with market shares of 32.9% and 40.4%, respectively.

DIMENSION OF GROUP

MARKET SHARES IN PORTUGAL

	Dec. 2006		Dec. 2007	
	Share	Ranking	Share	Ranking
Banking				
Net assets [a]	31.3%	1st	30.5%	1st
Loans and advances to customers [b]	20.2%	2nd	20.3%	2nd
- Corporate loans	13.3%	n.a.	14.9%	n.a.
- Loans and advances to individual customers	24.0%	1st	23.6%	1st
- Mortgage lending	27.7%	1st	27.2%	1st
Customer deposits [b]	29.9%	1st	27.2%	1st
- Individual customers' deposits	35.2%	1st	32.9%	1st
Net income [a]	27.5%	2nd	29.6%	1st
Insurance [c]	24.2%	1st	26.0%	1st
Life insurance	20.0%	1st	23.6%	1st
Non-life insurance	32.6%	1st	31.2%	1st
Specialised credit [d]				
Property leasing	15.0%	3rd	17.0%	3rd
Equipment leasing	10.1%	4th	12.9%	5th
Factoring	13.9%	4th	13.9%	3rd
Asset management				
Unit trust funds [e]	21.9%	1st	24.1%	1st
Property funds [e]	12.9%	2nd	12.2%	2nd
Pension funds [f]	6.4%	6th	7.0%	5th
Wealth management [g]	25.1%	2nd	24.7%	2nd

(a) Considering the consolidated operations of the five biggest Portuguese banking system groups.
(b) Source: Bank of Portugal (Monetary and Financial Statistics). Credit includes securitised operations.
(c) Source: Portuguese Insurance Institute. Operations in Portugal.
(d) Source: ALF (Portuguese Leasing and Factoring Association).
(e) Source: APFIPP (Portuguese Investment Funds, Pensions and Wealth Association).
(f) Source: Portuguese Insurance Institute. CGD Pensões, SA and Fidelidade Mundial, SA shares quoted jointly (provisory data for 2007).
(g) Source: CMVM. Non-adjusted share owing to a double accounting problem with other management companies, as referred to in CMVM Asset Management reports.

The major dynamism evidenced by the 16.6% increase in loans and advances to customers, enabled CGD to increase its market share, in Portugal, to 20.3%, in 2007. The figures were 27.2% for the housing sector and 44.6% for central and local government, in which segments Caixa continues to be the market leader. Market share of the corporate sector was up from 13.4% to 14.9%.

Caixa Seguros's lead in the insurance area with a 1.8 p.p. increase over the preceding year to a global market share of 26%, has extended into the principal business areas, not only life insurance with a 23.6% increase in market share but also non-life insurance in which it achieved 31.2% of the total number of premiums written in Portugal.

CLF-Caixa Leasing e Factoring's activities in the specialised credit operating area also achieved higher than average sector growth for the year, in all products, particularly equipment leasing (up 49%) and property leasing (up 35%), comprising increases in their respective market shares from 10.1% in 2006 to 12.9% in 2007 and from 15% to 17%.

In the asset management sphere, Caixagest reinforced its leading position in the ranking of unit trust investment funds operating in Portugal, with a market share of 24.1%, against the year 2006 figure of 21.9%. Fundimo, in the case of property funds, achieved a market share of 12.2% against 12.9% in 2006, continuing to hold 2nd position in the fund managers ranking.

Caixa-Banco de Investimento (CaixaBI) consolidated its leading position as the domestic benchmark institution in its diverse investment banking areas, particularly project finance and financial advisory where it came in one of the top positions in the mergers and acquisitions ranking, in Portugal, in 2007, by number of operations and as lead manager in the primary share and bond markets. In the project finance area, whose international base is increasingly well developed and particularly so in the Spanish market, the bank was the 9th biggest Mandated Lead Arranger (MLA) institution in terms of project finance loans in the Iberian Peninsula.

The excellence of CaixaBI's performance, reinforced by the strong international thrust of its operations, won the bank several prizes in 2007, particularly the Best Investment Bank in Portugal, from *Euromoney* magazine, and Deal of the Year, award from *The Banker* for the 4th stage of the Galp Energia, SGPS privatisation operation, for which the bank acted as the global coordinator and bookrunner. CaixaBI also earned the status of the Best Financial and Research Institution in Portugal as well as winning the prize for the Best Financial Analyst in the 2007 issue of Deloitte's IRG Awards.

INTERNACIONAL RANKING

In worldwide terms and according to the July 2007 issue of *The Banker* magazine, CGD improved to 103rd position in the biggest financial institutions ranking (109th in 2006), by assets, as well as improving to 131st position (140th in 2006), by shareholders' equity. CGD improved its position among European banks by assets, from 68th in 2006 to 61st in 2007 (October 2007 issue of *The Banker* magazine).

EVOLUTION OF CGD GROUP

CGD Group's evolution, in 2007, was characterised by the continuity of the principal guidelines, defined for the three year period.

The process for acquiring the entire amount of the share capital of Império Bonança and Companhia Portuguesa de Resseguros was completed, with the aim of consolidating CGD Group's leading position in the insurance area, through Caixa Seguros, SGPS. Companhia Portuguesa de Resseguros is specifically geared to reinsurance operations, with MultiCare - Seguros de Saúde having been formed to handle insurance and reinsurance operations, in the health field, notably in the management of a franchised doctors' network.

Under the partnership, entered into last year, between CGD Group and the biggest Spanish hospital group USP Hospitales, Caixa Seguros took a 10% equity stake in USP Hospitales in 2007 with the latter, simultaneously, taking a 25% equity stake in HPP - Hospitais Privados de Portugal, SGPS, which manages a network of hospitals and clinics. The latter acquisition took the form of USP's subscription for EUR 1 833 thousand in an increase in HPP, SGPS's share capital.

In the investment banking area, special reference should be made to the good performance of Caixa Banco de Investimento, evidenced by the growth of its principal profit indicators and the award of *Euromoney* Magazine's Best Investment Bank in Portugal prize, in 2007.

In the asset management area, reference should be made to the positive performance of the different classes of assets under management, notwithstanding the difficult economic circumstances in financial markets, in second half 2007. A contributory factor was the issue of new funds, designed to provide CGD Group customers with a diversified offer, enabling them to maximise return on their investments.

The Group's specialised credit business is performed by Caixa Leasing e Factoring, IFIC, which acts as an umbrella organisation for the leasing, factoring and consumer credit areas, based on a complementary approach, in strict articulation with banking channels. The objectives defined for this area and a major commitment to vehicle finance have led to a restructuring process, designed to optimise and leverage synergies, adjusting the internal network to the bank's branch office operations. IFIC increased its market share in all business areas in 2007.

In terms of the development of CGD Group's property business, reference should be made to the EUR 50 thousand to EUR 1 300 thousand increase in the share capital of Wolfpart, SGPS and the holding company's acquisition of 25% of the share capital of the Torre Ocidente, Imobiliária and Torre Oriente, Imobiliária companies.

Venture capital operations included a EUR 109.8 million increase in the share capital of Fundo de Capital de Risco Grupo CGD - Caixa Capital, to provide for the investments schedule, fully subscribed for by CGD which controls 96.87% of the fund.

In the international area, reference should be made to a 9% equity stake in Banco Comercial e de Investimentos e Fomento, in Mozambique, increasing the Group's stake from 42% to 51% of the bank's capital.

In Spain, Banco Caixa Geral paid the third and last tranche of the year 2005 share capital increase for the amount of EUR 82 495 thousand, providing the Group with an effective investment of 99.75% in the bank.

CGD formed its Spanish branch, geared to supporting those of the Group's operations that, owing to their specific characteristics should be kept in CGD's balance sheet, in second half 2007.

In Macau, CGD subscribed for and fully paid up the increase in the share capital of its Macau offshore branch for the amount of 51 million patacas, equivalent to EUR 4 313 thousand.

Reference should, lastly, be made to the fact that the Central Bank of Brazil gave CGD Group permission to form Banco Caixa Geral - Brasil, SA, in Brazil, in February 2008. This project is still at its assessment stage.

Also relating to domestic operations, reference should be made to the April 2007 formation of Credip - Instituição Financeira de Crédito, SA, in partnership with Parpública - Participações Públicas, SGPS, which is particularly geared to public infrastructures financing. CGD subscribed for and paid up 80% of the EUR 10 million share capital with Parpública subscribing for and paying up the remaining 20%.

In the financial investments portfolio management field and in conformity with the guidelines defined for CGD Group, the equity investment in PTM was increased from 1.41% to 14.38% in 2007. The entire amount of the stake in Cimpor was alienated as were the minor investments in NYSE Euronext Inc., and Mastercard Inc.

Work continued on reorganising CGD Group's internet presence, in 2007, via Caixatec - Tecnologias de Comunicação, SA, a company formed by the merger between CaixaWeb - Serviços Técnicos e de Consultoria, SA and Imoportal.com. The new company is geared to the development of portals associated with the Group's development.

In the cultural area, reference should be made to the formation process of Fundação Caixa Geral de Depósitos - Culturgest, formally certified on 24 January 2008, in replacement of Culturgest - Gestão de Espaços Culturais, for cultural promotion activities.

CAIXA GERAL DE DEPÓSITOS GROUP

	DOMESTIC		INTERNACIONAL AREA	
COMMERCIAL BANKING	Caixa Geral de Depósitos, SA		Banco Caixa Geral (Spain)	99.8%
			BNU (Macau)	100.0%
			CGD Subsidiária Offshore Macau	100.0%
			B. Comercial Atlântico (C. Verde)	65.0%
			Banco Interatlântico (C. Verde)	70.0%
			Mercantile Bank Hold. (South Africa)	91.8%
			B. Com. Investim. (Mozambique)	51.0%
			B. Internacional S. Tomé e Princípe	27.0%
ASSET MANAGEMENT	Caixa Gestão de Activos, SGPS	100.0%		
	CAIXAGEST	100.0%		
	CGD Pensões	100.0%		
	FUNDIMO	100.0%		
SPECIALISED CREDIT	Caixa Leasing e Factoring - IFIC	100.0%	BCI-ALD (Mozambique)	100.0%
	CREDIP - IFIC	80.0%		
INVESTMENT BANKING AND VENTURE CAPITAL	Gerbanca, SGPS	100.0%	A Promotora (Cape Verde)	62.2%
	Caixa - Banco de Investimento	99.7%	GCI-S. Capital Risco (Mozambique)	39.0%
	Caixa Capital	100.0%		
	Caixa Desenvolvimento, SGPS	100.0%		
INSURANCE	Caixa Seguros, SGPS	100.0%	Garantia (Cape Verde)	80.9%
	Comp. Seguros Fidelidade Mundial	100.0%		
	Império Bonança, Comp. Seguros	100.0%		
	Via Directa Comp. de Seguros	100.0%		
	Cares Companhia de Seguros	100.0%		
	Companhia Port. de Resseguros	100.0%		
	Fidelidade Mundial, SGII	100.0%		
	GEP-Gestão de Perit. Automóveis	100.0%		
	EAPS - E. Análise, Prev. e Seg.	100.0%		

	DOMESTIC		INTERNACIONAL AREA	
HEALTHCARE	HPP Hospitais Priv. Portugal, SGPS	75.0%		
	LCS-Linhas de Cuidados de Saúde	100.0%		
	MultiCare - Seguros de Saúde	100.0%		
	EPS-Gestão de Sistemas de Saúde	100.0%		
AUXILIARY SERVICES	CULTURGEST	100.0%	INTERBANCOS (Mozambique)	37.0%
	CAIXATEC Tecnol. de Informação	100.0%	SISP (Cape Verde)	20.0%
	IMOCAIXA	100.0%		
	Sogrupo - Sistemas de Informação, ACE	-		
	Sogrupo - Serviços Administrativos, ACE	-		
	Sogrupo IV - Gestão de Imóveis, ACE	-		
	CAIXANET	80.0%		
	ESEGUR	50.0%		
	LOCARENT	45.0%		
	SIBS	21.6%		
	UNICRE	17.6%		
	EUFISERV	3.9%		

OTHER EQUITY INVESTMENTS

OTHER INVESTMENTS	Banco Comercial Português	2.9%	SEAP (Macau)	25.0%
	Portugal Telecom	6.4%	JETCO (Macau)	0.01%
	EDP	5.3%		
	REN Redes Energéticas Nacionais	20.0%		
	GALP Energia	1.1%		
	ZON Multimédia	14.4%		
	TAGUSPARQUE	10.0%		
	AdP Águas de Portugal, SGPS	20.4%		
	SOFID Soc.Financ.Desenv. IFIC	10.0%		
	F.TURISMO, Soc. Gest. F. Inv. Im.	33.5%		
	Floresta Atlântica SGFII	13.5%		
	Wolfpart, SGPS	100.0%		
	Caixa Participações, SGPS	100.0%		

BRANCH NETWORK

CGD Group's branch network, at end 2007, comprised 1 187 branches of which 810 were in Portugal and 377 abroad. The number was reinforced by another 50 branches, 28 foreign and 22 in Portugal. Banco Caixa Geral opened a further 20 branches, in Spain in a continuation of its branch office expansion plan. In Portugal, new branch locations were particularly concentrated in highly populated urban zones, such as the Lisbon region in which a further nine branches were opened, Porto with four, Braga with two, Leiria with two and the Algarve, also with two branches.

In Spain, reference should be made to the opening of CGD's Spanish branch for securing new business opportunities, in conjunction with Banco Caixa Geral.

NUMBER OF CGD GROUP BRANCH OFFICES

	2006	2007
CGD (Portugal)	788	810
Branch network	737	770
Empresas & Soluções Network	41	40
Caixa Banco de Investimento (Lisbon+Madrid)	2	2
France branch	45	45
Banco Caixa Geral (Spain)	188	208
Banco Nacional Ultramarino (Macau)	13	14
Banco Comercial e de Investimentos (Mozambique)	38	42
Banco Interatlântico (Cape Verde)	5	6
Banco Comercial Atlântico (Cape Verde)	25	27
Mercantile Lisbon Bank Holdings (South Africa)	15	15
Other CGD branches	16	17
Macau Offshore Branch	1	1
Total	1 136	1 187
Representative offices	11	11

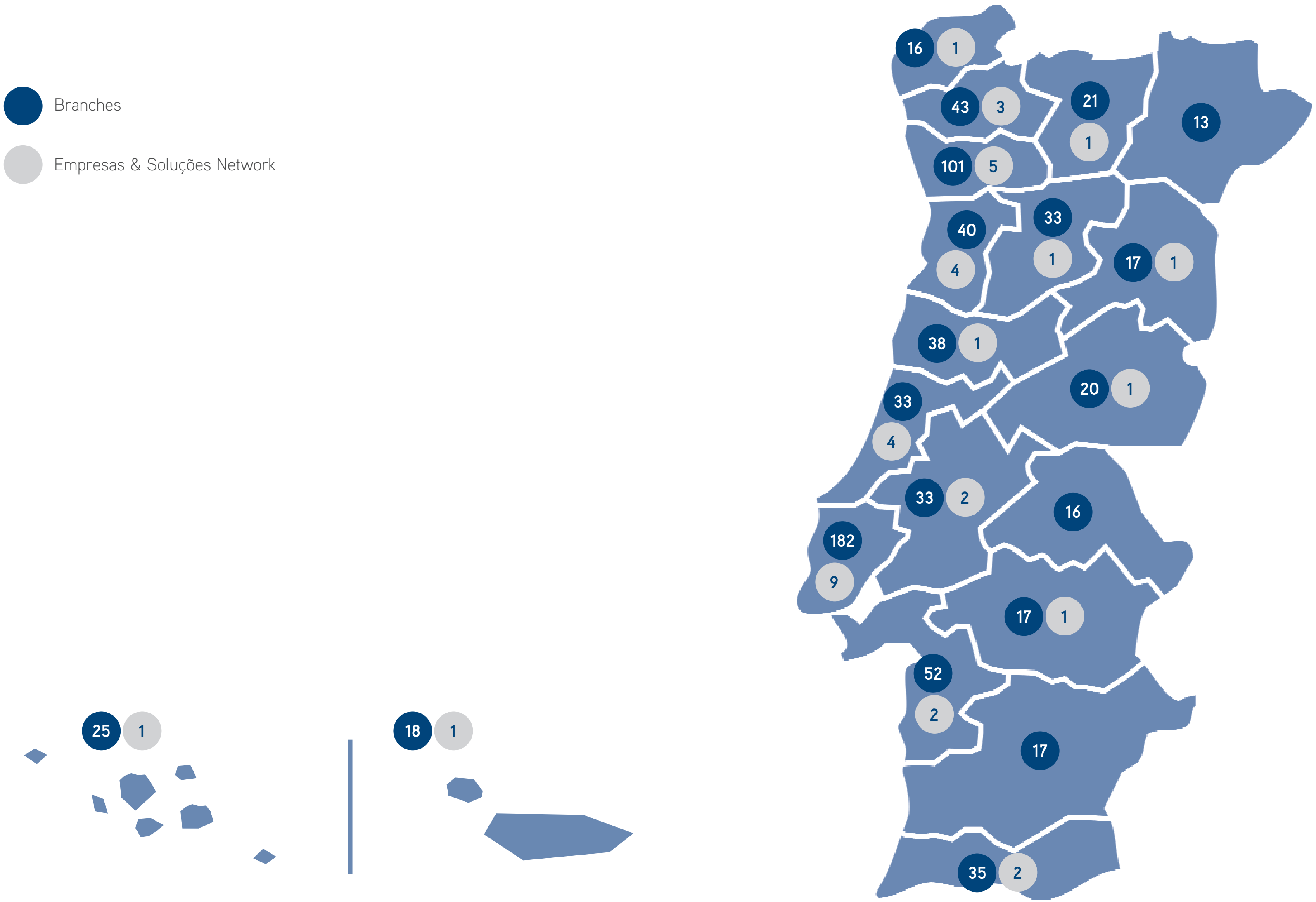
The Caixazul service, as the principal support for relationships with premium customers, opened 29 new Caixazul spaces in branches, increasing the number of branches hosting such spaces to a year end total of 485.

For residents abroad, reference should also be made to the creation of 26 specialised customer helpdesks (17 for Portuguese and 9 for foreign customers), as part of the improvement and adjustment procedure for specific products and services targeted at this segment.

BRANCH NETWORK IN PORTUGAL

Branches

Empresas & Soluções Network



INTERNATIONAL BRANCH NETWORK

| EUROPE

SPAIN
BANCO CAIXA GERAL 208
CAIXA - BANCO DE INVESTIMENTO 1
CGD SPAIN BRANCH 1
FIDELIDADE MUNDIAL (SPAIN) 1

FRANCE
CGD FRANCE BRANCH 45
FIDELIDADE MUNDIAL (FRANCE BRANCH) 1

MADEIRA
OFFSHORE FINANCIAL BRANCH 1

GERMANY
CGD REPRESENTATIVE OFFICE 1

UNITED KINGDOM
CGD LONDON BRANCH 1

LUXEMBOURG
CGD LUXEMBOURG BRANCH 2
IMPÉRIO BONANÇA (LUXEMBOURG BRANCH) 1

MONACO
CGD MONACO BRANCH 1

BELGIUM
CGD REPRESENTATIVE OFFICE 1

SWITZERLAND
CGD REPRESENTATIVE OFFICE 1
BANCO CAIXA GERAL REPRESENTATIVE OFFICE 1

| AMERICA

USA
CGD NEW YORK BRANCH 1

MÉXICO
B. CAIXA GERAL REPRESENTATIVE OFFICE 1

VENEZUELA
CGD REPRESENTATIVE OFFICE 1
B. CAIXA GERAL REPRESENTATIVE OFFICE 1

BRAZIL
CGD S. PAULO REPRESENTATIVE OFFICE 1

CAYMAN ISLANDS
CGD CAYMAN ISLANDS BRANCH 1

| AFRICA

CAPE VERDE
BANCO COMERCIAL DO ATLÂNTICO 27
BANCO INTERATLÂNTICO 6
GARANTIA 6
A PROMOTORA 1

SÃO TOMÉ E PRÍNCIPE
BANCO INTERNACIONAL DE S.TOMÉ E PRÍNCIPE 4

MOZAMBIQUE
BANCO COMERCIAL E DE INVESTIMENTOS 42

SOUTH AFRICA
MERCANTILE BANK 15

| ASIA

CHINA - ZHUHAI
CGD ZHUHAI BRANCH 1

CHINA - MACAU
BANCO NACIONAL ULTRAMARINO, SA 14
SUBSIDIÁRIA OFFSHORE DE MACAU
(MACAU OFFSHORE BRANCH) 1
FIDELIDADE MUNDIAL (MACAU BRANCH) 2

EAST TIMOR
CGD EAST TIMOR BRANCH 8

INDIA
CGD REPRESENTATIVE OFFICE 2

Dimensionn of branch network

BRAND

The CAIXA brand is one of Caixa Geral de Depósitos' principal assets and considered by Portuguese to be one of the strongest brands, with such intrinsic values as **trust**, **strength**, **rigour**, **transparency** and **responsibility**. The perception of such values is based on a centenary market presence, conduct based on good practice and the trust of our customers and the population in general.

Down through centuries of history the CGD brand has represented a secure, undisputable measure of CGD's identity and its presence in society, profoundly entrenched in the relationship between families and the financial world.

As a banking institution with universal characteristics, ensuring full service proposals to the broadest range of customers, the CAIXA brand was created and has taken root in the population, since its earliest times, by taking in small SAVINGS as its reason for existing and INVESTING such savings in public and private sector projects with the aim of making a decisive contribution to the country's economic and social development.

The CAIXA Geral de Depósitos brand has survived social and economic crises and has always been reborn with new strength and a spirit of change at key times in the history of our country, leveraging its expansion and qualifying it as the leading banking institution, which position it continues to hold in the financial sphere and which, from very early days, has made it the fundamental BENCHMARK INSTITUTION for the Portuguese economy.

Particularly over the last twenty years, the profound changes occurring in the financial system and membership of the European Union have been the source of fresh challenge and opportunities which Caixa Geral de Depósitos has exploited, to entrench itself even further within the economy, displaying the CAIXA brand in full view of all Portuguese citizens, whether in terms of retail banking or the business world. The CAIXA brand is now dominant in the mortgage lending segment, enabling a million Portuguese to buy their own homes, having succeeded in penetrating the framework of small and medium sized enterprises and financing major business or national projects.

CAIXA's relevance and its brand recognition factor have, over the years, been confirmed and restated in all opinion and customer satisfaction surveys and assessments carried out by specialised companies, particularly when **trust** and **financial strength** are stressed.

In the rules of good conduct sphere, CAIXA has merited such trust through the clarity and transparency of all of its acts and in its customer relationships, identifying all aspects and details of operations and providing media, currently including the Internet, for direct inquiries and simulations.

The specified values are also enhanced by the level of RETURN achieved by Caixa Geral de Depósitos, providing its state shareholder and the Portuguese economy with high levels of value and wealth, making it into one of the institutions with a European type dimension, over the last few years. The most highly regarded international rating agencies have given Caixa Geral de Depósitos the best rating of all Portuguese banks.

The following is a list of several elements referring to recent market information on the recognition and visibility of the Caixa brand:

• In the Readers' Digest survey on **Brands You Can Trust**, CAIXA has been singled out by the Portuguese for seven consecutive years as the most trustworthy leader in the banking area and the bank in which most Portuguese citizens trust.

• **Valuable Brand (Interbrand):** The Caixa Geral de Depósitos brand was estimated to be worth in the region of EUR 1 491 million by the multinational company Interbrand, and is considered to be Portugal's most valuable brand. It has appreciated in value by around 70% over the preceding year.

Interbrand has, since 1987, won international recognition for its annual assessment of the best worldwide brands, having implemented its methods for the first time, in Portugal, in 2004, and established the ranking of the most valuable Portuguese brands, starting from the said date. The Interbrand ranking derives from the application of an assessment method on brands which includes parameters such as financial projections, the brand's role and strength, its level of differentiation, the success of its positioning and the sustainability of its differentiation *vis-à-vis* its competitors.

• **Magnetic Brand** - Caixa was singled out as one of the top 10 "most magnetic" brands by the Portuguese on the basis of the partnership between Brandia Central and Marklab (Marketing Sciences Applied Research Laboratory).

• **Advertising Prizes**
. Planeta Agradece blog - Sapo, special prize category - Best Blog (gold);
. Planeta Agradece - Sapo press announcement in the Media and Education Sector category (gold);
. Caixaworks Card - Design Briefing Prize 2007, in the Best Logo category (gold);
. MTV Card - Sapo, Financial Sector category (gold);
. Crediformação - Sino 2007 (bronze) ;
. Crédito Automóvel - Sino 2007 (bronze).

• **Distinction for Operations**
Award of Quality Certification to the Financial Markets Division, in April 2007, in the area of operating management from APCER - Associação Portuguesa de Certificação. This was the first quality certified Caixa Geral de Depósitos division. It was responsible for the launch of the first covered bonds issue in Portugal, in an operation praised by *Euroweek*, which classified it as the third best issue for this class of products realised in 2006.

- **Prizes won by CGD** or CGD Group companies distinguishing their activities and brand:

  - **CaixaBI**
  - **Best Investment Bank in Portugal** - from ***Euromoney*** magazine;
  - **Deal of the Year 2007** (4th reprivatisation stage of Galp Energia SGPS) - from ***The Banker*** magazine;
  - **Best Research Institution - IRG Awards (Deloitte)**;
  - **Best Financial Analyst - IRG Awards (Deloitte)**;
  - **North America Transport Deal of the Year** (Northwest Parkway - Brisa) - from ***Project Finance*** magazine.

- The launch of several initiatives to consolidate the Brand (on the internet).

- The creation of virtual communities, on such issues as the environment, sport, culture, or solidarity, based on an emotive communication strategy, enabling CGD to reinforce new dimensions of its brand: proximity, vitality and modernity.

- Caixa is also active in the blogosphere, for the first time, enabling communities and individual citizens to actively participate in the Portuguese financial sector, expressing themselves in an online communication channel of public and civic interest. The "O Planeta Agradece" blog was one of the results of the "Caixa Carbon Zero 2010" programme which is part of CGD's strategy for dealing with environmental issues in the social responsibility sphere.

CGD: LEADER BRAND

CGD consolidated its lead in its principal operating areas, in 2007, coming
- 1st in resource-taking;
- 1st in total assets;
- 1st in net operating income;
- 1st in net interest income;
- 1st in unit trust investment funds;
- 1st in life insurance;
- 1st in non-life insurance.

CGD also achieved the following, in 2007:
- 1st in mortgage lending sales;
- Most used internet banking service, according to Netsonda 2007.

QUALITY

One of Caixa's strategic priorities is to further initiatives focusing on the quality of its customer service. The objective is to ensure that customers' needs are always provided for and that they are given high quality service when making contact with Caixa, whatever channel they use or product they are interested in.

CGD has been examining levels of service and permanently revising its sales processes and customer care as a form of promoting organisational change.

The programmes of surprise visits to CGD branch offices and the satisfaction of individual customers' in their assessment of the quality of the Caixazul service and assessment of satisfaction of SMEs are designed to evaluate the quality of the service provided in branch offices, Caixazul areas and Empresas & Soluções offices, respectively in measuring customer loyalty and satisfaction.

FINANTIAL MARKETS DIVISION: ISO 9001 QUALITY CERTIFICATION

APCER - Associação Portuguesa de Certificação, which is the leading organisation in certifying quality management systems in Portugal, audited the quality certification of the operating processes implemented by the Financial Markets Division, having issued the APCER certificate of conformity which certifies that CGD has an operational quality management system to ISO 9001.

This recognition was earned on the basis of a commitment to ensure the correct and prompt processing of all information on business deals and the treatment and control of all administrative, statistical and accounting aspects relating to operations performed by business areas, in addition to the respective liquidation procedure.

A centralised complaints management and processing area was created in 2007. The new model will ensure the uniform handling of all complaints made to CGD. In addition to providing for the immediate needs of all customers who file a complaint, all of the information collected will be processed with the aim of identifying measures to resolve the originating problems and provide a better service, in the future.

Knowledge of customers, their reactions, attitudes and opinions, making it possible to identify critical performance areas, adjust supply and service models and comply with adequate levels of service for each market segment have also been improved through the analysis of external barometers on individual customers and companies.

HUMAN RESOURCES

Direct support to business and branch network expansion, recognition of merit and internal potential, development of employees' capacities and competencies and the creation of better balance between the professional and personal lives of team members comprised Human Resources' strategic management axes in 2007.

CGD Group had 20 562 employees at 31 December 2007 against 20 106 in 2006, comprising an increase of 456 new employees with 232 on the foreign subsidiaries' branch network and an increase of 236 coming from the Group's insurance companies and its associates.

A total number of 13 648 employees, of whom 9 695 in Portugal, 1 034 in Banco Caixa Geral (Spain), 1 620 in Africa (Mozambique, Cape Verde and South Africa) and 399 in Macau, were engaged on banking operations.

The number of Caixa employees working in banking activities, in Portugal, fell from 9 759 to 9 695, with 444 employees having left the bank during the year, due to retirement and other situations, and another 380 employees having been recruited.

Insurance operations particularly included Fidelidade Mundial and Império Bonança with 3 195 employees (up 28). 953 employees (up 174) worked in companies associated with the insurance companies, particularly HPP-Hospitais Privados Portugueses, with 625 and MultiCare with 145.

Other non-banking operations particularly included Sogrupo-ACE with 850 employees of whom 482 were employed by Sogrupo-Sistemas Informáticos, 206 by Sogrupo-Serviços Administrativos and 162 by Sogrupo-Gestão de Imóveis. Sogrupo is a European Economic Interest Grouping, related with banking operations in the administrative, data processing, asset and property management areas.

In the case of financial companies reference should be made to Caixa Leasing e Factoring, with 213 employees and Caixagest with 75.

GROUP EMPLOYEES [a]

	2006	2007
Consolidated banking operations	13 457	13 648
CGD (separate operations)	10 442	10 401
CGD (operations in Portugal) [b]	9 759	9 695
CGD branches	673	696
CGD representative offices	10	10
CGD subsidiaries	3 015	3 247
Caixa-Banco de Investimento	184	179
Banco Caixa Geral (Spain)	955	1 034
Banco Nacional Ultramarino (Macau)	345	399
Banco Comercial e de Investimentos (Mozambique)	637	715
Banco Interatlântico (Cape Verde)	59	76

...Continued

	2006	2007
Banco Comercial do Atlântico (Cape Verde)	405	406
Mercantile Lisbon Bank Holdings	415	423
Other and subsidiaries' representative offices	15	15
Non-banking operations	6 649	6 914
Insurance companies	3 441	3 503
Fidelidade Mundial	1 889	1 917
Império Bonança	1 278	1 278
Via Directa	79	106
Cares	128	126
Companhia Portuguesa de Resseguros	-	10
Garantia	67	66
Financial Companies	332	338
Caixagest	75	75
Fundimo	21	23
Caixa Leasing e Factoring	208	213
Other	28	27
Other activities	2 876	3 073
Sogrupo (EEIG) [c]	893	850
Insurance companies' associates	779	953
Healthcare	495	805
Other	284	148
Esegur [d]	908	967
CGD Social Services	71	72
Other	225	231
Consolidated Total	20 106	20 562

a) This table does not include the 299 CGD employees employed in the Caixa Geral de Aposentações Support Department or the 82 employees engaged on public service secondment or in other situations;
b) The CGD figure includes only banking operation employees and does not include "EEIGS European Economic Interest Groupings";
c) Refers to Sogrupo-Serviços de Administrativos, Sogrupo-Serviços de Informação, Sogrupo-Gestão de Activos and Sogrupo-Gestão de Imóveis - EEIGs;
d) Comprising 50% of Esegur's total staff complement.

CHARACTERISATION OF HUMAN RESOURCES

New recruitment centred on the employment of young graduates, making it possible to maintain an average age level of around 42.5 years, in addition to a gradual reinforcement of the number of employees with higher level educational qualifications (from 36.5% of total staff in 2006 to 38.8% in 2007).

Distribution by gender is balanced with a trend towards an increase in the number of women (52.7%), in the under 35 age group of which 69% of the total number are female employees.

Increased internal mobility also maintained the convergence towards a better balance between commercial areas and support divisions. 81% of full time employees are engaged on commercial activities.

CGD has been promoting the use of the Internet for recruitment purposes, as one of the best means of submitting applications, having received Internet applications from 12 325 applicants. The average age of new employees taken on in 2007 was around 26.70% of whom with higher academic credentials of whom almost 90% were engaged in commercial areas.

MOTIVATION AND RECOGNITION

The creation of 18 new branch teams in 2007 and the recruitment of a further 300 branch network employees were contributory factors in achieving CGD's commercial objectives and improving customer relationships. Reference should also be made to the fact that 200 employees were promoted to management and 215 to customer account manager positions, without any recruitment from outside the bank and a further 122 were appointed to other functions, resulting in changes affecting around 5% of staff.

CGD increased the wages of around 30% of employees by more than 5% in 2007.

With the objective of differentiating and recognising its employees' contributions, CGD has also been consolidating its variable remuneration in the form of profit sharing, rewarding each employee's level of contribution to CGD's annual results, in addition to the use of an objectives and commercial incentives system, since 2005. This system aims to motivate and reward the successful achievement of fixed objectives, either individually or on a branch network level.

TRAINING

In terms of training programmes based on an operating approach and geared to technical aspects of banking, in 2007, whether transversal or specific to CGD, 343 879 training hours encompassing 61 910 presences were given. Employees were given an average 31.4 training hours, in comparison to a benchmark target of 35 hours, comprising an average participation level of 5.6 training actions per employee.

NUMBER OF TRAINING HOURS

FUNCTIONAL GROUPINGS

	Hours
Management	27 602
Mid management	105 674
Technical and specific	77 805
Administrative	132 607
Auxiliary	191
Total	343 879

CGD provided 357 candidates with the opportunity to touch base with the banking world via its on-the-job training programme.

PRINCIPAL EVENTS

2007

28 February Presentation of the results of the consolidated operations for 2006. CGD earned consolidated net income of EUR 734 million in 2006.

05 March Introduction of an insurance policy exclusively for women.

03 April Publication of Decree Law 106/2007 of the Ministry of Finance and Public Administration of 03 April, changing, for the second time, Decree Law 287/93 of 20 August, approving the articles of association of Caixa Geral de Depósitos, SA.

10 April Caixa Geral de Depósitos SA's annual general meeting approved the board of directors' report and accounts for 2006, adopting a resolution to pay its state shareholder an amount of EUR 260 million, in dividends.

Under the terms of a board of directors resolution, the general meeting approved the revision and expansion of most objectives for 2007, as set out in the strategic plan presented in 2005.

17 April As most of the objectives for 2007, set out in the strategic plan presented, in 2005, by the board of directors, were achieved in 2006, the board of directors has set a target of not less than EUR 800 million in consolidated net income for around 15% higher than the initially forecast amount, as an objective to be achieved in 2007.

19 April As a follow-up to the changes, brought in by DecreeLaw 106/2007 of 03 April, the general meeting elected the general meeting's committee for completing the current term of office as well as electing the members of the audit committee.

20 April Moody's uplifts CGD's rating by 2 notches to Aa1.

01 May Fitchratings, uplifts CGD's "outlook" from negative to stable.

16 May CGD issues a new mortgage lending scheme to reinforce its market lead. The new developments include CGD's new "T-Fixo" product, making it possible to fix the amount of repayments, which remain indexed to Euribor and increasing the maturity period up to the age of 80.

06 June Launch of state-of-the-art debit card for the university segment.

27 June Covered bonds issue of EUR 2 billion.

28 June New line of credit cofinanced by CGD and Turismo de Portugal.

04 July CGD and MTV Portugal issue debit card.

31 August Standard & Poor's uplifts CGD's "outlook" from stable to positive.

29 November CGD and EIB enter into a EUR 100 million financing agreement for companies.

05 December New retirement/savings credit cards for teachers and technical education staff.

31 December Increase in Caixa Geral de Depósitos, SA's share capital. The Portuguese state, as the company's sole shareholder, approved a share capital increase of EUR 150 million to EUR 3 100 million.

2008

09 January Appointment of members of the committee of the general meeting and board of directors by CGD's state shareholder for the three year period 2008-2010.

18 February CGD Caixa launches its "Portal Saldo Positivo" financial education programme, for customers and non-customers, with the objective of incentivising financial literacy and savings.

25 February Presentation of the results of the consolidated operations for 2007 in which CGD achieved a 16.7% increase in its consolidated net income to EUR 856 million, in 2007.

Macroeconomic Background

INDEX

WORLD ECONOMY

OVERVIEW

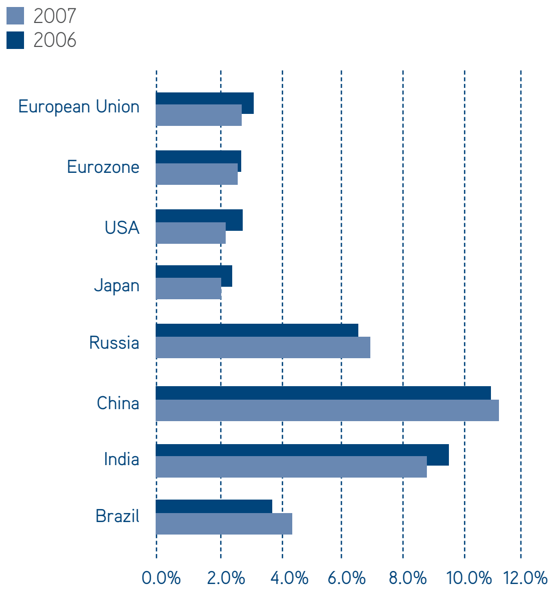
The international economic environment in first half 2007 was characterised by a continuation of the trends noted in 2006, i.e. strong growth in worldwide economic activity and trade, in a context of less accommodating monetary policies and more globally favourable conditions in financial markets. Mid year saw the occurrence of significant change deriving from the US sub-prime crisis which strongly affected investors' confidence, reducing money and credit market liquidity with a consequent increase in spreads, which factors had a conditioning effect on monetary policy in the principal world economies.

Rates of Change (as a %)

	GDP		Inflation		Unemployment Rate	
	2006	2007	2006	2007	2006	2007
European Union (25)	3.0	2.8	2.2	2.3	8.2	7.2
Eurozone	2.7	2.6	2.2	2.1	8.3	7.4
Germany	2.9	2.5	1.8	2.3	9.8	8.4
France	2.0	1.9	1.9	1.6	9.2	8.3
United Kingdom	2.9	3.1	2.3	2.3	5.4	5.0
Spain	3.9	3.8	3.6	2.8	8.5	8.3
Italy	1.8	1.5	2.2	2.0	6.4	6.1
USA	2.9	2.2	3.2	2.8	4.6	4.6
Japan	2.4	2.1	0.2	0.0	4.1	3.9
Russia	6.7	7.0	9.0	8.0		
China	11.1	11.2	2.0	5.7		
India	9.7	8.9	6.7	4.9		
Brazil	3.7	4.4	3.1	4.0		

Source: Economic Data Pocketbook - March 2008; OECD - Economic Outlook - November 2007; ECB-Statistical Data Warehouse.

Gross Domestic Product



World economic performance in 2007 was strongly influenced by the crisis in the US financial markets.

Growth of 4.9% largely derived from the emerging economies.

In global terms and notwithstanding the referred to crisis, the rate of worldwide activity remained high in 2007 with GDP expanding at a rate of 4.9%, although slowing in comparison to the 5.4% recorded in 2006. The evolution was sustained by the dynamism of emerging and developing world economies, particularly China, India and Russia, with GDP growth rates of 11.2%, 8.9% and 7%, respectively in addition to Middle East and several African economies. By way of contrast, GDP growth in the more advanced economies was generally slower, particularly translating a slowdown of activity in the US and, to a lesser extent, Eurozone and Japan.

The evolution of economic activity in the US continued to be conditioned by the fall in residential investment, in a framework of growing housing market deterioration and difficulties in the mortgage market. There was a significant reduction in growth from 2.9% to 2.2% in 2007, reflecting a drop in total investment determined by the residential component and growth in private consumption close to the year 2006 figures.

In light of this trend towards a slowdown and to mitigate the adverse effects of the increased difficulties in credit conditions in the housing market and economic growth in general, the FED reduced its Fed Funds rate on three occasions in last quarter 2007 comprising a fall of 100 bp from 5.25% to 4.25%. By 18 March 2008 it had reduced the referred to rate on three occasions to 2.25%.

The central banks of other important economies also adopted measures, many of which concerted, with the aim of guaranteeing the normal operation of the respective money markets. Special reference should be made to the European Central Bank's major money market liquidity injections to limit the effects of the instability and avoid a greater hike in Euribor rates.

2007 was also marked by consistently high levels of the prices of raw materials on international markets. This was spurred by continued, strong world demand originating from the high rate of growth of activity in several economies, notably emerging and developing markets. Oil prices reached all-time highs with the average monthly spot price of Brent hitting USD 91 in December 2007 (USD 62.32 in December 2006). There was an 11% increase in the price of a barrel of Brent in 2007 as opposed to the average value in 2006, although when calculated in euros, the increase was only 2% owing to the euro's appreciation against the US dollar during the course of the year. The significant increase in the prices of raw foodstuffs in 2007 also reflected added demand for this type of product.

In equity markets and notwithstanding the financial instability expressed in greater volatility, the major stockmarkets appreciated in value during the course of the year, particularly the US Dow Jones, Nasdaq and S&P500 indices which were up 6.6%, 9.8% and 3.5% respectively. Prices increased on the DAX (Frankfurt), IBEX 35 (Madrid) and PSI-20 (Lisbon) European indices by 22.3%, 7.3% and 16.3%, respectively.

EUROPEAN UNION

Economic activities in European Union and Eurozone member countries, grew by 2.8% and 2.6%, respectively, in 2007, against rates of 3% and 2.7% in 2006.

European economies reacted differently during several stages of 2007. The growth in the rate of economic activity in the first half of the year was similar to 2006 as a whole, supported by the expansion of domestic demand, which, notwithstanding the slowdown in private consumption, benefited from high investment levels. The rate of expansion slowed slightly, in second half 2007, as a reflection of the disruptions in financial markets which gave rise to more restrictive financing terms and greater uncertainty.

EUROPEAN UNION AND EUROZONE ECONOMIC INDICATORS

(as a %)

	European Union		Eurozone	
	2006	2007	2006	2007
Rates of Change (%)				
GDP-Gross Domestic Product	3.0	2.8	2.7	2.6
Private consumption	2.1	1.9	1.7	1.4
Public consumption	2.0	2.1	2.0	2.2
GFCF	6.0	5.5	5.0	4.9
Domestic demand	3.0	3.0	2.6	2.5
Exports	8.9	4.7	7.9	5.9
Imports	8.9	4.4	7.7	5.0
Inflation Rate (IHPC)	2.2	2.3	2.2	2.1
Ratios				
Unemployment rate	8.2	7.2	8.3	7.4
Central and local government deficit as a % of GDP	-1.6	-1.1	-1.5	-0.8

Source: *Economic Data Pocketbook* - March 2008

Notwithstanding external constraints, the European Union recorded GDP growth of 2.8% mainly based on the evolution of domestic demand and more specifically, investment.

ECB liquidity injections designed to counteract the crisis in the financial market, were not enough to prevent interest rates from rising.

Spain and Germany had high growth rates of 3.8% and 2.5%, respectively, as opposed to the French and Italian economies, in which growth continued weaker at 1.9% and 1.5%, respectively and, in contrast, the United Kingdom with an upturn in activity from 2.9% to 3.1%, in 2007. The growth of activity in these economies was particularly fuelled by domestic demand, except for Germany in which exports' net contribution was higher than domestic demand, reflecting the slowdown of private consumption resulting from the impact of the increase in indirect taxation in Germany (VAT increase from 16% to 19% starting 01 January 2007).

The ECB, once again, increased its reference interest rates by 25 b.p. on two occasions, in March and June, to 4%, taking into account strong inflationary pressures, in a framework of high credit and currency expansion, putting the objective of stabilising prices over the medium term at risk. In August and September, with the turbulence in financial markets, the ECB, as in the case of the other central banks, made several cash injections in the money market, to ensure the regular operation thereof. These measures helped to normalise very short term liquidity conditions, although interest rates on the money markets for maturities of more than one month increased sharply. Interest rates on bank lending increased in line with interest rates on the money market, although with the usual time lags.

The average inflation rate (measured by the HRPI - Harmonised Retail Price Index) was 2.3% in the European Union space in 2007 and 2.1% in the Eurozone, against 2.2% in 2006.

The significant fall in unemployment from 8.2% to 7.2% in the European Union and from 8.3% to 7.4% in the Eurozone, took advantage of the favourable evolution of activity and situation in labour markets.

Good economic performance also contributed to progress in the public finance area, with a reduction in the EU's budget deficit from 1.6% of GDP in 2006 to 1.1% in 2007 and from 1.5% to 0.8% in the Eurozone. This represented the lowest value recorded for many years.

DOMESTIC ECONOMY

OVERVIEW

The 1.9% increase in Portugal's GDP, in 2007, reinforced the preceding year's recovery of 1.2% and is expected to increase to 2.2%, in 2008. This growth, which is still lower than the European Union average, was principally based on good performance in terms of exports of goods and services and corporate investment, albeit constrained by both external and internal factors. The former included the growing integration of the emerging economies in world trade terms, interest rate hikes, particularly in the first half of the year and the increase in oil prices and progressive appreciation of the euro. Added to these constraints was the turbulence felt in international financial markets generated by the US sub-prime crisis, in the second half of the year whose future real economic effects have not yet been totally identified. This was accompanied, at the same time, by a correction of several domestic economy imbalances, particularly relating to the process involving adjustments to the public accounts.

DOMESTIC ECONOMY INDICATORS

(as a %)

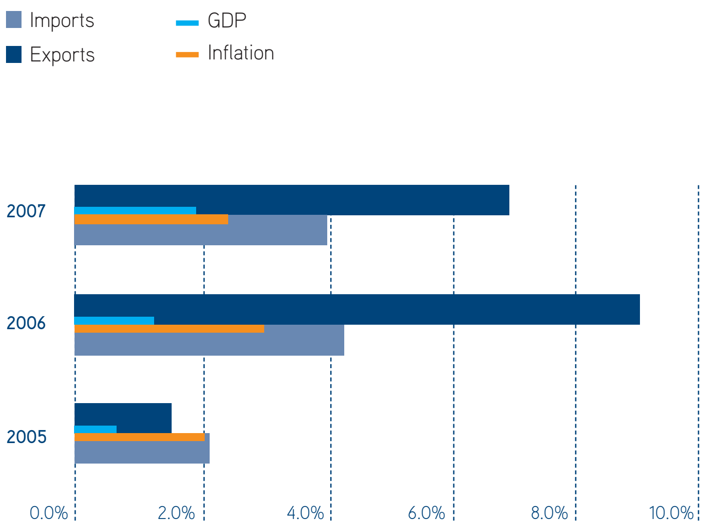
	2005	2006	2007
GDP (real rates of change)	0.5	1.2	1.9
Private consumption	2.1	1.2	1.2
Public consumption	2.0	-0.7	0.0
GFCF	-3.1	-1.8	2.6
Domestic demand	0.8	0.2	1.2
Exports	1.6	9.1	7.0
Imports	2.2	4.3	4.1
Inflation rate (HRPI)	2.1	3.0	2.4
Ratios			
Unemployment rate (1)	7.6	7.7	(2) 8.0
Current and capital balance as a % of GDP	-8.1	-8.6	-8.2
General government deficit as a % of GDP	-6.0	-3.9	-2.6
Public debt as a % of GDP	64.0	67.4	64.4

Source: Bank of Portugal - *Economic Bulletin*/Autumn 2007 and *Economic Bulletin*/Winter 2007; INE (National Statistics Institute).

(1) Average annual rate.

(2) (1st quarter2007 = 8.4%; 2nd quarter 2007 = 7.9%; 3rd quarter 2007 = 7.9%).

Domestic Economy Indicators



Portuguese economic growth was based on export and investment performance.

Reference should be made to the reduction in the public deficit to 2.6% *vis-à-vis* the government's target of 3%.

The positive evolution of domestic demand particularly derived from investment, with private consumption maintaining the same rate of change as in 2006, reflecting high levels of household debt and a significant increase in interest rates in the first half of the year.

Investment (GFCF), particularly corporate investment, grew by 2.6%, after the successive negative changes since 2002 (except for 2004, with an increase of 0.2%), which evolution kept pace with investors' "feel good factor", particularly in manufacturing, in addition to the growth in the indices of new orders placed with industry, especially capital goods.

In terms of external demand, the recovery of around 7% in exports was supported by more dynamic economic growth in the European Union, which took in around 77% of Portuguese exports in 2007. Imports, in turn, increased at a slower pace, at around 4.1%, to the benefit of the balance of trade. Deriving from the above, the proportion of the deficit on the current and capital balance as a percentage of GDP was reduced from 8.6% to 8.2%, with positive effects on global economic financing.

The inflation rate (HRPI - Harmonised Retail Price Index) grew by an annual 2.4%, against the preceding year's 3%, as a reflection of the slowdown, over the preceding year, particularly on account of the prices of energy goods.

The labour market witnessed an increase in unemployment to an end of year figure of 8%, notwithstanding a slight economic recovery which was, to a large extent, due to the restructuring of the manufacturing base, the consequences of which included more long term unemployment.

In terms of public finance, the government continued to pay a great deal of attention to measures for containing expenditure, having succeeded in reducing the public sector to GDP deficit from 3.9% to 2.6%, against a target of 3%, therefore guaranteeing a progressive and gradual consolidation of the public accounts which should lead to the results desired by the Stability and Growth Pact.

DEPOSITS AND CREDIT AGGREGATES

The domestic contribution to the M3 liquidity aggregate, mainly comprising liabilities payable on demand and with a maturity of up to 2 years, excluding currency in circulation, expanded significantly in 2007, with a 5% increase in total deposits and particularly individual customers' and emigrants' deposits which were up 8.1%.

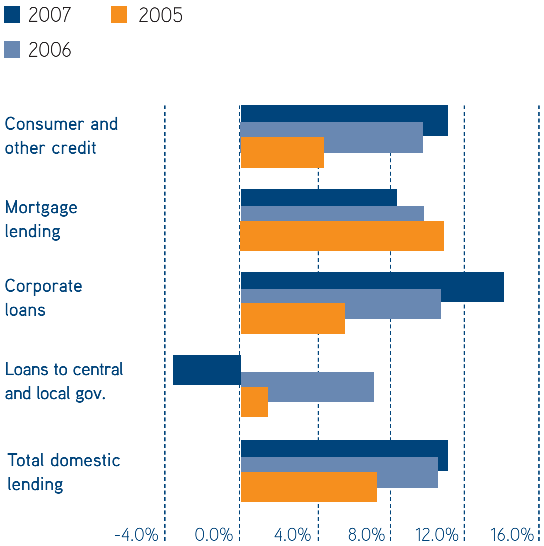
MONETARY AGGREGATES IN PORTUGAL [a]

ANNUAL RATES OF CHANGE

	2005	2006	2007
M3, excluding currency in circulation	5.8%	3.4%	8.9%
Total deposits	6.4%	4.5%	5.0%
Deposits by non-financial companies	21.9%	6.6%	-1.5%
Individual customers' and emigrants' deposits	1.8%	3.5%	8.1%
Total domestic credit	7.4%	10.6%	11.3%
Loans to local and central government [b]	1.1%	7.2%	-3.9%
Loans to non-financial companies	5.5%	10.8%	14.3%
Mortgage lending	11.1%	9.9%	8.5%
Consumer and other credit	4.5%	10.1%	11.1%

Source: Bank of Portugal - *Statistics Bulletin*, February 2008.
(a) Rates of change based on end of month balances. Deposits aggregates do not include non-monetary financial institutes and credit aggregates include securitised loans.
(b) Net of liabilities to central government.

Credit Evolution in Portugal

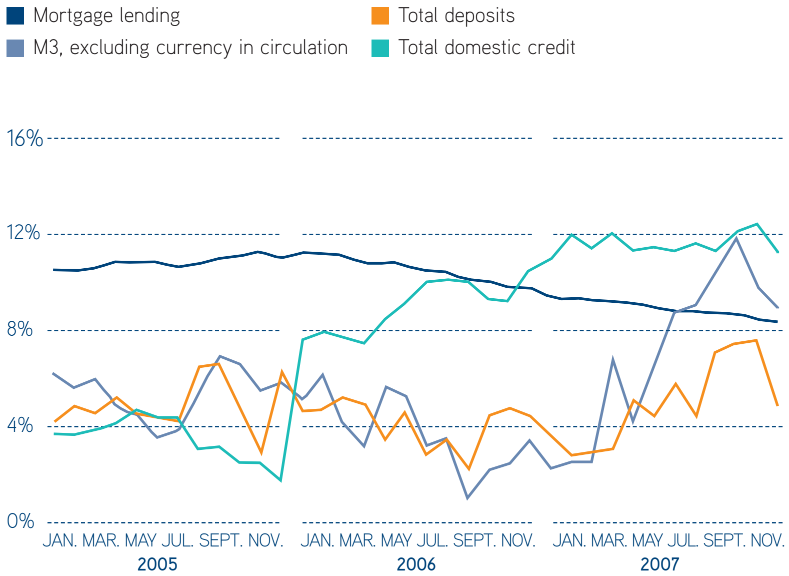


As in the case of the last few years, credit expansion, in 2007, was higher than the expansion of deposits.

Total domestic lending was up 11.3% and, as in previous years, continued to expand at a much higher rate than total deposits. Reference should be made to corporate growth of 14.3%, which was far higher than the rate of change in mortgage lending. Growth, in this segment, was down from 9.9% to 8.5%, in line with the trend, already noted in 2006, accompanying a cooling mortgage lending market over the last few years. The increase in consumer credit was slightly up over last year's figure.

Monetary and Lending Aggregates

(year-on-year)

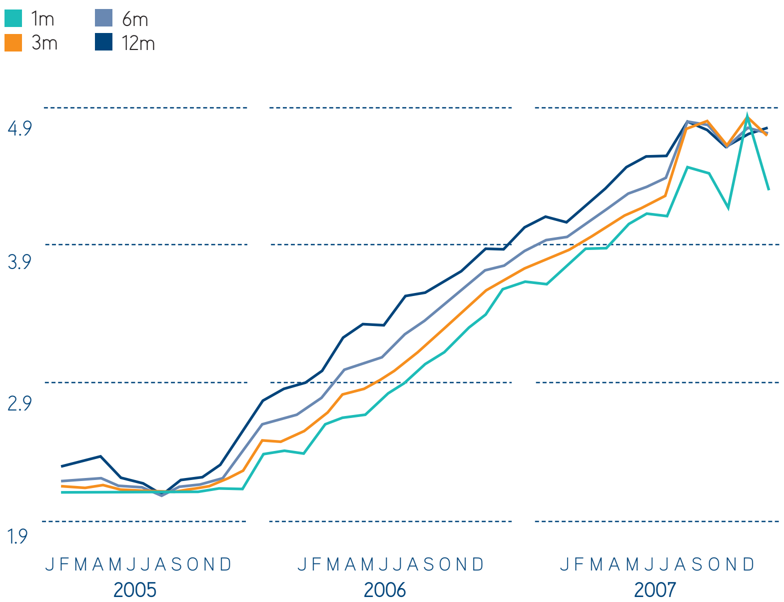


INTEREST RATES

The European Central Bank made two changes to its reference rate (25 bp in March and 25 bp in June), in 2007, as part of its inflation control and price stability policy in the Eurozone, in a context of high credit and currency expansion. The ECB made large liquidity injections into the banking system, in the second half of the year, following the financial market instability caused by the US sub-prime crisis. As a consequence, interest rates on the money market intensified their upwards movement, to a year-end close of 3.92% (Overnight), with a 12 months Euribor rate of 4.74%.

Instability in the financial markets resulted in higher interest rates over all maturity periods.

Euribor (*)



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

According to statistical information supplied by the Bank of Portugal, the banking sector witnessed a fresh increase in average interest rates on borrowing and lending balances, in most segments, in a continuation of the trend, beginning 2005. The interest rate on new corporate loans with a maturity of up to one year ("non-financial companies") was 5.72% in December, against the end of the preceding year's figure of 5.03%. Mortgage lending rates also increased from 4.4% to 5.18%. Interest rates on term deposits and savings accounts for companies (with an agreed maturity period of up to 2 years) increased from 3.66% to 4.75% and from 2.43% to 3.23% for individual customers.

INTEREST RATES (1)

(as a %)

	2005	2006	2007			
	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.
Fed funds rate	4.25	5.25	5.25	5.25	4.75	4.25
ECB reference rate	2.25	3.50	3.75	4.00	4.00	4.00
Euribor						
Overnight	2.42	3.69	3.90	4.14	4.16	3.92
1 month	2.40	3.63	3.86	4.12	4.41	4.29
3 months	2.49	3.73	3.92	4.18	4.79	4.69
6 months	2.64	3.85	4.04	4.32	4.76	4.71
12 months	2.84	4.03	4.18	4.53	4.73	4.74
New credit operations						
Non-financial companies (2)	3.93	5.03	5.06	5.12	5.36	5.72
Individual customers - mortgage lending	3.50	4.40	4.49	4.70	5.06	5.18
Term and savings accounts (3)						
Non-financial companies	2.46	3.66	3.72	4.06	4.28	4.75
Individual customers	1.93	2.43	2.55	2.72	2.97	3.23

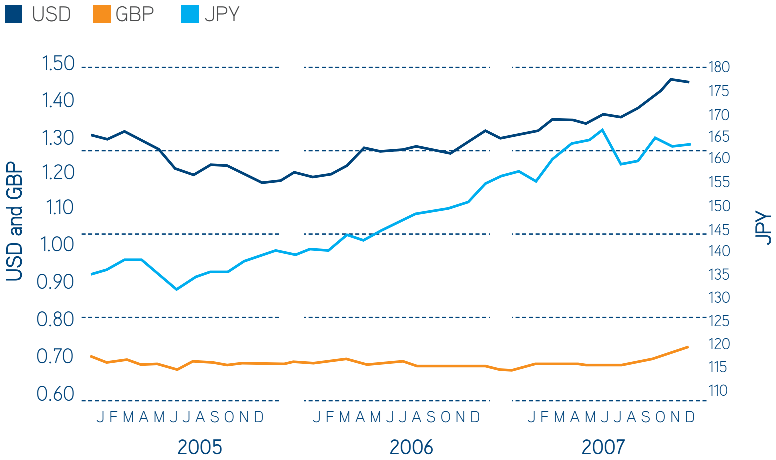
Source: Bank of Portugal - *Statistics Bulletin*, February 2008.
(1) Rates relative to last day of month.
(2) Operations of more than EUR 1 million.
(3) Deposits with an agreed maturity period of up to 2 years.

EXCHANGE RATES

The euro to US dollar exchange rate, in 2007, was an average of USD 1.457 in December, i.e. an appreciation of 10.3% against the preceding year's figure of 11.4%. The exchange rate peaked at USD 1.487 in November.

The euro appreciated in value against sterling by 7.1%, reversing the trend of the previous years. Appreciation against the Japanese yen was 5.6%, against the previous year's figure of 10.1%.

Euro Exchange Rates
(average monthly values)



Source: Bank of Portugal.

EURO EXCHANGE RATES

AVERAGE MONTHLY VALUES

	USD	GBP	JPY
Dec.2005	1.186	0.679	140.58
Dec.2006	1.321	0.673	154.82
Dec.2007	1.457	0.721	163.55

SHARE MARKET

Share markets continued to appreciate in value in the first half of the year, with the main stockmarkets achieving their highest levels since 2001 in July, fuelled by strong economic growth, particularly in Europe, the good results achieved by listed companies, notwithstanding volatility and the announced number of mergers and acquisitions, particularly in the financial sector. The increase in share prices was interrupted in the second half of the year, with a readjustment of portfolios and huge downturns in markets, generating an increase in investors' aversion to risk. This evolution occurred as a sequence to the referred to sub-prime credit crisis in the US, information on huge losses by US financial institutions with major exposure levels to this type of asset and fears that this would spread to the rest of the economy together with the unfavourable evolution of oil prices.

Investors therefore sought shelter in government backed securities which, in turn, were the cause of sudden drops in yield levels on public debt and the broadening of spreads in the credit market. The lack of information on banks' real exposure levels to this crisis also created a climate of mistrust and scarce liquidity which almost paralysed the Interbank money markets and substantially increased interest rates.

Notwithstanding the falls in value, worsening economic indicators and continued hikes in oil prices and inflation, a large proportion of share markets appreciated in value over the year.

PRINCIPAL STOCKMARKET INDICES

	2006		2007	
	Index	Change (%)	Index	Change (%)
Dow Jones (New York)	12 463	+16.2	13 281	+6.6
Nasdaq (New York)	2 415	+9.6	2 651	+9.8
FTSE (London)	6 221	+10.7	6 457	+3.8
NIKKEI (Tokyo)	17 225	+6.9	15 308	-11.1
CAC (Paris)	5 542	+17.5	5 614	+1.3
DAX (Frankfurt)	6 597	+22.0	8 067	+22.3
IBEX (Madrid)	14 147	+31.8	15 182	+7.3
PSI-20 (Lisbon)	11 198	+29.9	13 019	+16.3

Share market prices in Portugal were up 16.3%, in comparison to 29.9% in 2006, having only been outperformed in Europe by the German market. As in other international markets, performance levels differed during the course of the year, with the PSI-20 index appreciating by 19.5% in the 1st half year of the year and depreciating by 2.7% in the 2nd half.

Notwithstanding the US sub-prime crises, the principal stockmarket indices were up in 2007.

BOND MARKET

There were also two distinctly different periods in bond market terms in 2007. The first period, characterised by strong growth in the principal world economies and growing diversification of the foreign assets held by the central banks of a large number of emerging economies, fuelled significant increases in yields on bonds with a maturity period of ten years which reached their highest levels of the preceding twelve months. The second period involved a certain volatility owing to the uncertainty relating to risk assets, the reduction of reference rates in the US and less fear of inflation. Yields on ten year US bonds were 4.03% at year end, or 65 b.p. below their value at the start of the year. The fall in Eurozone yields in the second half of the year were less pronounced, at an average of around 43 b.p. for the year.

INTEREST RATES ON 10 YEAR BONDS

	2007	2006
USA	4.68%	4.03%
United Kingdom	4.74%	4.57%
Japan	1.69%	1.51%
France	3.96%	4.42%
Germany	3.93%	4.32%
Spain	3.98%	4.40%
Portugal	4.06%	4.44%

End of year values.

Yields on Portuguese public debt with a maturity of 10 years increased from 4.06% to 4.44%, at year end, peaking (monthly average) at 4.74% in June.

Strategy and Business Model

INDEX

STRATEGIC VISION 2008-2010

CGD Group will endeavour to consolidate into a Portuguese financial system structuring group, differentiated by the major relevance and responsibility of its contribution to:

Economic development;

Reinforcing competitiveness, innovation capacity and the internationalisation of Portuguese companies;

The stability and strength of the domestic financial system.

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

Taking CGD Group's market position and the expected changes to the external economic circumstances over the next 3 years into account, six strategic activity development axes have been selected.

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

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

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

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

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

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

BUSINESS AREAS

RETAIL BANKING

CGD's retail banking area continued to develop its strategic **"Projecto Líder"** programme for the period 2005-2007 to which various adjustments were made in 2007. The project is now referred to as **Caixa 2007: A Better Bank**.

The project's origin lies in the following main objectives:

• Branch office segmentation and optimisation of key segments, involving premium customers, university students, small and medium sized enterprises, small businesses, etc;
• Increase in the offer of products in different segments, with a pioneering approach, leveraging anchor products, the Caixa brand and its customer base;
• Improved quality of service and customer satisfaction on the basis of an approach geared to each of the segments, renewal of technological support platforms and performance of electronic channels;
• More efficiency and higher returns based on higher business volumes, optimising net interest income and net operating income.

A broad range of successful actions under the **Caixa 2007** programme, were designed and implemented and important results achieved. These include:

• The implementation of business models in CGD's principal target segments of premium customers, small businesses and university students with the provision of especially targeted products;
• Consistent, sustained growth in the volume of operations;
• The introduction of new concepts and a more proactive and professional customer approach, based on management information adjusted to new commercial requirements;
• The simplifying of working procedures in different commercial areas and introduction of new business support tools;
• Higher levels of autonomy in operations with customers and the bank's structures;
• The opening and relocation of branch offices, in conjunction with customers' and business needs and the inception of the application of a new customer service model inside branch offices;
• The centralisation of several activities, giving branch office teams more time for their commercial activities.

Change has, in short, been a constant factor, based on a more dynamic approach and commercial aggressiveness, in a highly competitive market in which the price variable and conquest or consolidation of market share have been decisive factors. Endeavours have been made to modernise and achieve greater visibility in the market, with more use being made of segmentation and customer relationships, greater use of electronic channels and a more adequate offer of products and services, in addition to fine-tuning procedures and tools geared to business needs.

The establishing of more active, structured, articulated communication with customers and the branch network have been decisive factors in achieving the pre-established objectives, together with the dissemination of a profitability-geared culture and the perception and anticipation of market trends, in an environment transversal to the whole of Caixa's structure.

In terms of action plans and relationships with key areas, reference should be made to the consolidation of service models for premium customers, small businesses and university students.

Information on the principal initiatives by segment and product, launched in 2007, is set out below.

| SEGMENTATION AND PRODUCTS

| Mass Market Residents Segment

To consolidate its leading position in the individual customers' segment in Portugal, in which it has a market share of more than 33% and particularly in the mass market, Caixa continued to commit to reinforcing the competitiveness of its principal anchor products, particularly mortgage lending, involving greater involvement with its extensive customer base, via cross-selling operations.

One of its principal operating vectors, in 2007, was therefore the strengthening of the relationship with mass market customers at key points of time in banking relationship terms: opening accounts, day-to-day management, mortgage lending, information and support and progressive improvements in terms of the quality of customer service.

Opportunities and critical aspects of the provision of service to the segment and the level of satisfaction in terms of customers' interaction with Caixa were identified. Several actions were taken, particularly including the provision of provisional debit cards when opening accounts to all accountholders enabling the account to be immediately used.

A pilot project was launched in four branch offices, with the creation of a specific helpdesk, with the objective of improving customer satisfaction levels.

Targeted at customers and to commemorate **International Women's Day**, Caixa introduced an innovative insurance package - **Caixa Woman** - exclusively for women interested in protecting their financial balance or family from the occurrence of serious, unforeseen situations and who place great emphasis on high quality medical care in the case of serious pathologies.

Regarding citizens' concerns over the future and notwithstanding the measures related with the sustainability of the Portuguese National Social Security Services, Caixa continued to provide competitive retirement enhancement solutions in the form of retirement savings plans and pension funds, to assist its customers in planning their retirement. Caixa reinforced its offer in this area, in 2007, with the launch of its "Leve" (light) retirement savings plan under which small amounts can be paid in, providing a choice between three investment options with different risk levels or a combination thereof. In addition to the investment's flexibility, customers can subscribe for the *Leve* credit card, automatically reinforcing their retirements savings plan by up to 1.5% of the value of purchases made on the card. This is an innovative concept in the domestic marketplace.

In the microcredit area, 2007 was a year of consolidation of the products created under the agreements entered into in 2005. The experience acquired by CGD in this new financing area, required several adjustments to internal optimisation procedures, justifying the distinction between the social aspect of microcredit which includes the ANDC - Associação Nacional para o Direito ao Crédito (National Association for the Right to Credit) - and JRS - Serviço Jesuíta de Apoio aos Refugiados (Jesuit Refugee Service) lines of credit and a "business" approach referred to as **microfinance**, which includes the ANJE (National Association of Young Entrepeneurs) line of credit and other products developed in the meantime [e.g. Caixa Jovem Empreendedor (Young Entrepreneurs) and FINICIA].

Reference should also be made to CGD's involvement in several microfinance-related events and particularly its involvement on the organising committee for the ANDC sponsored (Financial Institutions and the Development of Microcredit) conference.

In the microfinance sphere, reference should be made to the creation of the **Caixa Jovem Empreendedor** line of credit as a product designed to finance the innovative projects of young people, i.e. recent graduates, as part of CGD's involvement strategy with universities. CGD allocated EUR 10 million to a line of credit for small business projects under Axis 3 of the FINICIA Programme. This financial instrument is the result of a partnership between CGD, IAPMEI, mutual guarantee companies and town/city councils.

| Premium Customer Segment

Caixa remained committed to the development of projects targeted at the **Premium Customer segment**, in 2007, particularly based on:

• the implementation of a CRM-Customer Relationship Management system, designed to facilitate the activities of managers via the introduction of new functionalities, improvements

to management information and personalised relationship of trust with customers;
• the external communication of the brand's values, particularly via the **Revista Caixazul Magazine**, copies of which are provided to all segment customers in addition to being available on the internet;
• reinforcing Caixa's visibility with diverse highly-regarded professional classes;
• consolidating the **Caixazul Service** as the principal support for the relationship with the segment's customers.

In terms of actions related with the **Caixazul** service, reference should be made to:

• The installation of a further 29 **Caixazul Areas**, with 485 branch offices hosting such areas at year end.

• The launch of the **Caixazul** card. This card identifies the service, complementing and broadening the current debit and credit financial products portfolio.

• A reinforcement of the integrated Caixazul-specific offer of products and services:

Caixazul Netpr@zo - term deposit exclusively available online;

Gestor online - a service which provides customers with the functionalities to obtain commercial recommendations via the "My Account Manager" with a secure mailbox for remote contacts with a dedicated account manager. A total number of 252 managers were involved in this service at the end of the year (up 102 over 2006). The service operates in conjunction with the Caixadirecta *on-line* channel and the call centre service.

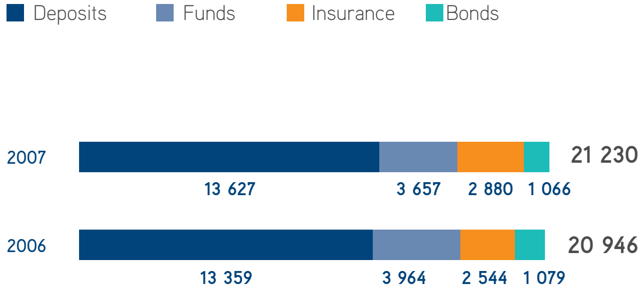
• The development of the *Conhecimento Cliente* (Know your Customer) and *Mais Vinculação* (More Committed) commercial actions focusing on in-depth knowledge of customers and loyalty/cross-selling operations.

• The reinforcement of the service's organisational model, in terms of support and accompaniment in each region, via an integrated follow-up and activity monitoring programme involving all levels of the commercial hierarchy in addition to a coaching plan.

• Initiatives geared to quality of service, with the implementation of the Caixazul service assessment programme based on postal and telephone surveys.

Caixazul - Resources Taken

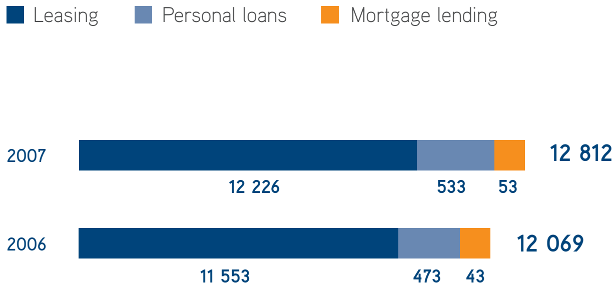
(EUR million)



1% Change in resources taken rate of Caixazul customers in 2007

Caixazul - Placement

(EUR million)



6% Change in placement rate of Caixazul customers in 2007

In terms of the relationship with professional organisations, reference should be made to CGD's participation in and patronage of various events organised by the respective associations such as the Associação dos Médicos (doctors), Ordem dos Médicos Dentistas (dentists), Ordem dos Economistas (economists) and Ordem dos Engenheiros (engineers).

| Young People and University Students Segment

The year 2007 also witnessed a reinforcement of the model for the university segment, in which CGD is the undisputed market leader, based on such aspects as the Central University Branch (AUC) and University Branches. The model comprises a diversified offer tailored to these young customers; access to and relationship with Caixa via the CUP Portal and diverse electronic channels and agreements with higher educational establishments. This has created a substantial improvement in customer relationship and satisfaction models, in the form of an efficient, attractive service, capable of attracting more young people and encouraging them, later on in their working lives, to maintain their ties with CGD.

AUC has been given the commercial/relational responsibility for this segment and provides a distance banking service via the **Caixa Universidade Politécnico** service, by telephone, internet and email. Its portfolio has been reinforced with the inclusion of a further twenty thousand new customers under its management. AUC, as a prime communication channel has broadened its field of activity in the form of several targeted campaigns such as: Fidelização Caixadirecta, Onboarding, Mesada Segura, Vida Activa - "Classic" credit card, the proactive MTV Card and Crediformação.

University branch offices located on university campuses are characterised by personal service based on a specific, customised approach to the segment's needs with fast response times and easy to implement solutions for different situations.

Reference should be made to the following new products and services in terms of the offer targeted at the segment:

• **Mesada Segura** - automatic credit to cater for occasional cash needs, exclusively for young people and university students who make regular deposits in their respective accounts;
• **Crediformação Bolonha** (Bologna) - financing of expenditure on degrees, masters and doctorates, adapted to the new alterations implemented in higher education, comprising several advantages such as lower interest rates based on academic achievement;
• **Mutual guarantee credit for students in higher education** - under the terms of the agreement entered into with the Portuguese government;
• **Reply2me** - a differentiated solution allowing customers to contact Caixa, via SMS, with the call being returned by the Caixa Universidade Politécnico - AUC service;
• **MTV Card** - a co-branded card (Caixa Geral de Depósitos and MTV Networks Europe) with three types of service (debit, deferred debit and credit);
• **Back to studies personal credit** - a financing solution geared to supporting family expenditure at the start of the academic year.

Various measures were taken to promote the **CUP Portal** as an entertainment and information site exclusively for students. These include the presentation of theme packs, hobbies, draws and information on various communication campaigns.

Many of the agreements entered into with a large number of higher educational establishments, providing the academic community as a whole with a special relationship, were renewed, in 2007, under which the academic population enjoyed a series of benefits.

Caixa currently enjoys a dominant position in the university segment and has established ties with around 70% of the academic population.

• A micro-site in commemoration of World Savings Day was launched with the objective of intensifying contacts with the under 18s segment. The site interacts with younger people in providing information on Caixa's different savings products.

• Caixa, in collaboration with the University of Aveiro, repeated the **Caixamat**, initiative on the theme "A Commitment to the Future" and "Mathematics is for Everyone" in the form of a mathematics roadshow with the aim of divulging mathematics on the basis of interactive methods as part of the *PmatE - Projecto Matemática Ensino* programme. The roadshow travelled to 18 districts and 24 municipalities, inviting young people, their parents, teachers and the community as a whole to discover a new interest in mathematics.

Reference should also be made, in this sphere, to Caixa's **World Savings Day** initiative in which it invited hundreds of children to visit its bank counters allowing them to play "at banking" and learn a little about the value of money and the simple operations performed at bank counters.

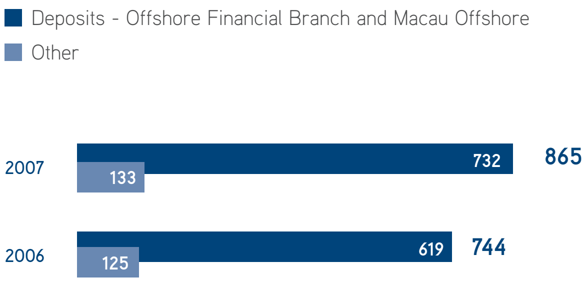
| Residents Abroad Segment

In 2007, after an analysis of the **residents abroad**, segment based on Caixa's existing customers and other Portuguese citizens abroad, diverse initiatives and objectives designed to secure new customers were launched, reinforcing CGD's position and role as the leading bank in Portugal for such citizens abroad.

The actions taken comprised around twenty key initiatives ranging from knowledge of customers to the launch of new products and services, also including improved procedures and internal information, particularly distance banking.

Non-Residents - Structured Deposits

(EUR million)



16.3% Change in structured deposits of non-resident customers in 2007

Corporate Loans

(EUR million)

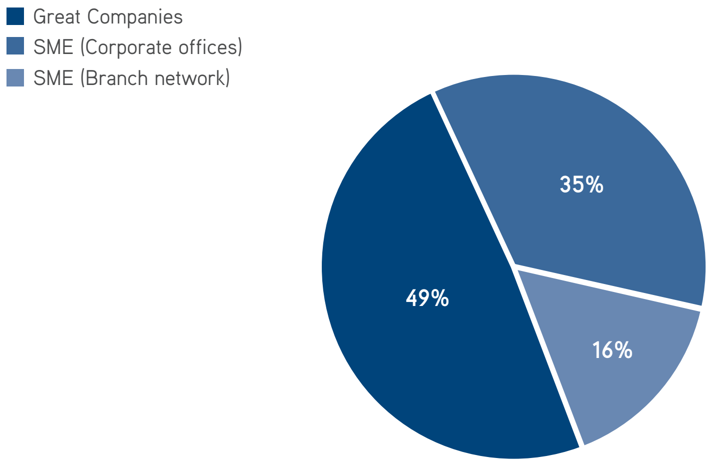
Reference should be made to the launch and placement of the following in terms of the scope and adequacy of the offer of products and services:

- **Term deposit** with varying rates depending on the subscription channel;
- Launch of diverse **structured products**;
- **Debit card**, with customised circuits and exemptions;
- Creation of 26 **specialised helpdesks** (17 for Portuguese and 9 for foreign customers);
- **International Caixadirecta Service** - free telephone line, exclusively for residents in countries with the largest number of CGD customers; available 24 hours a day;
- **International Caixazul Service**;
- **Combined Statement** - further inclusion of around 28 thousand customers in this service;
- **Live-in Portugal** - mortgage lending for residential tourism properties.

Corporate Segment

Caixa continued to intensify its intervention in this segment, in 2007, particularly with **small and medium sized companies** and activities involving **self employed professionals** and small **businesses**, by securing new customers and increasing its volume of operations.

Corporate Loans Network Distribution



To achieve these objectives and increase its market share of the segment, work was completed on the internal reorganisation of the corporate network (the largest in Portugal for this segment). The segment is now handled by **Caixa Empresas**, which reinforced its respective teams, with the objective of providing a more efficient, higher quality service. Actions designed to improve the offer of products and services and loan issue procedures were also taken. New functionalities were also introduced on the **Caixa e-banking** service.

Caixa's share of the corporate market recorded appreciable growth from 13.3% in 2006, to 14.9% at year end.

In the small companies sub-segment the year was characterised by the launch of the **Caixa Empresas** service, modelled on a specialised advisory service provided by a team of 105 managers at 101 CGD branch offices and geared to one-man companies and self employed professional customers on the private individuals and business network.

The offer of products was organised and reinforced in accordance with companies' needs: current management, investment and, in the international area and geared to several sectors of activity such as restaurateurship, commerce and services and pharmacies/chemists with the design of special reception areas users of this new service.

Other products were particularly important in 2007, in respect of corporate cards having several associated advantages, such as:

• **Caixaworks Card**, geared to businesspeople and small companies, based on the campaign theme "making corporate cash flows easier"; essentially comprising a credit limit aggregating short term liabilities. The card, being associated with a prestige payment media is also easy to use and distinguishes its customers. The card also entitles cardholders to a full range of Multicare, Multirisk and Group Life Insurance at special rates.

• **Business, Caixa Classic and Gold cards**, for SMEs, large companies and institutions, making it possible to control and manage expense account items with precision and flexibility, facilitating different types of payment, including revolving credit. The cards also enjoy the same insurance and special subscription terms.

The ***Soluções Protecção Empresas*** (companies protection) campaign was also launched for this small companies sub-segment with the aim of bundling a collection of insurance policies designed to protect corporate activity and that of businesspeople and workers in the form of group life insurance for business (associated with credit), labour accidents and other related insurance.

To exploit the increased demand for "fiscal products" at year end, CGD launched a **Fiscal Savings Solution for Companies** and self employed businessmen, providing tax-efficient corporate financial and health solutions, in addition to providing partners and workers with alternative forms of payment and health services.

In partnership with Fidelidade Mundial and Império Bonança, CGD also entered into an agreement with insurance mediators, for access to automatic payment terminals, investment credit, a new, special account for mediation activity and credit limits on the Caixaworks card.

Reference should be made to the launch of the **Caixa PME Líder** offer associated with IAPMEI's FINCRESCE programme in the medium sized companies sub-segment, in 2007. This is geared to companies with better risk levels and is in conjunction with Banco Caixa Geral and the **Iberian Offer**.

• The **Caixa PME Líder** offer includes a collection of products and services covering all corporate needs, both current and domestic or external market investment, with particular reference to special conditions for credit operations with lower spreads and commissions charges. Caixa's leading SMEs may also, under very special terms, benefit from a "zero spread" on investment finance, particularly fixed assets, when directly related with the improvement to their competitiveness provided that they are FINCRESCE members.

• The offer, in addition to finance, includes the production of a strategic corporate diagnosis on companies' economic-financial situation and competitiveness, in addition to innovative investment banking products of which special reference should be made to two new products geared to financing circulating - **PME Multivantagem Circulante** - and permanent capital - **PME Multivantagem Permanente**.

• Launched at end 2006, the **Iberian Offer**, was designed to exploit the business opportunities created by the progressive integration process between the Portuguese and Spanish economies, in addition to positioning CGD Group as a benchmark financial partner in the Iberian Peninsula. Customers, using Caixa's and Banco Caixa Geral's branch and corporate office network benefit from a wide range of products and services and the synergies resulting from a strategy agreed between the two banks, geared to bilateral business. Reference should be made to efficiency improvements in terms of the existing offer, in 2007, i.e. faster (real-time) transfers between Caixa and Banco Caixa Geral and the collection of cheques and *pagarés* in the Spanish market.

• In terms of specific operations, reference should be made to Caixa's endeavours in terms of business associations and the line of credit particularly geared to financing **investment in tourism** (entered into with *Turismo de Portugal*), focusing on aspects related with modernisation, research and innovation, the latter in cooperation with the EIB and other international institutions.

With the objective of promoting dialogue with SMEs and discussing relevant issues of current concern to companies, Caixa launched a conference cycle on the theme **Competitiveness through Management**, in collaboration with the "Technological Plan" and IAPMEI.

The thematic content of these events was geared to the creation and performance - restructuring, reorganisation and competitiveness - of economic units, in addition to competitive differentiation provided by management performance in diverse functional and organisation areas.

The conference cycle also provided an opportunity for an effective approximation between Caixa and its corporate customers for who the initiative was primarily intended as well as the presentation and promotion of CGD's products and services in this market segment.

These day-events were held at regular intervals, in 2007, in Porto, Faro, Aveiro, Braga and Évora and attended by more than 1 000 companies.

PRODUCTS AND SERVICES

Savings

With the aim of taking in fresh resources Caixa launched several savings products in 2007, with the paramount concern of adjusting offer to its customers' investment profiles: Prudent, Balanced, Dynamic and Risk-taking. Reference should be made to the following integrated products and offers:

• **Bonds 2007-2017** - two subordinated debt issues with a maturity period of 10 years, for two medium/long term investor profiles. These issues provide a highly attractive return in comparison to 5 and 10 year public debt securities, with average rates of 5.1% for 5 years against 4.3% for 5 year treasury bonds while guaranteeing liquidity through a stockmarket listing and a line of credit with a significant spread. The first issue was targeted at more conservative (prudent and balanced) investors, who insist upon capital protection without exposures to yield and the second was geared to less conservative (dynamic and risk-taking) customers who, while insisting on capital protection, are willing to run a certain risk to achieve higher than market income.

• **Selecção Caixa** - various Selecção Caixa 8% or 10% campaigns. This product combines a term deposit with a subscription to a special Caixagest open-ended investment fund or capitalisation insurance, generally with maturity periods of more than 5 years.

Three new funds of this type were issued: Caixagest Sprinter I, Caixagest Sprinter II, and Caixagest Valor Plus, with a special endeavour having been made in investment fund terms in the "strategies" commercial family (Caixagest Balanced Strategy, Caixagest Dynamic Strategy, Caixagest Dynamic Strategy II, Caixagest Risk-taking Strategy) and the Caixagest Energias Renováveis ("renewable energies") fund, in addition to the investment funds belonging to the "Appreciation" commercial family (Caixagest Equities Portugal, Caixagest Equities Japan, Caixagest Equities Europe, Caixagest Equities Emerging Economies, Caixagest Equities USA and Caixagest Equities Orient).

• **Special Open-ended Investment Funds** - in addition to the promotion of funds in the Selecção Caixa range, another three funds were separately launched: Caixagest Raw Materials, Caixagest National Income and Caixagest Bonds Plus.

• **Euroinvest** - A product class in the 1 year structured deposit range differentiated by the fact that its return is fully or partly contingent on another instrument such as an exchange rate, index, etc.

• **Depósito Caixa 7/7** - an innovative 7 months term deposit, bearing 7% between the date upon which the deposit is made and the last day of July and Euribor less 1.7 p.p. for the rest of the period. There were free tickets for the "New 7 Wonders of the World" event for amounts subscribed for during the promotion.

Reference should be made to the following financial and retirement insurance products:

• **Capitalisation insurance** - various medium/long term capitalisation insurance campaigns, mainly comprising financial insurance guaranteeing a fixed return plus eventual profit sharing, upon maturity.

• **Income/retirement solutions** - Integrated retirement planning support solutions with the objective of increasing placements of retirement savings plans *(Leve PPR, Caixa PPR Capital Mais and Caixa PPR Rendimento)* and pension funds.

In addition to these initiatives, 2007, was also characterised by the capital market issue of the shares of two major companies, whose retail placement was led by Caixa:

• **Public offering on REN shares** - placement of 40% of the offer.

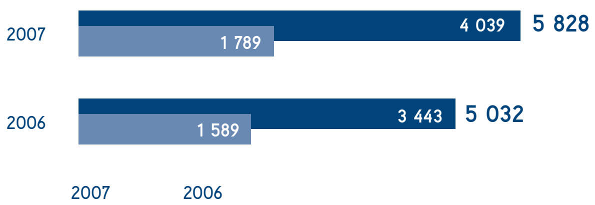
• **IPO Initial Public Offering on Martifer** - Caixa led this operation placing more than 42% of the offer.

Insurance

(EUR million)

Capitalization Products

PPR Other Products



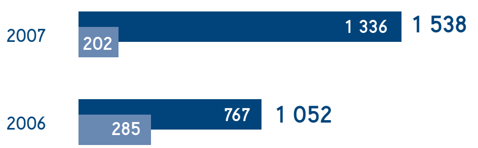
10.1% **8.5%** Insurance weight in total commercial network resources taken

Insurance (Product sales)

(EUR million)

Capitalization Products

PPR Other Products



46% Change in rates of product sales Capitalisation in 2007

Mortgage lending

The growing competitiveness of the mortgage lending market, deriving from the evolution of interest rates, introduction of changes in legislation and reinforcement of advertising campaigns by the principal credit institutions forced new challenges upon CGD, resulting in the implementation of important measures, in 2007, pursuant to the scope of the renewal of offers designed to secure and retain the loyalty of customers and reinforce operational efficiency. Reference should be made to a series of diversified, innovative measures helping to reinforce CGD's competitiveness as a benchmark operator in terms of mortgage lending in Portugal.

Owing to the relevance of mortgage lending in terms of CGD's activity, special priority has been given to the quality of the service provided with a detailed survey of opportunities for improving the mortgage lending process, focusing on the speed of the decision and the procedural efficiency of the operation, having been carried out. Following the said diagnosis, CGD implemented a faster, simpler process, providing customers with clear benefits while, at the same time, reducing the administrative workload of branch offices and releasing workers for commercial activities. It must also be pointed out that the implementation of improvements in terms of mortgage lending is an ongoing process, taking into account the need for innovation in terms of offer and adjusting price to customer risk, under Basel II, in addition to other challenges geared to securing customers and retaining their loyalty.

In due consideration of the different characteristics, needs and motivations of its diversified range of customers, CGD has concentrated on the creation of mortgage lending solutions specifically geared to different segments, particularly young customers, foreigners, senior citizens or second home purchasers.

In terms of the renovation and increased flexibility of offer, new conditions designed to promote access to credit by a more comprehensive customer base were introduced. Credit facilities were also made available to a wider customer base, in the form of an increase in the financial/standard guarantee ratio and an increase in the maximum maturity of operations to 50 years.

In its awareness of the growing financial demands, determined by higher interest rates, CGD has implemented a new customer service model designed to assist its mortgage lending customers, with the proposal of new credit solutions compatible with and adjusted to their characteristics. This took the form of a growing number of credit solutions designed to reduce the amount of the monthly repayment in 2007.

Owing to the relevance of the evolution of variable mortgage lending interest rates, CGD has also paid careful attention to customers interested in fixing the value of their repayments during the whole of the credit period, pursuant to which Caixa has introduced innovative repayment fixing solutions via its introduction of a fixed repayment product.

T-Fixo
This product's differentiating factor lies in the flexibility of adjusting the operation's maturity period, in the case of changes to the indexing variable, without changing the amount of the repayment. CGD launched a special promotion to boost the commercialisation of this innovative financing solution, involving the possibility of not charging any commissions up to the date of the signing of the agreement (study, assessment and preparation of title deed).

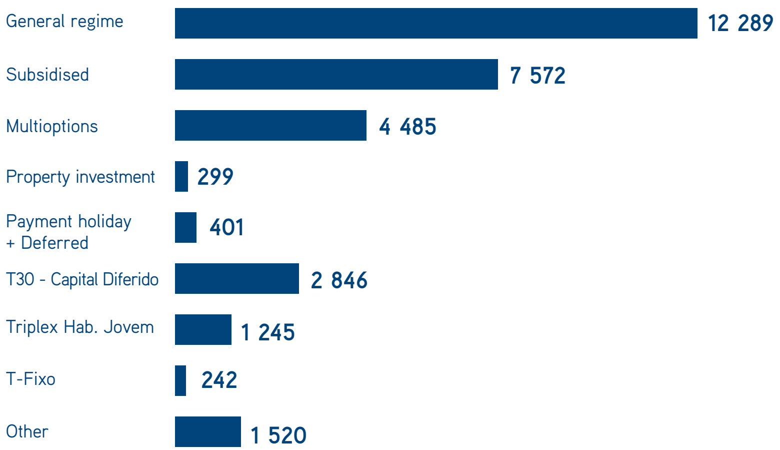
The permanent offer for fixed rate maturity periods of 2, 3, 5, 10, 15, 20, 25, 30, 40 and 45 years was also extended. These credit solutions provide customers with information on the definitive payments plan over the credit repayment period, avoiding the uncertainties caused by any increases in interest rates.

In offer segmentation terms, CGD also improved its **TRIPLEX** mortgage lending terms, targeted at the young people's segment. Customers under the age of 36 years are free to opt for a payment holiday for as long as 10 years, during which period they only pay interest.

Customers are also entitled, either separately or at the same time to defer up to 30% of the capital up to the end of the loan period. A special campaign was also organised, encompassing, *inter alia*, exemption from the study and assessment fee. Interest in this product confirms the opportunity of credit solutions designed to reduce the costs associated with contracts and amount of the repayments.

Mortgage Loans - Types of Loans

(EUR million)



CGD renewed its life insurance package on mortgage lending-associated products, with a new scheme under which it is possible to split up the amount of capital to be insured on a 50-50 basis. This scheme provides customers with an effective, accessible security solution, as, if one of the insured persons has an accident, the indemnity will be calculated on the basis of the capital insured (50% of the amount of the debt), with the maintenance of the current loan with the remaining capital.

2007 was also a year of relevant legislative changes, incentivising the transfer of mortgage lending operations between credit institutions. In its awareness of this trend and with the objective of providing new financing solutions for customers with operations in other credit institutions, no longer in line with market trends, CGD reformulated its permanent loan transfer package, paying for the costs of such operations. The offer also includes special terms on insurance and personal loans, as a complement to mortgage lending operations.

CGD also launched a mortgage lending transfer campaign: **With Caixa your monthly repayment is lower**, inviting potential customers to compare the amount of their repayments to other credit institutions with those from which they could benefit from innovative and competitive solutions comprising CGD's offer.

In light of the major investment being made in Portugal on building projects for non-resident foreigners interested in purchasing, building or carrying out repairs on second homes, CGD has developed its **www.liveinportugal.pt**, site which is specifically geared to foreign customers looking for information and simulations on property financing solutions under the **Live in Portugal** scheme for residential tourism. The various information and contractual supports were also translated into the most relevant languages.

CGD has been engaged on providing active and dynamic support to the urban rehabilitation market, with competitive financing solutions, adapted to the objectives of rejuvenating and promoting traditional and historical zones in major cities. In partnership with the European Investment Bank, CGD has renewed its special **Spread Zero** urban rehabilitation offer in which no spread is applied in the 1st year of each loan. This line of credit also makes it possible to finance the purchase of items designed to improve living or ambient conditions, leading to energy savings. The offer is open to all entities, including councils and municipal companies intending to carry out rehabilitation works for which reason CGD has cemented its cooperation with several urban rehabilitation companies, entering into agreements in various parts of the country.

As mortgage lending is a medium-long term anchor product, CGD has paid special attention not only to new operations, but also to retaining its current mortgage lending customers. It therefore launched a "Member Get Member" direct marketing campaign with the objective of capitalising upon its existing customer base to secure new mortgage lending customers. Under the scope of the campaign, mortgage lending customers were selected and invited to contact their friends or family, encouraging them to taking out their mortgages with CGD, providing benefits both to the finder and the new customer. Special conditions were also provided to vendors of houses mortgaged to CGD, whenever taking out new mortgage loans with CGD.

Another equally significant aspect relating to the closer ties between customers and CGD, accompanying their new needs during the respective life cycle was the launch of the **Pre-approved credit campaign**. This direct marketing campaign was directed at current mortgage lending customers with the offer of a pre-approved credit limit, allowing the paperwork on new operations to be completed more quickly.

Conscious of the complexity and procedural delays associated with property sales, under which interested parties must contact banks, property registries, town/city councils, tax authorities and notaries, CGD subscribed to the **"Casa Pronta"** project, having actively participated in a special urban building conveyance, mortgaging and registration procedure which is realised on a single occasion. This project, which is a part of the "Simplex" Programme introduced by Decree Law 263-A/2007 and in which CGD is an active participant, is at its pilot stage, in the municipalities of Braga, Leiria, Almeirim, Águeda and Mirandela. Under this project, the competencies of the property registration service have been extended to facilitate the relationship between it and the various entities involved while also permitting the competent registration service to begin work on and complete the proceedings on the same day. With the association and direct involvement of CGD in this important measure, the possibility of performing all operations and necessary acts at the property registration office of the area in which the property is located was made possible, notably the signing of the sales agreement, payment of the respective taxes (IMT and IS), records and alteration of tax addresses, *inter alia*.

CGD, pursuant to the scope of the various activities forming the Group's strategy for the property business was present at international events specialising in the property sector with the objective of positioning CGD as a benchmark organisation in the property finance area. CGD was present at **MIPIM 2007** (Cannes), the **Imobiliario de Madrid** (SIMA 2007), and at the **Barcelona Meeting Point** (BMP), with such involvement being synonymous with a highly flexible, dynamic attitude in support of property promotion. CGD also had its own stand at the 3rd **Salão Ibérico do Mercado Imobiliário e Turismo Residencial** (IMOBITUR) event at EXPONOR - Porto, from 10-13 March. CGD was also present, as an official sponsor, on its own stand, at the 10th Lisbon Property Exhibition (SIL) held in *FIL - Parque das Nações* from 24-28 November. The event was attended by a significant number of visitors and domestic and international property market specialists and is considered a prime location for presenting and promoting the finance and insurance packages of various Group companies. Of the series of initiatives promoted by the CGD, reference should be made to the provision of customised property finance solutions to the public and principal property and tourism sector operators.

CGD has paid special attention to the new partnership channels with entities specialising in property auctions, with the objective of placing several of the properties belonging to the Group on the market while, at the same time, increasing its volume of mortgage lending operations. The various property auctions held in 2007, notably those at the Lisbon and Porto property exhibitions, confirmed the huge interest of the general public in this new property purchasing solution which exceeded the highest expectations for the sale of property and for entering into new loan agreements.

In the sphere of promoting external channels for securing mortgage lending operations and exploiting the synergies of Group companies, CGD consolidated its **Assurfinance** project using Fidelidade Mundial and Império Bonança insurance mediators, experienced in commercialising finance products.

In terms of other mediation and financial consultancy networks, CGD has efficiently exploited the currently existing synergies, establishing commercial partnerships for providing information on and promoting CGD's credit solutions with potential property purchasing customers.

To support this channel's activity, substantial improvements were made to the **Portal de Crédito Imobiliário** (Mortgage Lending Portal) with a collection of new functionalities of interest to mediation operations, particularly including the simulation and pre-approval of credit applications, printing out all of the necessary forms and accompanying the evolution of the financing process.

Caixa also provides its **Bolsa Caixa Imobiliário (BCI) channel** service for dynamic, user-friendly information on property to CGD customers and non-customers. This channel maintains a network of 116 multimedia kiosks for its property database which is also available at **www.bci.cgd.pt**.

This database has several hundred thousand properties with around two million photographs. Around 30 000 searches are made every month and around 1 500 inspection visits are requested.

| Automobile Solution

Caixa Group, with its commitment to the automobile branch and to reinforce its proximity with the market launched a new competitive Automobile Solution package comprising three customised finance solutions for vehicle purchasers, with extended repayment periods, competitive interest rates and special terms on Caixa vehicle insurance with significant discounts. The campaign is concerned with environmental issues and provides benefits to customers who purchase environmental friendly vehicles.

The Group's commitment to this business area was supported by a major advertising campaign, providing information on leasing, personal loans and renting solutions and promoting cross selling.

| Payment media - Debit and Credit Cards

The payments media area, in 2007, continued to commit to securing customers through its issues of new cards, based on innovation, the creation of special value proposals and improved levels of service offering prizes as a stimulus for new membership subscriptions. Special focus was given to portfolio segmentation and the launch of diverse co-branded cards.

A major advertising campaign was launched to retain customer loyalty and increase the rate of activity in almost all media (television, radio, press, internet and outdoors), in addition to efforts designed to incentivise the use of cards, including insurance premiums and special draws. The objective was to position Caixa as a benchmark operator in this business area.

The following new products were issued for specific cards:

Credits Cards:
• **"Leve"** card launched in May on the basis of a partnership with Companhia de Seguros Fidelidade-Mundial;
• **"Benfica"** card launched in August in partnership with *Sport Lisboa e Benfica*.

Deferred Debit Cards:
• **"MTV"** card for the over 15s, launched in June in partnership with the MTV television channel.

New products were also created in the debit cards sphere, including :
• **"Maestro RE"** card, launched in July, exclusively for customers resident abroad ;
• **"Domestic debit"** card launched in November for exclusive use in Portugal;
• **"Provisory Debit"** card immediately delivered to customers when opening sight deposit accounts or when applying for replacement cards, launched in November;
• **"Caixautomática Empresas"** card - Visa Electron for international use, launched in May.

Several proactive campaigns associated with the launch of Caixa Classic, Caixazul and Business Gold cards, were organised during the year. "Leve" and MTV card campaigns were also organised.

These initiatives resulted in an increase in the card base to more than 100 000 new subscriptions, with a fundamental contribution having been made by the Caixazul card.

In operational terms, 2007 was also a decisive year for this activity, via improvements in automatic procedures, the migration of debit and credit cards to a new card management application and inception of the issue of (debit and credit) cards using EMV chip technology.

Together with these initiatives, reference should be made to several campaigns designed to promote card business, for the sale of non-banking products and to reward customer support and loyalty.

ELECTRONIC CHANNELS

CGD customers interact with the bank via several contact points, ranging from traditional bank counter and ATMs to contact centres and the internet. Multichannel integration is an essential vector for customers and in improving the quality of the service provided, with CGD endeavouring to provide for the expectations and demands of customers on the different channels available. Electronic channels play a vital role in transforming retail business, permitting an evolution from 'transactional" to customer-centric "relational" banking, as a fundamental base element of value creation.

Caixautomática and Multibanco Channels

In the current context of electronic channels, which are of fundamental relevance in terms of the complementarity of the relationship with CGD, reference should be made to the dynamics of the **CAIXAUTOMÁTICA and MULTIBANCO** self-service banking networks and their role in the transfer of the most simple routine transactions to automatic media on the basis of the modernisation of the total number of installations and expansion of available functionalities.

CGD continued to invest heavily in modernising the number of CAIXAUTOMÁTICA installations, which now total 2 584 machines, with 200 intelligent deposit machine having been installed during the year to a total of around 700. These machines permit the automatic identification of banknotes and immediate deposit in a customer's account.

In the sphere of the shared network with SIBS - MULTIBANCO - CGD supported a total number of 1 959 ATMs with a 7% increase representing 16% of the market. This increase derived essentially from the installation of ATMs in non-branch locations, with major traffic flows such as filling stations, railway stations and universities, locations in which the network grew 13% and which now represent 54.2% of the total (up 2.5% over the preceding year).

At year end, there was a total of 4 543 (up 2.7%) installations on both CGD and SIBS networks with more than 260 million transactions (up 2.5%) for an amount of EUR 15.3 billion.

Automatic Payment Terminals

CGD's automatic payment terminals network expanded by 20%, to around 19 000 installations, with 36.5 million operations involving EUR 2 billion in value, signifying growths of 25% and 21%, respectively over 2006.

There was a positive evolution in terms of market shares, with a conquest of around 1 p.p. in equipment installations and 1.5 p.p. and 1.2 p.p. respectively in terms of the quantity and value of operations.

NEW ELECTRONIC CHANNELS

Whatever the access media chosen by customers, CGD provides the best solutions, based on innovation, comfort, user-friendliness and security, allowing greater value to be extracted from the relationship with CGD.

CGD provides customers with the following channels:

Individual Customers:

CAIXADIRECTA, via the CaixaContactCenter;
CAIXADIRECTA *ON-LINE*, via internet;
CAIXA UNIVERSIDADE POLITÉCNICO (AUC - Central University Branch), for the university segment;
CAIXADIRECTA *WAP*, mobile phone Internet;
CAIXADIRECTA *SMS*;
CAIXADIRECTA *INVEST*, online brokerage;

Corporate and **Institutional Customers**:

CAIXA *E-BANKING*, via Internet.

And, in a more specific sphere, the **following services**:

CAIXACONTACTCENTER;
BOLSA CAIXA IMOBILIÁRIO, providing real-estate companies with a property information service, using multimedia kiosks and also available at www.bci.cgd.pt.

Caixadirecta

On the **CAIXA DIRECTA** channel (telephone banking) customers enjoy access to a large number of functions, examine and operate their accounts, perform credit simulations (mortgages and personal) and obtain information on CGD's offer.

The channel registered annual growth of 20% in its number of customers, to close to 1 million contracts. There was a 3% growth in the number of incoming calls over 2006 to 3 million, of which 86% were resolved automatically.

Caixadirecta *on-line*

CAIXADIRECTA *ON-LINE* is the internet banking channel for individual customers. It allows customers to examine their accounts, credits and cards. It also provides domestic and international transfers, payments, requests for the issue of chequebooks, makes it possible to schedule payments, trade on the stockmarket and manage investment funds portfolios in addition to subscribing for financial products and applying for cards.
The channel maintained a sustained growth level, in 2007, with a highly positive evolution in the number of active contracts and operations performed with a 41% increase over the preceding year to more than 313 million.

The range of available functionalities was expanded during the year, with special reference being made to the consultation of details on minor payments (toll charges, "Via Verde", etc) and in terms of payments, new payments options for judicial costs and payments to the social security services.

The channel embraces such other accesses as **Caixadirecta *wap***, using mobile phone internet, **Caixadirecta *sms*** and the **Caixadirecta *invest***, online brokerage service, making it possible to access operations and obtain information on domestic and international financial markets.

Caixa Universidade Politécnico - Central University Branch

The **CAIXA UNIVERSIDADE POLITÉCNICO** channel, operational since September 2005, has been revitalising the management of the university segment, in its adoption of a pioneering service model based on a distance banking concept, with new forms of interaction and communication.

The channel is available 24 hours a day, 365 days a year on local rate number 808212213 and by *e-mail (caixaup@cgd.pt)*. It is housed in university shops and other branch network offices.

This centralised model aims to maintain an effective relationship with customers during their academic lives, with high satisfaction rates in an attempt to persuade them to prefer CGD as their financial partner when embarking upon their professional careers.

The **Central University Branch** (AUC) currently has more than 170 thousand customers, having, at end 2007, achieved a highly significant volume of business based on segment specialisation.

The AUC is a unique structure in the Portuguese banking scene owing to CGD's commitment to the university segment.

Caixa *e-banking*

Caixa *e-banking* is the internet banking channel for the corporate and institutional segment. It continued to enjoy widespread customer preference, as measured by the evolution of the number of contracts with a 25% increase in 2007 to close to 70 thousand, of which more than 55 thousand are active.

There was a 41% increase in the number of successful operations to more than 42 million, over 2006, particularly owing to the service's functional attractiveness, its constant optimisation and the introduction of new functionalities since its launch in 2002.
Security is a extremely important aspect of internet banking. Special reference should be made to the introduction of a "mastercard" to validate operations using Caixadirecta *on-line, wap, sms* and Caixa *e-banking* services.

CaixaContactCenter

CaixaContactCenter's objective is to promote the integrated management of inbound and outbound contacts, on any channel, i.e. the performing of operations and provision of clarifications to customers, in addition to securing business on the basis of upselling and cross-selling strategies. Its functions also include the executing and monitoring of telemarketing, customer loyalty and customer support campaigns, surveys and promotions on products and services available on the traditional networks.

The CaixaContactCenter platform comprises the following channels:

- Caixadirecta helpdesk;
- Credit card helpdesk;
- Telemarketing campaigns and credit recovery operations;
- Electronic mail.

Around 50 thousand mails were received from customers in 2007. There was a significant volume of outbound activity as part of telemarketing campaigns and credit recovery operations (up 54% and 61% respectively), number of calls made and number of customers contacted, with similar gains in efficiency. An average of 2.95 calls was required to establish a contact in 2007. This was slightly lower than the preceding year's number.

Bolsa Caixa Imobiliário

The Bolsa Caixa Imobiliário (BCI) channel provides CGD and non-CGD customers with dynamic, user-friendly information on property. It comprises a network of 104 multimedia kiosks to access its property database which is also available at **www.bci.cgd.pt**. (See chapter on Business Areas - Mortgage Lending).

CAIXA ON THE INTERNET

CGD Group uses its online and distance channels to offer products and services targeted at meeting the expectations of its customers, on the basis of a user-friendly, intuitive, information system, capable of ensuring high levels of customer satisfaction. Caixa is committed to creating the best and most efficient technology, adapted to users' needs, facilitating their day-to-day activities and optimising the process for the negotiation and performance of operations, rationalising time and service.

CGD has continued to introduce ever more sophisticated initiatives during the year in terms of communication and relationship with its customers and the market, investing heavily in automatic banking installations and the multichannel system, in addition to global communication systems such as the internet, mobile and new media technologies and diverse online environments.

This differentiated approach to the market was materialised in customers' or users' active and collaborative involvement in sites, blogs and Caixa's other online WEB presence. Communication has become more powerful and uncontrollable but has also created added value in its interaction with the market.

Caixa has, at the same time, endeavoured to innovate on the web, sharing motivations and emotions, supporting and divulging talents, good causes, a "call" for civic participation, particularly concentrating on greater social responsibility and corporate sustainability policies.

This development and presence benefited the consolidation of Caixa's image and brand, placing it at the vanguard of the automation and technical modernisation of banking services.

2007 was therefore a consolidation year for various online communication projects in permanent interaction with customers.

www.cgd.pt

CGD's investment endeavours have been compensated by the growth and visibility of its principal site - *cgd.pt* - as measured by the visits made by customers and the general population.

There was a 58% increase in the number of unique visitors to the site to 8.3 million with an overall total of 24.4 million visits (up 74%) and almost 242 million page views (up 141%).

CGD.PT SITE

(thousand)

	2006	2007
Unique visitors	5 268	8 305
Visits	13 995	24 421
Page views	100 366	241 586

According to information from **Marktest**, Caixa's sites remain in the lead, both in number of unique users as in the number of page views from home, having been visited by 523 thousand persons, in December.

During the course of the year the site retained top position in the rankings of domains and sites for the banking index as a whole; consecutively coming in the top 10 of the KBP130 index in terms of performance and operationality.

According to the monthly assessment realised in Portugal by Marktest, in its use of sampling techniques, more than 1 million Portuguese navigated banking sites in December alone, up 4.6% over December 2006.

Caixa began its operations in the blogosphere with the construction of the O Planeta Agradece blog deriving from the "Caixa Carbon Zero 2010" programme associated with environmental issues, in terms of social responsibility.

The *Planeta Agradece* blog at http://oplanetaagradece.blogs.sapo.pt, was the first to be fully created and developed by a Portuguese bank. It was also selected as the Best *Blog* in the 7th edition of the "Prémios SAPO Publicidade Online 2007". Planeta Agradece's objective, during the course of 2007, was to create an environmental information space and to share ideas on responsible citizenship and good practice related with the preservation of the environment.

Climate change is a concern of all and Caixa is associated as an active part of the solution, on the basis of initiatives such as the Caixa Carbon Zero 2010 programme in its responsible commitment to reducing and offsetting CO2 emissions.

| Cup Portal - www.cup.pt

The CGD Portal, for the university community, is an academic and social forum providing information and tools of interest for students' and lecturers' day-to-day activities.

The Advertise your Events initiative called for active participation on Caixa channels providing a relationship of proximity with customers and users.

The CUP portal currently houses all of the information on CGD's financial offer for the university segment and supports the commercial actions of the 18 branch offices operating on university campuses, with a total number of around 300 thousand, with identification and banking information relating to students, lecturers and non-academic staff.

| Caixa Fã site - www.caixafa.pt

Caixa Fã, was, once again, Caixa's "causes" and "initiatives" site for matters related with sport, the planet, solidarity and culture, creating communication spaces on issues and support banners and information on worthy causes in terms of civic intervention.

The site makes reference to support for voluntary causes (Bolsa do Voluntariado, Rarissímas - rare diseases association -, and Entreajuda) and the environment, arts (music, painting, cartoons, photography), sport, with information on the basketball team (in wheelchairs), Portuguese Athletics Federation, National Rugby Team ("The Wolves"), women's judo (Telma Monteiro), Portuguese sailing events (ANC), or automobile events (Tiago Monteiro, Carlos Sousa, Pedro Gião, Rúben Faria and Helder Rodrigues).

Caixa Fã succeeded in bringing fans into stadiums, concerts, exhibitions and even the forest, in 2007, as part of a Caixa-sponsored reforestation programme, involving and motivating hundreds of citizens, municipalities, private entities, etc.

The multiplicity of Fã community areas, such as sport, culture, environment and solidarity, added dimension and transversality to the concept, reinforcing Caixa's commitment to a relationship with its customers, generating new interactions and new behavioural models in the social responsibility context.

| MTV micro-site card - www.cartaomtv.com

MTV formed an association with Caixa for the creation of a payment card for young people, with special, exclusive conditions related with music.

A site was created for the MTV/CGD card, having been launched as a communication, contact and subscription support for all events related with the card and MTV.

This site won a prize as the best financial sector site in the 7th edition of the "SAPO Publicidade Online 2007" edition.

| cgd.pt/mobile

The www.cgd.pt/mobile site positions Caixa as a "corporate facilitator" in which any citizen can easily access information from a mobile device.

The www.cgd.pt/mobile was launched in second half 2007 and places Caixa in the mobile communication area, materialising its desire to increase proximity on an online basis, wherever customers may be. CGD was one of the first Portuguese banks to take such an initiative.

CGD succeeds in providing more information on this media as well as on any Wap or GPRS enabled mobile phone and other more advanced devices such as HSDPA, also known as 3.5G, which make it possible to access podcasts, videos or audios, animated flash images, etc.

Customers and users now therefore enjoy access to a full range of information on various Caixa events and financial and market information such as Euronext, or Caixadirecta wap.

| Mobile Marketing (sms)

The 2007 launch of mobile marketing made it possible to successfully organise various communication campaigns targeted at customers, using state-of-the-art digital communication technology. The response rate to the innumerable credit card campaigns was highly positive.

Integra 21

The CGD sponsored "Integra21 - WEB accessibilities in Portugal for the visually impaired", project was on the theme of distance communication for citizens with special needs, in which Caixa promoted electronic citizenship for the blind of visually impaired, facilitating the struggle against info exclusion.

The initiative enjoyed the high patronage of the President of the Republic and was realised in partnership with UMIC, Associação dos Cegos and Amblíopes de Portugal - ACAPO (Portuguese Association for the Blind and Weak-sighted) and Associação do Comércio Electrónico em Portugal - ACEP (Portuguese Association for Electronic Commerce). It was highly relevant in demonstrating access to CGD's internet banking service for customers with special needs.

Caixa launched a version of its Caixadirecta *on-line* service, for users with special needs in 2007, enabling them to perform the most common banking operations such as transfers and payments and obtaining information on current account movements.

Online publishing and Newsletters

Customer publishing activities included the online launch of the ***Caixa no Mundo***, publication for Portuguese citizens residents abroad, of interest to citizens living far away from Portugal. The **Azul** magazine, for premium Caixazul customers is now also available online. This is a compilation of Caixa's diverse web publications and is based on the success enjoyed by several journals in building up the circulation and visibility of their online versions in which the proximity factor, in addition to the environmental factor, was also considered. The permanent consultation and sharing facility with friends or family members was provided for, based on the possibilities afforded by the internet, in terms of information and knowledge networks creation.

The large number of newsletters sent, in 2007, on the broadest range of subjects, Clube Caixa Gold, CUP, Card MTV, etc, demonstrated a form of communication which, in addition to aggregating information, is also able to provide offers of products and services, advantages, hobbies, competitions, promotions or other "push-news" mechanisms for adding to knowledge of customers, maintaining permanent direct, non-invasive contact, facilitating commercial relationships and business opportunities.

Podcasts, Streaming Video, Streaming Audio

Reference should be made to the launch of new media contents in the entertainment area. These include advertising films and videos in *mpg, wmv, 3gp* format, radio spots, *mp3, mp4, mpg* music files characterising Caixa's intervention in the third mobile generation age.

e-business

To improve Caixa's performance in the *e-business* area and management of the Group's new media channels, the sector was restructured and reorganised and concentrated into a single company - **CAIXATEC** - formed in January 2007.

In addition to managing solutions currently in production - **LardoceLar.com**, **Portal Universitário CUP** and **CaixaFã** *sites* - and the Group's property portfolios, CAIXATEC is also responsible for the management and dissemination of CGD's electronic communications, CorporateTV and online surveys.

Property Portals and Sites

Live in Portugal

Live in Portugal - www.liveinportugal.pt - is a bilingual site for foreign citizens wishing to live or spend long periods in Portugal and interested in purchasing a second, permanent home.

This site is yet another initiative helping to position Caixa at the forefront of the creation of solutions and services for this global property market segment.

CAIXATEC has developed PROi as a central pillar of its property site management operations as a management solution for its internet property databases and business opportunities for property sector professionals.

PROi

• **PROi**, available at www.PROi.com.pt, is a marketing and sales management tool, which makes it possible to efficiently provide property portfolio information on the internet, reduce advertising costs, increase brand visibility, improve the productivity of commercial teams and increase business opportunities. PROi subscriptions are exclusively available to duly licensed real-estate and civil construction companies. Professionals are able to apply online for the financial cooperation agreement with CGD. PROi manages LardoceLar.com's network of property sites.

The Bolsa Caixa Imobiliário

• **The Bolsa Caixa Imobiliário** project was born in 1998. It originally comprised a network of multimedia kiosks with the latter development of a supporting website managed by CAIXATEC. The management of this portal's property databases comprises a complementary channel for information on property offers, comprising three objectives:

- To permit access by the general public to an expeditious means of consultation and request for information and visits to properties in busy locations (CGD branch offices);

- Exploitation of multimedia capacities for the integrated development of special promotions and commercial offers;

- Provision of information to an offline target audience.

Portal LardoceLar.com

• **Portal LardoceLar.com** - LardoceLar.com, created in 2001, is a benchmark online property sector portal providing a wide range of home services and products and a vast property and financial offer.

The numbers of properties registered in the database of these portals and requests for visits, in addition to the number of mortgage lending certificates, grew significantly in 2007, consolidating its visibility *vis-à-vis* the property portfolios most consulted in the search for property.

Escritórios.com.pt, Lojas.com.pt and Industrial.com.pt

• **Escritórios.com.pt**, **Lojas.com.pt** and **Industrial.com.pt** - A subscription to these services by property sector professionals provides information on the property portfolio and/or commercial properties (offices, shops and warehouses) using the PROi solution. These sites are benchmark operators in the commercial property area providing information on a vast, specialised range of products, news, and information articles together with monthly Lisbon Prime index information (real rental values for Lisbon's office market).

Yellow Pages and SOL Weekly Newspaper Property Channels

• **Yellow Pages and SOL Weekly Newspaper Property Channels**. The casas.pai.pt and imobiliário.SOL.pt channels were developed in 2007, on the basis of a partnership with Yellow Pages and the SOL weekly newspaper. They provide information on a vast range of projects and residential properties - apartments, villas, *quintas* and land - available for purchase, sale or rent. Information on property and projects on these channels is only available to property sector companies using the PROi solution.

Casas.com.pt

• **Casas.com.pt** - This initiative was launched in 2007 with the special characteristic of permitting property searches using natural language. It includes a constantly updated algorithm which incorporates users' preferences.

SPECIALISED CREDIT

The specialised credit sector, particularly leasing, retained its growth dynamics of the preceding year with a 19.3% increase in property leasing and 17.3% increase in equipment leasing. Factoring growth was moderate in terms of the volume of operations (up 3.8%), with a 1.9% downturn in consumer credit.

ANNUAL SALES

(EUR million)

	2006	2007
Property leasing	2 186	2 607
Equipment leasing	3 489	4 095
Factoring	19 838	20 609
Consumer credit	5 948	5 837

CAIXA LEASING E FACTORING

CGD Group is active in the **specialised credit** and associated services sector via **Caixa Leasing e Factoring, IFIC** (CLF) which operates as an umbrella organisation for the Group's four business areas of equipment and property leasing, factoring and consumer credit.

The company's specialisation, within the Group, was reinforced, in 2007, with the aim of providing a higher quality service to customers and improving the return on its operations.

Based on its commercial performance and a continuously improved market position, CLF achieved higher than average annual growths for the sector in all products, particularly equipment leasing (up 49%) and property (up 35%), comprising increases of 10.1% to 12.9% and 15% to 17% in its respective market shares.

Consumer credit was up 11.5%, reversing the previous year's downturn of 9.2%. There was a 4.6% increase in the volume of factoring operations, which, although higher than the system average of 3.9%, was in line with the slowdown in the market.

CGD GROUP SALES

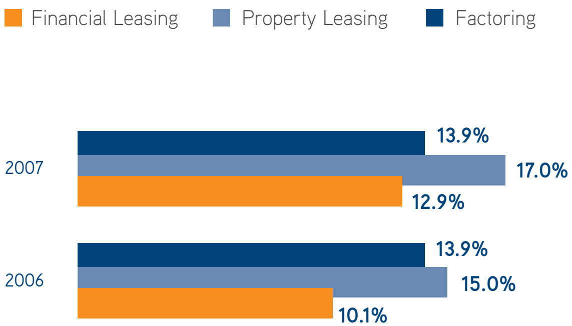
(EUR thousand)

	2006	2007	Growth	Market share
Property leasing	327 185	442 603	+35.3%	17.0%
Equipment leasing	354 093	526 380	+48.7%	12.9%
Factoring	2 749 014	2 874 342	+4.6%	13.9%
Consumer credit	43 545	48 536	+11.5%	
Of which:				
Automobile finance				
Equipment leasing	98 343	130 974	+33.0%	
Car finance	14 714	19 941	+35.5%	

Growths in automobile leasing and credit operations, in 2007, were more than 30%, corresponding in the case of the former to a significant 30.9% increase in financing of the number of light vehicles.

Also in terms of automobile finance, via LOCARENT, reference should be made to the sustained reinforcement of the fleet under management, which ended the year with a 42% increase in vehicles.

Specialized Credit - Evolution of Market Shares



Deriving from the referred to commercial dynamics, CLF's assets were up 28.8%, particularly owing to the 28.6% growth in the loans and advances to customers portfolio, with improvements in all business areas, particularly equipment leasing (up 39%) and factoring (up 32%).

CAIXA LEASING E FACTORING

(EUR thousand)

	2006	2007
Net assets	2 180 557	2 808 557
Loans and advances to customers	2 146 788	2 761 780
Provisions for overdue credit (balances)	23 701	24 857
Shareholders' equity	111 397	121 835
Net income	9 375	10 434
Share capital	10 000	10 000
Group percentage	100.0%	100.0%
Employees	208	213

The evolution in CLF's volume of business generated increases of 9% in net interest income and 13% in net operating income, which, in light of strict control over operating costs, generated net income of EUR 10.4 million against the 2006 figure of EUR 9.4 million. Efficiency and profit ratios also improved with cost: income falling from 43.1% to 39.5% and ROE improving from 8.4% to 8.6%.

ASSET MANAGEMENT

Asset management operations were influenced in first half year 2007 by good world economic performance which, allied with the good financial results announced by companies, fuelled new highs in principal world stockmarkets. Starting second half, the US sub-prime crisis and fears of its economic consequences, heightened by the announcement of the losses made by several investment banks led to an environment of risk aversion by investors, interrupting the above referred to appreciation trend.

The **unit trust investment funds** market, in Portugal, recorded first half growth of around 3% in the volume of funds under management, in line with the trend of the last five years. In the second half of the year, owing to the above referred to crisis, credit and liquidity management were adversely affected by problems in the financial system as a whole and unit trust investment funds, in particular.

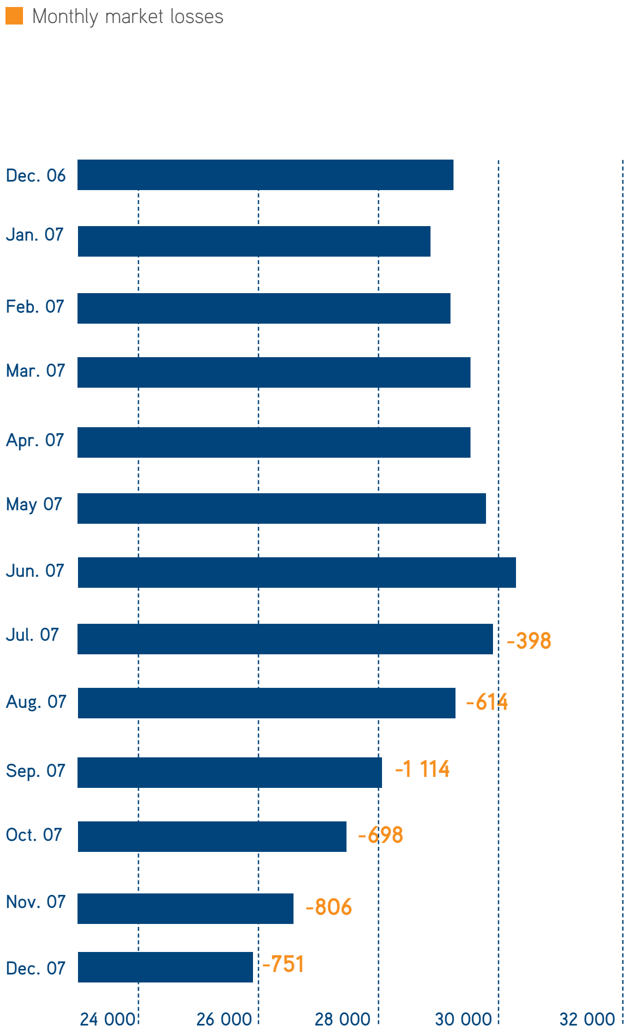
At year end, the value of assets under management by Portuguese fund managers as a whole was EUR 25.8 billion, comprising a decrease of 11.6% over the start of the year. This behaviour was not homogenous in all fund categories, with the most affected being bond and treasury funds, representing more than 50% of the market and down EUR 4.1 billion (25%) over the preceding year. Other fund categories recognised positive rates of change, particularly special investment and guaranteed capital funds, with increases of EUR 322 million and EUR 431 million, respectively.

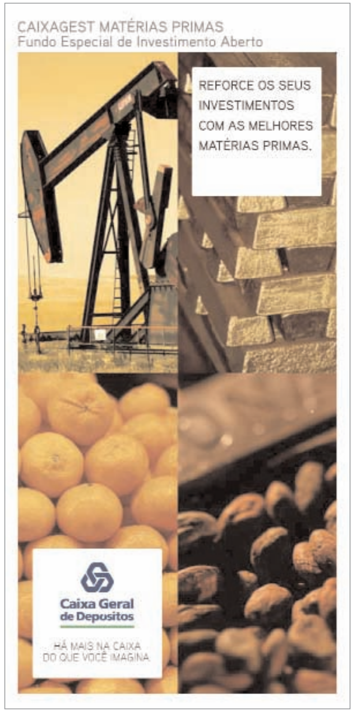
The Portuguese property funds market (FII) recorded a 7% growth of EUR 691 million, with EUR 10.4 billion in assets under management by management companies as a whole. Growth was centred on closed end investment funds and special investment funds with increases of EUR 491 million and EUR 191 million, respectively. Open-ended property funds, on the contrary, decreased in value by EUR 148 million and the value of assets was overtaken by closed end funds.

There was a 5.2% increase in the growth rate of the Portuguese pension funds market to EUR 22.2 billion. Closed end funds, predominantly banking pension funds, were up 5% to EUR 1 billion and continue to dominate the market, with 94.3% of the pension funds total. Open-ended pension funds increased by 13.4% and open-ended PPR (pension) and PPA (share) funds by 4%, although their global values are still relatively insignificant at EUR 88 million and EUR 20 million, respectively.

Unit Trust Funds - Evolution of funds under management

(EUR million)





CGD GROUP

Assets under CGD Group management and advisory services were up 4% during the year to EUR 25 028 million.

ASSETS MANAGED BY CGD GROUP

(EUR million)

			Market shares	
	2006	2007	2006	2007
Funds under management	23 794	24 724		
- Unit trust funds (Caixagest)	6 381	6 217	21.9%	24.1%
- Property funds (Fundimo)	1 256	1 271	12.9%	12.2%
- Pension funds (CGD Pensões)	1 253	1 452	5.9%	7.0%
- Wealth management (Caixagest)	14 904	15 784	25.1%	24.7%
Assets - advisory management	278	304		
	24 072	25 028		

CAIXAGEST - TÉCNICAS DE GESTÃO DE FUNDOS

Caixagest's leading position in the unit trust funds market was reinforced by a 21.9% to 24.1% increase in its market share. There was a 2.6% decrease in the volume of assets under management to EUR 6 217 over the same period last year, although increasing by an average 14% over 2006.

Caixagest launched various funds during the year in conjunction with CGD's commercial branches:

• Six guaranteed capital funds taking in a total amount of EUR 475 million. This type of product, owing to its innovative financial structures, remains very popular with CGD customers.

• "Caixagest Raw Materials" and "Caixagest Infrastructures" special investment funds, geared to investment in sectors with excellent growth potential and having little correlation with traditional financial markets. The objective of these funds, responsible for an initial investment of EUR 72 million, was to provide continuity to the policy of broadening the investment opportunities furthered by Caixagest over the last few years.

• The "Caixagest Obrigações Mais" fund, with greater return and risk potential than the other indexed rate bond funds managed by Caixagest.

On 09 February 2007, the "Caixagest Selecção 2007" closed end guaranteed capital fund came to the end of its life, providing investors with a net return of 16.92% over the investment period, comprising an annual net rate of 5.34%.

From a viewpoint of rationalising CGD's offer on the CTT network the "Caixagest Estratégia Moderada II", "Postal Rendimento" and "Postal Gestão Global" funds were liquidated and incorporated into other funds.

Starting 2nd half 2007, the commercialisation of treasury funds and indexed-rate bond funds was conditioned by the effects of the US sub-prime crisis.

Caixagest had 51 unit trust investment funds under management, at year end, comprising a broadly diversified international financial markets product portfolio adapted to diverse investor segments.

UNIT TRUST FUNDS UNDER MANAGEMENT

(EUR thousand)

	2006	2007
Bond funds	1 715 342	1 721 373
Equities funds	612 513	502 237
Treasury funds	2 367 389	1 813 021
Funds of funds	139 868	126 468
Mixed funds	29 603	44 549
Equity savings funds	95 996	78 631
Special open-ended investment funds	251 903	475 845
Closed end capital guaranteed funds	1 168 190	1 454 625
Total	6 380 805	6 216 749

During the course of the year, Caixagest continued to develop its commercial activity of presenting its wealth management service, in conjunction with CGD's branch network, making it possible to identify new customers and achieving a 20% increase in the number of wealth management contracts.

Together with contacts with branch network customers, systematic endeavours continue to be made to support and secure institutional customers. CGD secured a further two new customers with EUR 170 million together with a EUR 675 million reinforcement from existing customers.

DISCRETIONARY PORTFOLIO MANAGEMENT

(EUR thousand)

	2006	2007
Assets under management	14 904 297	15 783 578
Institutions	3 766 110	3 642 948
Companies	6 982	19 692
CGD Group insurance portfolios	11 048 276	12 008 569
Individual customers	82 928	112 370
Advisory management	277 695	304 625
Total	15 181 992	16 088 203

2007 was characterised by a 74% increase in Caixagest's net income over the preceding year to EUR 7.9 million, deriving from the 14% increase in the average amount of assets under management, favourably reflected in terms of the charging of management and mandatory fees.

FUND MANAGER

(EUR thousand)

	2006	2007
Net assets	34 464	43 742
Shareholders' equity	28 173	34 095
Net income	4 534	7 908
Share capital	9 300	9 300
CGD Group percentage	100.0%	100.0%

FUNDIMO - SOCIEDADE GESTORA DE FUNDOS DE INVESTIMENTO IMOBILIÁRIO

Fundimo launched four new property investment funds in 2007. Three such funds were for private subscription in addition to one special fund for private subscription. It had twenty three funds under management at year end.

Special reference should be made to Fundimo's highly dynamic open-ended property fund, with a significant number of acquisitions of high quality, well located properties, sales of empty property and renegotiating of rental contracts to ensure greater stability and loyalty of tenants. The fund's development, in terms of capital, was affected by higher interest rates, with a slowdown in the rate of subscriptions affected by the sub-prime crisis, resulting in a markedly higher number of redemptions. Notwithstanding the various negative factors affecting both the property and financial market, the fund ended 2007 with one of the highest net yields of 4.5% in comparison to other funds of the same type.

Reference should also be made to the "Sete Colinas" closed end property investment fund for urban rehabilitation in the city of Lisbon. This fund was launched in October 2006, with fund members comprising a collection of major institutional investors. The fund, based on the assets already acquired and currently under appraisal and growth prospects, has already earned the status of being one of the city of Lisbon's principal partners in rehabilitation terms.

Most of the other funds under management are for property promotion. Their activity has, in general terms, proceeded normally, both with regard to investments at their planning stage as those currently under construction.

PROPERTY FUNDS UNDER MANAGEMENT

(EUR thousand)

	2006	2007	Change
Open-ended funds (Fundimo)	825 612	822 085	-0.4%
Closed end funds	430 482	448 746	4.2%
Total	1 256 094	1 270 831	1.2%

2007 was characterised, in global terms, by an expansion in Fundimo's activity and consequently better results. The increase in the number of funds and amount of assets under management are favourably reflected in the 9% increase in commissions charges to EUR 8.4 million in December 2007. These growths have had a positive effect on results with the Fundimo closed end fund ending the year with a 14% increase in net income to EUR 4.6 million, over the same period 2006.

FUND MANAGER

(EUR thousand)

	2006	2007	Year on year change
Net assets	8 543	9 243	8%
Shareholders' equity	7 075	7 649	8%
Net income	4 068	4 642	14%
Share capital	600	600	
CGD Group percentage	100.0%	100.0%	

CGD PENSÕES - SOCIEDADE GESTORA DE FUNDOS DE PENSÕES

CGD Pensões continued to manage its thirteen closed end pension funds in 2007, having achieved, at year end, a mandate to set up a closed end fund for a major domestic institution and transfer the management of two closed end pension funds, starting January 2008.

In the open-ended pension funds field it continued to manage the open-ended "Caixa Reforma Activa" and "Caixa Reforma Valor" pension funds commercialised by the CGD Group branch network, having launched its new "Caixa Reforma Garantida 2022" open-ended fund, in March.

The "Caixa Reforma Activa" open-ended pension fund which has a more conservative investment policy was up 10.9% during the year to EUR 133.3 million having recorded a new collective subscription and around 1.3 hundred new individual subscriptions at a subscription price of EUR 13.1 million.

The "Caixa Reforma Valor" open-ended pension fund which has a more aggressive investment policy was up 63.8% to EUR 10 million, having taken in a new collective subscription during the course of the year and around five hundred new individual subscriptions at a subscription price of EUR 3.9 million.

At year end the value of assets managed by the company was up 15.9% to EUR 1 452 million.

FUNDS UNDER MANAGEMENT

(EUR thousand)

	2006	2007
Open-ended funds:	**126 426**	**155 637**
"Caixa Reforma Activa" Fund	120 311	133 374
"Caixa Reforma Valor" Fund	6 115	10 016
"Caixa Reforma Garantida 2022" Fund	-	12 247
Closed end funds:	**1 126 237**	**1 296 651**
Other closed end funds	1 126 237	1 296 651
Total	**1 252 663**	**1 452 288**

Net income for 2007 was up EUR 547 thousand over the preceding year to EUR 897 thousand.

FUND MANAGER

(EUR thousand)

	2006	2007
Net assets	5 340	6 368
Shareholders' equity	4 356	5 153
Net income	350	897
Share capital	3 000	3 000
CGD Group percentage	100.0%	100.0%

INSURANCE

MARKET EVOLUTION

Insurance operations, in Portugal, accounted for a volume of EUR 13 749 million in direct insurance premiums, in 2007, (8.8% of GDP), 68.1% of which from life insurance. Global growth of 4.8% was essentially based on the 6.9% increase in life insurance, benefiting from the good performance of capitalisation insurance with non-life insurance accounting for around one third of sales evidencing a stagnation in premium volumes (0.5%), reflecting a decrease in the level of labour and motor insurance. Insurance sales abroad (0.88% of the total), were EUR 122 million, i.e. up EUR 10 million over the preceding year.

There were different levels of concentration in terms of life and non-life insurance, with the 5 major groups expanding their market share to 80.6% (up 1.9 p.p.) in life insurance with a 1.3 p.p. reduction to 63.9% in non-life insurance owing to a more marked level of growth by the smaller insurance companies.

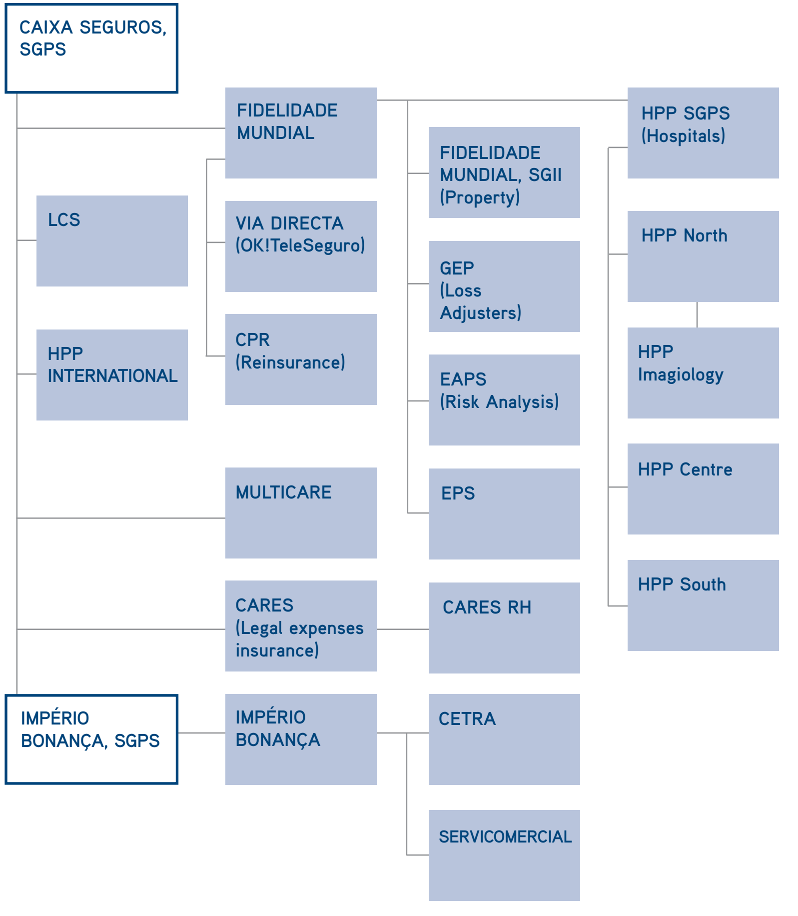
2007 was a major milestone in terms of the sector's legal environment, with the application of the new mediation law designed to improve the level of professionalism of insurance mediators and an expected increase in the quality of service and information provided to customers.

CAIXA SEGUROS, SGPS, SA

Investment structure

Caixa Seguros, SGPS, SA is CGD Group's holding company for insurance area investments. It operates under the Fidelidade Mundial, Império Bonança, OK!TeleSeguro, MultiCare and Cares brands, supported by the largest and most diversified network of financial products on the domestic market.

Caixa Seguros also operates as an umbrella organisation albeit indirectly for CGD Group's hospital area investments in HPP, SGPS through Companhia de Seguros Fidelidade Mundial.



Financial Statements and Principal Indicators (IAS/IFRS)

CAIXA SEGUROS, SGPS, SA

SUMMARY OF CONSOLIDATED BALANCE SHEET

(EUR thousand)

	2006	2007
Net assets		
Fixed assets and inventories	248 957	248 741
Investments	10 169 844	11 284 460
Investments - policyholder risk	848 401	777 115
Technical provisions for outwards reinsurance	236 255	231 901
Debtors	801 964	528 327
Bank deposits and cash	1 040 254	747 466
Accrued and deferred income	111 314	126 099
Total assets	13 456 989	13 944 109
Shareholders' Equity and Liabilities		
Share capital	448 400	448 400
Share premiums	184 404	184 404
Reserves	298 841	311 361
Retained earnings	72 160	101 404
Net income for year	154 529	165 325
Minority shareholders' interests	15 353	23 488
Total shareholders' equity	1 173 687	1 234 382
Liabilities		
Technical provisions	7 822 155	7 666 693
Liabilities for financial instruments	2 183 915	3 124 303
Technical provisions - policyholder risk	847 369	777 115
Provisions for other risks and charges	73 875	82 595
Deposits received from reinsurers	38 319	107 556
Creditors	1 211 831	864 162
Accrued and deferred income	105 839	87 303
Total liabilities	12 283 303	12 709 727
Total shareholders' equity and liabilities	13 456 989	13 944 109

CAIXA SEGUROS, SGPS, SA

CONSOLIDATED FINANCIAL STATEMENT

(EUR thousand)

	2006	2007
Non-life insurance technical account		
Earned premiums net of reinsurance	1 340 174	1 293 215
Investment/Income costs	124 050	54 842
Other technical Income/Costs	-2 122	6 589
Claims costs, net of reinsurance	-958 201	-936 857
Net operating costs	-381 870	-362 571
Non-life insurance technical account	122 031	55 218
Life insurance technical account		
Earned premiums net of reinsurance	1 281 174	946 047
Income/Investment costs	192 369	275 111
Other technical income/Costs	-960 679	114 754
Claims costs, net of reinsurance	-409 119	-1 166 640
Net operating costs	-44 904	-49 821
Life insurance technical income	58 841	119 451
Technical income from financial instruments	25 982	31 485
Total technical income	206 854	206 154
Non-technical account		
Income/Investment costs	27 550	30 460
Other non-technical income/Costs	-28 510	-23 238
Income before taxation	205 894	213 376
Tax on income for year	-51 721	-48 430
Minority shareholders' interests/Income	356	379
Net income for year	154 529	165 325

CAIXA SEGUROS, SGPS, SA

GENERAL INDICATORS

(EUR thousand)

	2006	2007
Net assets	13 456 989	13 944 109
Direct insurance premiums	3 246 709	3 658 568
Life insurance	1 301 918	967 319
Insurance contracts classified as financial instruments	501 460	1 292 496
Non-life insurance	1 443 331	1 398 753
Insurance contracts liabilities	10 006 070	10 790 996
Technical provisions for direct insurance and inwards reinsurance	7 822 155	7 666 693
Liabilities on the deposit components of insurance contracts	2 183 915	3 124 303
Net investments	12 000 104	12 809 040
Direct insurance claims rate on earned premiums		
Life insurance	49.1%	121.1%
Non-life insurance	55.6%	58.1%
Shareholders' equity	1 173 687	1 234 383
Net income	154 529	165 325
Solvency (Local GAAP)		
A. Solvency margin (total)	910 784	913 389
B. Solvency margin (mandatory)	597 630	652 664
Solvency margin cover (A/B)	152.4%	139.9%
Return		
ROE (net)	13.5%	13.7%
ROA (net)	1.21%	1.2%
Market shares (Operations in Portugal)	24.2%	26.0%
Life insurance	20.0%	23.6%
Non-life insurance	32.6%	31.2%
Employees	4 153	4 390
Insurance sector	3 374	3 582
Others sectors	779	808

...Continued

(EUR thousand)

	2006	2007
Branch offices	153	153
Fidelidade Mundial	90	90
Império Bonança	63	63
Exclusive outlets	632	676
Fidelidade Mundial	342	373
Império Bonança	290	303
Franchising outlets	134	164
Império Bonança	134	164

Summary

Caixa Seguros operates the largest and most diversified branch network of domestic market financial products: Fidelidade Mundial and Império Bonança branches, agents and brokers, CGD branch offices, CTT counters, internet and telephone in the case of OK!TeleSeguro.

Work was completed on the integrated management model and operation of Caixa Seguros's two principal insurance companies, in 2007, with the concentration and standardisation of the operating platforms having evolved as planned.

The objective was achieved without prejudice to increased business specialisation whether in terms of distribution channels, business lines or the projection of the principal commercial brands.

Owing to the importance of prudential management in the insurance business sector, the company continued to implement actions designed to minimise operating risk, in 2007, with the aim of adjusting the company's structure to the new market supervision standards.

The implementation and development of a best international practice compliance and prevention of money laundering strategy was therefore particularly important in 2007, with the creation of an Institutional Affairs and Compliance Office in July. Pursuant to the activities already performed, a Group compliance handbook was approved and divulged and training on this subject matter given to more than 300 workers.

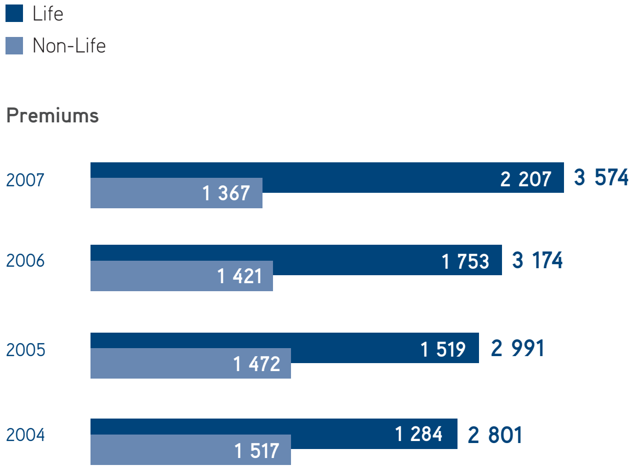
Direct Insurance Premiums

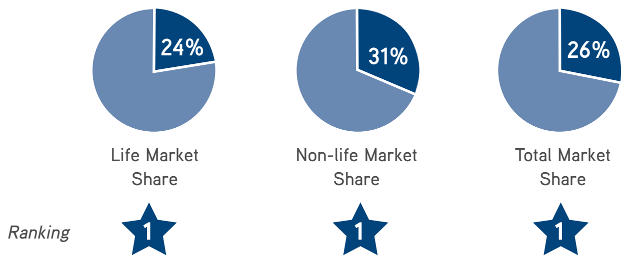
Caixa Seguros increased its direct insurance premium sales by 12.7% to EUR 3 659 million, enabling it to consolidate its market lead in this business, first achieved in 2006.

Activity in Portugal was responsible for 97.8% of sales with a 12.6% increase in premium volume to EUR 3 574 million. Foreign operations accounted for EUR 84 million, or around 70% of the sector's total sales in other markets.

Insurance Operations in Portugal

(EUR million)





Caixa Seguros's market lead with a global market share of 26.0% (up 1.8 p.p. over the preceding year), encompasses the principal business areas, particularly life insurance, in which it now accounts for around a quarter of the market, but also non-life insurance, with around a third of total premiums sales in Portugal.

Notwithstanding the disparity between market shares for life (23.6%) and non-life insurance (31.2%), Caixa Seguros's premium portfolio is more evenly distributed between these two business areas than is the case with the rest of the market, with life insurance having 61.7% of the premiums in comparison to a market total of 68.1%.

A significant increase in income, in 2007, derived from the new channels, essentially reflecting the favourable evolution of life insurance, as opposed to traditional channels which continued to reflect the stagnation in non-life insurance, which comprises their principal business area.

Non-life insurance

NON-LIFE DIRECT INSURANCE

	Earned premiums		Claims		Claims rate	
	2006	2007	2006	2007	2006	2007
Workman's compensation	246 886	234 028	202 397	198 423	82.0%	84.8%
Personal accidents and passenger insurance	51 187	46 681	7 039	14 361	13.8%	30.8%
Health	143 694	159 023	110 482	124 141	76.9%	78.1%
Fire and other damage	243 323	232 499	63 841	86 410	26.2%	37.2%
Motor	679 122	640 699	394 881	366 666	58.1%	57.2%
Marine, aviation and transport	39 266	36 883	28 277	9 987	72.0%	27.1%
General third party liability	33 258	33 589	898	10 676	2.7%	31.8%
Credit and suretyship	830	576	504	-825	60.6%	-143.2%
Legal protection	5 331	7 163	351	221	6.6%	3.1%
Assistance	8 741	8 334	-37	15	-0.4%	0.2%
Miscellaneous	13 144	12 456	5 104	9 621	38.8%	77.2%
Total	1 464 782	1 411 931	813 736	819 696	55.6%	58.1%

Claims

There was a 2.5 p.p. increase in the direct insurance claims rate to 58.1%. The change reflects the extraordinary reinforcement of technical provisions to comply with Solvency II requirements.

Technical Provisions and Cover

In accordance with the domestic assessment rules on assets and technical provisions, technical provisions for direct insurance and inwards reinsurance, including liabilities for financial instruments totalled EUR 11 484 million, whereas assets eligible for the representation thereof totalled EUR 12 242 million, giving a cover ratio of 106.6%.

Under the IFRS, the Group's insurance contracts liabilities totalled EUR 11 568 million with net investments of EUR 12 809 million.

There was a 6.5 p.p. reinforcement in the technical provisions to non-life insurance ratio to 170.3%. The market ratio, at end 2006, was close to 140% and is once again indicative of the prudent policy adopted by insurance companies.

The Group's liabilities to policyholders and third parties are fully covered and adequately represented, complying with the limits on financial investments, in addition to solvency margin and the Guarantee Fund, significantly exceeding the legal minimums.

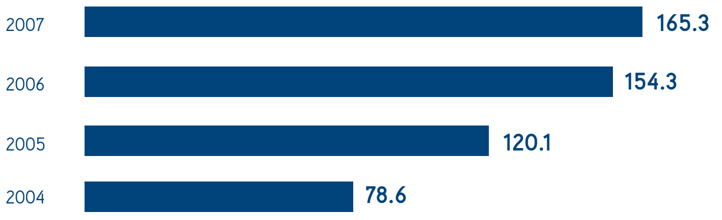
Income and Shareholders' Equity

There was an 8.5% reduction of EUR 42.5 million over the preceding year in Caixa Seguros's total structural costs to EUR 458.2 million. The fluctuation in the amount of general expenditure, over the last three years, however, essentially derives from the provisions for risks and charges account heading, owing to the creation of miscellaneous provisions, without which, costs for the period would have decreased.

Net income of EUR 165.3 million i.e. up 7.0% over the preceding year, continued to benefit from the favourable combination of the effects of selective risk management and implementation of cost containment measures.

Insurance Operations - Net Income

(EUR million)



Caixa Seguros's consolidated shareholders' equity was up EUR 60.7 million over 2006 to EUR 1 234 million.

The solvency margin required of Caixa Seguros came to a year end total of EUR 653 million, whereas its respective component parts totalled EUR 913 million, giving a solvency margin cover ratio of 140%, representing a high safety margin for all policyholders and economic operators related with Group companies.

COMPANHIA DE SEGUROS FIDELIDADE MUNDIAL, SA

Operating Summary

In the chapter on internal organisation, the aim continued to be to achieve greater efficiency in terms of the company's internal architecture, for maximising economies of scale deriving from the integration of back office structures with Império Bonança.

Fidelidade Mundial brand reinforcement and commercial promotion measures also continued to be implemented, in the form of special promotional campaigns, improved sales support computer tools, promotion of innovative life-insurance products and the performance of the Corporate Business Promotion Division, for reinforcing the company's involvement with SMEs on the basis of the "Companies Protection Solutions" concept.

Reference should also be made to the development of the Assurefinance project, on the basis of the mediation network's offer of mortgage lending and automobile finance to Fidelidade Mundial customers. In product policy terms, particular reference should be made to the implementation of measures designed to consolidate the current motor insurance risks portfolio, on the basis of tariff alterations designed to secure new customers with a

more favourable risk profile, improved customer portfolio segmentation, inducements to pay premiums by direct debit and the development of a new product for launch in early 2008.

Life insurance included the launch of the "Leve" product. This is an innovative retirement savings plan with three investment options, associating a "social protection" component and entitling holders to subscribe for a CGD credit card. Capitalisation products policy continued to concentrate on limited offer products, with highly attractive conditions.

To improve the offer of "personal protection" insurance, reference should be made to CGD's launch of its "Caixa Woman" product designed to provide for women's specific protection requirements and, in the Assurefinance business, a new life insurance policy associated with mortgage lending agreements.

The company is the undisputed market leader with a 21.1% market share, in addition to the life (22.3%) and non-life insurance (18.6%) markets.

The company sold EUR 2.9 billion of direct insurance premiums in Portugal. This was equivalent to a 16.9% increase over the preceding year and derives from the favourable performance of life insurance as non-life insurance sales were down by around 3.9%.

Premium sales in foreign markets totalled EUR 76.1 million. Special reference should be made to growth in the Spain branch in addition to the expansion of non-life insurance in the France branch.

Direct insurance indemnities, in Portugal totalled EUR 1 973.8 million. This was up 47.1% over 2006, reflecting a 90.1% increase, particularly in life insurance, deriving from the high volume of redemptions and maturities.

There was a 4.7 p.p. decrease in the non-life insurance, net of reinsurance, claims rate on operations in Portugal, owing to the lower rate recorded on the principal insurance aggregates, particularly motor insurance, as the accidents and health and fire and other damage aggregates in 2006, were influenced by extraordinary factors, respectively the company's preparation for the new long term Solvency II programmes on workman's compensation insurance and the abnormally high occurrence of industrial fires and floods.

Fidelidade Mundial, ending 2007 with EUR 9.9 billion in assets representing technical provisions achieved a direct insurance and inwards reinsurance technical provisions cover ratio of 104.5%, exceeding liabilities by around EUR 400 million. There is also a series of non-allocated assets suitable for representing technical provisions, which would have the effect of increasing the cover ratio to 109.2%.

COMPANHIA DE SEGUROS FIDELIDADE MUNDIAL

SEPARATE ACCOUNTS (a)

(EUR thousand)

	2006	2007
Net assets	10 173 764	11 079 888
Investments (representing assets)	9 157 805	9 896 928
Technical provisions net of reinsurance	8 524 071	8 695 372
Direct insurance premiums for year	2 552 327	2 977 559
Shareholders' equity	959 005	1 009 582
Net income	104 014	126 096
Share capital	400 000	400 000
CGD Group percentage	100.0%	100.0%
Employees	1 941	1 917
Branch offices	90	90
Exclusive outlets	342	373

(a) The amounts set out in this table comply with insurance company standards.

In terms of separate accounts, Fidelidade Mundial's shareholders' equity was up 5.3% to EUR 1 010 billion. This derived from net income for the year and reserves. Net income, in turn, was up 21.2% to EUR 126 million, owing to the improvements in life insurance technical ratios and the reduction of structural costs. Consolidated net income was up around 20% over 2006 to EUR 133.6 million.

IMPÉRIO BONANÇA - COMPANHIA DE SEGUROS, SA

Operating Summary

In terms of Império Bonança's internal organisation, work continued to proceed with the objective of achieving greater efficiency in its internal architecture, owing to its integration in the back office structures of Fidelidade Mundial, since becoming a member of the CGD Group in 2005.

The year was also characterised by customer fidelity and retention activities, in terms of market position and strategy, pursuant to which several measures, designed to reduce the rate of the cancellation of policies, together with the launch and sale of new products on the basis of a customer segmentation and satisfaction approach, were adopted. In addition to the traditional, comprehensive offer targeted at individual customers and companies, new financial products such as Dupla Garantia, Renda Certa Mais, Garantido 4.14% and end of year financial supplements were launched.

Império Bonança once again defined its position on the basis of its "Look on the Bright Side", communication strategy designed to improve proximity with customers and alerting people to risk because risk is ever-present, while adopting an optimistic approach.

Measures designed to promote activity, essentially targeted at the traditional mediation channel were also taken and particularly include:

- The development of a new product designed to counteract the trend towards losses on motor insurance;

- More competitive prices with greater customer segmentation and incentives to pay premiums by direct debit;

- Life insurance products, in the retirement products range, reformulation of the permanent retirement savings plan product offer and, at year end, the launch of a special retirement savings plan, reinforcing the brand's market position.

- In the case of capitalisation products the company committed to the launch of a special traditional guaranteed income products series as an alternative to taking in structured savings instruments, as in past years;

- In the sphere of personal life risk insurance protection for the Assurefinance business, the launch of a new life insurance policy associated with CGD mortgage lending agreements.

IMPÉRIO BONANÇA [(a)]

PRINCIPAL INDICATORS

(EUR thousand)

	2006	2007
Net assets	2 546 804	2 541 890
Investments (representing assets)	2 176 911	2 181 053
Technical provisions net of reinsurance	1 898 768	1 684 992
Direct insurance premiums for year	659 814	643 095
Shareholders' equity	191 973	215 429
Net income	28 971	31 265

...Continued

(EUR thousand)

	2006	2007
Share capital	202 005	202 005
CGD Group percentage	70.0%	100.00%
Employees	1 278	1 278
Branch offices	63	63
Exclusive outlets	290	303
Franchising outlets	134	164

(a) Separate accounts. The amounts set out in this table comply with insurance company standards.

The company's premium sales were down 2.5% over the previous year to EUR 643 million, essentially owing to the 4.7% decrease in non-life insurance. Operations in Portugal were down 3.7% over 2006 to EUR 634.8 million in premiums.

Sales of life insurance were up 0.8% to EUR 122 million, essentially deriving from the commercialisation of capitalisation products. Sales of non-life insurance premiums were down 4.7% to EUR 512.9 million, with a reduction in most branches, except for health insurance which was up 9.3%.

Claims costs were down 0.5% during the year to EUR 539 million. Non-life insurance processed EUR 315 million in direct insurance indemnities (down 5.3%) with indemnities of EUR 224 having been paid out in life insurance, essentially relating to maturities and redemptions of capitalisation products. In the case of non-life insurance, reference should be made to the decrease of 5% and 79.5% in claims by the motor and transport groups, respectively.

The value of assets representing technical provisions, increased to EUR 2,181 million, exceeding liabilities by an amount of EUR 224 million with a cover rate of 111.4%. An analysis of the assets portfolio shows an increase in credit securities as opposed to deposits and cash.

Império Bonança's net income was up 7.9% over the previous year to EUR 31.3 million, including EUR 532 thousand from its foreign operations.

HOSPITAL ACTIVITY

The challenges facing HPP Saúde, in the current competitive context led to the identification of the following objectives and priority actions:

• The consolidation of a significant presence in operations pertaining to the provision of healthcare services, concentrating on the expansion of private offer, through the construction or acquisition of hospitals: opening two new private healthcare establishments in 2008, Hospital dos Lusíadas, in Lisbon and an extension to the Hospital da Boavista in Porto;

• Participation in the endeavours to reorganise the National Health System: To begin work on the management of the current Cascais Hospital under a PPP arrangement in 2008; to begin work on the development of the project for the new Cascais hospital, also under a PPP arrangement, in 2008;

• Strengthening the partnership with USP Hospitales: effective integration of technical and technological resources support and experience of USP Hospitales' hospital management;

• Transition to a new governance model based on a professional structure in accordance with business requirements.

HPP SGPS, which acts as an umbrella organisation for CGD Group's hospital area investments and in which it has a 75% holding, recorded an increase in its activity, to a volume of services of EUR 55.8 million.

Other Subsidiaries' Operations

• Via Directa - Companhia de Seguros, SA, specialising in distance insurance channels, through the Ok!Teleseguro brand, recorded a 10.2% increase of EUR 37.8 million in direct sales over the previous year, achieving net income of EUR 2.0 million;

• Cares, specialising in legal assistance insurance achieved a 24% increase in its consolidated sales over the preceding year to EUR 43.1 million, achieving net income of EUR 3.9 million;

• MultiCare, a new insurance company specialising in healthcare insurance and which adopted the name of the medical network which is also used for the Group's healthcare insurance, began its operations in the last quarter of the year, achieving net income of close to EUR 1 million;

• CPR - Companhia Portuguesa de Resseguros was fully acquired by Caixa Seguros, with the inception of a financial recovery plan which has already succeeded in earning the company net income of EUR 1 million;

• EPS - Gestão de Sistemas de Saúde, SA, specialising in healthcare operations management and networks, providing services to several insurance companies on the market and achieving turnover of EUR 9.6 million and net income of EUR 1.5 million;

• GEP - Gestão de Peritagens Automóveis, SA, responsible for loss adjustment operations for the Group's insurance companies, invoiced around EUR 17.5 million, having consolidated the high growth rates achieved in past years;

• EAPS - Empresa de Análise, Prevenção and Segurança, SA continued to make a positive contribution to the company's operations in its areas of specific competence, with a more than 10% increase in turnover over the preceding year to EUR 2.1 million;

• Fidelidade Mundial, SGII, geared to managing the property portfolio, aims to reinforce the company's market performance capacity of added interest to insurance companies with EUR 6 million in income, mainly deriving from property rents and net income of EUR 3.8 million.

• Cetra - Centro Técnico de Reparação Automóvel, specialising in car repairs achieved a turnover of more than EUR 1.5 million.

• LCS - Linha de Cuidados de Saúde has achieved highly favourable operating results and is at a growth and investment stage which will tend to consolidate over the next year.

GROUP BUSINESS ACTIVITIES ABROAD

BRANCHES AND BANKING SUBSIDIARIES

CGD Group has a network of 10 bank branches - New York, London, France, Luxembourg, Zhuhai (People's Republic of China), Timor Lorosae, Grand Cayman, Monaco, Spain and Madeira Offshore Branch - and 7 subsidiaries - Banco Caixa Geral (Spain), Banco Comercial e de Investimentos (Mozambique), Banco Comercial do Atlântico (Cape Verde), Banco Interatlântico (Cape Verde), Banco Nacional Ultramarino (Macau), Mercantile Bank (South Africa) and Caixa Geral de Depósitos Macau Offshore Branch. CGD's branch office network operates with resident Portuguese communities, providing support to the operations of Portuguese companies abroad, as a retail, corporate and investment bank.

The said branch offices and subsidiaries recognised year end balances on their loans and advances to customers accounts of EUR 11.4 billion (up 27.5% over 2006) and customer deposits of EUR 9.3 billion (up 11.1%).

BRANCHES AND BANKING SUBSIDIARIES [a]

(EUR million)

	Branches		Subsidiaries		Total	
	2006	2007	2006	2007	2006	2007
Loans and advances to credit institutions	21 406	17 095	3 632	6 119	25 038	23 214
Loans and advances to customers	4 556	5 469	4 416	5 974	8 972	11 443
Credit institutions' resources	15 670	10 858	2 051	5 630	17 721	16 488
Debt securities	7 549	8 196	135	10	7 684	8 206
Customer resources	2 946	2 852	5 784	6 399	8 330	9 252

(a) Including intra-group relationships.

In terms of net assets (after intra-Group relationships), the branch office total, at end 2007, comprised EUR 9.4 billion (up 9.3% over 2006) and banking subsidiaries EUR 8 billion, i.e. 9% and 7.6% of the CGD Group total respectively.

SPAIN

The Spanish economy performed well in 2007, with GDP growth of 3.8%, in comparison to last year's 3.9%. As in the previous three years, growth continued to be based on domestic demand, with high growth in consumption (3%) and a reduction in the inflation rate to 2.8% (3.6% in 2006). The unemployment rate also performed well falling from 8.5% to 8.3% at year end.

Banco Caixa Geral

2007 confirmed the management measures taken under Banco Caixa Geral's strategic transformation programme. Special reference should be made to the relevant 21.4% growth in turnover, based on customer focus through growing segmentation, in addition to network specialisation and the harmonised development of new products (e.g. *"Hipoteca Cero 33"* which won the *Euro de Oro Mejor Producto Financiero del Año 2007* prize).

The objective continues to be to position Banco Caixa Geral as the benchmark operator in terms of the economic relationship between Portugal and Spain. Reference should be made to the Best Portuguese Company in Spain, award from the Spanish-Portuguese Chamber of Commerce and Industry.

In terms of support areas, performance on the development of technological improvements, together with the growing optimisation of the operational processes generated by functional evolutions in the bank's organisational structure were also fundamental in terms of this consolidation.

In terms of organic development, work continued to be performed on business network expansion with the opening of a further 20 branch offices, reflecting a growth of 10.6%.

Banco Caixa Geral's consolidation and growing sustainability in the Spanish market was also enhanced by the linkage with other CGD Group entities in Spain, such as CGD España (branch), Caixa BI and Fidelidade Mundial, whose activities made it possible to increase the number of new business opportunities and consequently provide CGD Group with added value.

BANCO CAIXA GERAL

(EUR thousand)

	2006	2007
Net assets	4 218 741	7 642 492
Loans and advances to credit institutions	905 367	3 149 302
Loans and advances to customers	3 069 239	4 270 789
Securities portfolio	12 622	24 191
Credit institutions' resources	1 844 403	5 322 696
Customer resources [a]	3 070 021	3 179 486
Shareholders' equity	397 829	408 618
Net income	584	10 849
Share capital	442 792	442 792
CGD Group percentage	99.80%	99.80%
Employees	955	1 034
Branch offices	188	208

(a) Including off-balance sheet resources.

The bank's total assets were up 81.2% owing to the 248% increase in loans and advances to credit institutions and 39.1% increase in loans and advances to customers, particularly in the corporate segment (up EUR 811.8 million) and residential mortgage lending (up EUR 408.6 million), and foreign operations.

Net income of EUR 10.8 million against the 2006 figure of EUR 584 thousand, reflected the impact of higher turnover and account consolidation.

FRANCE

The French economy recorded GDP growth of 1.9% in 2007 as opposed to the preceding year's 2%. This was, once again, based on a 2% increase in domestic demand and 5.1% increase in corporate investment, although the contribution made by exports was negative. Inflation was 1.6%, against 1.9% in 2006. The unemployment rate also fell during the year from 9.2% to 8.3%.

France Branch

The France Branch's net assets were up 1.2% over the preceding year to EUR 15.9 billion. Loans and advances to customers were up 6.7% and customer deposits 6.8%.

Net operating income was up 2.4% which, based on a 1.3% increase in structural costs and provisions and tax appropriations, gave net income of EUR 6 235 thousand, which was slightly up over last year's figure.

FRANCE BRANCH

(EUR thousand)

	2006	2007
Net assets	15 703 521	15 896 072
Loans and advances to credit institutions	11 400 569	11 304 724
Loans and advances to customers	3 180 141	3 393 549
Credit institutions' resources	6 803 133	5 140 090
Customer deposits	1 357 945	1 450 456
Net income	6 130	6 235
Employees	506	522
Branch offices	45	45

LUXEMBOURG

The Luxembourg economy slowed down slightly, in 2007, with a GDP increase of 5% in comparison to the preceding year's 6%, owing to the crisis in the financial markets, in addition to the euro's appreciation and oil price hikes. Inflation was 2.3%, in comparison to the year 2006 figure of 2.7%, with unemployment remaining unchanged from the preceding year at around 4.5%.

The proportion accounted for by Luxembourg's financial industry once again increased from 37% of GDP in 2005 to 46% in 2007, generating around 32% of the country's fiscal revenues. The financial and insurance sector employed 40 thousand people, or around 13% of the workforce, at year end.

Luxembourg Branch

The Luxembourg branch's net assets were up 19%, owing to the growth of retail business sourced in the local market. Special reference should be made to the 60% increase in loans and advances to customers, essentially in the individual customers segment, of which 90% comprised mortgage loans.

Customer deposits remained stable although residents' deposits were up 13%. The increase in credit was part financed by resources taken from credit institutions.

LUXEMBOURG BRANCH

(EUR thousand)

	2006	2007
Net assets	169 613	201 995
Loans and advances to credit institutions	9 361	62 772
Loans and advances to customers	80 820	129 439
Credit institutions' resources	74 742	110 817
Customer deposits	87 678	86 770
Net income	830	421
Employees	23	27
Branch offices	2	2

UNITED KINGDOM

There was a 3.1% GDP increase in the United Kingdom, in 2007, against the preceding year's 2.9%. This evolution benefited from a 3% to 3.6% growth in domestic demand, notwithstanding a slowdown in investment.

Inflation, at 2.3%, was identical to the preceding year's figure. Unemployment was not higher than 5.0%, in comparison to the Eurozone average of 7.2%. Last year's figure was 5.4%.

London Branch

The London branch's operations are almost exclusively geared to the distribution of modern, value added products to CGD Group customers on its regular channels. There is major focus on derivatives and dynamic hedge techniques for the creation of a product range, starting from simple deposits up to the most complex structured products, both for investors and finance.

The branch employs specialised technical staff and state-of-the-art technologies in its management of all types of market risk, in addition to developing new products for the Group. Pursuant to the above, 2007 witnessed the introduction of guaranteed and non-guaranteed capital products to support Caixa's expanding presence in the Spanish market, with the branch being equally committed to supplying other products such as fixed-rate mortgage lending products designed to guarantee adequate financing costs.

The branch also provides services to the Portuguese community resident in the United Kingdom and to British and Irish citizens with interests in Portugal, pursuant to which reference should be made to the launch of the "Live in Portugal" campaign which is specifically targeted at English speaking customers interested in taking out mortgages loans in Portugal.

The branch's net income for 2007 reflects the major contribution of hedge strategies and growth in the range of new products.

LONDON BRANCH

(EUR thousand)

	2006	2007
Net assets	2 924 901	2 831 209
Loans and advances to credit institutions	2 130 094	2 163 236
Securities portfolio	595 534	648 384
Credit institutions' resources	523 391	928 646
Customer resources	62 494	44 138
Debt securities	2 130 180	1 533 532
Net income	5 889	9 803
Employees	29	31

UNITED STATES

The US economy continued to grow in 2007, for the sixth consecutive year, although at a slower rate than in 2006. GDP was up around 2.2%, against 2.9% and 3.2%, in 2006 and 2005, respectively. It has been estimated that the rupture verified in the mortgage sector, in second half 2007, subtracted around one percentage point from GDP growth.

The mortgage sector crisis and subsequent market instability led the government to implement a package of measures designed to incentivise consumption and investment. The Federal Reserve also reduced the reference rate from 5.25% to 4.25% between September and December 2007.

Inflation was 2.8%. Energy prices increased by 17.4% and food prices by 4.9%.

New York Branch

The New York branch operates on a wholesale banking level in New York's financial market, particularly concentrating on syndicated operations and also intervening in fixed-income capital markets and management of the US commercial paper programme for CGD Group.

The branch's dollar assets were up by around 11%, particularly in the loans and advances to credit institutions (up 24.5%), loans and advances to customers (up 21.6%) account headings, as opposed to the 28% reduction in the securities portfolio, owing to the disposal of a part of the portfolio which had not been replaced by year end.

NEW YORK BRANCH

	2006		2007	
	Thousand USD	Thousand EUR	Thousand USD	Thousand EUR
Net assets	2 481 121	1 883 919	2 759 155	1 874 299
Loans and advances to credit institutions	1 448 471	1 099 826	1 803 341	1 225 013
Loans and advances to customers	414 436	314 682	503 964	342 344
Securities portfolio	598 260	454 260	430 334	292 499
Credit institutions' resources	1 916 677	1 455 336	1 970 544	1 338 594
Customer deposits	166 621	126 516	150 089	101 956
Net income	2 217	1 766	1 227	895
Employees	16		15	

Note: EUR/USD exchange rate: Balance Sheet 1.3170 in 2006 and 1.4721 in 2007; Income Statement 1.2557 in 2006 and 1.3706 in 2007.

CAPE VERDE

Economic growth in Cape Verde, in 2007, was higher than expected, with GDP of 6.4% against 6.1% in 2006. Inflation, at 4.5% was lower than last year.

There was an increase in foreign exchange reserves owing to the growth of exports, net of services and foreign direct investment which reached all-time highs in guaranteeing 4.1 import months at year end.

Banco Comercial do Atlântico

BCA has the largest branch office network with 27 branches. It is committed to strong, dynamic communication, in line with its customers' demands and expectations, having reinforced its commitment to customer segmentation and retaining their loyalty, helping to maintain its image as the largest and leading bank, not only in terms of market share but also in terms of rigour and quality.

There was an increase of around 11.4% in the bank's local currency net assets, particularly including, in balance sheet terms, the 4.5% growth in the net credit portfolio, 79.6% growth in loans and advances to credit institutions and 10.7% growth in customer deposits offset by a slight decrease in the value of the securities portfolio.

BANCO COMERCIAL DO ATLÂNTICO

	2006		2007	
	Thousand CVE	Thousand EUR	Thousand CVE	Thousand EUR
Net assets	56 032 921	504 166	62 424 281	566 130
Loans and advances to credit institutions	4 800 479	43 536	8 621 881	78 192
Loans and advances to customers	22 323 349	202 452	23 336 377	211 639
Securities portfolio	17 125 156	155 309	17 093 913	155 026
Credit institutions' resources	476 667	4 323	372 951	3 382
Customer deposits	49 639 324	450 182	54 939 180	498 247
Shareholders' equity	1 250 713	11 343	2 143 546	19 440
Net income	-90 704	-823	1 130 345	10 251
Share capital	1 000 000	9 069	1 000 000	9 069
CGD Group percentage	59.20%		59.20%	
Employees	405		406	
Branch offices	26		27	

Note: EUR/CVE exchange rate: 110.265 in 2006 and 2007.

Net income was CVE 1 130 million against losses of CVE 90.7 million in December 2006. The surplus balance on the provisions for employees healthcare liabilities provision, set up in 2006, was cancelled and recognised in net income.

Reference should be made to the launch of the new Western Union, BCA-Conta Crescente, BCA Credi +, BCA Casa não Residentes and BCA Imobiliária products. BCA remains highly committed to electronic payments media to facilitate its customers' operations. BCA installed 6 ATMs in 2007, to a total of 36 ATM installations. Its internet banking service, which was the first virtual banking system in Cape Verde, has 8,106 customers, having grown 28% over 2006. Reference should also be made to the bank's issue of a further 23.3 thousand cards, in 2007, against 19 thousand in 2006. 52% of the 44 000 cards produced by the system in 2007, were BCA.

Banco Interatlântico

2007 was one of the best years in Banco Interatlântico's history. The bank succeeded in achieving a level of excellence ranking it as one of the best banks in Cape Verde's banking system with balance sheet growth levels higher than the growth recorded in Cape Verde and banking system average. This result was achieved notwithstanding the fact that the same 5 branch office network was retained, as the Santa Maria branch only opened on 21 December 2007.

BI's performance, in 2007, particularly included a 67% increase in the size of its credit portfolio, positively impacting net and non-interest income with increases of 35% and 56%, respectively. Net operating income increased 41% and net income 52%.

BANCO INTERATLÂNTICO

	2006		2007	
	Thousand CVE	Thousand EUR	Thousand CVE	Thousand EUR
Net assets	11 027 211	100 006	13 235 789	120 036
Loans and advances to credit institutions	3 378 838	30 643	3 215 996	29 166
Loans and advances to customers	3 279 550	29 742	5 486 944	49 761
Securities portfolio	2 174 274	19 719	2 749 738	24 938
Credit institutions' resources	644 346	5 844	740 825	6 719
Customer deposits	7 712 709	69 947	11 276 942	102 271
Shareholders' equity	812 164	7 366	928 254	8 418
Net income	112 152	1 017	170 441	1 546
Share capital	600 000	5 441	600 000	5 441
CGD Group percentage	70.00%		70.00%	
Employees	59		76	
Branch offices	5		6	

Note: EUR/CVE exchange rate: 110.265 in 2006 and 2007.

The bank increased the size of its ATM network from 12 in 2006 to 17 in 2007, with further ATM installations currently in progress in first quarter 2008. There was also an increase in the number of items of POS equipment to 213, comprising 32% of the domestic financial system. The bank also significantly increased its number of credit cards.

GARANTIA - Companhia de Seguros de Cabo Verde

Garantia is one of the two insurance companies operating in the Cape Verde market. It was the sector leader with a market share of around 67% in 2007.

Insurance operations, in Cape Verde, are largely based on non-life insurance. The sector's good performance translated into an increase in the number of insurance premiums and higher income levels, increasing the sector's proportion of GDP to 1.54%. The company achieved a 12.8% increase in its sales of direct insurance premiums to EUR 15.8 million over the preceding year.

Garantia's volume of direct insurance premiums was EUR 10.6 million, i.e. growth of 12.9% against 12.2% in 2006. The claims rate, in turn, fell from 50% to 42%. The technical provisions cover rate was 114% against 111% in 2006.

The 18.2% in net assets from insurance over the preceding year was influenced by the 11% increase in the size of the investments portfolio and 27% increase in technical provisions. Net income was up 14% over the preceding year to EUR 643 thousand.

GARANTIA - COMPANHIA DE SEGUROS DE CABO VERDE

	2006		2007	
	Thousand CVE	Thousand EUR	Thousand CVE	Thousand EUR
Net assets	1 508 645	13 685	1 783 048	16 171
Investments (representing assets)	997 525	9 047	1 109 330	10 061
Technical provisions for insurance contracts	648 629	5 882	826 240	7 493
Direct insurance premiums for year	1 032 623	9 365	1 166 045	10 575
Net income	62 165	564	70 893	643
Share capital	200 000	1 814	200 000	1 814
Shareholders' equity	488 182	4 427	557 589	5 057
CGD Group percentage	65.30%		65.30%	
Employees	67		66	
Branch offices	6		6	

Note: EUR/CVE exchange rate: 110.265 in 2006 and 2007.

MOZAMBIQUE

The Mozambique economy recorded an appreciable level of economic growth, with real GDP expanding by 7.5% in third quarter 2007 and by an annual average of around 7.5% over the last 5 years. Accumulated inflation was 10.3% against the preceding year's 9.4%. Economic buoyancy has been fuelled by the start-up of several major international investment projects and significant progress has been made in key economic sectors. Reference should also be made to the significant improvement in the trade balance and maintenance of net international reserves levels of more than 4 import months since 2006.

The metical was relatively stable up to mid October 2007, having appreciated in value against the USD, EUR and ZAR during the rest of the year.

The growth rate of credit to the private sector was around 13.7% at year end, with a volume of deposits of more than 25%.

BCI Fomento

BCI had more than 90 thousand customers at end 2007, comprising an increase of 7% over end 2006. Owing to the dynamism of its business approach BCI Fomento continues to be a leading company in Mozambique's banking market with a market share of 23.4% in total system assets, 28.7% in credit and 23.1% in resources, putting it in 2nd place in terms of assets and credit and 3rd place in volume of deposits.

BCI-Fomento's local currency net assets increased by around 33%, with a highly favourable 37% increase in deposits, 76% increase in securities investments and, to a lesser degree 8% increase in loans and advances to customers.

BCI FOMENTO

	2006		2007	
	Thousand MZN	Thousand EUR	Thousand MZN	Thousand EUR
Net assets	14 040 478	407 325	18 702 031	536 952
Loans and advances to credit institutions	1 413 704	41 013	4 454 304	127 887
Loans and advances to customers	7 964 698	231 062	8 606 343	247 096
Securities portfolio	1 179 875	34 229	2 079 829	59 714
Credit institutions' resources	147 116	4 268	337 073	9 678
Customer deposits	11 285 496	327 401	15 430 661	443 028
Shareholders' equity	1 348 452	39 120	1 441 552	41 388
Net income	512 003	15 912	424 856	11 946

...*Continued*	2006		2007	
	Thousand MZN	Thousand EUR	Thousand MZN	Thousand EUR
Share capital	321 429	9 325	321 429	9 228
CGD Group percentage	42.00%		51.00%	
Employees	637		715	
Branch offices	38		42	

Note: EUR/MZN exchange rate: Balance Sheet 34.4700 in 2006 and 34.8300 in 2007; Financial statements 32.1779 in 2006 and 35.5658 in 2007.

Net income was MZN 424.9 million in 2007 against last year's MZN 512 million.

CHINA-MACAU

Macau's economy recorded a high level of growth, in 2007, with a 30.9% increase in GDP (3rd quarter), against a figure of around 17% in 2006. Inflation, at 5.7%, was higher than last year.

The highly positive evolution of the tourism sector and increased private investment on the construction of new hotels, casinos, houses and office buildings, continued to be decisive factors in economic growth.

The mainland China and Hong Kong economies, as the principal markets of origin of tourists visiting Macau, also continued to record high growth rates in 2007. Economic growth in China was, at 11.4%, the highest of the last 13 years. In Hong Kong, a territory in which the financial, tourism and logistics sectors are largely dependent on the evolution of the mainland China economy, annual growth was 6.2%.

BNU, SA (Macau)

In an increasingly competitive market, the bank has adjusted its strategy to the new circumstances of an economy undergoing profound structural change, as Macau develops as a conference, exhibition and entertainment centre for China and Asia.

BNU's principal strategy policies are to achieve a sustained and diversified revenue stream in the form of a balanced contribution between commercial and retail banking and an increased proportion of commissions charged in net operating income terms in addition to the efficient allocation of human and financial resources.

The principal objective in the retail banking area is to increase the number of products sold to each customer and provide even more attractive options in the credit card, consumer credit, housing and investment products areas.

Another important aspect of the defined strategy is the bank's involvement in financing tourism sector projects, notably hotel/casino complexes as the sector with the highest growth and profitability potential as well as with the new small and medium sized enterprises operating in the services area.

Providing for the significant increase in its customer base, BNU has opened a new branch in Cotai's Venetian-Macau complex, in which special reference should be made to the launch of internet banking for companies whose functionalities provide for the operational requirements of both small and large companies.

To provide for the marked increase in the volume of transactions, resulting from the growing number of tourists visiting Macau and the increase in the resident population, BNU is committed to making the necessary investments to update and increase the processing capacity of operational platforms, particularly its ATM networks, payment terminals and internet banking services.
Reference should be made to the strong growth of the volume of activity in various business areas, once again, generating a highly expressive level of results, in 2007.

BNU, SA (MACAU)

	2006		2007	
	Thousand MOP	Thousand EUR	Thousand MOP	Thousand EUR
Net assets	23 760 444	2 252 580	30 075 489	2 543 511
Loans and advances to credit institutions	14 245 701	1 350 547	14 713 652	1 244 347
Loans and advances to customers	6 068 908	575 356	9 260 561	783 174
Securities portfolio	229 316	21 740	461 980	39 070
Credit institutions' resources	1 306 981	123 907	1 140 791	96 478
Customer deposits	19 246 166	1 824 610	24 244 151	2 050 349
Shareholders' equity	1 149 632	108 990	1 824 685	154 315
Net income	266 349	26 509	399 652	36 281
Share capital	400 000	37 922	400 000	33 828
CGD Group percentage	100.00%		100.00%	
Employees	345		399	
Branch offices	13		14	

Note: EUR/MOP exchange rate: Balance Sheet 10.5481 in 2006 and 11.8244 in 2007; Financial statements 10.0475 in 2006 and 11.0154 in 2007.

Net assets were up 26.6% in 2007 to 30 billion patacas at 31 December 2007. A contributory factor was the loans and advances to individual customers portfolio, with growth of 68.5%, mainly on account of the expansion of mortgage lending, together with a 40.8% increase in corporate credit.

The customer deposits portfolio also recorded significant growth of 26%, with the bank continuing to be a creditor in the Interbank market, notwithstanding the expansion of its lending.

Net income was up 50% in 2007 to EUR 399.7 million patacas.

The solvency ratio, calculated under AMCM rules, was 17.6%.

EAST TIMOR

Timor's political and social instability continues to have a negative effect on the territory's development. 2007 was characterised by high levels of political and social tension, in which the refugee shelters, set up after the 2006 riots, continued to be occupied by people who lost their property or who fear for their safety.

East Timor Branch

All commercial activity continues to be profoundly conditioned by the situation occurring in 2006 and slowness of the recovery taking place in 2007.

The branch's principal objective, in 2007, was to devote all of its endeavours to recover its credit portfolio, with major constraints on new loans. These endeavours made it possible to recover a part of the overdue credit and improve the branch's portfolio monitoring processes.

EAST TIMOR BRANCH

	2006		2007	
	Thousand USD	Thousand EUR	Thousand USD	Thousand EUR
Net assets	49 562	37 633	68 865	46 780
Loans and advances to credit institutions	10 272	7 800	27 590	18 742
Loans and advances to customers	33 969	25 793	30 521	20 733
Credit institutions' resources	14 912	11 323	8 691	5 904
Customer deposits	64 377	48 882	88 352	60 018
Net income	-30 631	-24 394	1 171	854
Employees	78		78	
Branch offices	8		8	

Note: EUR/USD exchange rate: Balance sheet 1.3170 in 2006 and 1.4721 in 2007; Financial statements: 1.2557 in 2006 and 1.3706 in 2007.

SOUTH AFRICA

GDP growth in South Africa was in the region of 3.3%. This was less than expected, having been prejudiced by price and interest rate increases. Consumption increases, in addition to oil price hikes and the prices of several foodstuffs increased inflation to its highest level since 2003, at 8.7%, in comparison to the central bank's reference of 4%-6%. In an attempt to dampen inflationary pressure, the central bank increased the reference rate on four occasions in 2007, by a total of 2 percentage points.

Mercantile Lisbon Bank Holdings Limited

The bank continued to consolidate its presence in the South Africa market, with a strong 39.9% growth in credit (in local currency in comparison to 2006) and 57% increase in customer deposits with a 6.4% increase in net assets.

MERCANTILE LISBON BANK HOLDINGS

	2006		2007	
	Thousand ZAR	Thousand EUR	Thousand ZAR	Thousand EUR
Net assets	4 417 767	479 546	4 700 095	468 613
Loans and advances to credit institutions	1 467 438	159 289	1 323 734	131 980
Loans and advances to customers	1 952 227	211 913	2 730 679	272 257
Securities portfolio	337 053	36 587	367 848	36 675
Credit institutions' resources	25 131	2 728	25 866	2 579
Customer deposits	2 387 235	259 133	3 745 685	373 456
Shareholders' equity	659 901	71 632	814 225	81 181
Net income	101 300	11 886	165 273	17 107
Share capital	1 210 143	131 360	1 207 422	120 383
CGD Group percentage	91.75%		91.75%	
Employees	415		423	
Branch offices	15		15	

Note: EUR/ZAR exchange rate: 9.2124 in 2006; 10.0298 in 2007.

As a result of its growth in activity, Mercantile increased its net income by 63.2% over 2006 to ZAR 165.3 million.

OTHER BRANCHES

CGD Group has another three branches, one in Zhuhai in the People's Republic of China, one in the Cayman Islands and a third in Spain.

Grand Cayman Branch

The Cayman Islands branch is the CGD Group business unit specialising in South America risk and other emerging markets, particularly trade finance operations with Latin America. It has a lightweight operating structure with an effective physical presence in Grand Cayman.

Zhuhai Branch

CGD's Zhuhai branch operations are geared to Group customers operating in the region's industrial and commercial sectors, most of which are associated with the Macau Special Administrative Region.

The Zhuhai branch's operations continue to be subject to Chinese legislation under which it is not allowed to make loans in local currency (renmimbi) and is therefore restricted to foreign currency operations.

Spain Branch

The Spain branch began operations in second half 2007 and is geared to supporting the Group's specific operations in the Spanish market.

OTHER INTERNATIONAL OPERATIONS

The Group's international business, in 2007, continued to be performed under a concerted strategy between the Group's various companies (Portugal and abroad), targeted at the needs of customers in the various markets in which they operate, in line with a cross-border, cross selling approach.

Foreign trade lines of credit were established in the form of short term trade finance essentially geared to the export of consumer and/or intermediate goods to markets in Africa (Angola, Morocco, Egypt, Tunisia, Mozambique, South Africa, etc.), Asia (China, Macau, Hong Kong, India, Saudi Arabia, etc.), South America (Brazil, Mexico, Venezuela, etc.), Central and Eastern Europe and Eastern Asia (Bulgaria, Hungary, Poland, Romania, Russia, Kazakhstan, etc.). These lines of credit are generally agreed with strategic partner banks, whether multilateral banks geared to investment and development support or local banks in countries in which the aim is to incentivise Portuguese exports.

As regards lines of credit for the exports of capital goods and/or services (generally involving commercial agreements for large amounts and local importers' medium and long term financing requirements) with the support of the Portuguese state, CGD has significantly expanded its portfolio under management to a volume of around EUR 1 billion in lines of credit already agreed and being structured, particularly in the case of Morocco, Tunisia and Cape Verde.

In addition to internationalisation support instruments, CGD continues to commit to the definition of proposals designed to provide for customers' needs, depending on the type of operations and respective target market, notably in terms of direct foreign investment support.

In terms of support operations for exports to Africa, reference should be made to COSEC-backed medium and long term export finance ("buyers credit") and particularly projects involving Portuguese companies. Reference should be made to around EUR 14 million in finance to the Angolan state for the 1st stage of its tax reform project.

In the Russian market, reference should be made to the cooperation agreement entered into between Caixa Geral de Depósitos and Vnesheconombank (Russia's state bank) in October 2007, for the development of business opportunities between the two countries. A EUR 200 million line of credit to finance Russian importers' acquisitions of Portuguese capital goods and services is scheduled for launch in 2008.

In terms of relationships with the principal international financial institutions, reference should be made to CGD's involvement in a syndicated loan led by EBRD (European Bank for Reconstruction and Development) with the aim of supporting the execution of an important environmental reconversion programme of one of the biggest oil companies, in an operation with major demand from the said institutions.

Taking the intensification of bilateral business between Portugal and Spain into account, the 1st CGD - Banco Caixa Geral Meeting on Corporate Banking was held in June 2007 in Lisbon. The meeting operated as a forum for directors and CEOs of the two institutions. CGD and Banco Caixa Geral also supported the holding of the 1st Portuguese-Galician SMEs Business Meeting in September 2007, in Vigo, organised by the Braga Commercial Association and the Pontevedra Confederation of Businessmen.

INVESTMENT BANKING

Caixa-Banco de Investimento (CaixaBI) - the Group's investment banking platform, operating in conjunction with CGD's commercial and financial structures, particularly its Major Enterprises and Financial Markets Divisions - consolidated its lead position as a benchmark operator in various operating areas, particularly in project finance, financial advisory services and as the lead manager in primary share and bond market issues.

CaixaBI expanded its presence in Spain, in 2007, through its Madrid branch, and intensified contacts in its customers' operating locations. Customer and market proximity have translated into an international business contribution of around 1/3 of the bank's net operating income.

The highly regarded Euromoney magazine awarded the bank **Best Investment Bank in Portugal** status, in 2007, on the basis of its high level of performance.

The Banker magazine also assessed the most relevant business dealings in which CaixaBI was involved up to the end of 2006, selecting the operation for the 4th stage of the Galp Energia SGPS reprivatisation, in which the bank was one of the global coordinators and bookrunners, as **Deal of the Year 2007**.

The year 2007 edition of the IRG Awards, organised and awarded by Deloitte, singled out the credibility of CaixaBI's research area with two distinctions, *Best Research House* and *Best Financial Analyst*.

At the start of the year, the specialised Project Finance magazine classified the Northwest Parkway operation deal, closed at end 2007, in which Brisa was responsible for 90% of the operation and in which CaixaBI was the mandated lead arranger, as the **North American Transport Deal of the Year**.

DOMESTIC CORPORATE

Special reference should be made to two structured finance operations in which the bank was involved in terms of organisation and joint lead management:

• acquisition of the credits on the part of the costs, not reflected in the tariffs defined by ERSE for 2006 and 2007, incurred on tariff convergence between the mainland and the Autonomous Region of the Azores from EDA - Electricidade dos Açores, for approximately EUR 112.5 million, and

• an identical acquisition operation with EEM-Empresa de Electricidade da Madeira, for the amount of around EUR 63 million.

There was a significant increase in the number of commercial paper issue programmes agencied by CaixaBI to an end of 2007 total of 158 against 84 in 2006. Particular reference should be made to the bank's involvement in the SME segment with 61 new programmes for a global amount of EUR 224.2 million.

CaixaBI realised 979 issues totalling more than EUR 19.5 billion under the said programmes, in 2007, in comparison to the preceding year's EUR 10 million. Special reference should be made to the following issues led by the bank:

• EDP - EUR 300 million programme
• Amorim Holding II - EUR 150 million programme
• Visabeira Group - EUR 280 million programme and group programme for EUR 125 million
• Cimpor Indústria - increase in size of programme to EUR 300 million

41 bonds loans for an aggregate amount of more than EUR 6.1 billion were agencied, 24.8% for operations secured in 2007.

CORPORATE INTERNATIONAL

The bank continued to perform cross-border operations as part of its internationalisation process in this business area, particularly in Brazil and Spain.

Reference should be made to the bank's advisory services for La Seda de Barcelona's acquisition of Amcor PET Packaging Europe ("APPE") from Australian group Amcor. This acquisition enabled La Seda de Barcelona to strengthen its leading position as an integrated PET production player in Europe and the bank to reinforce its position with customers having critical mass in the Spanish market.

Reference should also be made to the financial advisory operations on the establishing of a strategic partnership in the health market between HPP - Hospitais Privados de Portugal and USP Hospitales, comprising USP Hospitales' subscription for a capital increase in HPP - Hospitais Privados de Portugal and an investment in USP Hospitales by Caixa Seguros (CGD group holding company for the insurance and health sectors).

In the case of Brazil, reference should be made to the financial advisory services to AdP - Águas de Portugal, on its disposal of the entire share capital of Prolagos - Concessionária de Serviços Públicos de Água e Esgoto, the company operating the concession for the public water treatment and distribution services and drains in five municipal districts in the Lagos region (Rio de January state).

CaixaBI also consolidated its leading position in the financial advisory area, in 2007, having come in one of the top positions in the mergers and acquisitions ranking in Portugal, as measured by the number of operations.

Reference should be made to several major operations, in which the bank operated as a Mandated Lead Arranger (MLA) in the international credit sphere:

• LA SEDA BARCELONA - Syndicated finance of EUR 605 million for the acquisition of Amcor Pet Packaging Europe;

• FCC - Syndicated finance of EUR 1 745 million for the acquisition of Waste Recycling group;

• FCC - Syndicated finance of EUR 1 580 million for the acquisition of Uniland;

• SACYR Y VALLEHERMOSO - Syndicated finance of EUR 5 175 million for the purchase of 20% of Repsol YPF shares;

• EROSKI - Syndicated finance of EUR 1 716 million for the acquisition of Caprabo;

• REYAL-URBIS - Syndicated finance of EUR 4 012 million for the acquisition of Urbis.

PROJECT FINANCE

2007 was an equally relevant year in project finance terms, with an increasingly well developed international base, particularly in the Spanish market where CaixaBI was the 9th MLA institution in terms of the project finance loans ranking on an Iberian Peninsula level.

Business portfolio deals closed at year end in this area, in 2007, particularly included the following operations in which the bank enjoyed MLA status:

• A structured finance operation of USD 459 million for a consortium led by Brisa for the acquisition of Northwest Parkway in the state of Colorado, as a concession comprising several road assets encompassing the city of Denver. This deal was awarded Transport Deal of the Year status by Project Finance magazine.

• A structured finance operation of EUR 1 473 million for a corporate vehicle with a majority shareholding by Cintra e ACS Dragados, the road toll concessionaire for several motorway sections in Greece, referred to as E65 Central Greece.

• A structured finance operation of EUR 362 million for the construction of a 50 MW solar power station in the province of Extremadura, Spain for Cobra Gestión de Infraestruturas, ACS/Dragados group.

• A structured finance operation of EUR 325 million for the construction of five sub-windfarms with a global rated power of 240MW in Vale do Minho, considered to be the biggest windfarm in Europe, owned by a consortium comprising EDF Energie Nouvelle, Finerge (Endesa group) and DST.

• A structured finance operation of EUR 140 million for the construction of a 64MW solar power station in the state of Nevada, US, for Acciona Energy.

CAPITAL MARKET

Public Debt

Under the terms of the Public Debt and Management Programme, the guidelines for minimising long term debt costs and non-exposure to excessive risks, translated into the launch of five new treasury bills series in parallel with a treasury bonds issue.

Total debt issues for the year were EUR 91 billion.

Treasury bills were the principal funding instrument in the tradable debt domain with EUR 11.1 billion, followed by EUR 9.7 billion in treasury bonds. IGCP launched a new 10 year benchmark treasury bond (4.35% October 2017), for the amount of EUR 3 billion, with CaixaBI operating as co-lead manager in its capacity as a specialised treasury securities trader.

Non-tradable debt particularly included the issue of EUR 30.8 billion in CEDICs (Special Public Debt Certificates)

Under the terms of debt cost reduction, the Debt Exchange Programme enabled the repurchase of several treasury bonds on the MTS Portugal platform in addition to the organisation of repos auctions.

Private Debt

Bond Market

CaixaBI consolidated its status as the Portuguese primary bonds market benchmark operator in 2007, having been involved in 26 issues, 11 of which with lead manager status.

Corporate Equities Market

Notwithstanding a certain retraction in growth, the capital market provided the bank with several opportunities, such as:

• Global coordinator and bookrunner for Parpública's issue of convertible bonds on EDP - Energias de Portugal shares (7th privatisation stage) for the amount of EUR 1 015 million.

• Global coordinator and bookrunner for the REN - Redes Energéticas Nacionais IPO for the amount of EUR 348.7 million.

On the secondary market and after good first half market performance, second half 2007 witnessed a high level of volatility and falling prices in which the bank intermediated transactions for the amount of EUR 14.6 billion, comprising a market share of 11%. It was the 3rd biggest bank by trading according to CMVM data.

On Caixa Group's online channel, 2007 was the best ever year for **Caixadirecta Invest**, whose number of active customers almost doubled. This increase, allied with market performance, generated a 141% in increase in the intermediation volume over 2006.

CGD Own Issues

In light of the unfavourable performance of most market segments, particularly in the 2nd half year and with the aim of optimising costs, CGD's financing policy for 2007 was generally targeted at the covered bonds area, with a second public issue of EUR 2 billion and a maturity period of 5 years together with three private operations totalling EUR 1 350 million.

A total amount of EUR 2 113 million was issued under the EMTN Programme, on the private market of which around EUR 860 million for other Group companies. The outstanding balance, comprising an increase of around EUR 200 million over 2006, was EUR 7.6 billion.

Growing demand from investors, over the short term, and the objective of replacing money market resources, led to CGD's maintenance of its funds taking strategy comprising issues of Euro Commercial Paper (ECP) and, to a lesser extent USCP, having an outstanding balance of around EUR 5 billion on the ECP at year end.

Financing, in 2nd half 2007, converged for the issue of subordinated Lower TIER II debt placed in the retail segment - Subordinated Cash Bonds 2007/2017 - in two tranches for a global amount of EUR 481.6 million.

LINES OF CREDIT

CGD took out a EUR 100 million line of credit with EIB-European Investment Bank, in 2008, for middlingly capitalised companies to support research, development and innovation, information and communication technologies, health and environmental sustainability.

PRIVATE EQUITY

CGD Group's venture capital area invested a total amount of EUR 144.9 million, in 2007, of which EUR 50.6 million in new fund subsidiaries and EUR 94.3 million in currently existing portfolio investments.

New operations included:

• a 27.5% stake in Salgadus - Indústria e Comércio de Produtos Alimentares, SA, involving global investment of around EUR 1.5 million on the acquisition of 36 300 shares.

• a 15.4% stake in FomentInvest, SGPS, SA, involving investment of EUR 1.75 million.

• a subscription for 270 investment units with a nominal value of EUR 50 000 each in NovEnergia II - Energy & Environment (SCA), SICAR, for EUR 13.5 million.

• a 23.9% stake in Holgere - Gestão e Serviços, SA, in which CGD group's venture capital area invested EUR 28.5 million.

• FCR Energias Renováveis' acquisition of 602 588 Martifer, SGPS, SA shares, for around EUR 5.06 million.

Caixa Capital and Caixa Desenvolvimento (Venture Capital)

CGD's venture capital area, in 2007, retained the same organisational structure as in the last few years of its activity, with Caixa Capital centralising all of the organisational activity and management of venture capital funds (FCR Grupo CGD, FCR PME and FCR Energias Renováveis) and with Caixa Desenvolvimento having a complementary involvement in major operations. FCR SMES - Caixa Capital was dissolved on 30 November.

The venture capital area had a portfolio of financial investments of EUR 348.3 million, at end 2007. This was invested in 27 companies, of which particular reference should be made to COMPAL, La Seda de Barcelona, Visabeira Group, FINPRO, SGPS, Holgere, SGPS and SICAR NovEnergia II.

The capital structure of venture capital funds (FCR Grupo CGD and FCR Energias Renováveis) totalled EUR 225 million at 31 December, of which EUR 158 million had been paid up. The respective portfolios represented global investment of around EUR 170 million.

In consolidated terms, the two companies' principal indicators are set out below:

CAIXA CAPITAL

(EUR thousand)

	2006	2007
Net assets	25 488	40 617
Available for sale financial assets	7 835	11 336
Loans and advances to credit institutions	5 484	621
Other assets	3 005	6 628
Shareholders' equity	27 901	27 425
Net income	1 380	2 290
Share capital	16 500	16 500
CGD Group percentage	100%	100%

CAIXA DESENVOLVIMENTO

(EUR thousand)

	2006	2007
Net assets	98 556	97 818
Available for sale financial assets	5 637	43 817
Loans and advances to credit institutions	1 722	1 251
Other assets	80 017	92 223
Shareholders' equity	41 349	97 818
Net income	-2 026	641
Share capital	2 500	2 500
CGD Group percentage	100%	100%

Financial Analysis

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CONSOLIDATED OPERATIONS

INCOME AND PROFIT RATIOS

Caixa Geral de Depósitos Group's consolidated net income, for 2007, was up 16.7% to EUR 856.3 million against the preceding year's EUR 733.8 million.

CONSOLIDATED INCOME STATEMENT (*)

(EUR thousand)

	2006	2007	Change Total	Change Percent
Net interest income, including income from equity instruments (1)	**1 777 914**	**2 031 981**	**254 067**	**14.3%**
Interest and similar income	4 389 967	5 910 121	1 520 154	34.6%
Interest and similar costs	2 685 089	3 971 036	1 285 947	47.9%
Income from equity instruments	73 036	92 896	19 860	27.2%
Non-interest income (2)	**620 015**	**568 087**	**-51 928**	**-8.4%**
Net income from services and commissions	364 719	394 918	30 199	8.3%
Income from financial operations	130 683	84 336	-46 346	-35.5%
Other operating income	124 612	88 832	-35 780	-28.7%
Technical income from insurance operations (3)	**586 242**	**549 245**	**-36 997**	**-6.3%**
Premiums net of reinsurance	2 626 655	2 242 766	-383 889	-14.6%
Income from investments allocated to insurance contracts	312 209	310 827	-1 382	-0.4%
Claims costs net of reinsurance	2 187 314	1 868 448	-318 866	-14.6%
Commissions and other income and associated costs	-165 308	-135 900	29 408	-17.8%
Net operating income (4)=(1)+(2)+(3)	**2 984 171**	**3 149 313**	**165 142**	**5.5%**
Operating costs (5)	**1 694 779**	**1 735 696**	**40 917**	**2.4%**
Employee costs	918 303	942 217	23 914	2.6%
External supplies and services	634 311	650 733	16 423	2.6%
Depreciation and amortisation	142 165	142 746	580	0.4%
Gross operating income (6)=(4)-(5)	**1 289 392**	**1 413 617**	**124 225**	**9.6%**
Provisions and impairment (7)	**408 094**	**341 644**	**-66 450**	**-16.3%**
Provisions net of reversals	106 358	72 805	-33 553	-31.5%

...Continued

(EUR thousand)

	2006	2007	Change Total	Change Percent
Credit impairment, net	232 123	249 439	17 316	7.5%
Impairment of other assets, net	69 613	19 399	-50 213	-72.1%
Income from associated companies (8)	**108 526**	**3 150**	**-105 376**	**-97.1%**
Income before tax and minority shareholders' interests (9)=(6)-(7)+(8)	**989 825**	**1 075 124**	**85 299**	**8.6%**
Tax (10)	**222 505**	**177 514**	**-44 991**	**-20.2%**
Current	265 738	315 163	49 425	18.6%
Deferred, net	-43 233	-137 649	-94 416	218.4%
Consolidated net income for year (11)=(9)-(10)				
Attributable to minority shareholders' interests	33 512	41 299	7 787	23.2%
Attributable to CGD shareholder	**733 808**	**856 311**	**122 503**	**16.7%**

(*) Considering Compal, as "Non-current assets/liabilities held for sale" in 2006, for comparison purposes.

Caixa-Seguros increased the size of its contribution to the Group's consolidated net income by 6.5% over 2006 to EUR 162.4 million. CGD Group's foreign branches contributed EUR 101.9 million (up 155%) and investment banking EUR 36.2 million (up 37.2%):

PRINCIPAL CGD GROUP COMPANIES - RESULTS [a]

(EUR thousand)

	2006	2007
Caixa Geral de Depósitos, SA	412 610	584 204
Caixa Seguros, SGPS, SA	152 601	162 447
Caixa - Banco de Investimento, SA	28 575	40 397
Banco Caixa Geral, SA	583	10 813
Banco Nacional Ultramarino, SA (Macau)	20 771	36 281
Mercantile Bank Holdings, Ltd.	10 866	15 696
Banco Comercial e de Investimentos, SARL (Mozambique)	6 879	6 092
Banco Comercial e Atlântico, SA (Cape Verde)	-557	5 938
Caixa Leasing e Factoring - IFIC, SA	9 400	10 608
Caixagest - Técnicas de Gestão de Fundos, SA	4 534	7 908
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, SA	4 068	4 642

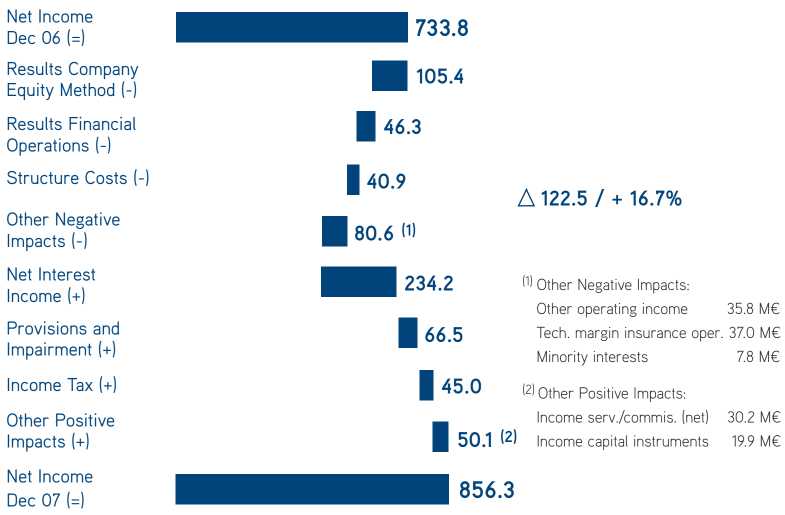
...Continued

	2006	2007
		(EUR thousand)
Esegur - Empresa de Segurança, SA	336	1 708
REN - Redes Energéticas Nacionais, SGPS, SA	109 086	7 528
Other	-4 216	-7 655
Consolidation adjustments to the Group's net income	-28 912	-41 154
Consolidated net income attributable to CGD shareholder	733 808	856 311

(a) Contribution to consolidated net income differs from the income posted by the Group in its separate statements.

Consolidated Operations

(EUR million)



Net operating income from banking and insurance operations was up 5.5% over last year to EUR 3 149.3 million, with net income from equity instruments up 14.3% to EUR 2 032.0 million. This income includes interest income, in a strict sense, as the principal component part of the Group's net operating income, which was up 13.7% to EUR 1 939.1 million, in addition to income from equity instruments comprising a 27.2% increase in dividends to EUR 92.9 million.

Dividends were, *inter alia*, received from the following companies:

INCOME FROM EQUITY INSTRUMENTS

	2006	2007
		(EUR million)
Portugal Telecom, SGPS, SA	26 940	34 290
EDP - Energias de Portugal, SA	17 462	19 208
ZON Multimédia, SGPS, SA	1 082	10 267
Banco Comercial Português, SA	4 784	7 933
GALP Energia, SGPS, SA	10 930	4 483
Cimpor	1 976	2 862
Brisa - Auto-Estradas de Portugal, SA	-	2 199
Other	9 862	11 654
Total	73 036	92 896

Non-interest income, as another of net operating income's component parts, was EUR 568.1 million. This particularly included income from services and commissions (net of costs) which was up 8.3% to EUR 394.9 million. Income from financial operations was EUR 84.3 million, after the allocation of the entire negative impact originated by the US sub-prime crisis, in addition to the depreciation of securities portfolios resulting from increased spreads. Caixa lost around EUR 86 million on its exposure to the US market.

In the insurance area, the contribution of EUR 549.2 million to the Group's net operating income from the technical margin on insurance operations was down 6.3% over 2006. This derived both from the decrease in premium income, in line with the general trend in the non-life insurance market and the adjustments to the financial product mix sold on CGD's banking network, which tended to concentrate on sales of capitalisation products which are directly reflected in net interest income and not technical margin on insurance. The sale of financial products on CGD's banking network generated an 8.6% increase in income over 2006 to EUR 52.1 million. The correlation between the 14.6% reduction in premiums net of reinsurance and 14.6% decrease in claims costs, however, remained consistent.

Operating costs (employee costs, external supplies and services and amortisation) were up 2.4% to EUR 1 735.7 million, in line with CGD's cost containment and rationalisation policy:

• Employee costs were up 2.6% to EUR 942.2 million. The figure includes the payment of a further contribution of around EUR 6 million to the CGA, for survivors' pensions liabilities, in 2007.

• External supplies and services were up 2.6% to EUR 650 million. Amortisation was relatively stable (up 0.4%) at EUR 142.7 million.

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

EXTERNAL SUPPLIES AND SERVICES

(EUR million)

	2006	2007	Change
Total	634.3	650.7	+2.6%
Of which:			
External supplies	34.8	37.8	+8.6%
Rents and leases	78.5	77.0	-1.8%
Communications	56.5	55.0	-2.6%
Advertising	52.6	65.3	+24.1%
Conservation and repair of materials	47.0	49.9	+6.0%
Informatics	95.9	101.3	+5.6%
Studies and consultancy	30.6	34.4	+12.1%
Other external services	121.2	111.6	-7.9%

Gross operating income was up 9.6% over the preceding year to EUR 1 413.6 million. There was an 8.6% increase of EUR 85.3 million in CGD's income before tax and minority shareholders' interests, over 2006 to EUR 1 075.1 million after provisions and impairment appropriations and income from associated companies.

Income from associated companies, however, was only EUR 3.2 million against a year 2006 figure of EUR 108.6 million. This derived, to a large extent from non-recurring income on the extraordinary proceeds from REN's disposal of its equity investment in GALP, in the said year.

Income tax totalled EUR 177.5 million. EUR 315.2 million of the said amount comprised current tax (up 18.6%) with EUR 137.6 million of deferred tax assets to be deducted, respectively EUR 265.7 million and EUR 43.2 million in 2006. Current tax comprises the amounts effectively paid for the year, deriving from the application of the IRC rate on taxable income.

There are several operations, however, which may permit the future recovery of tax paid, therefore giving rise to deferred tax assets. The significant increase in the amount of such taxes in 2007 particularly refers to the tax on mortgage provisions set up this year.

An amount of EUR 41.3 million in income was attributable to minority shareholders' interests and, in consolidation terms, comprised the appropriation of the part of the results of subsidiaries, not owned by Caixa, particularly BCI (Mozambique) with EUR 6.7 million, Mercantile (South Africa) with EUR 1.4 million and Banco Comercial do Atlântico (Cape Verde) with EUR 3.8 million. They also include EUR 29.9 million in income paid to underwriters of the preference shares issued by CGD.

Net income, after tax and minority shareholders' interests, was up 16.7% over 2006 to EUR 856.3 million.

PROVISIONS AND IMPAIRMENT FOR YEAR

An amount of EUR 268.8 million was allocated to credit and other assets impairment appropriations, net of reversals, with a provisions appropriation of EUR 72.8 million, totalling EUR 341.6 million, in comparison to last year's figure of EUR 408.1 million. The reduction of EUR 66.5 million particularly comprised impairment of "other assets" (down EUR 50.2 million) and provisions (net) (down EUR 33.6 million). There was a slight increase in credit impairment (EUR 17.3 million).

In terms of credit impairment, losses, net of reversals, were up 37.6% to EUR 341.3 million against the year 2006 figure of EUR 291.7 million. The final amount of credit impairment, however, benefited from a highly significant improvement in the recovery of credit, already classified as unrecoverable and written-off from assets, increasing from EUR 40.3 million to EUR 77.1 million, in 2007.

Impairment on loans and advances to customers, set up in 2007, generated a risk cost measurement ratio of 0.36% on loans and advances to customers, against a year 2006 figure of 0.39%.

PROVISIONS AND IMPAIRMENT FOR YEAR

(EUR thousand)

	2006	2007	Change Total	Change Percent
PROVISIONS				
Provisions appropriation	173 305	120 408	-52 897	-30.5%
Recovery and reversal of provisions	66 946	47 603	-19 343	-28.9%
Provisions (net)	106 358	72 805	-33 553	-31.5%
IMPAIRMENT				
A) Credit (1-2-3)	232 123	249 439	17 316	7.5%
Impairment losses (1)	960 147	739 491	-220 655	-23.0%
Loans and advances to customers	307 130	221 207	-85 923	-28.0%
Overdue credit and interest on loans and advances to customers	653 017	518 285	-134 732	-20.6%
Reversals of impairment losses (2)	668 408	398 216	-270 192	-40.4%
Loans and advances to customers	173 777	140 955	-32 823	-18.9%
Overdue credit and interest on loans and advances to customers	494 631	257 261	-237 370	-48.0%
Credit recovery (3)	59 615	91 836	32 221	54.0%
Written-off loans	40 383	77 130	36 747	91.0%
Interest and expenses on overdue credit	19 233	14 706	-4 526	-23.5%
B) Other assets (1-2)	69 613	19 399	-50 213	-72.1%
Impairment losses (1)	97 049	86 602	-10 446	-10.8%
Loans and advances to credit institutions	5 488	7 567	2 079	37.9%
Debtors and other investments	269	14	-255	-95.0%
Securities	20 273	4 317	-15 956	-78.7%
Investments in subsidiaries and associated companies	-	2 593	2 593	-
Non-financial and other assets	71 019	72 113	1 093	1.5%
Reversals of impairment losses (2)	27 436	67 203	39 767	144.9%
Loans and advances to credit institutions	6 982	6 058	-924	-13.2%
Debtors and other investments	34	60	26	76.9%
Securities	79	242	162	-
Investments in subsidiaries and associated companies	2 213	2 878	665	-
Non-financial and other assets	18 128	57 965	39 837	219.8%
Impairment (net) (A + B)	301 736	268 839	-32 897	-10.9%
PROVISIONS AND IMPAIRMENT FOR YEAR	408 094	341 644	-66 450	-16.30%

PROFIT AND EFFICIENCY RATIOS

There was a 1.1 p.p. improvement in CGD's cost: income ratio from 56.2% to 55.1%, including the figures for the insurance companies, owing to CGD's qualification as a financial conglomerate. The ratio, when solely in respect of banking operations, was down from 53.6% to 52.5%.

There were also improvements in the other efficiency ratios, during the year, i.e. operating costs over assets or employee costs over net operating income, accompanied by the evolution of cost: income.

OPERATING COSTS RATIOS

	2006	2007
Operating costs:		
Cost: net operating income	56.2%	55.1%
Cost: net operating income from banking	53.6%	52.5%
Cost: average net assets	1.89%	1.75%
Employee costs to net operating income	30.5%	29.9%

Profit ratios were similar to 2006: ROE was 17.1% (20.5% before tax). ROA was, in turn, 0.91% (1.09% before tax).

PROFIT RATIOS

	2006	2007
Gross return on equity - **ROE** (1)	21.3%	20.5%
Return on equity, after tax - **ROE** (1)	16.5%	17.1%
Gross return on assets - **ROA** (1)	1.10%	1.09%
Return on assets, after tax - **ROA** (1)	0.86%	0.91%
Net operating income (2)/Average net assets	3.36%	3.19%

(1) Considering average shareholders' equity and net assets values.
(2) Includes income from associated companies.

Net operating income from banking and insurance to average net assets was down from 3.36% to 3.19%, influenced by the marked growth of average assets (up 10.3%).

BALANCE SHEET

CGD Group's net assets were up 7.6% over the preceding year to EUR 103.6 billion. Particularly significant contributory factors were increases in loans and advances to customers and securities investments. On the liabilities side reference should be made to the expansion of credit institutions' resources and debt securities.

CGD GROUP CONSOLIDATED BALANCE SHEET

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
Assets				
Cash and cash equivalents at central banks	2 243	1 926	-318	-14.2%
Loans and advances to credit institutions	9 137	5 742	-3 395	-37.2%
Loans and advances to customers	57 268	66 844	9 576	16.7%
Securities investments	21 123	22 990	1 867	8.8%
Investments in subsidiaries and associated companies	328	317	-12	-3.5%
Investment properties	340	410	71	20.9%
Intangible and tangible assets	1 678	1 388	-289	-17.2%
Current tax assets	33	30	-3	-9.3%
Deferred tax assets	547	683	136	24.8%
Technical provisions for outwards reinsurance	237	234	-3	-1.2%
Other assets	3 311	2 989	-322	-9.7%
Total	96 246	103 554	7 308	7.6%
Liabilities				
Central banks' and credit institutions' resources	5 504	8 841	3 337	60.6%
Customer resources	53 768	54 039	271	0.5%
Financial liabilities	590	1 194	604	102.4%
Debt securities	13 360	16 231	2 871	21.5%
Provisions	964	937	-28	-2.9%
Technical provisions for insurance operations	7 828	7 674	-154	-2.0%
Subordinated liabilities	1 926	2 667	742	38.5%
Other liabilities	7 292	6 430	-862	-11.8%
Sub-total	91 232	98 013	6 781	7.4%
SHAREHOLDERS' EQUITY	5 014	5 541	527	10.5%
Total	96 246	103 554	7 308	7.6%

...Continued

(*) Compal's accounts were consolidated by the global integration method, in 2006.

CGD's separate operations contributed 73.7% to the Group's net assets, the insurance sector with 12.2% and Banco Caixa Geral, in Spain, with 4.4% (3.6% in 2006). Other institutions particularly included Caixa Leasing e Factoring with 2.7% and BNU (Macau) with 1.8%.

Information on consolidated net assets by entity, is set out in the following table:

CONSOLIDATED NET ASSETS OF CGD GROUP

BALANCES AT 31 DECEMBER

(EUR million)

	2006		2007	
	Total	Percent	Total	Percent
CGD GROUP				
Caixa Geral de Depósitos	72 904	75.7%	76 310	73.7%
Caixa-Seguros	11 761	12.2%	12 675	12.2%
Banco Caixa Geral (Spain)	3 321	3.6%	4 608	4.4%
BNU-Banco Nacional Ultramarino, SA (Macau)	1 381	1.4%	1 909	1.8%
Caixa-Banco de Investimento	1 305	1.4%	1 620	1.6%
Caixa Leasing e Factoring	2 124	2.2%	2 745	2.7%
Banco Comercial Atlântico (Cape Verde)	494	0.5%	554	0.5%
Banco Com. e de Investimentos (Mozambique)	344	0.4%	449	0.4%
Mercantile Lisbon Bank Holdings	323	0.3%	374	0.4%
Other companies [a]	2 290	2.4%	2 310	2.2%
Consolidated net assets	96 246	100.0%	103 554	100.0%

(a) Includes CGD Group companies consolidated by the equity accounting method and Compal.

CASH AND CASH EQUIVALENTS AND LOANS AND ADVANCES TO AND RESOURCES WITH CREDIT INSTITUTIONS

Cash and cash equivalents and loans and advances to credit institutions were down 32.6% over 2006 to EUR 7.7 billion with EUR 8.8 billion of resources having been taken from the same entities, against EUR 11.4 billion and EUR 5.5 million respectively, in 2006. The evolution in the balance with credit institutions reflected financing requirements leading CGD Group to fund its operations from foreign sources, to guarantee its strong credit growth (up 16.7%), with which the evolution of deposits and other customer resources (up 0.5%) failed to keep pace.

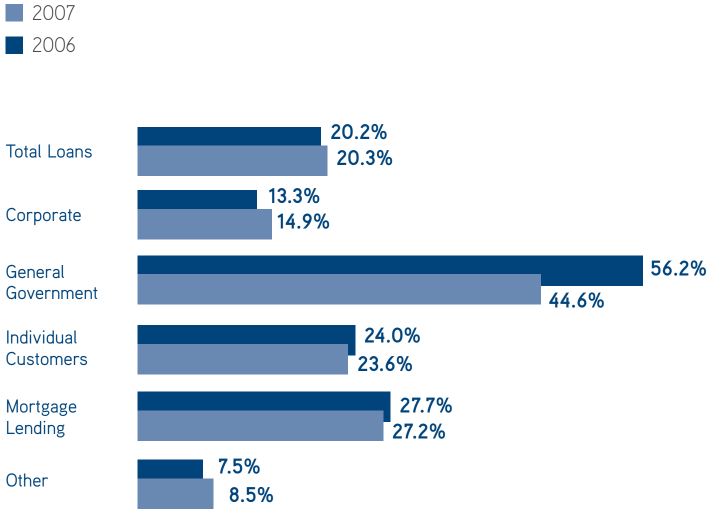
In addition to resources obtained from credit institutions on the money market in the form of deposits, Caixa financed its operations through debt issues, principally mortgage bonds (EUR 5.35 billion) whose respective amounts have been recognised as "debt securities", with an increase in its balance from EUR 13.4 billion to EUR 16.2 billion.

The liquidity ratios required by the Bank of Portugal remained at adequate levels at year end.

LOANS AND ADVANCES TO CUSTOMERS

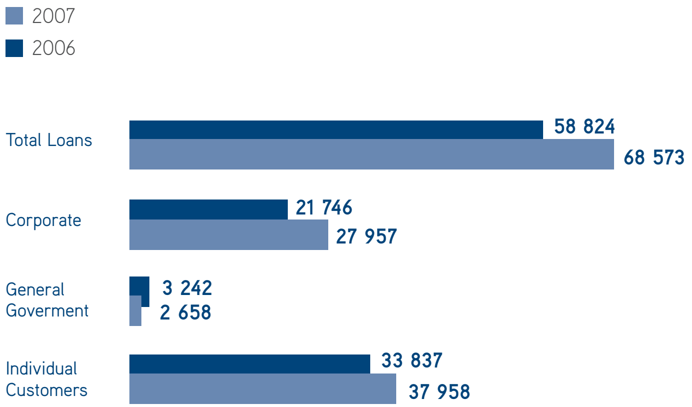
The 16.6% increase in the balance on loans and advances to customers (gross) to EUR 68.6 billion, was fuelled by a 28.6% growth of corporate loans and, to a lesser extent, a 5.7% growth in mortgage lending.

Loans and Advances to Customers - Market Shares



Loans and Advances to Customers

(EUR million)



This was offset by the credit balance on the Central and Local Government account with a significantly reduced balance (down 18%), owing to the budget consolidation framework policy, which also affected the municipalities' balance (down 1.7%) and by the fact that at end 2006 a repos operation had been realised on a large amount of public debt, which was liquidated in early 2007 and therefore distorts the comparability of the figures.

LOANS AND ADVANCES TO CUSTOMERS (a)

BY CUSTOMER SEGMENT

Balances at 31 December

(EUR million)

	2006	2007	Change		Percent	
			Total	Percent	2006	2007
Comporate	21 746	27 957	6 212	28.6%	37.0%	40.7%
Central and local government	3 242	2 658	-584	-18.0%	5.5%	3.9%
Of which: municipalities	2 409	2 368	-41	-1.7%		
Individual customers	33 837	37 958	4 121	12.2%	57.5%	55.4%
Total	58 824	68 573	9 749	16.6%	100.0%	100.0%

(a) Consolidated operations.

In terms of credit structure, the individual customers segment continues to account for a preponderant proportion of total credit, absorbing 55.4% of the total loans balance, with 47.8% for housing and 7.6% for other purposes.

CGD's operations in Portugal accounted for around 78% of total credit. Special reference should be made, in the case of CGD's subsidiary companies, to Banco Caixa Geral with 6% of the total and Caixa Leasing e Factoring with 4%.

Owing to the favourable development of loans and advances to customers, CGD's respective market share, in Portugal, at year end, was 20.3% with a 13.3% to 14.9% increase in the corporate segment. The market share of mortgage lending was 27.2% and, in the case of central and local government, 44.6%. Caixa continued to lead these segments.

LOANS AND ADVANCES TO CUSTOMERS - MARKET SHARES (a)

BY CUSTOMER SEGMENT

	2006	2007
Corporate	13.3%	14.9%
Central and local government	56.2%	44.6%
Individual customers	24.0%	23.6%
Housing	27.7%	27.2%
Other	7.5%	8.5%
Total	20.2%	20.3%

(a) Operations in Portugal, including securitised loans.

Corporate Loans

Corporate loans were up 28.6% to EUR 6.2 billion, increasingly reflecting CGD's objective of achieving benchmark operator status in this segment. There was a marked boost in the services (up 42.6%) and construction and public works sectors (up 31%) offset by a 16.7% reduction in the manufacturing sector.

CORPORATE LOANS (a)

BY SECTORS OF ACTIVITY

Balances at 31 December

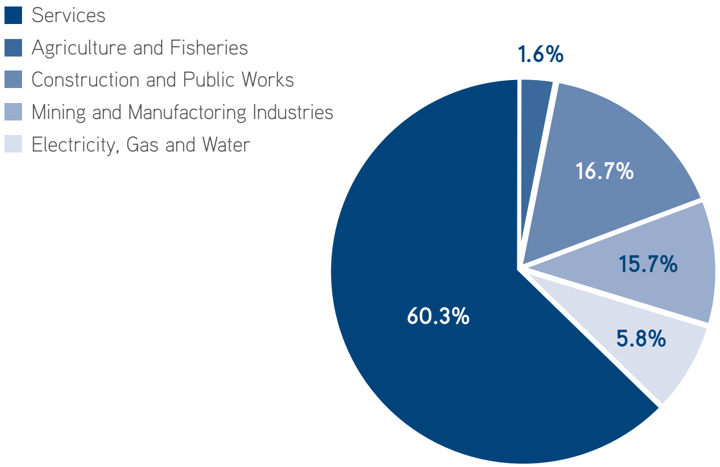
(EUR million)

	2006	2007	Change	
			Total	Percent
Agriculture and fisheries	345	253	-92	-26.8%
Mining and manufacturing	3 410	2 841	-569	-16.7%
Construction and public works	3 621	4 744	1 123	31.0%
Electricity, gas and water	1 268	1 433	165	13.0%
Services	13 102	18 686	5 584	42.6%
Total	21 746	27 957	6 212	28.6%

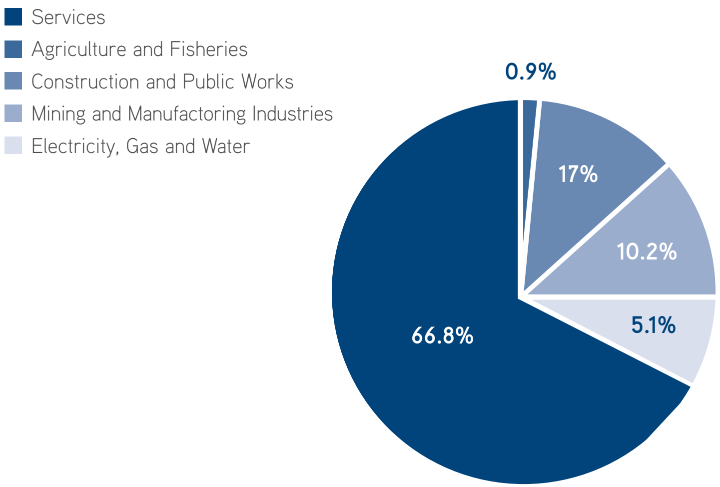
(a) Consolidated operations

The credit balance on the services sector, was mainly invested in the "rents and services provided to companies", subsector with EUR 5.2 billion, "property activities", with EUR 3.8 billion, "wholesale and retail activities", with EUR 3 billion, and "auxiliary financial intermediation activities" with EUR 1.6 billion.

Corporate Loans - 2006



Corporate Loans - 2007



Caixa was highly active during the year in the corporate customers and self employed professionals area. Further information is given in the chapter on Retail Banking - Companies.

Loans and advances to individual customers

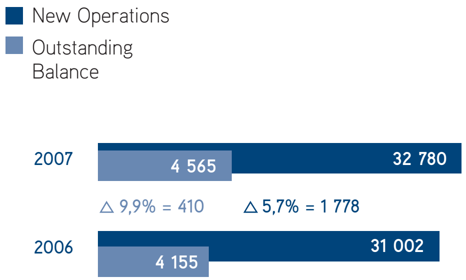
There was a 12.2% increase of EUR 4.1 billion in the loans and advances to individual customers balance to an end of year figure of EUR 38 billion, sustained both by housing and "other purposes".

The mortgage lending balance was up 5.7% over the year to EUR 32.8 billion, comprising 47.8% of all Caixa Group lending. The outstanding balance of EUR 30.3 million in Portugal at 31 December comprised 719 902 mortgage loan contracts.

New mortgage lending operations, in Portugal, in 2007, comprised 62 255 contracts for an amount of EUR 4 565 million, i.e. growths of 11.9% and 9.9% respectively. These figures reflect CGD's marked recovery from last year's significant downturn.

Mortgage Lending

(EUR million)



LOANS AND ADVANCES TO INDIVIDUAL CUSTOMERS [a]

(EUR million)

	2006	2007	Change	
			Total	Percent
BALANCES:				
Housing	31 002	32 780	1 778	5.7%
Other	2 835	5 178	2 343	82.6%
of which:				
Credicaixa (consumer credit) [b]	826	889	63	7.6%
Credit cards [b]	210	280	70	33.3%
Total	**33 837**	**37 958**	**4 121**	**12.2%**
NEW OPERATIONS: [b]				
Housing				
No. contracts	55 614	62 255	6 641	11.9%
Amount (EUR million)	4 155	4 565	410	9.9%

(a) Consolidated operations.
(b) Operations in Portugal.

Credit for "Other purposes" is based on a broad-ranging product offer for various purposes such as consumer credit, credit cards, consumer durables and home improvements, which, for domestic operations is usually provided by Credicaixa (up 7.6%) and credit cards (up 33.3%).

See the chapter on **Retail Banking - Mortgage Lending** for information on Caixa's mortgage lending operations.

| Overdue Credit, Impairment and Provisions

Overdue credit was up 12.7% over 2006 to EUR 1 425 million, giving an overdue to total credit ratio of 2.1%, slightly lower than in the previous year. The non-performing credit ratio, calculated under Bank of Portugal rules was also 2.1% (against 2.3% in 2006).

There was an 11.1% reinforcement of EUR 173 million to an end of year accumulated impairment on loans and advances to customers (normal and overdue) of EUR 1 729 million. This signified adequate levels of overdue credit cover of 121.4% for total overdue credit and 138% for credit overdue more than 90 days, which values were also in line with the year 2006 figures.

LOANS AND ADVANCES TO CUSTOMERS (Consolidated)

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
1. Total credit	**58 824**	**68 573**	**9 749**	**16.6%**
1.1. Loans and advances to customers (outstanding)	57 561	67 148	9 588	16.7%
1.2. Overdue credit and interest	1 264	1 425	161	12.7%
Of which: more than 90 days overdue	1 123	1 253	130	11.6%
2. Credit impairment	**1 556**	**1 729**	**173**	**11.1%**
2. 1. Accumulated impairment - loans and advances to customers	685	763	79	11.5%
2. 2. Accumulated impairment - overdue credit and interest	872	965	94	10.8%
3. Credit net of impairment	**57 268**	**66 844**	**9 576**	**16.7%**
Ratios				
Non-performing credit ratio [1]	2.29%	2.10%		
Non-performing credit, net/Total credit, net [1]	-0.36%	-0.43%		
Overdue credit/Total credit	2.15%	2.08%		
Credit overdue for more than 90 days/Total credit	1.91%	1.83%		
Accumulated impairment/Non-performing credit	115.7%	120.1%		
Accumulated impairment/Overdue credit	123.2%	121.4%		
Accumulated impairment/Credit overdue for more than 90 days	138.5%	137.9%		

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

| SECURITIES PORTFOLIO

There was a 9.7% increase, over 2006, in the Group's securities investments balance to EUR 23.2 billion, of which an amount of around EUR 10.5 billion or 45% of the total comprised insurance companies' investments.

SECURITIES INVESTMENTS (Consolidated)

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
Banking	11 152	12 666	1 514	13.6%
Financial assets at fair value through profit or loss	7 843	6 842	-1 001	-12.8%
Available for sale financial assets	3 309	5 824	2 515	76.0%
Insurance	9 971	10 508	537	5.4%
Available for sale financial assets	9 123	9 731	608	6.7%
Investments associated with unit-linked products	848	777	-71	-8.4%
Total	21 123	23 173	2 050	9.7%

"Available for sale financial assets", represented 67.1% of the portfolios total, including, *inter alia*, various non-strategic financial investments as set out below:

PRINCIPAL FINANCIAL INVESTMENTS

AT 31 DECEMBER 2007

(EUR million)

	Amount	% Capital
Portugal Telecom	577.3	5.73%
EDP	842.4	5.15%
BCP	294.6	2.20%
PT Multimédia	412.7	13.98%
Galp Energia	163.6	1.07%

CUSTOMER RESOURCES

Deposits

The global deposits balance, almost exclusively comprising deposits taken from the retail sector was down 1.2% over the previous year to EUR 50.6 billion.

CUSTOMER RESOURCES (Consolidated)

BALANCES AT 31 DECEMBER

(EUR million)

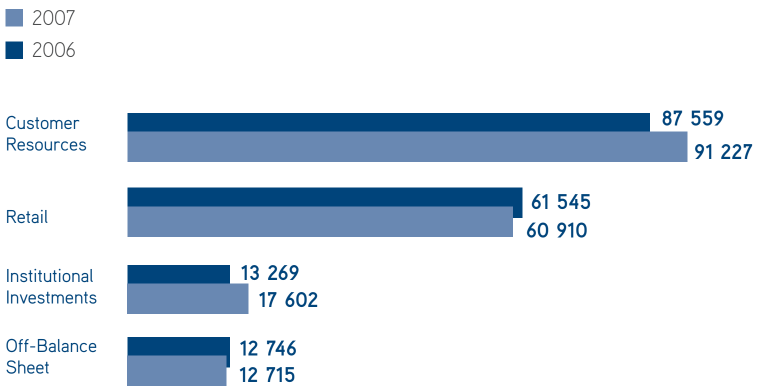
	2006	2007	Change	
			Total	Percent
Deposits	51 204	50 593	-611	-1.2%
Sight	18 226	18 409	184	1.0%
Term	23 868	23 982	114	0.5%
Savings	8 277	7 520	-757	-9.1%
Mandatory	833	681	-152	-18.2%
Other resources [a]	2 564	3 446	882	34.4%
Total	53 768	54 039	271	0.5%

(a) Includes fixed-rate insurance products.

Falls were recorded in balances on savings accounts (down 9.1%), sight deposits (down 3.6%) individual customers and corporate term deposits (down 30.7%) and the public sector (down 82%). Term deposits, however, expanded significantly (up 12.2%) in the individual customers' segment in addition to sight deposits made by companies (up 22.8%).

Total Customer Resources

(EUR million)



CUSTOMER DEPOSITS (Consolidated)

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
Individual customers	38 797	39 908	1 111	2.9%
Sight	11 757	11 329	-428	-3.6%
Term	18 763	21 059	2 296	12.2%
Savings	8 277	7 520	-757	-9.1%
Corporate	7 415	7 010	-404	-5.4%
Sight	3 505	4 302	797	22.8%
Term	3 909	2 708	-1 201	-30.7%
Public Sector	4 993	3 675	-1 318	-26.4%
Sight	2 963	2 778	-185	-6.3%
Term	1 196	216	-980	-82.0%
Mandatory	833	681	-152	-18.2%
Total	51 204	50 593	-611	-1.2%

The end of year market share of customers deposits, in Portugal, which Caixa continues to lead, was 27.2%. Caixa had a 32.9% market share of the individual customers' market, whose reduction is associated with the difficulties experienced in a highly competitive market.

CUSTOMER DEPOSITS - MARKET SHARES [a]

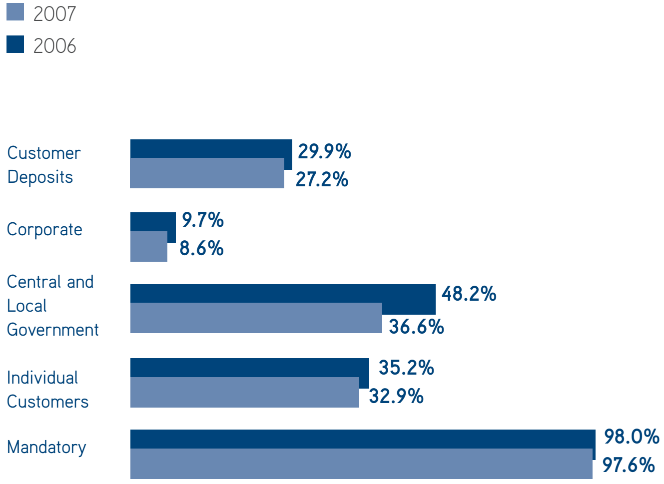
BY CUSTOMER SEGMENT

	2006	2007
Corporate	9.7%	8.6%
Central and local government	48.2%	36.6%
Individual customers	35.2%	32.9%
Emigrants	39.7%	40.4%
Mandatory	98.0%	97.6%
Total	29.9%	27.2%

(a) Operations in Portugal.

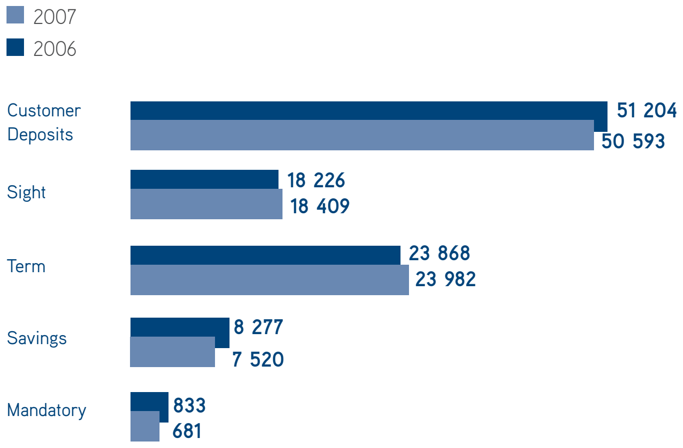
CGD's domestic operations accounted for EUR 41.4 billion of the deposits balance, equivalent to around 81.8% of the total consolidated balance. In branch and Group company terms, reference should also be made to the BNU (Macau) branch with EUR 2.1 billion, Banco Caixa Geral with EUR 1.8 billion, France branch with EUR 1.4 billion and Macau offshore branch with EUR 1.1 billion.

Customer Deposits - Market Shares



Customer Deposits

(EUR million)



Total resources taken by the Group, excluding money market resources from financial institutions were up 4.2% to EUR 91.2 billion with a 4.9% increase in balance sheet resources to EUR 78.5 billion and 0.2% fall in "off-balance sheet" resources to EUR 12.7 billion.

Structured products

Of resources taken as a whole, reference should be made to structured products, comprising deposits, bonds, unit trust, pension and insurance funds.

Customer subscriptions by product types, in 2007, totalling EUR 3.3 billion, were distributed as follows:

TYPE

(EUR million)

	Amount	Percent
Deposits - domestic market	833	25.5%
Deposits in offshore branches	176	5.4%
Bonds	681	20.9%
Unit trust and pension funds	537	16.5%
Insurance	801	24.6%
PPR (Retirement Plans)	234	7.2%
Total	3 263	100.0%

More than 61% of these structured products were subscribed for by the premium customer segment with 68% having a maturity period of more than 3 years.

GROUP RESOURCES

The 9.5% increase in capitalisation insurance to EUR 8.7 billion and "other customer resources" sub heading with EUR 1.6 billion, represented by cash bonds and subordinated cash bonds are also added to the value of the deposits taken from the retail sector in the Group's balance sheet.

RESOURCES TAKEN BY CGD GROUP [a]

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
CUSTOMER RESOURCES				
Balance sheet:	74 814	78 512	3 698	4.9%
Retail	61 545	60 910	-635	-1.0%
Customer deposits	51 204	50 593	-611	-1.2%
Capitalisation insurance [b]	7 944	8 699	755	9.5%
Other customer resources	2 397	1 618	-779	-32.5%
Institutional Investors	13 269	17 602	4 333	32.7%
EMTN	6 625	6 787	162	2.4%
ECP and USCP	3 525	4 544	1 020	28.9%
Nostrum Mortgages and Nostrum Consumer	1 134	879	-255	-22.5%
Covered bonds	1 985	5 391	3 406	171.6%
Off-balance sheet:	12 746	12 715	-31	-0.2%
Investment units in unit trust funds	7 637	7 488	-149	-2.0%
Caixagest	6 381	6 217	-164	-2.6%
Fundimo	1 256	1 271	15	1.2%
Pension fund	1 253	1 452	200	15.9%
Wealth management	3 856	3 775	-81	-2.1%
Total	87 559	91 227	3 667	4.2%

(a) Does not include credit and financial institutions' deposits.
(b) Includes fixed-rate insurance products.

Resources taken by the Group from institutional investors in the capital market were up 32.7% to a global balance of EUR 17.6 billion, upon which amount a large part of assets growth was based. These resources mainly derived from issues of covered bonds and euro medium term notes.

Off-balance sheet resources particularly included the EUR 7.5 billion taken by the Group's Caixagest and Fundimo unit trust investment funds, comprising a reduction of 2% over the preceding year and reflecting poor economic conditions in financial markets in second half 2007, having negative impacts on unit trust investment funds. Reference should also be made to the 15.9% increase in resources generated by pension funds to EUR 1.5 billion in addition to wealth management funds with EUR 3.8 billion.

Debt securities

There was a considerable 21.5% expansion in debt securities to a balance of EUR 16.2 billion. Particular reference should be made to the contribution of the diverse covered bond issues launched during the year, totalling EUR 3.35 billion and generating a 171.6% increase in the balance on such bonds to EUR 5.4 billion, at end 2007.

DEBT SECURITIES

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
EMTN programme issues [a]	5 167	4 890	-277	-5.4%
ECP and USCP programme issues	3 525	4 544	1 020	28.9%
Nostrum Mortgages and Nostrum Consumer	1 134	879	-255	-22.5%
Covered bonds	1 985	5 391	3 406	171.6%
Cash bonds and certificates of deposit	1 550	526	-1 023	-66.1%
Total	13 360	16 231	2 871	21.5%

(a) Does not include EUR 1 897 million of issues classified as subordinated liabilities in 2007.

The outstanding balance on non-subordinated bonds related to the EMTN programme totalled EUR 4.9 billion, although the balance was down 5.4% (EUR 277 million) owing to the effect of liquidations during the year.

Owing to the liquidity crisis in the second half of the year, the commercial paper programme strengthened its role as a prime vehicle for taking in short term funds, with a 28.9% increase in its balance over the preceding year to EUR 4 544 million.

Subordinated liabilities

Caixa took in EUR 2 667 million of subordinated liabilities (up 38.5% over the preceding year), particularly comprising bonds issued by CGD Finance and its France branch (EUR 1.9 billion), under the euro medium term notes programme. The remaining part of these resources comprises structured savings products, notably EUR 771 million of "Renda Mais" cash bonds placed with retail banking customers.

SUBORDINATED LIABILITIES

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
EMTN programme issues [a]	1 457	1 897	439	30.1%
Other	468	771	302	64.6%
Total	1 926	2 667	742	38.5%

(a) Does not include EUR 4 890 million of issues classified as debt securities in 2007.

PENSION FUND AND CGD'S EMPLOYEES HEALTHCARE PLAN

CGD set up its employees pension fund on 31.12.1991, to cover the retirement costs of its employees, in addition to survivors' pensions for employees engaged after the said date. The survivors' pensions of employees engaged prior to the referred to date are the responsibility of Caixa Geral de Aposentações.

At end 2004, with the publication of Decree Laws nos. 240-A/2004 of 29 December and 241-A/2004 of 30 December, CGD employee retirement and survivors' pensions liabilities for the length of service provided up to 31 December 2000, were transferred to Caixa Geral de Aposentações (CGA). The CGD Pension Fund, by way of compensation, transferred the provisions set up to cover the referred to liabilities, to CGA.

Starting 2004, the pension fund included liability for death grants, if death occurred during the retirement period. Death grants take the form of a lump sum payment of six times the amount of the gross monthly pension, paid, since the said date, by the Pension fund.

Starting 2005, with the entry into effect of the International Accounting Standards and the publication of the Bank of Portugal's Official Notice 4/2005, the recognition of liabilities for post retirement healthcare benefits in CGD's liabilities became mandatory. A provision, revalued annually on the basis of the said liability was set up for the purpose in question.

Under Law 53-A/2006 of 29 December, CGD, as the employer, was responsible, starting 2007, for paying survivors' pensions costs for employees taken on up to 1991, to the CGA, at a contribution rate of 3.75% of the said employees' remuneration, totalling EUR 6 032 thousand in 2007.

Reference should be made to the following demographic and financial premises used to calculate pension and healthcare liabilities for 2007:

- Discount rate	5.00%
- Wages and salaries growth	3.00%
- Pensions growth	2.50%
- Men's mortality table	TV 73/77
- Women's mortality table	TV 88/90
- Disability table	EKV80
- Average retirement age	60 years

There was an EUR 151 139 thousand increase in the value of the pension fund, in 2007, as set out in the following table:

PENSION FUND IN 2007

FUND MOVEMENTS

(EUR thousand)

Value of fund at 31.12.06	955 302
Employee contributions	26 838
CGD contributions	61 006
Extraordinary CGD contributions	38 297
Pensions paid	23 499
Net income of fund	48 497
Value of fund at 31.12.07	1 106 441

The fund fully covered its share of liabilities for current pension payments and the past services of current employees.

An amount of EUR 61 648 thousand was recognised as costs for the year, as was an amount of EUR 31 907 thousand on the amortisation of deferred costs as a charge to reserves. The year end deferred costs balance totalled EUR 63 814 thousand with a corridor of EUR 105 598 thousand.

The following table shows that liabilities of EUR 443 888 thousand, associated with CGD employees' post employment healthcare benefits were fully provisioned:

HEALTHCARE PLAN IN 2007

EVOLUTION OF PROVISION

(EUR thousand)

Value of provision at 31.12.06	419 195
Current cost for year	28 156
Contributions for healthcare services (SS and SAMS)	18 006
Actuarial and financial losses recognised in corridor	2 469
Actuarial and financial losses recognised in corridor surplus	12 074
Value of provision at 31.12.07	443 888

The actuarial losses for the year referred to in the table, essentially derived from deviations between the premises used and the amounts effectively verified. The accumulated balance on such losses totalled EUR 116 525 thousand with an amount of EUR 4 012 thousand calculated on the basis of the average future working time of active employees, having been amortised.

CAPITAL MANAGEMENT

SHAREHOLDERS' EQUITY

There was a 10.5% increase of EUR 527 million in shareholders' equity during the year to EUR 5.5 billion.

SHAREHOLDERS' EQUITY (Consolidated)

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007
Share capital	2 950	3 100
Fair value reserves	656	381
Other reserves	299	813
Retained earnings	-319	-309
Minority shareholders' interests	694	700
Income for year	734	856
Total	5 014	5 541

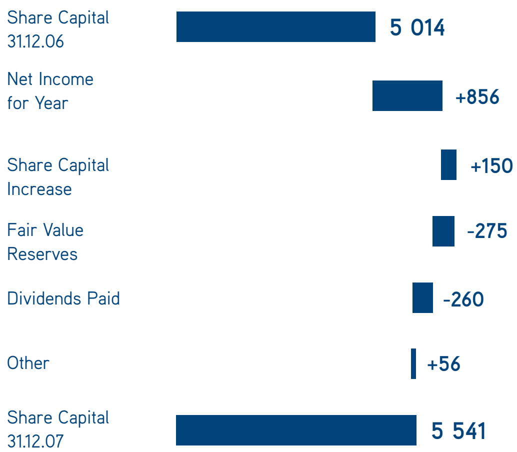
Reference should be made to CGD's capacity to generate its own funds, deriving from profits, and the year end increase of EUR 150 million in share capital.

Factors having a negative effect included the payment of EUR 260 million in dividends to the state shareholder and a EUR 275 million decrease in the amount of fair value reserves.

The reduction in the amount of fair value reserves derives from the depreciation of the securities portfolio associated with the occurrence of the turbulence in financial markets, since July 2007, owing to the effects of the US sub-prime crisis.

Change in Shareholder's Equity

(EUR million)



SOLVENCY RATIO

The consolidated solvency ratio, calculated under Bank of Portugal rules, was 10.1% in comparison to the preceding year's 10.5%, owing to the 16.2% growth in weighted risk positions as opposed to the 11.9% increase in own funds. TIER I was 6.7% and Core TIER I was 5.8%.

SOLVENCY RATIO (Consolidated) (a)

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
1. Total own funds	5 520	6 175	655	11.9%
a) Basis own funds, of which:	3 878	4 108	230	5.9%
Core Capital	3 278	3 508	230	7.0%
b) Complementary own funds	2 286	2 786	500	21.9%
c) Deductions	(644)	(720)	(76)	11.8%
2. Total weighted assets	52 521	61 015	8 494	16.2%
3. Own funds requirements (2./12.5)	4 202	4 880	678	16.2%
4. Surplus own funds (1.-3.)	1 318	1 295	-23	-1.9%
5. TIER I ((1a)./2.)	7.4%	6.7%		
6. CORE TIER I	6.2%	5.8%		
7. Solvency ratio (1./2.)	10.5%	10.1%		

(a) Bank of Portugal rules

There was an 11.9% increase of EUR 655 million in total own funds during the year to EUR 6 175 million of which an amount of EUR 230 million was allocated to basis own funds.

The increase in basis own funds essentially derived from the organic generation of funds by CGD, resulting from EUR 550 million of retained earnings and its EUR 150 million increase in share capital.

These increases were, however, offset, by the unfavourable behaviour of financial markets, particularly in second half 2007 and the transition impacts related with employee benefits.

There was a EUR 500 million increase in complementary own funds over the preceding year, deriving from new Lower TIER II subordinated debt issues, essentially placed in last quarter 2007, which were up EUR 578 million to EUR 669 million. Reference should also be made, in respect of the evolution of complementary own funds, to the EUR 75 million decrease in revaluation reserves relating to available for sale securities, associated with the referred to negative behaviour of financial markets.

There was an increase of EUR 76 million in reductions to total own funds, deriving from the decrease of insurance companies' surplus solvency margin, also deriving from the depreciation of their securities portfolios.

An analysis of weighted assets shows a 16.2% increase to EUR 61 billion, giving minimum own funds requirements of EUR 4 880 million, in comparison to existing total funds of EUR 6 175 million, i.e. a surplus of EUR 1 295 million at end 2007.

The major growth in weighted positions is essentially associated with increased lending on domestic and international operations (Spain and France).

GROUP RATING

In the Portuguese banking sphere, Caixa Geral de Depósitos retained the highest ratings awarded by the three principal international rating agencies - STANDARD & POOR'S, MOODY'S and FITCHRATINGS - on its short and long term financial liabilities. These ratings are comparable with those of the biggest and most solid international financial institutions.

The following changes were made to the principal ratings during the course of the year:

• STANDARD & POOR'S uplifted its **outlook** for CGD **from stable to positive** in August 2007.

• MOODY'S, **uplifted its long term rating for CGD Group**, by 2 notches from **Aa3** to **Aa1**, following the application of its JDA-Joint-default Analysis method, in April 2007. Under this methodology, the agency revised the terms of its rating on the financial strength and intrinsic solvency capacity of banks not having any external support - ***Bank Financial Strength Rating*** - awarding CGD its **"C"** classification.

FITCHRATINGS, uplifted its **outlook** from **negative to stable**, in May 2007, reflecting the same directional change as ratings on the Portuguese Republic.

	Short Term	Long Term	Outlook	
STANDARD & POOR'S	A-1	A+	Positive	Aug. 2007
MOODY'S	Prime -1	Aa1	Stable	Dec. 2007
FITCHRATINGS	F1+	AA-	Stable	Sep. 2007

The following is a summary of the appraisal of the reports issued by the three rating agencies:

STANDARD & POOR'S, SEPTEMBER 2007

"The ratings on Caixa Geral de Depósitos SA (CGD) are supported by the bank's full ownership by the Republic of Portugal (AA-/Stable/A-1+), which results in Standard & Poor's Ratings Services giving a two-notch uplift to the bank's stand-alone ratings; ironclad domestic franchise, which, among other things, provides CGD with a large, stable, and low-cost funding base; and overall sound financial profile. Conversely, CGD's tight solvency position, high single-name risk concentration, and equity risk exposure weight negatively on the ratings.

The positive outlook reflects improvements in CGD's core profitability and asset quality measures, resulting from the smooth implementation of its strategic plan and a more favorable economic environment, even if growth remains modest in the Eurozone context."

MOODY'S, DECEMBER 2007

"CGD's long-term deposit rating was last upgraded in April 2007 following the application of Moody's refined joint-default analysis (JDA) methodology. It currently stands at Aa1.

"The bank financial strength rating (BFSR) of Caixa Geral de Depósitos, SA (CGD), which captures the bank's intrinsic creditworthiness, and does not take into account any form of support that it may receive, was last downgraded in April 2007 following Moody's implementation of its updated BFSR methodology. It currently stands at C.

The C BFSR is supported by the bank's dominant position in Portugal, its relatively low business risk profile with about half of its credit portfolio represented by mortgages and its overall sound financial fundamentals, with strong funding and liquidity.

However, the rating also reflects the challenge that the bank faces in its expansion abroad, in maintaining its domestic market shares and margins which - as a result of growing competition, particularly in its core franchise of mortgages - are increasingly under pressure."

FITCHRATINGS , SEPTEMBER 2007

"The Long and Short-Term IDRs (*) and Support Rating of Caixa Geral de Depósitos (CGD) (AA-/F1+/1) reflect its state ownership and strong franchise, with a dominant market share of retail deposits and mortgage lending in Portugal. The Individual Rating reflects the bank's relatively low credit risk appetite, adequate capitalisation and improving profitability. It also addresses some risk concentration in its equity investments portfolio.

Upward movement of its Long-Term IDR is limited by the bank's size and growth prospects in the Portuguese market. Downside risk to its Long-term IDR would arise from a downgrade of Portugal's IDRs, which is considered unlikely, and, in the case of its Individual rating, from a significant deterioration of CGD's profitability/capitalisation or a substantial increase in equity investment concentration."

(*) IDR - Issuer Default Rating.

SEPARATE OPERATIONS (*)

BALANCE SHEET

There was a 10% increase of EUR 8.2 billion in net assets on Caixa Geral de Depósitos' separate operations to EUR 90.1 billion at end 2007. The said amount comprises around 74% of consolidated assets.

BALANCE SHEET (Separate)

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
Assets				
Cash and cash equivalents at central banks	1 991	1 568	-423	-21.2%
Loans and advances to credit institutions	12 731	13 728	997	7.8%
Loans and advances to customers	50 405	57 266	6 861	13.6%
Securities investments	10 660	11 797	1 137	10.7%
Investments in subsidiaries and associated companies	2 429	2 547	119	4.9%
Intangible and tangible assets	839	846	6	0.8%
Deferred tax assets	308	407	99	32.0%
Other assets	2 529	1 894	-635	-25.1%
Total	**81 892**	**90 053**	**8 161**	**10.0%**
Liabilities				
Central banks' and credit institutions' resources	10 302	14 198	3 896	37.8%
Customer resources	47 057	45 366	-1 692	-3.6%
Financial liabilities	1 275	1 525	250	19.6%
Debt securities	10 708	15 938	5 231	48.8%
Provisions	1 193	1 209	17	1.4%
Subordinated liabilities	2 198	2 958	761	34.6%
Other liabilities	4 623	3 924	-699	-15.1%
Sub-total	**77 355**	**85 120**	**7 764**	**10.0%**
Shareholders' equity	**4 537**	**4 933**	**397**	**8.7%**
Total	**81 892**	**90 053**	**8 161**	**10.0%**

(*) Including the operations of branch offices in France, London, Spain, Luxembourg, Monaco, New York, Grand Cayman, Madeira Offshore, East Timor and Zhuhai.

Asset growth mainly derived from loans and advances to customers, with a 13.6% increase of EUR 6.9 billion, owing to the 7.9% increase of EUR 2.4 billion in loans and advances to individual customers and 41.5% increase of EUR 0.9 billion in corporate lending together with the 10.7% increase of EUR 1.1 billion in securities investments.

On the liabilities side, the increases particularly derived from the 48.8% increase of EUR 5.2 billion in debt securities and 37.8% increase of EUR 3.9 billion in credit institutions' resources. There was a 3.6% decrease of EUR 1.7 billion in customer resources, almost all of which comprising deposits, to an end of 2007 balance of EUR 45.4 billion. In light of the above, the importance of debt securities as a source of finance was enhanced and now account for 17.7% of the assets total against the preceding year's 13.1%.

CAPITAL MANAGEMENT

There was an 8.7% increase of EUR 397 million in shareholders' equity to EUR 4.9 billion, mainly deriving from the EUR 127 million increase in net income for the year and EUR 150 million in share capital. The latter increase took place in December, raising CGD's share capital from EUR 2 950 million to EUR 3 100 million.

SHAREHOLDERS' EQUITY (Separate)

BALANCES AT 31 DECEMBER

(EUR million)

	2006	2007	Change	
			Total	Percent
Capital	2 950	3 100	150	5.1%
Fair value reserves	325	220	-105	-32.3%
Revaluation reserves	242	241	-1	-0.5%
Legal reserves	467	575	108	23.1%
Other reserves	67	186	119	177.6%
Retained earnings	-54	-55	-1	1.6%
Income for year	540	666	127	23.5%
Total	4 537	4 933	397	8.7%

CGD's separate solvency rate, calculated under Bank of Portugal rules, was 11.4% with TIER I of 6.4%, against 8.9% and 7.6% respectively, in 2006, reflecting a 58.4% growth in own funds as against a 23.4% increase in risk positions.

RESULTS

Net income (separate) was 23.5% up in 2007 to EUR 666.1 million against the preceding year's EUR 539.6 million, deriving mainly from an 11.8% increase of EUR 162.1 million, in interest income over the preceding year.

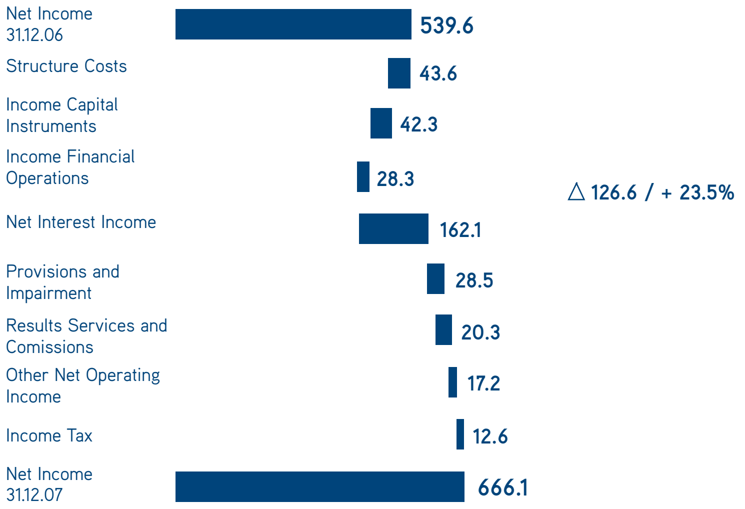
INCOME STATEMENT (Separate)

(EUR thousand)

	2006	2007	Change	
			Total	Percent
Net interest income, including income from equity instruments (1)	1 580 222	1 700 046	119 824	7.6%
Interest and similar income	3 964 837	6 211 345	2 246 508	56.7%
Interest and similar costs	2 587 040	4 671 399	2 084 359	80.6%
Income from equity instruments	202 425	160 100	-42 325	-20.9%
Non-interest income (2)	513 388	522 623	9 234	1.8%
Income from services and commissions (net)	281 355	301 693	20 339	7.2%
Income from financial operations	96 855	68 580	-28 275	-29.2%
Other operating income	135 178	152 349	17 171	12.7%
Net operating income (3) = (1)+(2)	2 093 611	2 222 669	129 058	6.2%
Operating costs and amortisation (4)	1 067 177	1 110 815	43 638	4.1%
Employee costs	572 552	603 331	30 778	5.4%
External supplies and services	403 564	410 815	7 251	1.8%
Depreciation and amortisation	91 061	96 669	5 608	6.2%
Gross operating income (5)=(3)-(4)	1 026 433	1 111 854	85 420	8.3%
Provisions and impairment (net of reversals and cancellations) (6)	336 669	308 146	-28 523	-8.5%
Credit provisions	302 702	301 427	-1 274	-0.4%
Impairment and other financial assets	16 188	4 259	-11 929	-73.7%
Impairment on other assets	17 780	2 460	-15 320	-86.2%
Income before tax (7)=(5)-(6)	689 764	803 707	113 943	16.5%
Tax (8)	150 201	137 570	-12 631	-8.4%
Current	214 704	230 599	15 895	7.4%
Deferred	-64 503	-93 029	-28 526	44.2%
Net income for year (9)=(7)-(8)	539 563	666 137	126 574	23.5%

Change in Net Income - Separate Operations

(EUR million)



Notwithstanding the 7.2% increase of EUR 20.3 million in net commissions, over 2006, there was no more than a 1.8% increase of EUR 9.2 million in non-interest income owing to the 29.2% downturn in income from financial operations which were affected by second half year market instability.

There was a 4.1% increase of EUR 43.6 million in operating costs of which special reference should be made to the 5.4% increase in employee costs reflecting the further contribution to the CGA in 2007, relating to costs of around EUR 6 million for survivors' pensions. There was, in turn, modest growth (1.8%) in external supplies and services.

Notwithstanding the 8.5% decrease of EUR 28.5 million in the level of provisions and impairment for the year, the value of the proportion relating to credit provisions was similar to the figure for 2006 (down 0.4%).

The tax bill came to EUR 137.6 million, comprising current tax of EUR 230.6 million and deferred tax of EUR 93 million. The latter was sharply up over 2006 (44.2%), owing to the alteration of tax rules, in 2007, disallowing provisions for credits with an associated mortgage loan as a tax deductible cost.

Risk Management

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Risk management is centralised in CGD. It encompasses the assessment and control of the group's credit, market and liquidity risks, based on the principle of the separation of functions between commercial and risk areas.

CREDIT RISK

Credit is the most relevant risk in terms of the bank's operations and is associated with the possibility of the occurrence of financial losses incurred on defaults by customers or counterparties - major enterprises, SMEs, small businesses, individual customers and financial institutions. This explains the reasons for the continuous improvements made both in terms of methodologies as in risk assessment and control tools contributing to the sustained development of CGD Group's maintenance of a conservative risk profile, based on a permanent concern to optimise return from different business areas.

Credit risk assessment is present at all decision-making levels when issuing loans and afterwards monitored by adequate assessment instruments during the operation's maturity period.

For exposures considered to be relevant, in credit risk terms, more specific opinions are produced, as a complement to internal rating models and any already existing assessment which, in addition to the analysis of counterparty evolution, incorporate projects' forecast economic-financial evolution and the influence and perception of any risk heightening factors, in addition to identifying any conditions mitigating such risks.

The assessment is normally based on an economic groups level considering the following weighting factors:

- external credit risk ratings;
- internal ratings;
- credit risk in respect of various group areas/companies;
- level of concentration to exposure;
- type of loan, purpose and amount of the proposed operations;
- regulatory limits on major risks, as regards shareholders' equity and solvency ratio-related considerations.

Risk assessments on financial institutions are based on internal regulations. The allocation of exposure risks per counterparty is based on information provided by rating agencies or internal models, associated with weighting factors considering the entity's capital.

The risk assessment methodology aims to define limits per counterparty, the processing thereof by computer systems to permit an analysis of the risks to which each entity is exposed by business unit or on a consolidated level. Counterparty risk is also measured and control exercised over exposure and limits allocations.

Other quantitative and qualitative criteria are employed, namely market characteristics and the economy in which companies operate and the quality of the shareholder structure are determining factors behind the allocation of the referred to limit. Sub-limits by maturity and product are also defined, on the basis of an entity's/customer's or respective product's underlying degree of risk.

An internal rating model for credit institutions had previously been developed, helping to improve portfolio analysis and achieve more rigorous assessment standards and whose current use has been broadly disseminated.

Credit risk control implicit in CGD's portfolio comprises a monitoring procedure on the principal indicators whose portfolio is split up by product, customer segment, decision-making structure, level of financial system exposure, operating sector and geographical area. The information source for the monthly analyses is the risk Datamart which was developed under Basel II. In risk concentration terms, the analysis is based on the determination of the amount of major exposure to economic groups and a comparison with the maximum limits defined by the supervisory bodies.

Various improvements have been made to the credit monitoring process, many of which deriving from the entry into service of the new operating systems. Credit warnings, which merely represent an additional contribution towards the detecting and avoidance of future defaults in CGD, comprise a powerful instrument whose use will improve the quality of CGD's credit portfolio.

A new application was developed to improve the monitoring of customer credit portfolio risk with the aim of supporting the credit warning process in CGD. This new development - SGAC (Credit Management and Monitoring System) - is already operational and in full use by the branch network and risk area, for use as an interaction platform for credit warning purposes.

CREDIT RECOVERY

The credit recovery area's operating model was altered and adjusted in 2007, in an endeavour to improve efficiency in terms of loan restructuring and repayment activity, with particular focus on extra-judicial settlements.

In general terms, the current credit monitoring system, forces the risk management area to issue warnings to the commercial and credit recovery areas. In the first 90 days of customer default credit repayment is the exclusive responsibility of the commercial areas, and in the case of failure to recover credit, will be passed over to the recovery area within a maximum period of 180 days.

Thirteen regional hubs were created to operationalise recovery and negotiation, ensuring the necessary contacts with customers in an endeavour to find solutions to specific situations. A volume of EUR 1 billion of credit was under analysis in 2007, divided up between restructuring procedures (67%) and collections (33%), with the concern to expedite the processing of defaults having been extended to the commercial areas, in light of their credit recovery liability at its early default stages.

The whole of the branch network was automatically involved in the **Individual customers** segment, with an almost integral treatment of all overdue credit, as a determining action for avoiding the deterioration of the respective indicators, notwithstanding the difficult economic circumstances of Portuguese families with excessive debt levels. 51% of customers in this situation were rerouted to the branch network with around 37% still being negotiated and legal proceedings being taken in 12% of cases.

In the **Corporate** segment and until the automatic allocation process has been completed, the recovery only affects customers in special cases where global value comprises 68% of overdue credit to companies.

In the legal recovery area and in addition to credit repayments and collections, guidelines for the reduction of portfolio operations and pending actions were defined, making it possible to close the year with 11 871 operations, comprising 8 311 actions, with a reversal of the growth trend of pending operations/actions and maintaining the same objective for 2008, with a rationalisation of the human resources allocated to the activity.

Credits on a corporate loan portfolio of EUR 34.25 million were assigned during the year in question.

CGD Group's overdue credit at year end was EUR 1 425 million with a respective overdue credit ratio of 2.1%, in comparison to the year 2006 figure of 2.2%. The overdue credit cover level was 121.4% (See Chapter on "FINANCIAL ANALYSIS").

MARKET RISK

• CGD Group's market risk management rules on each portfolio or business unit, include market risk limits, credit exposure limits, market and liquidity risk, required levels of return, types of authorised instruments and maximum permitted loss levels.

Executory functions on market operations and associated risk control are completely separate.

Risk hedging operations are decided by portfolio managers or business units. They are based on risk limits and authorised instruments in which the risk management area collaborates on assessing the impact of total risk hedges incurred or the alteration of authorised market risk levels, if deemed advisable under the circumstances.

• The market risk measurement used for all types of market risk is Value at Risk (VaR) (interest rates, shares, exchange rates, volatility), using the historical simulation method, whose confidence levels used in the simulation are contingent upon the portfolio's objectives. Other market risk measurements, such as sensitivity to the price changes of underlying assets [basis point value (bpv)], for interest rates) and other sensitivity indicators commonly applied to share portfolios are also applied. Stress testing assessments have also been developed.

Daily theoretical and real VaR measurement backtesting analyses are performed, with the calculation of theoretical backtesting values and the monthly calculation of real backtesting values. The number of exceptions obtained i.e. the number of times theoretical or real losses exceed VaR, enable the method's accuracy to be assessed and any necessary adjustments made.

• Trading portfolio management has short term objectives designed to exploit market opportunities, although there may not be any portfolio positions available, whereas investment portfolio objectives are medium and long term and designed to generate a regular and reasonably steady income stream.

Under management rules each portfolio is subject to restrictions in terms of its composition, as regards assets and risk levels. Risk levels are defined on credit exposure (concentration by name, sector, rating and country), market (maximum total risk level by risk factor and maturity period) and liquidity (minimum number of listings required, maximum authorised portfolio percentage for each issue, composition of share portfolios based on their inclusion in authorised indices). Monthly control and return analyses are produced and their credit risks assessed according to the regulatory dispositions in force and market risk assessed by internal models.

• The following table provides information on VaR measured market risk, during the year on trading and own portfolios:

MARKET RISK - TRADING PORTFOLIO

IN 2007

(EUR thousand)

	VaR 95%		
	Minimum	Average	Maximum
Interest rate	125	360	796
Price	0	536	1 809
Exchange rate	13	199	11 120
Total [a]	176	778	11 503

(a) Total VaR refers to the combined effect of interest rate, price, foreign exchange and volatility risks which are, in general, less than the sum of the risks taken individually owing to the diversification effect.

MARKET RISK - OWN PORTFOLIO

IN 2007

(EUR thousand)

	VaR 99%		
	Minimum	Average	Maximum
Interest rate	2 392	3 519	7 731
Price	1 912	8 068	20 931
Exchange rate	103	689	2 314
Volatility	80	286	1 981
Total (a)	4 032	9 834	21 116

(a) See note to above table.

ASSET MANAGEMENT AND LIABILITIES

Caixa continued to improve the techniques associated with the asset management and liabilities process (asset-liability management, ALM), during the course of the year, ensuring the permanent objective of prudent liquidity management, capital use and control of associated financial risks, particularly liquidity, interest rate and market risks.

LIQUIDITY RISK

Liquidity risk management uses an analysis of the periods to maturity of different balance sheet assets and liabilities, for each of the different time bands considered, the volumes of cash inflows and cash outflows, and respective liquidity gaps. Their amounts, at year end, were as follows:

LIQUIDITY GAP, AT 31.12.2007 (*)

(EUR million)

Time Bands	1M	3M	12M	3Y	10Y	>10Y
Period gap	8 247.7	-2 796.0	-2 788.1	-1 895.2	1 240.5	-1 579.1
Accumulated gap	8 247.7	5 451.7	2 663.6	768.4	2 008.9	429.8

(*) Perimeter: CGD, Offshore branch, France, Monaco, London, New York and Grand Cayman branches, Caixa-Banco de Investimento, CGD Finance, Caixa Geral Finance, CGD North America and Macau Offshore Branch.

Liquidity gaps are calculated monthly and compared with the fulfilment of three ALCO defined ratios (two short and one long term). The structural liquidity concept is used for the purpose in question which, in accordance with studies and models developed internally and based on the behaviour of depositors, translates the approximate distribution of sight and term deposits over the different time bands.

Therefore, in the case of sight deposits, around 82% of the balance (core deposits) is considered in the more than 10 years time band with the rest (non-core deposits) being allocated in periods of up to 12 months, in line with seasonality studies and minimum noted balance. Term and savings deposits are, in turn, split up between the different periods in accordance with a model for estimating their expected average life and expected time distribution of withdrawals.

Around 85% of the total securities investments balance is considered in the period up to 1 month and the remainder split up according to the proportion of the balances in the structure of the residual periods of their initial maturity. Shares and other variable income securities with adequate liquidity are globally considered in the up to 1 month bucket.

To avoid high negative liquidity gaps over short term time bands, Caixa has endeavoured to ensure a permanent level of efficient treasury management. To provide for the longer maturity periods, particularly associated with mortgage lending, Caixa continues to have resource taking instruments on the domestic and international markets, through its issue of mortgage bonds and euro medium term notes.

Caixa therefore furthered its policy of taking in resources with more adequate maturity periods to avoid mismatches between assets and liabilities maturity periods, ensuring greater stability of its customer resources, both in its launch of structured savings products, as in debt issues.

Caixa increased its share capital by EUR 150 million at year end, through an issue of 30 million shares fully subscribed for by the state with a nominal value of 5 euros each.

The value of the liquidity ratio, information on which, since September, is sent to the Bank of Portugal every month, was in line with the defined objectives.

INTEREST RATE RISK

Caixa runs interest rate risk whenever it is a party to operations whose future financial flows are sensitive to interest rate changes during the course of its operations.

To measure such risk, Caixa aggregates sensitive assets and liabilities into fixed time bands in accordance with the respective interest repricing dates. The respective assets and liabilities cash flows are then calculated for such time bands together with the corresponding interest rate risk gaps.

Interest rate risk analysis also involves the monthly calculation of the duration of sensitive assets and liabilities, in addition to the respective duration gap. The aim is to measure the mismatch level between the average time over which the cash inflows are generated and cash outflows are required.

There was a significant decrease in the accumulated static interest rate gap, of up to 12 months, which, although always remaining positive, came to a year end total of EUR 11 431.7 million.

INTEREST RATE GAP, AT 31.12.2007 (*)

(EUR million)

Time Bands	1M	3M	6M	12M	3Y	>3Y
Period gap	5 555.2	690.8	2 239.3	2 946.4	-17 593.1	3 356 .4
Accumulated Gap	5 555.2	6 246.0	8 845.3	11 431.7	-6 161.4	-2 805.0

(*) Perimeter: CGD, Offshore branch, France, Monaco, London, New York and Grand Cayman branches, Caixa-Banco de Investimento, CGD Finance, Caixa Geral Finance, CGD North America and Macau Offshore Branch.

To monitor the effect of the referred to gaps on net interest income, a regular monthly forecast of sensitive assets and liabilities scenarios is produced. It includes relevant banking activity behaviour and trends, evolution of different market rates and expectations reflected in the yield curve.

ALCO approves guidelines on balance sheet and banking portfolio interest rate risk, including the definitions of limits on certain significant variables in terms of the level of exposure to such risk. The objective of these guidelines is to manage the combination of risk/return margins, in balance sheet management terms while defining the adequate level of exposure and controlling the results of the risk policies and positions assumed.

The limits fixed are calculated monthly for the accumulated 12 months gap and the duration gap and quarterly both for the economic value at risk indicator (which translates the changes in the economic value of the bank's capital, resulting from changes in interest rate levels) and for the earnings at risk indicator (which translates the changes in the bank's forecast net interest income, resulting from changes in interest rate levels and the evolution of loans and advances and investment balances.

The interest rate risk in the banking portfolio is also calculated on consolidated operations every six months and sent to the Bank of Portugal. It encompasses all balance sheet and off-balance sheet elements not included in the trading portfolio.

The assessment and measurement of this type of risk are based on the accumulated impact of instruments sensitive to interest rates, resulting from a parallel movement of +/- 200 bp. on the yield curve. Under the terms of an ALCO resolution, the calculation of this impact on own funds and on net interest income is calculated quarterly for internal management purposes with internal limits having been defined for the purpose in question.

Year end impacts on shareholders' equity (as defined in the Bank of Portugal's Official Notice 12/92) and interest income (understood to be the difference between interest income and costs, comprising the annualised equivalent of its current level), resulting from the referred to movement in the yield curve, were 2% and 12%, respectively.

FOREIGN EXCHANGE RISK

Foreign exchange risk is controlled and assessed on a daily, individual basis for domestic operations for each branch office and subsidiary and fortnightly, on a consolidated level for the group as a whole. VaR amounts and limits are calculated on total open and currency positions.

The following table provides information on the Group's risk levels and market value during the year:

FOREIGN EXCHANGE RISK

(EUR thousand)

	VaR 99%			Market Value		
	Maximum	Minimum	Average	Maximum	Minimum	Average
Total	22 117	1 611	7 132	809 201	26 376	197 553

OPERATING RISK

Operating risk is defined as the risk of losses deriving from the inadequacy of or faults in processes, persons and information systems as well as from external events.

CGD, pursuant to the framework of duties and obligations deriving from the Basel II agreement, in conjunction with international trends on the adopting of best internal control practice — Sarbanes-Oxley Act — defined, as methods to be adopted, the standard method for the calculation of own funds to be allocated to operating risk, in addition to creating the conditions enabling evolution to the advanced measurement approach (AMA).

In addition to the initiatives necessary to provide for the requirements of the said method, a plan to expand the operating risk management methodology to the remaining Group companies was developed in 2007. The methodology used is based on a series of components including: the documentation of processes, potential risks and associated control procedures; a decentralised events and losses information process; a periodical process for operating risk self assessment and a specific reporting system to support operating risk management, by process and structural body. The perfecting of this methodology is aligned with the approaches recommended by COSO (Committee of Sponsoring Organizations of Treadway Commission) and CobiT (specific to information systems).

CGD also continues to invest in the development of solutions designed to ensure the continuity of its business negotiating and operational performance processes in critical areas and/or services, to mitigate eventual losses. The global business continuity strategy for CGD was accordingly updated and a Committee for the global management of business continuity created, with the objective of coordinating and linking Group initiatives and processes.

The operating risk management and internal control process are based on an autonomous area and a management committee, comprising the board of directors' advisory body which is responsible for the coordination, appreciation and discussion of issues related with the subject and the strategy and policies established.

BASEL II

The new Basel II capital agreement establishes rules on the most comprehensive, sophisticated and adequate risk control management methodologies, in which 2007 witnessed the formal step for its adoption, with the publication and entry into effect of the statutes embodying the new law in Portugal and other European Union countries.

The Basel II Programme, implemented in CGD, in 2002, has pioneered a large number of initiatives in the area of the design and implementation of new methodologies, development of information support systems and the revision of risk management policies and procedures to ensure compliance with the new regulatory framework.

Continuing the endeavours of the last few years, the programme has evolved considerably, in its diverse aspects related with credit, market, operating, interest rate and other risks, with the objective of positioning CGD in terms of the new risk management and prudential reporting model, applicable from 01 January 2008.

Significant progress was made in credit risk area projects, notably in terms of scoring models: following the implementation, in past years, of risk rating models for the most significant segments of CGD's retail portfolio. Work was finally completed on the development and supply of credit models for credit cards and small businesses and the respective connection to the operating systems supporting the decision-making process for credit applications in the said segments is currently in progress.

For the corporate segments (companies, financial and other institutions), the design was completed and work begun on the implementation process for a computer application which will make it possible to provide commercial areas and the risk management area with adequate information for efficient and effective risk analysis purposes. The application will make it possible to generate, analyse, store and suitably integrate all relevant data for evaluating customer risk profiles and represents an important step to increase the flexibility of and reinforce CGD's procedures in this area.

Lending procedures were revised during the year for the purpose of integrating the available new methodologies, i.e. risk ratings supplied by scoring and rating models, as comprehensively as possible in the credit risk management procedure, e.g. by a more rigorous and precise assessment of the pricing of operations based on their respective risk level.

Work was also, at the same time, performed on the project for estimating the risk factors supporting the internal ratings method for selected credit portfolio segments.

Previously developed credit risk models were also validated in 2007 under the coordination of the Audit Department.

In 2008, the first year in which the agreement came into effect, CGD will adopt the standard model for calculating credit risk capital requirements, having submitted its application for the adoption of the internal ratings method, to the supervisory authority, in 2007.

In the market risk area, after the completion of the internal revision of the respective risk management model, the resulting recommendations were implemented.

Work was completed on the "miscellaneous risks" part of the market risk management and control manual.

Work on the application for the adoption of the internal market risk models began in 2007, and is currently being analysed by the supervisory authorities.

In the interest rate and liquidity risk management areas more advanced monitoring and risk management functionalities were implemented, via the new Asset Liability Management (ALM) tool. The part corresponding to such risks in terms of the risk management and control manual was also completed.

2007 saw the inception of the process for the implementation of the internal capital adequacy assessment processes (ICAAP) under Pillar 2 of the new Basel Agreement.

As already referred to, the principal aim of the Basel II programme is to guarantee compliance with the new agreement within CGD Group. Work accordingly began on the installation of a capital requirements calculation tool for credit and market risk and determination of the solvency ratio, in 2007, which tool will also be used as a source to generate the information to provide for the needs of Pillar 3 — Market Discipline of the New Basel Agreement and CGD's internal needs for the analysis and monitoring of the level of exposure to each risk.

The structure previously developed for the integrated risk data repository was also consolidated, with the aim of providing for information requirements on credit, market, interest rate and liquidity risks in accordance with the characteristics defined in the Basel II framework. The principal activities relating to the design and construction of this repository, comprised the technical installation of an additional collection of items of information and the inception of a functional revision of the existing models for updating purposes, in 2007.

Data collection in Caixa Geral de Depósitos Group derives from the need to ensure the centralisation of information on Group entities for responding adequately, efficiently and promptly to Basel II supervisory authorities' requirements.

Following the works performed over the last few years, the technical conditions relating to the centralisation of information (communications, processes and frequency etc.) were aligned with the said entities and the procedures for the validation of the data received were established. This is an important initiative, as it will provide a higher level of control and reliability on data, while also improving and simplifying the extraction and transmission process by various Group entities.

Concluding Remarks

The following changes were made to CGD's statutory bodies in 2007:

The following members of the shareholders' meeting were elected at the general meeting of 10 April 2007, to complete the terms of office ending 2007:

Chairman:	Manuel Carlos Lopes Porto
Deputy-Chairman:	Daniel Proença de Carvalho
Secretary:	José Lourenço Soares

Former members of the shareholders' meeting had resigned their positions on different dates. They include Chairman, Diogo Freitas do Amaral, in order to take up a ministerial post in the Portuguese government and Deputy-Chairman José Manuel Simões Correia and Secretary João Manuel Travassos Dias Garcia, both on account of the dispositions of no. 1 of article 374-A of the Commercial Companies Code, pursuant to the wording of Decree Law 76-A/2006 of 29 March.

Following the publication of Decree Law 106/2007 of 03 April, altering CGD's articles of association, the sole inspection body was replaced by the audit committee with the following members having been elected at the general meeting of 17 April 2007, for the three year period 2007-2009, as follows:

Chairman:	Eduardo Manuel Hintze da Paz Ferreira
Acting Members:	José Emílio Coutinho Garrido Castel-Branco Maria Rosa Tobias Sá
Deputising members:	José Clemente Gomes Ana Maria Ratel Barroso Reis Boto

The company's statutory auditor is "Oliveira Rego & Associados, SROC", represented by Manuel de Oliveira Rego with Álvaro, Falcão & Associados, SROC, as deputising members.

The new members of the board of directors and general meeting were elected in a unanimous written declaration of 09 January 2008, issued by CGD's state shareholder, having taken up office on 10 January 2008, for the period 2008-2010 and whose composition is set out below in Subsequent Events.

Subsequent Events

A resolution was taken in a unanimous written declaration of 09 January 2008, issued by CGD's state shareholder, under the terms of CGD's articles of association, to appoint the new members of the shareholders' meeting and board of directors and general meeting for the term of office 2008-2010, with the following composition.

Shareholders' Meeting

Chairman:	Manuel Carlos Lopes Porto
Deputy-Chairman:	Daniel Proença de Carvalho
Secretary:	José Lourenço Soares

Board of Directors

Chairman:	Fernando Manuel Barbosa Faria de Oliveira
Deputy-Chairman:	Francisco Manuel Marques Bandeira
Board Members :	Norberto Emílio Sequeira da Rosa
	Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
	José Fernando Maia de Araújo e Silva
	Jorge Humberto Correia Tomé
	Pedro Manuel de Oliveira Cardoso

The resolution was effective starting 10 January 2008, the date upon which the new board members took up office.

• Caixa Banco de Investimento, on 16 January 2008, made an investment of 80% in TVTEL Comunicações, SA (TVTEL) with TV Cabo Portugal, SA (TV CABO) taking the remaining 20%, pursuant to which TV CABO, forthwith agreed to acquire CaixaBI's investment, with the completion of the operation being contingent upon a declaration of non-opposition from the Competition Authority.

• On 28 February 2008, the Central Bank of Brazil authorised CGD Group to set up Banco Caixa Geral-Brasil, SA in Brazil. The project is still under assessment.

• On 10 March 2008, Caixa Geral de Depósitos Group (CGD) reached an agreement with Sumolis - Companhia Industrial de Frutas e Bebidas, SA, group on the disposal of the entire amount of the share capital of Compal - Companhia Produtora de Conservas Alimentares, SA, in a three part deal involving Compal's assimilation by Sumolis Group.

The first stage provides for the sale of a holding of 29.9% in Compal's capital and the second stage the disposal of a further 8.2% of Compal's capital. In the third stage CGD Group will exchange the remainder of its holding of 41.9% in Compal, for around 20.6% of the share capital of Sumolis, with the possibility of CGD disinvesting its future shareholding over the medium term.

CGD and Sumolis expressly agree to proceed with the Sumolis and Compal operations, having notified the Competition Authority whose decision on the transaction is awaited.

Proposal for the Appropriation of Net Income

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Pursuant to the terms of article 376 of the Commercial Companies Code and article 26 of the bank's articles of association, approved under Decree Law 287/93 of 20 August, the following appropriation of CGD's separate net income of EUR 666 136 906 for the year is hereby proposed:

1. 20% to the legal reserve; EUR 133 227 381

2. EUR 55 044 218 to retained earnings;

3. EUR 300 000 000 to dividends;

4. EUR 177 865 307 to free reserves.

Lisbon, 02 April 2008

Note: The appropriation of net income for 2007 was approved at CGD's general meeting of 17 April 2008, after due consultation with the board of directors and in line with the respective consensus, as set out below:

Legal reserve - EUR 133 227 381 - 20%;
Retained earnings - EUR 55 044 218 - 8.26%;
Dividends - EUR 340 000 000 - 51.04%;
Free Reserves - EUR 137 865 307 - 20.70%.

Board of Directors

Chairman:	Fernando Manuel Barbosa Faria de Oliveira
Deputy-Chairman:	Francisco Manuel Marques Bandeira
Board Members:	Norberto Emílio Sequeira da Rosa
	Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
	José Fernando Maia de Araújo e Silva
	Jorge Humberto Correia Tomé
	Pedro Manuel de Oliveira Cardoso

STATEMENT ON THE CONFORMITY OF THE PRESENTATION OF FINANCIAL INFORMATION

Under the terms of sub-paragraph c) of no. 1 of article 245 of the Securities Market Code, we declare that the financial statements for 2007 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' report gives an accurate account of the business evolution and the performance and position of the referred to entities and contains a description of the principal risks and uncertainties they face.

Board of Directors

Chairman:	Fernando Manuel Barbosa Faria de Oliveira
Deputy-Chairman:	Francisco Manuel Marques Bandeira
Board Members:	Norberto Emílio Sequeira da Rosa
	Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
	José Fernando Maia de Araújo e Silva
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Audit Committee

President:	Eduardo Manuel Hintze da Paz Ferreira
Acting Members:	José Emílio Coutinho Garrido Castel-Branco
	Maria Rosa Tobias Sá

NUMBER OF BONDS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

(ARTICLE 447 OF COMMERCIAL COMPANIES CODE)

Bondholders	Description	No. bonds at 31.12.07
Members of the Board of Directors		
Norberto Rosa	CGD subordinated bonds 2007-2017 (1)	200
Francisco Bandeira	CGD subordinated bonds 2007-2017 - 1st issue	15 000
	CGD subordinated bonds 2007-2017 - 2nd issue	15 000

(1) Acquired in 2007. 200 CGD "Renda Mais" 02/12 and 100 CGD "Taxa Crescente 2007" bonds were also redeemed in 2007.

INFORMATION ON CGD SHAREHOLDERS

(ARTICLE 448 OF COMMERCIAL COMPANIES CODE)

Shareholders	Share capital at 31.12.07	Percentage holding at 31.12.07
Portuguese state	EUR 3 100 000 000	100%

Financial Statements

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CAIXA GERAL DE DEPÓSITOS, SA

BALANCE SHEET (SEPARATE)

AT 31 DECEMBER 2007 (*)

	2007			2006
Assets	Amounts before impairment, amortisation and depreceation	Provisions, impairment, amortisation and depreceation	Net assets	Net assets
Cash and cash equivalents at central banks	1 567 759 193		1 567 759 193	1 990 651 866
Cash balances at other credit institutions	834 513 218		834 513 218	550 004 875
Financial assets held for trading	4 614 934 109		4 614 934 109	5 420 135 979
Other financial assets at fair value through profit or loss	1 937 802 133		1 937 802 133	2 188 012 226
Available-for-sale financial assets	5 326 188 527	154 904 457	5 171 284 070	2 988 559 509
Loans and advances to credit institutions	12 896 354 391	2 613 405	12 893 740 986	12 181 231 667
Loans and advances to customers	58 286 846 028	1 021 255 334	57 265 590 694	50 404 598 390
Hedging derivatives	125 635 863		125 635 863	106 168 334
Non-current assets held for sale	88 256 725	14 992 841	73 263 884	63 184 817
Investment property	4 347 300		4 347 300	4 347 300
Other tangible assets	1 427 765 913	744 867 064	682 898 849	677 232 314
Intangible assets	375 153 723	212 355 804	162 797 919	162 037 122
Investments in associates, subsidiaries and joint ventures	2 629 239 853	81 855 323	2 547 384 530	2 428 647 768
Current tax assets	1 053 724		1 053 724	349 322
Deferred tax assets	406 876 874		406 876 874	308 225 314
Other assets	1 829 718 243	66 767 881	1 762 950 362	2 418 488 153
Total Assets	92 352 445 817	2 299 612 109	90 052 833 708	81 891 874 956

(*) Including domestic activity and that of France, London, Spain, Luxembourg, Monaco, New York, Cayman Islands, East Timor, Zhuhai and Madeira Offshore branches.

	2007	2006
		(EUR)
Liabilities		
Resources of central banks	397 501 121	153 662 690
Financial liabilities held for trading	1 319 749 314	908 505 807
Resources of other credit institutions	13 800 078 944	10 148 263 361
Customer resources	45 365 668 578	47 057 407 094
Debt securities	15 938 376 598	10 707 725 328
Financial liabilities associated with transferred assets	205 066 347	366 011 107
Hedging derivatives	808 244 069	625 370 677
Provisions	1 209 420 892	1 192 774 063
Current tax liabilities	119 346 013	109 594 819
Deferred tax liabilities	118 137 743	151 938 865
Other subordinated liabilities	2 958 383 622	2 197 757 632
Other liabilities	2 879 621 058	3 736 218 975
Total Liabilities	**85 119 594 299**	**77 355 230 418**
Share capital	3 100 000 000	2 950 000 000
Revaluation reserves	460 970 719	566 141 029
Other reserves and retained earnings	706 131 784	480 940 370
Net income for the year	666 136 906	539 563 139
Total Equity	**4 933 239 409**	**4 536 644 538**
Total Liabilities and Equity	**90 052 833 708**	**81 891 874 956**

Certified Public Accountant

Joaquim Maria Florêncio

Board of Directors

Chairman: Fernando Manuel Barbosa Faria de Oliveira
Deputy-Chairman: Francisco Manuel Marques Bandeira
Members: Norberto Emílio Sequeira da Rosa
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
José Fernando Maia de Araújo e Silva
Jorge Humberto Correia Tomé
Pedro Manuel de Oliveira Cardoso

CAIXA GERAL DE DEPÓSITOS, SA

INCOME STATEMENTS (Separate)

AT 31 DECEMBER 2007 (*)	2007	(EUR) 2006
Interest and similar income	6 211 344 682	3 964 836 558
Interest and similar costs	-4 671 398 566	-2 587 039 654
Net interest income	**1 539 946 116**	**1 377 796 904**
Income from equity instruments	160 100 213	202 425 465
Income from services and commissions	383 086 158	344 913 867
Costs of services and commissions	-81 392 659	-63 559 077
Net result of assets and liabilities measured at fair value through profit or loss	-243 985 243	17 421 571
Net gain on available-for-sale financial assets	273 069 999	17 117 300
Net foreign exchange revaluation gain	39 208 294	61 968 704
Net gain on the sale of other assets	287 107	347 491
Other operating income	152 348 969	135 178 322
Net operating income	**2 222 668 954**	**2 093 610 547**
Staff costs	-603 330 827	-572 552 421
Other administrative costs	-410 815 236	-403 563 757
Depreciation and amortisation	-96 669 365	-91 061 255
Provisions net of reversals	-113 347 616	-133 287 541
Correction of the amount of loans and advances to customers and receivables from other debtors	-188 079 712	-169 414 158
Impairment of other financial assets net of reversals	-4 259 119	-16 187 666
Impairment of other assets net of reversals	-2 459 943	-17 779 533
Income before tax	**803 707 136**	**689 764 216**
Income tax	**-137 570 230**	**-150 201 077**
Current	-230 599 330	-214 704 358
Deferred	93 029 100	64 503 281
Net income for the year	**666 136 906**	**539 563 139**
Average number of ordinary shares outstanding	590 000 000	590 000 000
Earnings per share (in Euros)	1.13	0.91

(*) Including domestic activity and that of France, London, Spain, Luxembourg, Monaco, New York, Cayman Islands, East Timor, Zhuhai and Madeira Offshore branches.

Certified Public Accountant

Joaquim Maria Florêncio

Board of Directors
Chairman: Fernando Manuel Barbosa Faria de Oliveira
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Pedro Manuel de Oliveira Cardoso

CAIXA GERAL DE DEPÓSITOS, SA

CASH FLOW STATEMENTS (Separate)

FOR THE YEAR ENDED 31 DECEMBER 2007 AND 2006

(EUR thousand)

	2007	2006
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	6 647 650	4 157 084
Interest, commissions and similar costs paid	-4 120 735	-2 272 400
Recovery of principal and interest	86 016	51 649
Results of foreign exchange operations	39 208	61 969
Payments to employees and suppliers	-941 106	-906 040
Payments and contributions to pensions funds	-99 303	-66 693
Other results	63 408	83 074
	1 675 138	1 108 643
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	-7 910 712	-5 144 086
Assets held for trade and other assets at fair value through profit or loss	1 276 449	-1 017 994
Other assets	489 365	-346 867
	-6 144 898	-6 508 947
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	3 839 340	682 366
Customer resources	-1 761 422	3 863 920
Other liabilities	-816 044	-39 568
	1 261 874	4 506 718
Net cash from operating activities before taxation	-3 207 886	-893 586
Income tax	-326 341	-42 760
Net cash from operating activities	-3 534 227	-936 346

...Continued

(EUR thousand)

	2007	2006
INVESTING ACTIVITIES		
Capital gains from the disposal of equity instruments	77 115	202 425
Capital gains from available-for-sale financial assets	82 985	17 117
Acquisition of investments in subsidiary and associated companies, net of disposals	-80 223	-6 657
Acquisition of available-for-sale financial assets, net of disposals	-2 047 258	-509 364
Acquisition of tangible and intangible assets, net of disposals	-116 909	-94 635
Net cash from investing activities	-2 084 290	-391 114
FINANCING ACTIVITIES		
Interest on subordinated liabilities	-102 120	-80 105
Interest on debt securities	-477 749	-266 627
Issue of subordinated liabilities, net of repayments	753 079	127 784
Issue of debt securities	5 416 922	2 125 327
Share capital increase	150 000	-
Dividends paid	-260 000	-195 000
Net cash from financing activities	5 480 132	1 711 379
Increase (decrease) in cash and cash equivalents	-138 385	383 919
Cash and cash equivalents at beginning of year	2 540 657	2 156 738
Cash and cash equivalents at end of year	2 402 272	2 540 657

CAIXA GERAL DE DEPÓSITOS, SA

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (Separate)

FOR THE PERIOD ENDED 31 DECEMBER 2007 AND 2006

		Revaluation reserves		
	Share capital	Fair value reserves	Fixed assets	Total
Balances at 31 December 2005	2 950 000	64 918	241 027	305 945
Appropriation of net income for 2005:				
Transfer to reserves and retained earnings	-	-	-	-
Dividends paid to the State	-	-	-	-
Measurement gain/(losses) on available-for-sale financial assets	-	260 196	-	260 196
Amortisation of the impact of the transition to the IAS relative to the post employment benefits	-	-	-	-
Currency changes in subsidiaries	-	-	-	-
Other	-	-	-	-
Net income for the year	-	-	-	-
Balances at 31 December 2006	2 950 000	325 114	241 027	566 141
Appropriation of net income for 2006:				
Transfer to reserves and retained earnings	-	-	-	-
Dividends paid to the State	-	-	-	-
Share capital increase	150 000	-	-	-
Measurement gain/(losses) on available-for-sale financial assets (net)	-	-105 170	-	-105 170
Amortisation of the impact of the transition to the IAS relative to the post employment benefits	-	-	-	-
Currency changes in subsidiaries	-	-	-	-
Other	-	-	-	-
Net income for the year	-	-	-	-
Balances at 31 December 2007	3 100 000	219 944	241 027	460 971

(EUR Thousand)

Other reserves and retained earnings					
Legal reserve	Other reserves	Retained earnings	Total	Net income for the year	Total
397 098	-3 149	-14 175	379 774	350 770	3 986 489
70 154	71 046	14 570	155 770	-155 770	-
-	-	-	-	-195 000	-195 000
-	-	-	-	-	260 196
-	-	-54 370	-54 370	-	-54 370
-	-503	-	-503	-	-503
-	452	-182	270	-	270
-	-	-	-	539 563	539 563
467 252	67 846	-54 157	480 940	539 563	4 536 644
107 918	117 488	54 157	279 563	-279 563	-
-	-	-	-	-260 000	-260 000
-	-600	-	-600	-	149 400
-	-	-	-	-	-105 170
-	-	-55 044	-55 044	-	-55 044
-	1 436	-	1 436	-	1 436
-	-164	-	-163	-	-163
-	-	-	-	666 137	666 137
575 170	186 006	-55 044	706 132	666 137	4 933 239

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2007 AND 2006

		2007			2006
Assets	Notes (a)	Amounts before impairment, amortisation and depreciation	Impairment and amortisation and depreciation	Net assets	Net assets
Cash and cash equivalents at central banks	4	1 925 505 160		1 925 505 160	2 243 293 276
Cash balances at other credit institutions	5	952 660 018		952 660 018	678 981 570
Loans and advances to credit institutions	6	4 791 000 423	1 336 575	4 789 663 848	8 458 448 532
		7 669 165 601	**1 336 575**	**7 667 829 026**	**11 380 723 378**
Financial assets at fair value through profit or loss	7	6 841 902 863		6 841 902 863	7 842 955 798
Available-for-sale financial assets	8	15 554 427 714	183 328 336	15 371 099 378	12 432 007 642
Unit-linked investments	9	777 114 697		777 114 697	848 401 157
Hedging derivatives	10	125 590 265		125 590 265	108 189 530
Held-to-maturity investments		12 142		12 142	132 634
		23 299 047 681	**183 328 336**	**23 115 719 345**	**21 231 686 761**
Loans and advances to customers	11	68 573 148 544	1 728 849 000	66 844 299 544	57 268 270 418
Non-current assets held for sale	12	514 995 702	60 024 095	454 971 607	78 264 692
Investment property	13	410 341 400		410 341 400	339 535 499
Tangible assets	14	1 915 880 638	938 745 039	977 135 599	1 037 916 213
Intangible assets	15	787 815 338	376 636 948	411 178 390	639 772 463
Investments in associates	16	316 718 172		316 718 172	328 219 311
Current tax assets	17	29 714 077		29 714 077	32 762 085
Deferred tax assets	17	683 058 493		683 058 493	547 150 872
Technical provisions for outwards reinsurance	18	234 295 652		234 295 652	237 180 906
Other assets	19	2 594 863 710	186 361 281	2 408 502 429	3 124 325 532
Total Assets		107 029 045 008	3 475 281 274	103 553 763 734	96 245 808 130

(a) These notes are mentioned in detail in Notes to the Consolidated Financial Statements.

(EUR)

	Notes (a)	2007	2006
Liabilities			
Resources of central banks and other credit institutions	20	8 841 236 622	5 503 795 699
Customer resources	21	54 038 766 599	53 767 835 536
Liability of unit-linked products	9	777 114 700	847 369 387
Debt securities	22	16 230 868 478	13 360 343 741
		71 046 749 777	67 975 548 664
Financial liabilities at fair value through profit or loss	10	1 193 755 999	589 903 844
Hedging derivatives	10	814 412 415	626 163 283
Non-current liabilities held for sale	12	283 781 174	
Provisions for employee benefits	23 and 37	531 625 366	495 869 772
Provisions for other risks	23	404 937 462	468 513 084
Technical provisions for insurance contracts	24	7 673 902 083	7 828 035 896
Current tax liabilities	17	182 106 479	138 795 114
Deferred tax liabilities	17	153 064 796	199 432 056
Other subordinated liabilities	25	2 667 374 519	1 925 663 444
Other liabilities	26	4 219 720 968	5 480 430 649
Total Liabilities		98 012 667 660	91 232 151 505
Share capital	27	3 100 000 000	2 950 000 000
Fair value reserves	28	381 177 263	656 404 596
Other reserves and retained earnings	28	503 823 642	-20 406 952
Net income attributable to the shareholder of CGD	28	856 310 883	733 808 167
Minority interest	29	699 784 286	693 850 814
Total Equity		5 541 096 074	5 013 656 625
Total Liabilities and Equity		103 553 763 734	96 245 808 130

Certified Public Accountant

Joaquim Maria Florêncio

Board of Directores

Chairman: Fernando Manuel Barbosa Faria de Oliveira
Deputy-Chairman: Francisco Manuel Marques Bandeira
Members: Norberto Emílio Sequeira da Rosa
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
José Fernando Maia de Araújo e Silva
Jorge Humberto Correia Tomé
Pedro Manuel de Oliveira Cardoso

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007 AND 2006

(EUR thousand)

	Notes (a)	2007	2006
Interest and similar income	30	5 910 121 057	4 389 967 388
Interest and similar costs	30	(3 971 036 141)	(2 685 088 669)
Income from equity instruments	31	92 895 935	73 035 569
NET INTEREST INCOME		2 031 980 851	1 777 914 288
Income from services rendered and commissions	32	490 964 770	441 260 342
Cost of services and commissions	32	(96 046 565)	(76 540 774)
Results from financial operations	33	84 336 495	130 682 759
Other net operating income, of which:	34	88 831 983	124 612 432
Net income from discontinued operations	12	(7 062 192)	1 177 237
NET OPERATING INCOME		2 600 067 534	2 397 929 047
TECHNICAL MARGIN ON INSURANCE OPERATIONS		549 245 322	586 241 846
Premiums net of reinsurance	35	2 242 766 360	2 626 655 140
Result of investments relating to insurance contracts	35	310 826 856	312 208 587
Cost of claims net of reinsurance	35	(1 868 448 206)	(2 187 313 822)
Commissions and other income and cost relating to insurance contracts	35	(135 899 688)	(165 308 059)

...Continued

(EUR thousand)

	Notes (a)	2007	2006
NET OPERATING INCOME FROM BANKING AND INSURANCE OPERATIONS		3 149 312 856	2 984 170 893
Staff costs	36	(942 216 649)	(918 302 879)
Other administrative costs	38	(650 733 417)	(634 310 596)
Depreciation and amortisation	14 and 15	(142 745 716)	(142 165 252)
Provisions net of reversals	23	(72 805 163)	(106 358 434)
Loan impairment net of reversals and recovery	39	(249 439 283)	(232 123 154)
Other assets impairment net of reversals and recovery	39	(19 399 391)	(69 612 552)
Result of associated companies	28	3 150 269	108 526 492
INCOME BEFORE TAX AND MINORITY INTEREST		1 075 123 506	989 824 518
Income tax:			
Current	17	(315 162 738)	(265 737 760)
Deferred	17	137 649 007	43 233 138
		(177 513 731)	(222 504 622)
CONSOLIDATED NET INCOME FOR THE YEAR		897 609 775	767 319 896
Minority interest	29	(41 298 892)	(33 511 729)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		856 310 883	733 808 167
Average number of ordinary shares outstanding	27	590 000 000	590 000 000
Earnings per share (in Euros)		1.45	1.24

(a) These notes are mentioned in detail in Notes to the Consolidated Financial Statements.

Certified Public Accountant

Joaquim Maria Florêncio

Board of Directors

Chairman: Fernando Manuel Barbosa Faria de Oliveira
Deputy-Chairman: Francisco Manuel Marques Bandeira
Members: Norberto Emílio Sequeira da Rosa
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador
José Fernando Maia de Araújo e Silva
Jorge Humberto Correia Tomé
Pedro Manuel de Oliveira Cardoso

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(EUR thousand)

	2007	2006
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	6 495 077	4 643 249
Interest, commissions and similar costs paid	(3 514 735)	(2 449 734)
Premiums received (insurance)	2 228 889	2 726 128
Cost of claims paid (insurance)	(1 910 531)	(1 378 402)
Recovery of principal and interest on loans and advances to customers	91 836	59 615
Results of foreign exchange operations	52 782	80 151
Payments to employees and suppliers	(1 534 617)	(1 481 970)
Payments and contributions to pension funds	(111 052)	(73 738)
Other results	(46 141)	(770 005)
	1 751 508	1 355 294
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	(6 267 012)	(6 744 338)
Assets held for trade and other assets at fair value through profit or loss	2 557 327	625 028
Other assets	797 215	(893 594)
	(2 912 470)	(7 012 904)
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	3 305 628	1 110 859
Customer resources	(744 824)	3 610 682
Other liabilities	(1 065 622)	1 381 757
	1 495 182	6 103 298
Net cash from operating activities before taxation	334 220	445 688
Income tax	(373 592)	(126 544)
Net cash from operating activities	(39 372)	319 144

...Continued

(EUR thousand)

	2007	2006
INVESTING ACTIVITIES		
Dividends received from equity investments	92 896	73 036
Acquisition of investments in subsidiary and associated companies, net of disposals	(226 662)	(364 614)
Acquisition of available-for-sale financial assets, net of disposals	(3 007 645)	(1 151 323)
Acquisition of tangible and intangible assets and investment property, net of disposals	116 728	(107 573)
Net cash from investing activities	(3 024 683)	(1 550 474)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(90 395)	(65 718)
Interest on debt securities	(535 393)	(372 070)
Dividends paid on preference shares	(29 816)	(22 364)
Issue of subordinated liabilities, net of repayments	733 857	214 006
Issue of debt securities, net of repayments	3 053 343	1 998 733
Share capital increase	150 000	-
Dividends paid	(260 000)	(195 000)
Net cash from financing activities	3 021 596	1 557 587
Increase (decrease) in cash and cash equivalents	(42 459)	326 257
Cash and cash equivalents at the beginning of year	2 922 275	2 595 345
Changes in the consolidation perimeter	(1 651)	673
Cash and cash equivalents at the end of year	2 878 165	2 922 275

The accompanying notes are an integral part of these statements.

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	Share capital	Fair value reserve	Other reserves and retained earnings: Other reserves	Retained earnings	Total
Balances at 31 December 2005	2 950 000	565 467	(67 750)	(346 719)	(414 469)
Appropriation of net income for 2005:					
Transfer to reserves and retained earnings	-	-	328 097	14 570	342 667
Dividends paid to the State	-	-	-	-	-
Measurement gain/(losses) on available-for-sale financial assets (net)	-	165 505	-	-	-
Reclassification of unrealised gains	-	(66 307)	66 307	-	66 307
Currency changes	-	-	(29 252)	-	(29 252)
Dividends paid on preference shares	-	-	-	-	-
Other	-	(8 260)	1 643	12 697	14 340
Net income for the year	-	-	-	-	-
Balances at 31 December 2006	2 950 000	656 405	299 045	(319 452)	(20 407)
Appropriation of net income for 2006:					
Transfer to reserves and retained earnings	-	-	419 651	54 157	473 808
Dividends paid to the State	-	-	-	-	-
Measurement gain/(losses) on available-for-sale financial assets (net)	-	(196 868)	-	-	-
Reclassification of unrealised gains	-	(78 360)	78 360	-	78 360
Currency changes	-	-	(20 480)	-	(20 480)
Dividends paid on preference shares	-	-	-	-	-
Share capital increase	150 000		(600)	-	(600)
Other	-	-	37 231	(44 088)	(6 857)
Net income for the year	-	-	-	-	-
Balances at 31 December 2007	3 100 000	381 177	813 207	(309 383)	503 824

The accompanying notes are an integral part of these statements.

(EUR thousand)

Net income for the year	Sub-total	Minority interest	Total
537 667	3 638 665	686 565	4 325 230
(342 667)	-	-	-
(195 000)	(195 000)	-	(195 000)
-	165 505	-	165 505
-	-	-	-
-	(29 252)	(4 340)	(33 592)
-	-	(22 364)	(22 364)
-	6 080	478	6 558
733 808	733 808	33 512	767 320
733 808	4 319 806	693 851	5 013 657
(473 808)	-	-	-
(260 000)	(260 000)	-	(260 000)
-	(196 868)	-	(196 868)
-	-	-	-
-	(20 480)	(454)	(20 934)
-	-	(29 816)	(29 816)
-	149 400	-	149 400
-	(6 857)	(5 096)	(11 953)
856 311	856 311	41 299	897 610
856 311	4 841 312	699 784	5 541 096

Notes to the Consolidated Financial Statements

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(Translation of notes originally issued in Portuguese - Note 45)
(Amounts expressed in thousand of Euros - EUR thousand, unless otherwise specified)

1. INTRODUCTORY NOTES

Caixa Geral de Depósitos, SA (hereinafter referred to as Caixa or CGD), founded in 1876, is an exclusively State owned company. Caixa became a State owned company on 1 September 1993 pursuant to the terms of Decree Law no. 287/93, of 20 August, which also approved its articles of association. On 23 July 2001 Banco Nacional Ultramarino, SA (BNU) was merged into Caixa.

CGD operates as a universal bank. At 31 December 2007 Caixa had a national network of 810 branch offices, a branch in France with 45 branch offices, a branch in Timor with 8 branch offices, branches in London, Spain, Luxembourg, Monaco, New York, the Cayman Islands and Zhuhai, an Offshore and an International Financial Branch in Madeira.

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

On 2 April 2008, the Board of Directors approved the financial statements as at 31 December 2007.

The financial statements of CGD and some of its subsidiaries and associated companies at 31 December 2007 are still subject to approval by the respective statutory bodies. CGD' Board of Directors, however, expects that the financial statements will be approved without significant changes.

The financial statements of the associated companies REN - Redes Energéticas Nacionais, SGPS, SA, AdP - Águas de Portugal, SA and SIBS - Sociedade Interbancária de Serviços, SA and the subsidiary Compal at 31 December 2007, used in the preparation of the consolidated financial statements are provisional. However, the Board of Directors believes that any changes to the final accounts will not have any significant impact on the consolidated financial statements.

2. ACCOUNTING POLICIES

2.1. PRESENTATION BASES

The consolidated financial statements at 31 December 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, under European Council and Parliament Regulation (CE) no. 1606/2002 of 19 July and the provisions of Decree Law 35/2005 of 17 February.

2.2. ADOPTION OF (NEW OR REVISED) STANDARDS ISSUED BY THE "INTERNATIONAL ACCOUNTING STANDARDS BOARD" (IASB) AND INTERPRETATIONS ISSUED BY THE "INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE" (IFRIC), AS ADOPTED BY THE EUROPEAN UNION

In preparing its financial statements, in 2007, 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 2007. The following alterations were relevant to CGD Group:

- IFRS 7 - "Financial instruments - disclosures" - This standard replaces the disclosure requirements of financial instruments defined in IAS 32 - "Financial Instruments - disclosure and presentation" and IAS 30 - "Presentation and disclosure standards for banks and similar financial institutions". Whenever applicable and in line with the requirements of this standard, comparative information for 2006 is disclosed.

- IAS 1 (Revised) - "Capital disclosure requirements" - The revised text of this standard introduces the need for additional disclosures in terms of capital requirements. The capital disclosures in terms of this standard will be presented in Note 44.

- IFRIC 9 - "Reassessment of embedded derivatives" - This interpretation clarifies the criteria for separating derivatives embedded in the host contract, as of the date of adoption of IAS/IFRS, and elimination of subsequent revision of the separation decision made at the time of initial recognition of the hybrid contract, its application being mandatory for financial years starting on or after 01 June 2006. This interpretation is in line with the procedures already adopted by Caixa, and therefore its introduction in 2007 has had no impact.

- IFRIC 10 - "Interim financial reporting and impairment" - This interpretation clarifies that impairment losses recognised in goodwill, equity instruments classified in the "available for sale financial assets" category or other equity instruments (or related derivatives) not listed in active markets and whose fair value cannot be accurately measured, recognised at cost, are not reversible in the preparation of subsequent (interim or annual) financial statements. This interpretation is in line with the procedures already adopted by Caixa, and therefore its introduction in 2007 has had no impact.

The following (new and revised) standards and interpretations issued by the IASB and IFRIC, respectively, endorsed by the European Union, were available for early adoption, at 31 December 2007:

- IFRS 8 - "Operating segments" - This standard defines the segment information disclosure requirements, replacing IAS 14 - "Segment Reporting". Its application is mandatory for the financial years starting on or after 1 January 2009.

- IFRIC 11 - "IFRS 2 - Group and treasury share transactions " - The objective of this interpretation is to clarify the IFRS 2 application criteria on certain transactions which are settled through the delivery of shares. Its application is mandatory for the financial years starting on or after 1 March 2007.

The following standards and interpretations not yet endorsed by the European Union were also issued up to the date of the approval of the financial statements.

- IAS 1 (Revised) - "Presentation of Financial Statements" - This standard introduces changes to the denomination and requirements for the presentation of financial statements, as well as certain operations with effect on shareholders' equity headings. Its application is mandatory for financial years starting on or after 1 January 2009.

- IFRS 3 (Revised) - "Business Combinations" and IAS 27 - "Consolidated and Separate Financial Statements" - The revised version of the text of these standards introduces changes to the measurement and recording of goodwill determined in business combinations both at the beginning and in considering the impact of events subsequent to that date on the fair value of the acquired entity and to the accounting procedures of acquisitions made in several. This standard also defines the accounting treatment to be adopted in the record of transactions with shares of subsidiaries with control being maintained or not.

The adoption of the revised standards is mandatory for financial years starting on or after 1 July 2009.

- IFRIC 14 - "The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction" - This interpretation clarifies the requirements of the record of an asset related to a defined benefits plan as well as the accounting effect on the recognition of liabilities deriving from the minimum funding requirement plan. Its application is mandatory for financial years starting on or after 1 January 2008.

An evaluation of the impact of the adoption of the standards and interpretations referred to above in the preparation of CGD's consolidated financial statements is not yet available. The Board of Directors, however, believes that their adoption in the future will not have any materially relevant impact on Caixa's consolidated financial statements.

2.3. CONSOLIDATION PRINCIPLES

The consolidated financial statements include the accounts of CGD and the entities controlled directly and indirectly by the Group (Note 3), including special purpose entities.

Subsidiary companies are those in which the Group has effective control over their current management with the aim of obtaining economic benefits from their operations. Control is normally considered to exist where more than 50% of the share capital or voting rights are held. In addition, and as a result of applying IAS 27 - "Consolidated and separate financial statements", the Group included special purpose entities in its consolidation perimeter, i.e. vehicles and funds created under securitisation operations, venture capital and investment funds and other similar entities over which it exercises financial and operating control and/or where the Group has the majority of the risks and benefits relating to their operations.

CGD's subsidiaries were consolidated by the full consolidation method. Significant transactions and balances between the consolidated companies were eliminated. In addition, whenever applicable, consolidation adjustments were made to ensure consistency with the Group's accounting principles.

Third party participation in such companies is recognised in the equity heading "Minority interest".

Consolidated net income is the result of aggregating the net results of CGD and its subsidiaries in proportion to the effective participation in them, after consolidation adjustments, namely the elimination of dividends received and capital gains and losses on transactions between Group companies.

At 31 December 2007 and 2006 CGD had participating securities representing approximately 52% of the capital of INH-Instituto Nacional de Habitação (National Housing Institute). This investment has not been consolidated owing to the fact that the participating securities do not entitle CGD to participate in INH's management.

Companies under the joint control of Caixa and other entities, namely Esegur - Empresa de Segurança, SA, are consolidated by the proportional consolidation method, under which their assets, liabilities, costs and income were incorporated into the consolidated accounts in proportion to CGD's participating interest in them.

2.4. BUSINESS COMBINATIONS AND GOODWILL

Acquisitions of subsidiaries are recorded by the purchase method. The cost of acquisition comprises the sum of the fair value of assets given and liabilities incurred or assumed in exchange for obtaining control over the entity acquired plus the costs directly attributable to the operation. On the date of acquisition, which is the date on which the Group obtains control over the subsidiary, identifiable assets, liabilities and contingent liabilities that meet the recognition requirements of IFRS 3 - "Business combinations" are recognised at their respective fair value.

Goodwill corresponds to the positive difference between the cost of a subsidiary and the effective participating interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired by the Group, on the acquisition date. Goodwill is recognised as an asset and is not amortised.

For transactions made after the Group obtains control, the difference between the cost of acquisition of additional shares and the value attributed to the corresponding assets and liabilities of the acquired entity is recognised directly in "Other reserves" heading.

If it is found that the Group amount corresponding to the Group's participating interest acquired in a subsidiary's identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, the excess is recorded as income in the income statement for the year.

At least annually the Group performs impairment tests of recorded goodwill, in accordance with the requirements of IAS 36 - "Impairment of assets". For this purpose, goodwill is allocated to cash flow generating units and its recoverable value is determined on the basis of estimated future cash flows, discounted at rates considered appropriate by the Group. Impairment losses on goodwill are recognised in the income statement for the year and cannot be reversed.

Up to 1 January 2004, as permitted by the Bank of Portugal, goodwill was deducted in full from equity in the year of the acquisition of the subsidiaries. As permitted by IFRS 1, the Group did not change this procedure and, consequently, goodwill generated on operations up to 1 January 2004 continues to be recorded as a deduction from reserves.

2.5. INVESTMENTS IN ASSOCIATES

Associates are those companies over which the Group has significant influence, but does not have effective control over their management. Significant influence is presumed to exist whenever the Group has a direct or indirect participation of between 20% and 50% in their share capital or of voting rights.

Investments in associates are accounted for using the equity method of accounting. In accordance with this method, investments are initially recognised at acquisition cost which is subsequently adjusted for the Group's share in the changes in the equity of associates (including profit or loss).

If there are significant differences between the Group's accounting principles and those of an associate, adjustments are made to the associate's equity, used for applying the equity method, so as to comply with the Group's accounting principles.

Goodwill, corresponding to the positive difference between the acquisition cost of an associate and the fair value of the share of assets, liabilities and contingent liabilities acquired by the Group, is included in the carrying amount of the investment, which is annually tested for impairment.

Unrealised gains or losses on transactions with associates are eliminated to the extent of the Group's effective participating interest in the associates.

2.6. TRANSLATION OF BALANCES AND TRANSACTIONS IN FOREIGN CURRENCY

The non-consolidated accounts of the Group entities included in the consolidation are prepared in their functional currencies. In the consolidated accounts the results and financial position of each entity are expressed in the Group's functional currency, which is the Euro.

Foreign currency transactions are recognised in the separate financial statements of Caixa and its subsidiaries based on the reference foreign exchange rates in force on the transaction dates.

Foreign currency monetary assets and liabilities at each balance sheet date are translated to each entity's functional currency using the closing exchange rate. Non-monetary assets carried at fair value are translated based on the exchange rates in force on the last measurement date. Non-monetary assets carried at historical cost, including tangible and intangible assets, continue to be recognised at their original exchange rates.

Exchange differences arising on translation are recognised in the income statement for the year, except for those arising on non-monetary financial instruments measured at fair value, such as shares classified as available-for-sale financial assets, which are recognised in a separate equity heading until they are sold.

In the consolidated accounts, the assets and liabilities of entities which do not use the Euro as their functional currency are translated at the closing exchange rates, whereas income and expenses items are translated at the average rates for the period. Under this method the translation differences are recognised in the equity heading "Other reserves", and are transferred to the income statement upon the sale of the subsidiary.

As permitted by IFRS 1, the Group opted not to recalculate and recognise in the "Other reserves" the cumulative translation differences relating to financial statements of subsidiaries expressed in foreign currency up to 31 December 2003 and so the balance of this heading only reflects translation differences arising as from 1 January 2004.

2.7. FINANCIAL INSTRUMENTS

a) FINANCIAL ASSETS

Financial assets are recognised at fair value at the trade date. In the case of financial assets measured at fair value through profit or loss, costs directly attributable to the transactions are recognised in the heading "Cost of services and commissions". In the remaining cases, such costs are included in the book value of the asset. Upon initial recognition, these assets are classified in one of the following IAS 39 categories:

i) Financial assets at fair value through profit or loss

This category includes:

• Financial assets held for trading, which comprise essentially securities acquired for the purpose of realising gains from short term market price fluctuations. This category also includes derivatives, excluding those that comply with the requirements for hedge accounting; and,

• Financial assets whose initial recognition is irrevocably classified at fair value through profit or loss ("Fair Value Option"). This designation is limited to situations in which the adoption results in the production of more relevant financial information, namely:

• If its application eliminates or significantly reduces an otherwise inconsistency in measurement or recognition ("accounting mismatch") that would have occurred as a result of measuring the related assets and liabilities or recognising gains and losses thereon inconsistently;

• Groups of financial assets, financial liabilities, or both, which are managed and when their performance is assessed on a fair value basis, in accordance with risk management and formally documented investment strategies; and the related information thereon is internally distributed to the management bodies.

It is also possible to classify financial instruments containing one or more embedded derivatives in this category, unless:

• The embedded derivatives do not significantly modify the cash flows which would otherwise have been generated under the contract;

• It is evident, with little or no analysis that the implicit derivatives should not be separated.

Financial assets classified in this category are measured at fair value, with gains and losses arising from subsequent changes in fair value being recorded in the income statement heading "Results from financial operations". Interest is recognised in the appropriate "Interest and similar income" heading.

ii) Held-to-maturity investments

Fixed-income, low risk securities which the Group intends and is able to hold to maturity are classified in this category.

These financial assets are measured at amortised cost. In accordance with this method, the carrying amount of the financial instruments at each balance sheet date corresponds to their initial cost less repayments of principal and impairment losses of any difference between the initial cost and the repayment amount being amortised based on the effective interest method.

Interest is recognised in accordance with the effective interest method, which enables amortised cost to be calculated and interest to be allocated over the period of the operation.

The effective interest rate is that, which being used to discount estimated future cash flows relating to the financial instrument enables its present value to equal the amount of the financial instrument initially recognised.

This heading at 31 December 2007 and 2006 consisted entirely of securities held by Banco Caixa Geral.

iii) Loans and receivables

These are financial assets with fixed or determinable payments that are not quoted in an active market. This category includes loans and advances to Group customers, 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.

Fair value

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

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

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

• The closing price at the balance sheet date, for instruments traded on active markets;

• Valuation methods and techniques used to determine the fair value of debt instruments not traded on active markets (including unlisted securities or securities with low liquidity), include:

- Bid prices published by financial information services such as Bloomberg and Reuters, including market prices available on recent transactions;

- Reference bid prices obtained from financial institutions operating as market-makers;

- Internal valuation models that incorporate market data that would be used in setting the price of the financial instrument, reflecting market interest rates and volatility, as well as the liquidity and credit risk of the instrument.

• Unlisted equity instruments relating to venture capital operations are valued on the following basis:

- Prices of significant transactions between independent entities over the last six months;

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

- Discounted cash flows, using discount rates appropriate to the risk of assets held.

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

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

b) FINANCIAL LIABILITIES

Financial liabilities are recognised on their trade date, at their fair value less the costs directly attributable to the transaction. Financial liabilities are classified in the following categories:

i) Financial liabilities at fair value through profit or loss

These comprise derivative financial instruments with negative fair value, as well as the short trading of fixed and variable income securities. These liabilities are measured at fair value, their gains or losses resulting from their subsequent measurement being recognised in the "Results from financial operations" heading.

ii) Other financial liabilities

This category includes resources of central banks and other credit institutions, customer resources, debt securities, subordinated liabilities and liabilities incurred for services received or the purchase of assets, recognised in "Other liabilities".

These financial liabilities are valued at amortised cost, interest, where applicable, being recognised in accordance with the effective interest method.

c) DERIVATIVES AND HEDGE ACCOUNTING

The Group carries out derivative transactions as part of its activity, so as to provide for its customers' requirements and reduce its exposure to foreign exchange, interest rate and price fluctuations.

Derivatives are recognised at fair value at the trade date. Their respective notional values are also reflected in off-balance sheet accounts.

Derivatives are subsequently measured at their respective fair values, determined as follows:

• Based on prices obtained on active markets (e.g. futures traded on organised markets);

• Based on models incorporating valuation techniques accepted in the market, including discounted cash flows and option valuation models.

Embedded derivatives

Financial derivatives embedded in other financial instruments are separated from the host contracts and accounted for separately as derivatives under IAS 39, whenever:

• The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract as defined in IAS 39; and

• The combined financial instrument is not measured at fair value, with the changes in fair value recognised in profit or loss.

The main impact of this procedure as regards the Group's operations, consists of the need to separate and measure at fair value the derivatives embedded in deposits and debt securities, namely those whose return/remuneration does not comprise interest (such as returns/remuneration indexed to share indices or prices, exchange rates, etc.). At the time of separation, the derivative is recognised at its fair value, the initial amount of the host contract corresponding to the difference between the total value of the combined instrument and the initial fair value of the derivative. Therefore, no profit or loss is recognised upon the initial recognition of the operation.

Hedging derivatives

These derivatives are contracted to hedge the Group's exposure to specific risks of its operations. The classification as a hedging derivative and the use of hedge accounting, as explained below, are subject to compliance with the IAS 39 requirements.

At 31 December 2007 and 2006 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".

If the hedging relationship ceases to be effective, the accumulated change in fair value reflected in the hedged item is recognised in profit or loss up to its maturity.

Hedging derivatives with positive and negative fair values are recognised in specific asset and liability headings, respectively.

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

Trading derivatives

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

• Derivatives contracted to hedge risks on assets or liabilities measured at fair value through profit or loss, thus rendering hedge accounting unnecessary;

• Derivatives contracted for hedging purposes that fail to meet the requirements for hedge accounting under IAS 39, due to difficulty in specifically identifying the hedged items, cases other than micro hedges or if the results of the effectiveness tests fall outside the range permitted by IAS 39;

• Derivatives contracted for trading purposes.

Trading derivatives are measured at fair value, with daily changes being recorded in profit or loss for the year in the heading "Results from financial operations", except for the part relating to accrued and settled interest, which is recognised in "Interest and similar income" or "Interest and similar costs". Derivatives with positive and negative fair value are recorded in the headings "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", respectively.

d) IMPAIRMENT OF FINANCIAL ASSETS

Financial assets at amortised cost

The Group periodically performs impairment tests on its financial assets measured at amortised cost, namely loans and advances to credit institutions, held-to-maturity investments and loans and advances to customers.

Evidence of impairment is assessed individually in the case of financial assets having significant exposure amounts and collectively in the case of homogenous assets which are not individually significant.

In accordance with IAS 39, the following events are considered to be signs of impairment of financial assets recorded at amortised cost:

• Failure to comply with contractual clauses, such as arrears of interest and principal;

• A record of defaults in the financial system;

• Existence of loan restructuring operations or respective negotiations, in progress;

• Difficulties in terms of the capacity of the shareholders and management, notably when major shareholders and key staff leave the company or when the shareholders are in dispute;

• Significant financial difficulties of the debtor or debt issuing entity;

• High probability of the debtor or debt issuing entity being declared bankrupt;

• Decrease of the debtor's competitive position;

• Historical record of collections suggesting that the nominal value will not be fully recovered.

Whenever evidence of impairment on individually analysed assets is identified, the possible impairment loss corresponds to the difference between the present value of the estimated future cash flows (i.e. recoverable value), discounted at the effective original interest rate of the asset, and the book value at the time of the analysis.

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. However, the recognition of interest on outstanding principal of operations secured by real guarantee or mortgage, with loan instalments overdue for more than six and twelve months, respectively, is suspended.

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 specific signs 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 prolonged, significant decline in fair value below cost.

The Group performs impairment tests on available-for-sale financial assets at each balance sheet date.

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". In the case of subsequent additional losses, this must always be considered as impairment and therefore reflected in net income for the year.

The Group also performs periodic impairment tests on financial assets measured at cost, namely unlisted equity instruments whose fair value cannot be reliably measured. The recoverable value in this case corresponds to the best estimate of the future flows receivable from the asset, discounted at a rate that reflects the risk of holding the asset.

The amount of the impairment loss determined is recognised directly in profit or loss for the year. Impairment losses on such assets cannot be reversed.

2.8. NON-CURRENT ASSETS HELD FOR SALE AND GROUPS OF ASSETS AND LIABILITIES TO BE SOLD

IFRS 5 - "Non-current assets held for sale and discontinued operations" applies to single assets or groups of assets to be disposed of, by sale or other means together as a group, in a single transaction, and all liabilities directly associated with such assets, to be transferred in the transaction (referred to as "disposal groups").

Non-current assets or disposal groups are classified as held for sale whenever their book value is expected to be recovered by sale and not by continuing use. For an asset (or group of assets and liabilities) to be classified under this heading, the following requirements must be met:

• There must be a high probability of sale;

• The asset must be available for immediate sale in its present condition;

• The sale must be expected to occur within a year of classification of the asset in this heading.

Assets recognised in this heading are not amortised and are measured at the lower of cost or fair value less costs to sell. Fair value of these assets is determined based on appraisals by experts.

If book value exceeds fair value less costs to sell, impairment losses are recognised in the heading "Impairment of other assets, net of reversals and recovery".

Property and other assets received as settlement of defaulting loans are recorded at repossessed values by corresponding entry to "Other liabilities". The amount in this heading is reversed when the respective legal proceedings have been completed, by credit to overdue loan. Assets are subsequently recorded in the following headings:

- where these assets are expected to be sold and are available for immediate sale they will be recorded in "Non-current assets held for sale";

- where the assets are available for immediate sale they are recorded in the "Other assets" heading.

Periodic appraisals of property received as settlement of defaulting loans are obtained. Impairment losses are recognised when the appraisal amount, deducted from the estimated costs to be incurred on the sale of the property, is lower than book value.

The amount of the sale of repossessed goods will be written off, when the corresponding gains or losses are recognised in the heading "Other operating costs".

At 31 December 2007 this heading includes the assets and liabilities of Compal - Companhia Produtora de Conservas Alimentares, SA ("Compal"). As explained in Note 3, in the first quarter 2008, the Group signed up a sales contract for the sale of this equity participation. Accordingly, the assets and liabilities of Compal were reclassified to the "Non-current assets held for sale" and "Non-current liabilities held for sale" headings.

In line with IFRS 5, costs and income of Compal in 2007 were recorded by their net amount in the "Other operating income" heading. The results for 2006, which in the previous year were included in the respective headings of the income statements, were also reclassified in the "Other operating income" heading.

2.9. INVESTMENT PROPERTY

Investment property corresponds to property held by the Group with the purpose of obtaining income from rental and/or increase in value.

Investment properties are not depreciated and are measured at fair value, determined annually based on expert appraisals. Fair value changes are recognised in the income statement heading "Other net operating income".

2.10. OTHER TANGIBLE ASSETS

Other tangible assets are recognised at cost, less accumulated depreciation and impairment losses. The cost of repairs and maintenance and other expenses associated with their use are recognised in the income statement heading "Other administrative costs".

Up to 1 January 2004 Caixa and some subsidiaries recorded revaluations of tangible assets under the terms of the applicable legislation. As permitted under IFRS 1, upon transition to IFRS, the book value of the assets, including the revaluations, was considered as deemed cost, as their book value on the revaluation dates corresponded approximately to cost or depreciated cost under IFRS, adjusted to reflect changes in price level indices. In respect of companies based in Portugal, 40% of the increase in depreciation resulting from these revaluations is not tax deductible, the respective deferred tax liability having been recorded.

Property for own use held by the Group's insurance companies is stated at fair value, in accordance with the rules defined by the Chart of Accounts for Insurance Companies. On transition to IFRS, the book value of such property was considered to be its deemed cost, as permitted under IFRS 1.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which correspond to the periods over which the assets are expected to be available for use, which are:

	Years of useful life
Property for own use	50 - 100
Equipment:	
Furniture and materials	8
Machines and tools	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
Vehicles	4 - 6
Security equipment	4 - 10

Land is not depreciated.

The cost of leasehold improvements to property occupied by Group companies is capitalised under this heading and depreciated over an average period of 10 years.
Depreciation is recognised as a cost for the year.

Periodic tests are made to identify evidence of impairment of other tangible assets. Impairment losses are recognised in the income statement heading "Impairment of other assets net of reversals and recovery" whenever the net book value of tangible assets exceeds recoverable value. Impairment losses can be reversed with an impact on profit or loss if the recoverable value of an asset subsequently increases.

The Group periodically assesses the adequacy of the useful life of its tangible assets.

2.11. FINANCE LEASING

Finance leasing operations are recorded as follows:

AS LESSEE

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

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

AS LESSOR

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

2.12. INTANGIBLE ASSETS

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

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

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

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

Intangible assets with undetermined useful lives acquired under business concentration operations, namely Compal - Companhia Produtora de Conservas Alimentares, SA brands, are not amortised, but are subject to impairment tests based on valuation made by specialised entities. As described in further detail in Note 3, intangible assets at 31 December 2007, recorded on the acquisition of Compal, are recognised in the "Non-current assets held for sale" heading.

2.13. INCOME TAX

All Group companies are taxed individually, and those with head offices in Portugal, namely CGD, are subject to the regime set out in the Portuguese Corporate Income Tax Code (Código do IRC or "IRC"). The branches' accounts are included in the head office accounts for tax purposes. In addition to being subject to IRC, the net income of branches is also subject to local taxes in the countries/territories in which they operate. Local taxes are deductible from the head office's tax under article 85 of the Corporate Income Tax Code and Double Taxation Agreements entered into by Portugal.

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

Article 86 of the IRC Code, introduced by the State Budget Law for 2005, establishes that taxable income, net of deductions relating to international double taxation and tax benefits, may not be less than 60% of the amount which would be determined if the taxpayer did not benefit from:

- The tax benefits referred to in item 2 of article 86;
- The deduction of supplementary contributions to pension funds and similar to cover pension liabilities, as a result of applying International Accounting Standards, as determined by the Bank of Portugal.
- Deduction of tax losses transferred under corporate mergers.

CGD did not make any adjustment to income tax for 2007 and 2006 as a result of applying this article.

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

In addition, under Article 60 of the IRC Code, income earned by non-resident entities, benefiting from a clearly more favourable tax regime is imputed to Caixa, in proportion to its participation and independently of its distribution, provided that Caixa has a direct or indirect participating interest of at least 25%, or at least 10% if the non-resident company is directly or indirectly owned in more than 50% by resident partners.

A company is considered to benefit from a clearly more favourable regime (i) when it is resident in a territory listed in Ministerial Order 150/2004 of 13 February, or (ii) when it is not locally subject to income taxes identical or similar to IRC, or (iii) when the income tax effectively paid is equal to or less than 60% of the IRC that would have been paid if the company were resident in Portugal. In these cases, the corresponding net income is added to Caixa's taxable income for the year in which non-resident company's tax period ends. Imputed income is deductible from taxable income for the year in which profits are eventually distributed to Caixa.

The total income tax cost recognised in the income statement includes current and deferred tax.

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.

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.

Deferred taxes are not recognised in the following situations:

• Temporary differences arising from goodwill;

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

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

The main situations resulting in temporary differences between CGD Group's carrying amounts of assets and liabilities and their tax basis are provisions temporarily not 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.

As from 1 January 2005 the non-consolidated financial statements of CGD and the Group entities subject to supervision by the Bank of Portugal were prepared in accordance with the Adjusted Accounting Standards (Normas de Contabilidade Ajustadas - NCA) established by Bank of Portugal Notice 1/2005. Current and deferred taxes relating to the impact of transition to the new accounting rules were calculated based on assumptions which may, or may not be ratified by the tax authorities in the future.

In 2006, an amendment to article 14 of Decree Law 35/2005 of 17 February, approved by the 2007 State Budget Law established that entities subject to the supervision of the Bank of Portugal and which must prepare non-consolidated financial statements in compliance with the Adjusted Accounting Standards, must calculate the taxable income in accordance with the criteria established in the referred to standards. In addition, no. 2 of article 57 of the State Budget Law for 2007 establishes transitory provisions to be considered in the implementation of NCA which were considered in the calculation of the 2006 and 2007 income tax and which will remain in force up to the introduction of the required adaptations to the present text of the IRC Code, with special focus on the revaluation of trading or hedging derivatives (fair value hedges), which have not become subject to tax when recorded.

The calculation of taxable income, at 31 December 2007, also took the following situations into account: (i) the provisions of article 35-A of the IRC Code applicable to banking sector companies, i.e. the disallowance for tax purposes of provisions for specific mortgage asset-backed credit risks; ii) the dispositions of no.1 of article 57 of the State Budget Law for 2007, on the disallowance for tax purposes of the part of the increase in other provisions, corresponding to the accumulated balance at 1 January 2007 of the provisions that owing to the application of the referred to article 35-A ceased to be tax deductible. Deferred tax assets were recognised for both of these situations.

The amounts recognised by CGD in 2007 and 2006, as a charge to equity in the non-consolidated accounts relating to recognition of one-fifth 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 up to 31 December 2007, are less than the amounts effectively paid to the pension fund (a condition required under the terms of the understanding of the Secretary of State for Tax Affairs), such amounts are considered to be tax deductible costs.

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 to be disclosed, unless the probability of their payment is remote.

Provisions for other risks are to cover:

• The liability for guarantees provided and other off-balance sheet commitments determined based on a risk analysis of operations and the respective customers;

• Legal, tax and other contingencies resulting from the Group's activity.

2.15. EMPLOYEE BENEFITS

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

LIABILITY FOR PENSIONS AND HEALTHCARE

The CGD Group has several pension plans, including defined benefit plans and, in some cases, defined contribution plans. Caixa, Companhia de Seguros Fidelidade - Mundial, SA (Fidelidade Mundial) and Império Bonança, Companhia de Seguros, SA (Império Bonança) are responsible for the payment of retirement, disability and survivor pensions to their employees, under the terms explained in Note 37. Other Group companies also have defined benefit plans, namely Banco Comercial do Atlântico, SA, Banco Caixa Geral and Banco Nacional Ultramarino (Macau).

In addition, healthcare for CGD's (Head Office) current and retired employees is provided by the Caixa Geral de Depósitos Social Services ("Social Services"), which is funded by contributions by CGD's head office and its employees. Caixa also has liabilities for contributions for SAMS (Healthcare) for employees of the former BNU that retired prior to the 23 July 2001 merger of BNU into CGD.

The liability for the defined benefit plans recognised on the balance sheet comprises the difference between the present value of the liability and the fair value of pension funds' assets, adjusted, where applicable, for deferred actuarial gains and losses. The total liability is determined annually by specialised actuaries, using the Projected Unit Credit method and other actuarial assumptions considered to be appropriate (Note 37). The discount rate used to discount the liability reflects market interest rates for high-quality corporate bonds denominated in the currencies in which the liabilities are to be paid and with maturities similar to the average settlement period of the liability.

Gains and losses resulting from differences between actuarial and financial assumptions and the effective amounts as regards the liability and expected income of the pension funds, as well as those resulting from changes in the actuarial assumptions, are deferred in an asset or liability heading ("corridor") up to the limit of 10% of the present value of the past service liability or the value of the pension funds (or, if applicable, the provisions recorded), whichever is greater, at the end of the current year. If the actuarial gains and losses exceed the limit of the "corridor", the excess is recognised in the income statement over the average period up to the normal retirement age of the employees covered by the plan.

The limits referred to in the preceding paragraph are calculated and applied separately for each defined benefit plan.

The Group does not usually assume any liability for defined contribution plans, other than its annual contribution and so no additional costs are recorded.

The net amount of the cost of retirement pensions and healthcare for the year, including current service cost and interest cost, less expected income, as well as amortisation of actuarial gains and losses, is recognised in the appropriate "Staff costs" heading.

The impact of the retirement of employees prior to their normal retirement age defined in the actuarial study is recognised directly in "Staff costs". In addition, Caixa has recorded a specific liability for the impact of the change to non-active status of employees with whom it has entered into suspension of labour agreements. This provision is also recorded as a charge to the income statement heading "Staff costs".

OTHER LONG TERM BENEFITS

The Group also has other long term benefit liabilities in respect of its employees, including a liability for the payment of long service bonuses and death grants prior to normal retirement age.

The 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 Rule 7/94 of 27 April of 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.

The main impacts on the financial statements of the insurance companies owned by the Group, resulting from the introduction of IFRS 4, refer to the classification of contracts written or acquired by the Group as insurance or investment contracts. 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.

Unrealised gains, net of losses, arising from the measurement of assets covering insurance contracts with profit sharing are split between a liability and an equity component, based on contracts´ terms and conditions and on the company's past experience.

b) RECOGNITION OF INCOME AND COSTS

Premiums on non-life insurance, life insurance and investment contracts with discretionary profit sharing, are recognised as income when written, in the "Premiums, net of reinsurance" heading, in the income statement.

Premiums written on non-life insurance contracts and associated acquisition costs are recognised as income and cost on a *pro-rata* basis over the term of the related risk periods, through changes in the provision for unearned premiums.

Insurance liabilities related to life insurance contracts and investment contracts with discretionary profit sharing are recorded in the "Life insurance mathematical provision" heading. This provision and the respective cost are recognised simultaneously with the income associated with premiums written.

c) PROVISION FOR UNEARNED PREMIUMS AND DEFERRED ACQUISITION COSTS

The provision for unearned premiums reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the balance sheet date and the end of the period to which the premium refers. It is calculated, for each contract in force, by the application of the *pro rata temporis* method to the respective gross premiums written.

Expenses incurred on the acquisition of insurance contracts, including commission paid to agents and others, and other expenses allocated to the acquisition function, are deferred and recorded in the income statement over the respective period and recognised as a deduction from the technical provisions for insurance contracts, in the "Provisions for unearned premiums" heading.

In accordance with ISP rules, deferred acquisition costs on each technical insurance business may not exceed 20% of the respective deferred premiums.

d) PROVISION FOR CLAIMS

This provision reflects the estimated amounts payable for claims, including claims that have been incurred but not reported (IBNR) and future administrative costs to be incurred on the settlement of claims under management and IBNR claims. With the exception of labour accident insurance, mathematical provisions and provisions for lifelong assistance, the provisions for claims recorded by the Group are not discounted.

Provision for labour accident insurance claims

The provision for labour accident insurance claims includes the mathematical provision, provision for temporary assistance expenses and provision for lifelong assistance expenses.

The mathematical provision for labour accident insurance reflects the liability for:

- Pensions payable on claims whose amounts have already been ratified by the Labour Court;

- Estimated pension liabilities regarding claims already incurred but awaiting a final settlement agreement or ruling, referred to as "defined pensions";

- Estimated pension liabilities regarding claims already incurred but where the respective clinical procedures have not been completed at the balance sheet date or pensions payable in respect of claims incurred but not reported, referred to as "presumed pensions".

The assumptions and technical bases used for calculating mathematical provisions for labour accident insurance, relating to ratified or defined pensions are set out below:

	Non-Redeemable	Redeemable (*)
Mortality table	TD 88/90	TD 88/90 (Men)
		TV 88/90 (Women)
Discount rate	5.25%	4%
Management charges	2.40%	4%

(*) A single mortality table was used to calculate the mathematical provisions for Império-Bonança, assuming a proportion of sixty five per cent for men and thirty five per cent for women.

The estimated mathematical provision for presumed pensions on labour accident insurance is based on the historical development of variables that are relevant in the calculation of mathematical provisions.

In accordance with current legislation, the liability resulting from the annual increase in pensions is covered by FAT ("Fundo de Acidentes de Trabalho" - Labour Accident Fund). Insurance companies pay the pensions in full and are subsequently reimbursed for the share corresponding to FAT's liability. FAT is managed by the Portuguese Insurance Institute, the income of the fund consisting of contributions made by the insurance companies and labour accident insurance policyholders. A liability is recorded for future contributions to FAT in respect of pension liabilities existing at the balance sheet date.

The provision for temporary assistance expenses recognises the liability for expenses on labour accident insurance claims, other than lifelong expenses. The calculation is based on actuarial models applied to run-off matrices on such expenses.

The provision for lifelong assistance expenses is calculated using the following technical bases:

Mortality table	35%*TV 88/90 + 65%*TD 88/90
Discount rate	4%
Inflation rate	2%
Management charges	2%

In-house historical information databases are used to calculate labour accident provisions.

Provision for motor insurance claims

The opening of a motor insurance claim automatically generates the recording of an initial average provision for each sub-claim, that affects the unit at risk and the relevant insurance coverage. The automatic provision is also dependent on the seriousness of bodily harm, if any. This provision may be revised, whenever the claims manager verifies its inadequacy. Adjustments are made as a result of information received (specialised technical reports) during the claim settlement period, i.e. the available provision becomes a result of a specific analysis.

Provision for claims on other types of insurance

The provision for claims on other types of insurance is calculated on a case by case basis by the claims manager and revised whenever updated information is obtained from specialised technical reports.

The analysis of the adequacy of provisions for all types of insurance is assessed/validated, throughout the year by the responsible actuary, who produces a specific report at year-end.

This analysis is performed for the principal types of insurance business, representing more than 90% of the provision for claims, namely motor, labour accidents, personal accidents and health.

These estimates include direct liabilities to claimants (whether claims are reported or not) as well as future payments, notably contributions to FAT.

These estimates are based on payment triangles using deterministic chain ladder or average link-ratio models.

e) PROVISION FOR PREMIUM INSUFFICIENCY

This is calculated for all non-life insurance and provides for situations in which premium income recognisable in future years, on contracts in force at the balance sheet date is less than the amount of claims payable and expenses allocated to the respective insurance business. This provision is calculated on the basis of claims, expenses, reinsurance coverage and income ratios in accordance with ISP rules.

f) MATHEMATICAL PROVISION ON LIFE INSURANCE

Reflects the present value of future payments to life insurance beneficiaries (net of future collections), calculated for each contract using actuarial methods in accordance with the respective technical bases.

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 shadow reserve comprises the percentage of the Fund for Future Payments and the unrealised gain on fixed-income securities payable to beneficiaries.

The liability adequacy test is described in Note 2.16.j).

g) PROFIT SHARING PROVISION

This reflects the portion of net income on portfolios allocated to life insurance contracts with profit sharing, to be distributed to the respective insurance contracts.

Capitalisation products have an associated Financial Participation Account. The results on products with mortality risk are determined using Technical-Financial Accounts or even solely on the basis of Technical headings, if the contract does not have any savings component, in the classic sense of the term.

The individual allocation of investment balances to insurance contracts is based on objective criteria, such as in proportion to risk premiums, mathematical provisions recorded in the balance sheet or insured capital, depending on the type of insurance, respecting each contract's contribution to the creation of the respective benefit.

h) INSURANCE AND INVESTMENT CONTRACTS WITH DISCRETIONARY PROFIT SHARING

As permitted under IFRS 4, the Group maintained most of its accounting policies on insurance contracts and investment contracts with profit sharing, in cases in which the profit sharing includes a discretionary component. Therefore, it continues to recognise premiums received as income and the corresponding increase in liabilities as a cost.

An insurance or investment contract is considered to include profit sharing with a discretionary component when the respective contractual terms provide the insured the right to receive, as a supplement to the contract's guaranteed benefits, additional benefits:

- That are likely to be a significant portion of the total contractual benefits;

- Whose amount or timing is contractually at the discretion of the issuer; and

- That are based on the performance of a specified pool of contracts, realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the entity that issues the contract.

Unrealised gains, net of losses, arising from the measurement of assets covering insurance contracts with profit sharing are split between a liability and an equity component, based on contract's terms and conditions and on the company's past experience.

The allocation of the amounts of profit sharing between the insured and company is based on profit sharing plans or on the preceding year's allocation, if different from the conditions set out in the plan.

Liabilities under insurance contracts and investment contracts with discretionary profit sharing are included in the liability adequacy tests performed by the Group.

i) DERIVATIVES EMBEDDED IN INSURANCE CONTRACTS

As permitted by IFRS 4, policyholders' options to surrender insurance contracts in force for a fixed amount or for a fixed amount plus an interest component are not separated from the host contract.

j) LIABILITY ADEQUACY TESTS

In accordance with IFRS 4, at the balance sheet date the Group performs adequacy tests of liabilities relating to contracts in force. These tests include estimates of the present value of future cash flows under its insurance contracts, including claim handling costs and cash flows resulting from embedded options and guarantees.

If the present value of the liabilities estimated in these tests exceeds the liabilities recorded in the financial statements, net of deferred acquisition costs and any related intangible assets, the entire deficiency is added to the liability and recorded as a loss in the income statement.

The methodology and main assumptions used in the liability adequacy tests are described below:

Life insurance

The liability adequacy test is performed by discounting, at the Euro Benchmark Curve market interest rate, future cash flows on claims, redemptions (including early redemptions), fees and management charges, less future cash flows from premiums.

These future cash flows are estimated for each contract using the companies' secondary technical bases, which are calculated based on an analysis of its historical data, as follows:

Mortality:

The distribution by age of insured persons at the beginning and end of the period and claims during the year is obtained from files extracted from the companies' databases. These data are used to calculate the number of persons exposed to risk at each age. The expected number of claims is determined by multiplying this value by the probability of death using a given mortality table. A comparison between the expected and the actual number of claims, results in the actual claims rate for the year as a percentage of the table. Mortality assumptions are based on an analysis of the amounts for the last five years.

Redemption:

The distributions by products of the mathematical provisions at the beginning and end of the year and of amounts redeemed are obtained from the companies' databases. These data are used to calculate the average mathematical provisions for each product and a division of the number of redemptions by this amount gives the annual redemption rate. An analysis of the amounts for the last five years enables the redemption assumption for each product to be determined.

Expenses:

Expenses are split into investment, administrative and claims-related expenses. To obtain unit costs, investment expenses are divided by the average amount of the mathematical provisions, administrative expenses by the average number of insured persons and claims expenses by the total number of claims for the year.

Yield:

Future yields to be applied to the mathematical provisions are determined based on an "asset mix" of each product at the balance sheet date. Yields, by asset class, at 31 December 2006, were as follows:

- Bonds: Euro 10 years risk-free rate;
- Shares: Euro 10 years risk-free rate, plus 3%;
- Property: Euro 10 years risk-free rate, plus 2%;
- Liquid assets: Euro 10 years risk-free rate, less 1.5%.

Each product's yield comprises the average for each class of assets weighted by the respective rate. The run off from the Fund for Future Payments and unrealised capital gains on fixed-income securities are added to this amount to obtain the final yield.

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.

k) 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.

l) 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.

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. For this purpose it is recalculated at each reporting date, with the changes in relation to the preceding year being recognised in the income statement.

2.17. COMMISSIONS

As mentioned in Note 2.7., commissions on credit operations and other financial instruments, namely amounts charged or paid for originating such operations, are included in amortised cost or recognised over the course of the operation, using the effective interest method, in the heading "Interest and similar income".

Commissions and fees for services rendered are usually recognised as income during the period the service is rendered or in a single amount if resulting from single acts.

2.18. ISSUANCE OF EQUITY INSTRUMENTS

Equity instruments issued are initially recognised at the fair value of the benefit received, net of the direct costs of issuance.

Preference shares issued by the Group are classified in accordance with IAS 32. Accordingly, where the payment of dividends and/or repayment of capital are at the exclusive discretion of the Group, the securities issued are considered to be equity instruments. Preference shares issued by subsidiaries complying with these requirements are recognised in the consolidated balance sheet heading "Minority interest".

2.19. SECURITIES AND OTHER ITEMS HELD UNDER CUSTODY

Securities and other items held under custody, namely customers' securities, are recognised in off-balance sheet headings, at their nominal value.

2.20. CASH AND CASH EQUIVALENTS

In preparing the cash flow statements, the Group included in the heading "Cash and cash equivalents", the amounts in the balance sheet headings "Cash and cash equivalents at central banks" and "Cash balances at other credit institutions".

2.21. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTAL MATTERS IN APPLYING ACCOUNTING POLICIES

In applying the above mentioned accounting policies, the Boards of Directors of Caixa and Group companies must make estimates. The estimates with the greatest impact on the Group's consolidated financial statements include those set out below.

DETERMINATION OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

Impairment losses on loans are determined in accordance with the methodology defined in Note 2.7. d). Impairment of assets analysed individually is therefore determined based on a specific assessment by Caixa, considering its knowledge of the customer's situation and the guarantees securing the operations.

Impairment of assets assessed on a collective basis is determined based on historical parameters for types of comparable operations, considering default and recovery estimates.

Caixa considers that the impairment determined using this methodology enables the risks on its loan portfolio to be prudently and adequately recognised, taking into account the requirements of IAS 39.

MEASUREMENT OF FINANCIAL INSTRUMENTS NOT TRADED ON ACTIVE MARKETS

As required by IAS 39, Caixa measures all financial instruments at fair value except for those carried at amortised cost. The valuation models and techniques described in Note 2.7 are used to value financial instruments not traded on liquid markets. The valuations obtained correspond to the best estimate of the fair value of the instruments at the balance sheet date. As mentioned in Note 2.7., in order to ensure adequate segregation of functions, these financial instruments are valued by a body that is independent of the trading function.

EMPLOYEE BENEFITS

As explained in Note 2.15. above, the Group's liability for post-employment benefits and other long term benefits granted to its employees is determined on an actuarial basis. The actuarial calculations are based on financial and actuarial assumptions including, among others, mortality, disability, salary and pension growth, return on assets and discount rate. The assumptions used are the best estimates of the Group and its actuaries of the future evolution of the respective variables.

IMPAIRMENT OF GOODWILL

As mentioned in Note 2.4. above, the Group performs impairment tests of goodwill at least annually. These tests are performed based on estimates of future cash flows to be generated by each unit tested, discounted at appropriate rates.

The projections include a broad range of assumptions on the evolution of the future operations of the units, which may or not occur. Such assumptions, however, reflect the Group's best estimate as at the balance sheet date.

DETERMINATION OF LIABILITIES FOR INSURANCE CONTRACTS

The Group's liability for insurance contracts is determined using the methodologies and assumptions described in Note 2.16. above. The liability reflects a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, past claims experience and other methods accepted in the sector.

Given the nature of the insurance operations, determination of provisions for claims and other liabilities under insurance contracts is highly subjective and the actual amounts to be paid in the future may be significantly different from the estimates.

However, the Group considers that the liability for insurance contracts recorded in the consolidated financial statements at 31 December 2006 reflects, on an adequate and conservative basis, the best estimate at that date of the amounts to be paid by the Group.

DETERMINATION OF INCOME TAX

Income tax (current and deferred) is determined for group companies based on the rules established in the tax legislation in force in the countries in which they operate. In several cases, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. Although the amounts recorded in such cases represent the best understanding of the responsible bodies of Caixa and CGD Group companies, regarding the appropriate tax treatment for their operations, they may be questioned by the tax authorities.

3. GROUP COMPANIES AND TRANSACTIONS DURING THE PERIOD

The Group's structure in terms of its principal subsidiaries, by operating sector, and the financial data taken from their statutory non-consolidated financial statements, except when expressly indicated, are summarised below:

Activity/Entity	Head office	2007 % Effective participating interest	2007 Equity (a)	2007 Net income	2006 Equity (a)	2006 Net income
Holding Companies						
Bandeirantes, SGPS, SA	Madeira	100.00	19	(4)	23	(1)
Caixa - Gestão de Activos, SGPS, SA	Lisbon	100.00	29 370	6 319	25 758	3 063
Caixa - Participações, SGPS, SA	Lisbon	100.00	35 294	5 183	30 706	39
Caixa Desenvolvimento, SGPS, SA	Lisbon	99.68	97 818	641	41 523	(1 588)
Caixa Seguros, SGPS, SA	Lisbon	100.00	1 081 528	94 153	959 516	85 004
Caixaweb, SGPS, SA	Lisbon	100.00	10 187	198	8 322	10
Gerbanca, SGPS, SA	Lisbon	100.00	52 466	23 290	29 168	14 726
Império - Bonança, SGPS, SA	Lisbon	100.00	372 382	40	372 342	970
Parbanca, SGPS, SA	Madeira	100.00	1 498	5 858	10 265	5 628
Banking						
Banco Caixa Geral, SA (b)	Vigo	99.75	408 618	10 849	397 829	584
Banco Comercial do Atlântico, SARL	Praia	59.17	22 697	5 891	18 501	3 389
Banco Comercial e de Investimentos, SARL	Maputo	51.00	64 197	17 780	39 167	14 854
Banco Financial Português	São Paulo	100.00	21 691	(3 524)	8 967	(1 675)
Banco Interatlântico, SARL	Praia	70.00	8 291	1 514	7 321	997
Banco Nacional Ultramarino, SA (Macau)	Macau	100.00	153 912	32 095	108 516	29 071
Caixa - Banco de Investimento, SA (b)	Lisbon	99.68	220 122	37 042	270 297	30 046
Caixa Geral de Depósitos - Subsidiária Offshore de Macau	Macau	100.00	13 570	1 352	13 641	1 879
CGD - North America	Delaware	100.00	1	-	1	-
CGD - Representação de Bancos, SA	São Paulo	100.00	243	(68)	110	46
Mercantile Lisbon Bank Holdings, Ltd.	Johannesbourg	91.75	81 181	16 478	72 448	10 925
Insurance						
Cares - Companhia de Seguros, SA (b)	Lisbon	100.00	14 570	3 784	13 446	3 398
Companhia de Seguros Fidelidade-Mundial SA (b)	Lisbon	100.00	1 008 894	133 569	953 889	111 498

...Continued

Activity/Entity	Head office	% Effective participating interest	2007 Equity (a)	2007 Net income	2006 Equity (a)	2006 Net income
Companhia Portuguesa de Resseguros, SA [b]	Lisbon	100.00	19 286	841	-	-
Garantia - Companhia de Seguros de Cabo Verde, SARL	Praia	65.30	5 057	643	4 437	564
Império - Bonança - Companhia de Seguros, SA	Lisbon	100.00	215 429	31 265	186 343	29 610
Multicare - Seguros de Saúde, SA [b]	Lisbon	100.00	26 210	1 007	-	-
Via Directa - Companhia de Seguros, SA	Lisbon	100.00	30 958	2 082	29 133	4 532
Specialised Credit						
BCI Leasing	Maputo	-	-	-	2 411	172
Caixa Leasing e Factoring - Instituição Financeira de Crédito, SA	Lisbon	100.00	121 939	10 608	111 397	9 375
CREDIP - Instituição Financeira de Crédito, SA	Lisbon	80.00	10 157	157	-	-
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, SA	Lisbon	100.00	34 095	7 908	28 173	4 534
CGD Pensões - Sociedade Gestora de Fundos de Pensões, SA	Lisbon	100.00	5 153	897	4 356	350
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, SA	Lisbon	100.00	7 649	4 642	7 075	4 068
Venture Capital						
A Promotora, Sociedade de Capital de Risco, SARL	Praia	52.69	3 167	(27)	3 194	-
Caixa - Capital - Sociedade de Capital de Risco, SA	Lisbon	99.68	27 485	(416)	27 901	4 025
Property						
Imocaixa - Gestão Imobiliária, SA	Lisbon	100.00	3 586	1 345	3 769	1 527
Fidelidade Mundial - SGII, SA	Lisbon	100.00	23 817	2 094	22 543	990
Other Financial Entities						
CGD Finance	Cayman	100.00	(4 187)	(4 430)	247	(4)

...Continued

Activity/Entity	Head office	2007 % Effective participating interest	2007 Equity (a)	2007 Net income	2006 Equity (a)	2006 Net income
Caixa Geral Finance [d]	Cayman	0.01	629 933	29 932	600 181	22 548
Caixa Ireland Limited [c]	Dublin	-	-	-	39 140	1
Caixa Investments Ireland [c]	Dublin	-	-	-	39 938	802
Other Companies						
Caixa - Sistemas de Informação, SA	Lisbon	-	-	-	(1 448)	-
Caixanet - Telemática e Comunicações, SA	Lisbon	80.00	1 734	8	1 726	6
Caixatec, Tecnologias de Comunicação, SA	Lisbon	100.00	(84)	13	504	(576)
Compal - Companhia Produtora de Conservas Alimentares, SA	Lisbon	78.89	116 657	(7 062)	123 709	1 177
Culturgest - Gestão de Espaços Culturais, SA	Lisbon	100.00	(3 486)	(3 470)	234	(3)
EAPS - Empresa de Análise, Prevenção e Segurança, SA	Lisbon	100.00	227	16	211	24
EPS - Gestão de Sistemas de Saúde, SA	Lisbon	100.00	2 129	1 003	1 126	(35)
LCS - Linha de Cuidados de Saúde, SA	Lisbon	100.00	(1 029)	(2 128)	1 100	(515)
Cetra - Centro Técnico de Reparação Automóvel, SA	Lisbon	100.00	1 892	233	830	(168)
GEP - Gestão de Peritagens Automóveis, SA	Lisbon	100.00	103	(26)	129	35
HPP - Hospitais Privados de Portugal, SGPS, SA [b]	Lisbon	75.00	34 582	1 028	16 930	723
HPP International Ireland, Ltd.	Dublin	100.00	31 000	(0)	-	-
HPP International - Luxembourg, SARL	Luxembourg	100.00	1 914	914	-	-
Imoportal.com - Multimédia, SA	Lisbon	-	-	-	(1 079)	(563)
Servicomercial - Consultoria e Informática, Lda.	Lisbon	100.00	3 584	67	3 516	31
Portal Executivo - Sociedade de Serviços, Consultoria e Informação em Gestão, SA	Lisbon	75.00	(1 428)	(54)	(1 333)	349
Wolfpart, SGPS, SA	Lisbon	100.00	2 594	1 390	50	-
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris					
Sogrupo - Serviços Administrativos, ACE	Lisbon					

...Continued

Activity/Entity	Head office	2007 % Effective participating interest	2007 Equity (a)	2007 Net income	2006 Equity (a)	2006 Net income
Sogrupo - Sistemas de Informação, ACE	Lisbon					
Sogrupo IV - Gestão de Imóveis, ACE	Lisbon					
Special Purpose Entities and Investment Funds	Lisbon	-	222 052	(408)	395 569	(660)
Fundo Nostrum Consumer Finance, FTC	Lisbon	-	650 247	(1)	729 953	125
Fundo Nostrum Mortgage 2003-1	Dublin	-	15 008	9 105	5 965	5 092
Nostrum Mortgages PLC	Dublin	-	2 973	(1 619)	4 109	(608)
Nostrum Consumer Finance PLC	Lisbon	96.93	181 959	(6 236)	78 389	12 973
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	-	-	-	11 175	(322)
Fundo de Capital de Risco - PME - Caixa Capital	Lisbon	90.71	53 100	1 708	51 392	1 392
Fundo de Capital de Risco - Energias Renováveis - Caixa Capital	Lisbon	97.82	84 927	(1 134)	56 063	330
Fundo de Investimento Imobiliário Fechado Saudeinvest	Lisbon	100.00	15 222	477	14 745	484
Fundo de Investimento Imobiliário Fechado Bonança 1						
Companies Recorded by the Proportional Method	Lisbon	50.00	10 344	3 415	7 530	672
Esegur - Empresa de Segurança, SA						

(a) Equity includes net income for the year.
(b) Data taken from consolidated financial statements.
(c) Equity includes additional capital payments.
(d) Share capital comprises 1 000 ordinary shares of EUR 1 and 600 000 non-voting preference shares of EUR 1 000 each.

Financial data on 31 December 2007 was taken from the Group subsidiaries provisional financial statements, which are subject to changes before the respective approval by the Shareholder's General Meeting.

Movements in the group's subsidiaries, in 2007 and 2006, were as follows:

BANCO CAIXA GERAL, SA

Banco Caixa Geral increased its share capital by EUR 275 000 thousand, in 2005, through the issue of 45 757 072 new shares with a nominal unit value of EUR 6.01. CGD subscribed for 45 685 240 shares for the amount of EUR 274 568 thousand of which EUR 109 836 thousand was paid up in 2005. As a result of the said operation, the group's effective investment in Banco Caixa Geral increased to 99.75%.

On 26 June 2006, EUR 82 495 thousand were paid up in respect of the second instalment of the share capital increase approved in 2005, of which CGD paid EUR 82 305 thousand. The third and last instalment of the referred to capital increase was paid in 2007.

COMPAL – COMPANHIA PRODUTORA DE CONSERVAS ALIMENTARES, SA (COMPAL), EX-INBEPOR – INVESTIMENTOS EM BEBIDAS PORTUGAL, SGPS, SA (INBEPOR) E NUTRICAFÉS – CAFÉS E RESTAURAÇÃO, SA (NUTRICAFÉS)

On 2 November 2005 Caixa Desenvolvimento, SGPS, SA (a wholly owned subsidiary of Caixa - Banco de Investimento, SA) entered into two agreements for the acquisition of Compal and Nutricafés shares. The principal conditions of the agreements are as follows:

• Caixa Desenvolvimento and Sumolis - Companhia Industrial de Frutas e Bebidas, SA (Sumolis) ("the Purchasers"), undertake to acquire all the share capital of Compal and Nutricafés, in addition to making shareholders' loans and additional capital contributions to these entities.

• The price of the shares to be acquired was fixed at EUR 365 000 thousand and EUR 61 000 thousand, respectively, for Compal and Nutricafés shares. The price was determined based on assumptions regarding financial indicators of Compal and Nutricafés at 30 September 2005 and is subject to correction if the financial indicators are not confirmed by an audit of the accounts.

• Under the terms of the agreements, the shares will be acquired by a company to be incorporated with 80% of its share capital being held by Caixa Desenvolvimento and the remaining 20% by Sumolis. In this respect, Inbepor - Investimentos em Bebidas Portugal, SGPS, SA was incorporated in December 2005 with share capital of EUR 50 thousand, the shareholders having also made additional capital contributions of EUR 124 950 thousand, in 2005. Caixa Desenvolvimento sold 25% of Inbepor's share capital to Fundo de Capital de Risco para Investidores Qualificados Grupo CGD - Caixa Capital.

• On the date of the agreements, the sale price and shares were deposited in an escrow account with Caixa. However, completion of the transactions was subject to obtaining authorisation/declaration of non-opposition from the Portuguese Competition Authority. The purchasers were not able to appoint any member to the management boards of the companies to be acquired, or exercise any control over their management prior to receiving the authorisation.

• Declaration of non-opposition to the acquisition of Nutricafés was decided by the Competition Authority on 23 December 2005 and management of the company was transferred to the purchasers in the same month. Nutricafés was therefore included in the consolidation in 2005.

• The following developments occurred, in 2006:

- The declaration of non-opposition to the acquisition of Compal was received from the Competition Authority on 9 January 2006, the control being subsequently transferred to the purchasers;

- Inbepor sold its investment in Nutricafés, in March 2006, having realised capital gains of EUR 6 808 thousand (Note 34).

- An increase in Inbepor's share capital from EUR 50 thousand to EUR 10 000 thousand through the incorporation of supplementary contributions, was approved in June 2006. In addition, Compal was also merged into by its sole shareholder Inbepor. Under the terms of the merger, Inbepor took Compal's name, head office, corporate objects, activity, operations, assets and liabilities, and rights obligations and commitments.

- The final price of the purchase of Compal was determined in third quarter 2006, resulting in an additional investment of around EUR 4 million.

Goodwill on the purchase of Compal was determined as follows:

Cost of purchase	
Established in the contract	365 000
Price adjustment	3 986
	368 986
Consolidated shareholders' equity of Compal's at 31 December 2005	54 190
Supplementary capital contributions made by former shareholders	51 349
Other adjustments	(1 881)
	103 658
Goodwill	265 328

Goodwill was allocated to the brands owned by Compal, which were valued for this purpose at fair value by an independent specialised entity.

On 2 February 2007, Caixa Desenvolvimento, SGPS, SA sold to Fundo de Capital de Risco para Investidores Qualificados Grupo CGD - Caixa Capital 600 000 shares representing 6% of share capital of Compal for EUR 600 thousand, as well as supplementary capital contributions of EUR 6 900 thousand for their respective nominal value.

Still in 2007, the Group made contacts with Sumolis in view of the sale of the equity participation held in Compal. A sale contract for the sale of this equity participation was signed during the first quarter 2008. As a result, the equity participation held in this company was recorded on 31 December 2007 in compliance with IFRS 5 - "Non-current assets held for sale and discontinued operations" (Note 12).

CAIXA GERAL DE DEPÓSITOS – MACAU OFFSHORE BRANCH

In 2006, CGD Macau increased its share capital, by 70 million patacas, with the objective of adjusting its own funds with the legislation currently in force in the territory of Macau. Pursuant to the above, its share capital increased to one hundred and twenty million patacas, through the issue of seventy thousand new shares with a nominal value of one thousand patacas each, corresponding to the amount of EUR 6 636 thousand fully subscribed for and paid up by Caixa.

In 2007 the company increased its share capital, by 51 million patacas, through the issue of fifty one thousand new shares with a nominal value of one thousand patacas each, corresponding to EUR 4 313 thousand fully subscribed for and paid up by Caixa.

CULTURGEST – GESTÃO DE ESPAÇOS CULTURAIS, SA (CULTURGEST)

On 8 May 2006 a deed was signed to decrease and increase the share capital of Culturgest, in accordance with the following terms:

• Decrease of EUR 200 thousand in share capital from EUR 250 thousand to EUR 50 thousand, to cover losses, through a reduction of the nominal value per share from five to one euro and, at the same time,

• Increase of EUR 200 thousand in share capital through the issue of 200 000 shares at par, with a nominal value of one euro each, to be subscribed for by shareholders. The amount subscribed for by the Group totalled EUR 195 thousand.

This operation resulted in an increase of CGD Group's participating interest in Culturgest from 90% to 96%.

On 26 June 2007, Caixa Geral de Depósitos acquired 10 000 shares of Culturgest - Gestão de Espaços Culturais, SA from Fundação Luso-Americana para o Desenvolvimento (FLAD).

As a result of this operation CGD Group became the sole shareholder of Culturgest.

WOLFPART, SGPS, SA (WOLFPART)

Wolfpart, SGPS, SA was founded in 2006 with a share capital of EUR 50 thousand, fully subscribed for and paid up by Caixa. The company's corporate object is to operate as a holding company, as an indirect form of carrying out economic activities.

In 2006, Wolfpart acquired a 25% participation in Resortpart, SA. On 18 December 2006, Wolfpart made shareholders' loans of EUR 28 million to Resortpart for a term of 10 years, for the purpose of investment in Vale do Lobo Group.

In 2007, Wolfpart increased its share capital by EUR 1 250 thousand through the issue of 250 000 new shares with nominal value of EUR 5 each fully subscribed for and paid up by Caixa. This share capital increase was geared to finance in 2007 the acquisition by this entity of 25% of the participating units of the Closed Investment Fund Beirafundo.

Still during 2007, CGD made to Wolfpart shareholders' loans of EUR 6 926 thousand to finance the acquisition of 25% of the share capital of its associates Torre Ocidente, Imobiliária, SA and Torre Oriente, Imobiliária, SA for EUR 2 990 thousand and EUR 3 938 thousand, respectively.

In September 2007 as a result of the merger of Resortpart, SA and Vale de Lobo, SGPS, SA into the company Vale de Lobo, Resort Turístico de Luxo, SA, Wolfpart became the owner of a 25% participating interest in this later company.

CAIXA LEASING E FACTORING - IFIC, SA
CAIXA CRÉDITO - SFAC, SA (liquidated)

On 24 March 2006, Caixa Leasing e Factoring entered into a contract with Caixa Crédito to acquire all assets and liabilities as of 01 January 2006, for the amount of EUR 9 543 thousand. As a result, Caixa Crédito was liquidated, all rights and obligations being transferred to Caixa Leasing e Factoring.

CREDIP - IFIC, SA

Credip - Instituição Financeira de Crédito, SA was incorporated in 2007 with a share capital of EUR 10 000 thousand, through the issue of 2 000 000 shares fully subscribed for and paid up at par by Caixa Geral de Depósitos, SA and Parpública - Participações Públicas, SGPS, SA representing 80% and 20% respectively. This company has the purpose of granting loans to the financing the construction of public infrastructures.

LCS- LINHA DE CUIDADOS DE SAÚDE, SA

In the first half 2006, LCS - Linha de Cuidados de Saúde, SA was formed to manage the National Health Service's Call Centre. The share capital of EUR 1 615 thousand was fully subscribed for and paid up by EPS - Gestão de Sistemas de Saúde, SA an indirectly, fully owned subsidiary of Companhia de Seguros Fidelidade Mundial, SA.

In 2007, Caixa Seguros, SGPS, SA acquired from EPS all the share capital of LCS - Linha de Cuidados de Saúde, SA.

COMPANHIA PORTUGUESA DE RESSEGUROS, SA

In 2007, Companhia de Seguros Fidelidade Mundial, SA and Império Bonança - Companhia de Seguros, SA acquired 70% of the share capital of Companhia Portuguesa de Resseguros, SA for EUR 7 500 thousand. As a result of this transaction, the Group became the sole shareholder of the company.

CAIXAWEB, SGPS, SA (IN LIQUIDATION)
CAIXATEC - TECNOLOGIAS DE COMUNICAÇÃO, SA (former Caixaweb, Serviços Técnicos e de Consultoria, SA)
PORTAL EXECUTIVO - SOCIEDADE DE SERVIÇOS, CONSULTORIA E INFORMAÇÃO DE GESTÃO, SA (Portal Executivo)
IMOPORTAL.COM - MULTIMÉDIA, SA (Imoportal)

In 2007 the Group continued the re-organisation of its presence in the WEB. The merger of Caixaweb - Serviços Técnicos e de Consultoria, SA with Imoportal was effected as of 1 January 2007, the resulting company being named Caixatec - Tecnologias de Comunicação, SA. This company became exclusively dedicated to the development of the portals associated with the Group's business activities.

FUNDO DE CAPITAL DE RISCO PARA INVESTIDORES QUALIFICADOS - ENERGIAS RENOVÁVEIS - CAIXA CAPITAL ("FIQ ENERGIAS RENOVÁVEIS - CAIXA CAPITAL)

Fundo de Capital de Risco para Investidores Qualificados - Energias Renováveis - Caixa Capital was founded on 16 January 2006 with a share capital of EUR 50 000 thousand, corresponding to 2 000 participating units. The purpose of the Fund is the investment in the acquisition of participating interests in companies with high growth and potential, developing their activity in generating electricity through renewable energy sources. Caixa - Banco de Investimento, SA subscribed for 1 820 participating units with a nominal value of EUR 45 500 thousand, of which EUR 8 800 thousand were paid in 2006 and EUR 4 100 thousand in 2007.

HPP - HOSPITAIS PRIVADOS DE PORTUGAL, SGPS, SA

Caixa Geral de Depósitos acquired in 2007, through Caixa Seguros, a 10% participating interest in the biggest healthcare operator in the Iberian Peninsula - USP Hospitales Group. The investment of Caixa Seguros in the USP Hospitales Group was made through the companies HPP International - LUX, SARL and HPP International Ireland Limited. Under a joint venture agreement, USP Hospitales Group acquired a 25% participating interest in the share capital of HPP - Hospitais Privados de Portugal, SGPS, SA, the holding indirectly held by Caixa Seguros for the healthcare area.

Under the terms of this agreement, on 5 June 2007, HPP - Hospitais de Portugal, SGPS, SA made a share capital increase of EUR 1 833 333 fully subscribed by USP Hospitales, through the issue of 1 833 333 new shares with the nominal value of EUR 1 each, representing 25% of HPP's share capital and a issue premium of EUR 8.27 per share totalling EUR 15 168 thousand.

MULTICARE – SEGUROS DE SAÚDE, SA

MultiCare - Seguros de Saúde, SA was founded in the first half 2007, in view of the company's insurance and reinsurance activities in the healthcare sector. The share capital in the amount of EUR 18 000 thousand was fully subscribed for and paid up by Caixa Seguros, SGPS, SA.

CAIXA IRELAND LIMITED AND CAIXA INVESTMENTS IRELAND

In 2007, Caixa - Banco de Investimento, SA liquidated its subsidiaries Caixa Ireland Limited and Caixa Investments Ireland. Caixa Ireland Limited was a company based in Ireland that was acquired by the bank in 1996. The company assets particularly comprised, essentially, the equity participation of Caixa Investments Ireland. Caixa Investments Ireland was a company based in Ireland whose purpose was the investment in securities.

CAIXA – SISTEMAS DE INFORMAÇÃO, SA

The shareholders General Meeting held on 16 October 2007 approved the financial statements and liquidation report of Caixa - Sistemas de Informação as of 30 September 2007.

FUNDO DE CAPITAL DE RISCO PME - CAIXA CAPITAL (FCR PME)

Following the deliberation of the Participants General Meeting of November 2007 the FCR PME was dissolved and liquidated.

BANCO COMERCIAL E DE INVESTIMENTO, SARL

During 2007, Parbanca, SGPS, SA reinforced its equity participation in Banco Comercial e de Investimento, SARL (BCI) through the acquisition of 2 892 857 shares with the nominal value of MZN 10 000 for EUR 10 085 (at foreign exchange rate at the date of transaction). As a result of this operation, the Group increased its participation to 51%.

On 31 January 2007, SCI Imobiliária and BCI Leasing merged with BCI Fomento, companies under Mozambique law and already BCI affiliates.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This heading comprises the following:

	2007	2006
Cash	536 356	434 768
Demand deposits with central banks		
. Principal	1 386 952	1 806 639
. Accrued interest	2 197	1 885
	1 925 505	2 243 293

The demand deposits at the Bank of Portugal are to comply with the legal requirements for minimum cash reserves of the European Central Banks System (ECBS). These deposits earn interest, and correspond to 2% of the deposits and debt securities with terms of up to two years, except for deposits and debt securities of entities subject to the minimum cash reserve requirements of the ECBS.

The funds deposited at central banks by Caixa and the Group banks at 31 December 2007 and 2006, 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:

	2007	2006
Cheques for collection		
Portugal	236 860	393 719
Abroad	16 781	22 815
	253 641	416 534
Demand deposits		
Portugal	72 434	88 628
Abroad	626 523	173 818
	698 957	262 445
Accrued interest	62	2
	699 019	262 448
	952 660	678 982

"Cheques for collection" correspond to cheques of customers of other banks sent for settlement. These amounts are collected on the first days of the subsequent year.

6. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This heading comprises the following:

	2007	2006
Interbank Money Market	20 576	138 000
Term deposits		
Portugal	158 958	92 956
Abroad	2 124 657	5 780 540
Loans		
Portugal	423 505	607 150
Abroad	1 058 105	997 094
Other applications		
Portugal	204 782	244 635
Abroad	746 506	379 629
Purchase operations with resale agreement	28 830	186 495
	4 765 918	8 426 499
Accrued interest	26 088	34 757
Overdue interest pending settlement	–	1
Deferred income	(1 006)	(454)
	4 791 000	8 460 803
Impairment	(1 337)	(2 355)
	4 789 664	8 458 448

The changes in impairment of loans and advances to credit institutions in 2007 and 2006 are presented in Note 39.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These headings comprise the following:

	2007			2006		
	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	395 678	1 237	396 915	523 074	1 235	524 309
. Treasury bills	87 585	-	87 585	22 473	15 454	37 927
. Bonds of other public issuers:						
Domestic	2 464	-	2 464	2 768	17 351	20 119
Foreign	870 469	34 700	905 169	1 107 270	10 849	1 118 119
Issued by international financial organisations	71 355	80 586	151 941	142 530	92 411	234 941
Other issuers:						
. Bonds and other securities:						
Issued by residents	578 524	1 176 889	1 755 413	287 322	884 227	1 171 549
Issued by non-residents	887 273	215 764	1 103 037	2 298 597	1 095 418	3 394 015
	2 893 348	1 509 176	4 402 524	4 384 034	2 116 945	6 500 979
Equity instruments						
Issued by residents	52 097	56 113	108 210	60 170	47 660	107 830
Issued by non-residents	44 377	-	44 377	58 694	14	58 708
	96 474	56 113	152 587	118 864	47 674	166 538
Other financial instruments						
Trust fund units						
Issued by residents	332 687	542 395	875 082	388 719	407 023	795 742
Issued by non-residents	500 769	-	500 769	6 243	-	6 243
Other						
Issued by residents	-	-	-	-	2 500	2 500
Issued by non-residents	-	26 850	26 850	-	7 224	7 224
	833 456	569 245	1 402 701	394 962	416 747	811 709
Loans and receivables	-	11 418	11 418	12 397	-	12 397
Derivatives with positive fair value (Note 10)						
- Swaps	347 663	-	347 663	298 452	-	298 452
- Futures and other forward operations	4 448	-	4 448	7 198	-	7 198
- Options	492 733	-	492 733	38 845	-	38 845
- Caps and floors	25 847	-	25 847	6 838	-	6 838
- Other	1 982	-	1 982	-	-	-
	872 673	-	872 673	351 333	-	351 333
	4 695 951	2 145 952	6 841 903	5 261 590	2 581 366	7 842 956

Financial assets held for trading and other financial assets at fair value through profit or loss at 31 December 2007 include participating units in investment funds managed by Group entities, in the amounts of EUR 655 372 thousand and EUR 61 656 thousand , respectively (EUR 721 130 thousand and EUR 62 060 thousand on 31 December 2006).

	2007	2006
Shares funds	297 074	330 905
Bonds funds	26 551	43 268
Treasury funds	7 069	69 761
Funds of funds	185 914	161 700
Other	138 764	115 496
	655 372	721 130

On 31 December 2007 and 2006 the "Debt instruments" heading comprises securities given as collateral in the amount of EUR 768 846 thousand and EUR 1 623 453 thousand, respectively. In Note 23 these securities are recognised at their nominal value.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This heading comprises the following:

	2007	2006
Debt instruments:		
Public debt	108 740	198 902
Other public issuers	3 266 949	3 157 141
International financial organisations	260 339	180 040
Other issuers	7 392 133	5 229 570
Interest receivable	–	413 494
	11 028 161	9 179 147
Equity instruments:		
Measured at fair value	3 345 222	2 805 449
Measured at historical cost	97 551	82 909
	3 442 773	2 888 358
Other instruments	1 083 494	654 937
	15 554 428	12 722 442
Impairment (Note 39)		
Equity instruments	(173 735)	(276 409)
Debt instruments	(9 593)	(14 024)
	(183 328)	(290 433)
	15 371 099	12 432 008

The "Other instruments" heading at 31 December 2007 included participating units in unit trust and property funds managed by Group entities in the amounts of EUR 699 069 thousand and EUR 72 331 thousand, respectively (EUR 364 572 thousand and EUR 88 483 thousand, respectively, at 31 December 2006). The investments funds comprise the following types of assets:

	2007	2006
Shares funds	91 407	50 990
Bonds funds	161 864	-
Treasury funds	359 487	306 825
Funds of funds	702	439
Other	85 609	6 318
	699 069	364 572

The equity instruments heading includes the following investments:

	2007						
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Effective participating interest (%)
Measured at fair value							
EDP - Energias de Portugal, SA	829 731	12 707	-	842 438	-	842 438	5.15
Portugal Telecom, SA	491 791	85 643	-	577 434	-	577 434	5.73
ZON - Serviços de Telecomunicações e Multimédia, SGPS, SA (*)	407 911	23 935	-	431 846	(19 160)	412 686	13.98
Banco Comercial Português, SA	353 064	51 775	-	404 839	(110 255)	294 584	2.20
Galp Energia, SGPS, SA	152 499	11 112	-	163 611	-	163 611	1.07
Instituto Nacional de Habitação	91 877	-	-	91 877	-	91 877	52.49
La Seda Barcelona, SA	-	-	77 925	77 925	-	77 925	6.38
Finpro, SGPS, SA	-	-	31 842	31 842	-	31 842	62.94
SICAR NovEnergia II	-	-	31 622	31 622	(891)	30 731	17.17
Imolgere, Imobiliária e Serviços, SA	-	-	14 000	14 000	-	14 000	22.19
Martifer, SGPS, SA	-	2 363	4 911	7 274	-	7 274	0.53
Brisa - Auto-Estradas de Portugal, SA	-	3 853	-	3 853	-	3 853	0.06
Banco Espírito Santo, SA	-	3 312	-	3 312	-	3 312	0.04
Sonae, SGPS, SA	-	2 068	-	2 068	-	2 068	0.05
Foreign enties' shares	-	623 083	2 855	625 938	(1 700)	624 238	
Other	-	17 452	17 891	35 343	(19 603)	15 740	
	2 326 873	837 303	181 046	3 345 222	(151 609)	3 193 613	
Measured at historical cost							
Fundo Margueira Capital	47 438	-	-	47 438	-	47 438	21.13
VAA - Vista Alegre Atlantis, SA	15 863	-	-	15 863	(15 863)	-	14.07
Other	25 322	3 255	5 673	34 250	(6 263)	27 987	
	88 623	3 255	5 673	97 551	(22 126)	75 425	
	2 415 496	840 558	186 719	3 442 773	(173 735)	3 269 038	

(*) Former PT Multimédia, SGPS, SA. The company changed its brand name to the present one during January 2008.

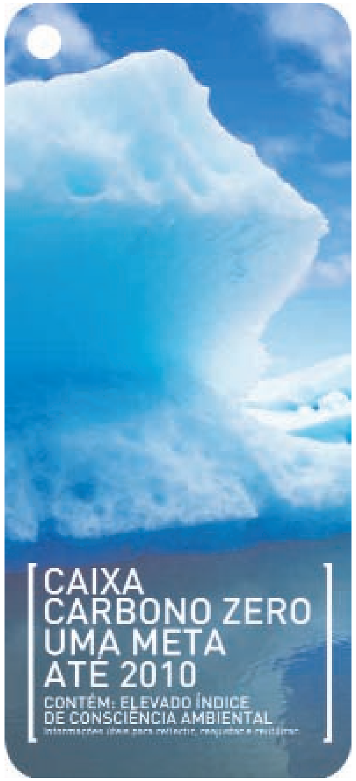
	2006							
	Banking	Insurance	Investment banking and venture capital	Value before impairment	Accumulated impairment	Net	Fair value reserve	Effective participating interest (%)
Measured at fair value								
EDP – Energias de Portugal, SA	670 549	23 021	-	693 570	-	693 570	272 370	4.94
Portugal Telecom, SA	508 794	57 686	-	566 480	-	566 480	30 757	5.10
Banco Comercial Português, SA	401 846	41 739	-	443 585	(220 867)	222 718	66 574	2.20
Instituto Nacional de Habitação	95 623	-	-	95 623	-	95 623	-	52.49
Cimpor, SGPS, SA	83 731	2 594	-	86 325	-	86 325	19 111	2.04
Galp Energia, SGPS, SA	57 550	14 765	-	72 315	-	72 315	6 798	1.26
La Seda Barcelona, SA	-	-	50 429	50 429	-	50 429	(12 203)	5.00
PT Multimédia, SGPS, SA	57 570	4 007	-	61 577	(19 160)	42 417	7 320	1.41
Euronext N.V.	38 654	-	-	38 654	-	38 654	30 077	0.38
SICAV Novenergia 2010	-	-	14 253	14 253	-	14 253	-	20.06
Finpro, SGPS, SA	-	-	13 658	13 658	-	13 658	(7 012)	17.15
Banif SGPS, SA	-	9 142	-	9 142	-	9 142	-	0.69
Sonae, SGPS, SA	-	5 863	-	5 863	-	5 863	-	0.19
Brisa - Auto-Estradas de Portugal, SA	-	5 197	-	5 197	-	5 197	-	0.09
Banco BPI, SA	-	3 450	-	3 450	-	3 450	-	0.08
Foreign enties' shares	786	617 258	4 082	622 126	(2 795)	619 331	-	
Other	-	14 585	12 952	27 537	(11 382)	16 155	(7 395)	
	1 915 103	**799 307**	**95 374**	**2 809 784**	**(254 204)**	**2 555 580**	**406 397**	
Measured at historical cost								
Fundo Margueira Capital	47 438	-	-	47 438	-	47 438	-	21.13
VAA - Vista Alegre Atlantis, SA	15 863	-	-	15 863	(15 863)	-	-	14.07
Other	12 351	1 767	1 155	15 273	(6 342)	8 931	-	
	75 652	**1 767**	**1 155**	**78 574**	**(22 205)**	**56 369**	**-**	
	1 990 755	**801 074**	**96 529**	**2 888 358**	**(276 409)**	**2 611 949**	**406 397**	

The following criteria were used to prepare the above tables:

- The "Insurance" column includes securities held by Caixa Seguros and Garantia;

- The "Investment banking and venture capital" column includes the securities held by Caixa - Banco de Investimento and the Group's venture capital area, including consolidated venture capital funds (Note 3);

- Securities held by the remaining entities were allocated to "Banking activity".



The changes to the main equity instruments recorded as "Available-for-sale financial assets" in 2007 and 2006 were as follows:

EDP – ENERGIAS DE PORTUGAL, SA (EDP)

In 2006 Caixa acquired 17 750 635 shares for EUR 53 096 thousand, which were subsequently sold for EUR 53 155 thousand. As the shares are valued at weighted average cost, the Group recorded a gain of EUR 13 342 thousand (Note 33).

In 2007, CGD acquired 140 752 993 shares for EUR 592 206 thousand. Also in 2007 Caixa sold 129 752 993 shares for EUR 538 821 thousand. As a consequence the Group recorded a capital gain of EUR 175 623 (Note 33).

BANCO COMERCIAL PORTUGUÊS, SA (BCP)

In 2006 CGD sold 4 000 000 BCP shares for EUR 10 665 thousand, recognising a gain of EUR 3 585 thousand (Note 33).

During 2007 Caixa acquired 115 523 410 shares of BCP for EUR 355 098 thousand and sold 97 004 825 shares for EUR 126 397 thousand. As a consequence of these operations the Group recognised a capital gain of EUR 52 739 thousand (Note 33).

EURONEXT N.V. / NEW YORK STOCK EXCHANGE

On 4 April 2007, Euronext N.V. merged with New York Stock Exchange (NYSE), resulting in a new company named NYSE Euronext.

As a consequence of this operation, CGD exchanged its shares held in Euronext N.V. for shares of NYSE Euronext which were subsequently sold.

This produced a net capital gain of EUR 25 037 thousand (Note 33).

ZON – SERVIÇOS DE TELECOMUNICAÇÕES E MULTIMÉDIA, SGPS, SA (former-PT Multimédia)

In May 2007 CGD acquired 30 575 090 shares of PT Multimedia for EUR 370 264 thousand. In July 2007, CGD sold 3 500 000 shares for EUR 42 000 thousand recording a capital gain of EUR 1 295 thousand.

On 7 November 2007, following the approval of Portugal Telecom, SGPS, SA's General Meeting the spin-off of PT Multimedia - Serviços de Telecomunicações e Multimedia, SGPS, SA took place as a result of this operation, Portugal Telecom distributed to its shareholders the shares it held in PT Multimedia.

As a consequence, Caixa received 9 696 316 shares of PT Multimedia to which, part of the acquisition cost of Portugal Telecom's shares was attributed and this had no effect on the income for the year.

During January 2008, PT Multimedia changed its name for ZON - Serviços de Telecomunicações e Multimedia, SGPS, SA.

CIMPOR, SGPS, SA (CIMPOR)

During 2006 CGD reinforced its position among the company's shareholders by acquiring 5 311 824 shares for EUR 27 821 thousand. The Group's equity participation in Cimpor's share capital was, by the end of the year, 2.04%.

During the second half 2007, CGD sold its equity participation in Cimpor for EUR 81 343 thousand recognising a capital gain of EUR 16 722 thousand (Note 33).

GALP ENERGIA, SGPS, SA (GALP)

On 28 March 2006 CGD acquired 1 658 502 shares representing 1% of Galp's share capital for EUR 50 752 thousand. On 3 August 2006 Galp made a stock split in the proportion of 5 new shares of EUR 1 each, for each share previously held. As a result of this operation, Caixa held 8 292 510 shares of Galp at 31 December 2007 and 2006.

VAA – VISTA ALEGRE ATLANTIS, SGPS, SA (VISTA ALEGRE)

On 3 February 2006 a contract for the restructuring of Vista Alegre's financial debt was signed, which was amended on 21 April 2006. Under the terms of this contract, Vista Alegre's share capital saw an increase to EUR 29 008 thousand through the issuance of 59 091 735 shares, CGD having subscribed 20 394 740 shares for the total amount of EUR 4 080 thousand, through the conversion of the company's loans.

In addition, loans in the amount of EUR 11 783 thousand were converted into supplementary capital contributions. The referred to capital contributions do not earn interest and can only be repaid if, after repayment thereof, Vista Alegre's shareholders' equity does not became less than the sum of share capital and legal reserve.

CGD recorded an impairment loss of EUR 15 863 thousand (Note 39) corresponding to the total amount of the shares and supplementary capital contributions received from this operation, thus offsetting the impairment previously recorded for converted loans.

CGD USA HOLDING COMPANY (CGD USA)

On 3 March 2006, CGD Group sold its 51% participation interest in CGD USA Holding Company, Inc. which, in turn, held all share capital of Crown Bank, N.A. This sale price was USD 25 000 000, USD 7 000 000 having been received at the date of the sale. The remaining USD 18 000 000 will be paid in one year and will earn interest at the 12 month Libor interest rate (EUR 13 667 thousand at the exchange rate in force at 31 December 2006). This operation generated a capital gain of EUR 470 thousand (Note 33).

The amount of USD 6 000 000 was redeemed during 2007. In addition, the option to postpone one the payment initially previewed in the contract was exercised. The outstanding amount was USD 12 000 000 on 31 December 2007 (EUR 8 152 thousand at the exchange rate in force on that date). At 31 December 2007 and 2006 the amount of accrued interest was EUR 304 thousand and EUR 197 thousand, respectively.

LA SEDA BARCELONA, SA

In 2006, Caixa Capital, Caixa Desenvolvimento and Fundo de Capital de Risco para Investidores Qualificados Grupo CGD - Caixa Capital participated in a capital increase of La Seda Barcelona (listed on the Madrid stock exchange) having acquired 8 400 000 subscription rights for EUR 864 thousand and, subsequently, subscribed for 16 800 000 shares at a price of EUR 1.5 each, totalling EUR 26 064 thousand. Up to the end of 2006 the referred to entities acquired, also on the stock exchange, 4 038 733 shares at a cost of EUR 8 095 thousand.

The Group reinforced its position in La Seda Barcelona, SA during 2007 through the acquisition of 24 466 468 shares for EUR 48 878 thousand.

SICAR NOVENERGIA II AND FUNDO NOVENERGIA 2010

In January 2006 FCR Energias Renováveis acquired from Fundo de Capital de Risco Grupo CGD - Caixa Capital 131 participating units of Fundo Novenergia 2010 for EUR 9 181 236, corresponding to 20.06% of the fund capital. In addition, it was agreed that the acquisition price should be corrected by 80% of the change in the value of the fund up to 30 June based on its "Net Asset Value" which resulted in an additional payment of EUR 3 391 thousand.

During 2007, FCR Energias Renováveis delievered its 20.06% participation in Fundo Novenergia 2010 and received 270 participating units of SICAR NovEnergia II for the amount of EUR 13 500 thousand and EUR 753 thousand in cash. As a result, the Group recorded a capital gain of EUR 88 thousand. Still in 2007, the Fundo de Capital de Risco Grupo CGD - Caixa Capital subscribed for 330 shares of SICAR for EUR 16 500 thousand which had not yet been paid up at 31 December 2007.

IMOLGERE – IMOBILIÁRIO E SERVIÇOS, SA

In April 2007, Caixa Desenvolvimento and Caixa Capital participated in the share capital increase of Holgere - Gestão de Serviços, SA through the subscription of 3 814 714 shares for EUR 14 000 thousand. In addition, shareholders' loans were granted in the amount of EUR 14 000 thousand. On 7 December 2007, this affiliate changed its name to Imolgere - Imobiliário e Serviços, SA.

MARTIFER, SGPS, SA

In June 2007 FCR Energias Renováveis acquired 26 400 shares of Martifer, SGPS, SA under the terms of a public take-over bid carried out on the Lisbon Stock Exchange at EUR 8 per share. FCR Energias Renováveis reinforced its equity participation through the acquisition on the stock Exchange of 576 188 shares for EUR 4 844 thousand.

FINPRO, SGPS, SA

On 20 April 2007, the Fundo de Capital de Risco Grupo CGD - Caixa Capital took part in the share capital increase of Finpro, SGPS, SA subscribing 3 434 293 shares for EUR 17 171 thousand. Of the total amount of share capital only EUR 5 151 thousand was paid up. The remaining will be paid up within a five year term. As a result of this operation, the fund's participation in the share capital of Finpro, SGPS, SA increased to 17.17%.

9. UNIT-LINKED PRODUCTS

The "Unit-linked investments" correspond to assets managed by the Group's insurance companies whose risk is borne by the policyholders. Therefore these assets are stated at fair value, the liability to the policyholders being reflected in the heading "Liability to subscribers of unit-linked products". Investments recorded in this heading at 31 December 2007 and 2006 comprise the following:

	2007	2006
Unit-linked investments		
Debt instruments	596 751	636 275
Equity instruments	5 543	5 247
Other instruments	41 180	57 249
Derivatives		
Positive fair value	3 295	855
Loans and advances to credit institutions	130 346	148 775
	777 115	848 401
Liability to subscribers of unit-linked products	777 115	847 369

10. DERIVATIVES

Caixa carries out derivative operations in the normal course of its business to meet the specific needs of its customers and in order to hedge its exposure to foreign exchange, interest rate and stock market fluctuations.

Caixa controls the risk of its derivatives operations through operation approval procedures, definition of exposure limits by product and counterparty and by monitoring the daily evolution of the respective results.

At 31 December 2007 and 2006 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:

	2007							
	Notional value			Book value				
	Trading derivatives	Derivados de cobertura	Total	Assets held for trading (Note 7)	Liabilities held for trading	Hedging derivatives Assets	Hedging derivatives Liabilities	Total
Forward foreign exchange transactions								
Foreign exchange				718	(10 132)	-	-	(9 414)
Purchase	155 451	-	155 451					
Sale	294 258	-	294 258					
NDF's (no deliverable forward)				2 544	(2 384)	-	-	160
Purchase	35 520	-	35 520					
Sale	35 520	-	35 520					
FRA (forward rate agreements)	305 800	-	305 800	602	(418)	-	-	184
Swaps								
Currency swaps				5 425	(303 916)	-	-	(298 491)
Purchase	5 254 972	-	5 254 972					
Sale	5 387 320	-	5 387 320					
Interest rate swaps and cross currency interest rate swaps				340 625	(256 746)	125 590	(814 412)	(604 943)
Purchase	42 404 436	6 730 402	49 134 838					
Sale	42 389 164	6 899 932	49 289 096					
Loan swaps				1 613	(8 507)	-	-	(6 894)
Purchase	1 068 182	-	1 068 182					
Sale	1 068 182	-	1 068 182					
Shares and indexes				-	(2 244)	-	-	(2 244)
Purchase	21 349	-	21 349					
Sale	21 349	-	21 349					
Futures								
Currency				-	-	-	-	-
Long positions	108 413	-	108 413					
Short positions	5 577	-	5 577					
Interest rate				584	-	-	-	584
Long positions	159 877	-	159 877					
Short positions	433 328	-	433 328					
Shares and indexes				-	-	-	-	-
Long positions	12 070	-	12 070					
Short positions	8 716	-	8 716					
Other								
Traded on behalf of customers				-	-	-	-	-
Long positions	30 061	-	30 061					
Short positions	38 340	-	38 340					
Options								
Currency				14 131	(17 954)	-	-	(3 823)
Purchase	48 586	-	48 586					
Sale	13 586	-	13 586					
Shares and indexes				478 602	(562 601)	-	-	(83 999)
Purchase	3 719	-	3 719					
Sale	3 719	-	3 719					
Interest rates (Caps & Floors)				25 847	(14 013)	-	-	11 834
Purchase	473 033	-	473 033					
Sale	581 256	-	581 256					
Other	-	-	-	1 982	(14 841)	-	-	(12 859)
	100 361 784	13 630 334	113 992 118	872 673	(1 193 756)	125 590	(814 412)	(1 009 905)

	2006							
	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				3 852	(2 434)	-	-	1 418
Purchase	32 181	190	32 371					
Sale	149 023	184	149 207					
NDF's (no deliverable forward)				1 127	(1 281)	-	-	(154)
Purchase	87 764	-	87 764					
Sale	87 708	-	87 708					
FRA (forward rate agreements)	805 800	-	805 800	269	(279)	-	-	(10)
Swaps								
Currency swaps				28 957	(83 888)	-	-	(54 931)
Purchase	5 819 161	-	5 819 161					
Sale	5 866 984	-	5 866 984					
Interest rate swaps and cross currency interest rate swaps				255 188	(258 072)	108 190	(626 163)	(520 857)
Purchase	36 525 966	5 908 702	42 434 668					
Sale	36 503 887	5 994 621	42 498 508					
Loan swaps				5 494	(955)	-	-	4 539
Purchase	700 228	-	700 228					
Sale	700 228	-	700 228					
Shares and indexes				8 813	-	-	-	8 813
Purchase	20 764	-	20 764					
Sale	20 764	-	20 764					
Futures								
Currency				-	-	-	-	-
Long positions	16 507	-	16 507					
Short positions	-	-	-					
Interest rate				913	-	-	-	913
Long positions	(16 856)	-	(16 856)					
Short positions	882 102	-	882 102					
Shares and indexes				-	(99)	-	-	(99)
Long positions	288 578	-	288 578					
Short positions	39 669	-	39 669					
Other								
Traded on behalf of customers				-	-	-	-	-
Long positions	30 061	-	30 061					
Short positions	38 340	-	38 340					
Options								
Currency				6 396	(4 560)	-	-	1 836
Purchase	340 889	-	340 889					
Sale	342 983	-	342 983					
Shares and indexes				32 449	(67 573)	-	-	(35 124)
Purchase	353 706	-	353 706					
Sale	236 277	-	236 277					
Interest rates (Caps & Floors)				6 838	(6 839)	-	-	(1)
Purchase	1 091 061	-	1 091 061					
Sale	974 338	-	974 338					
Other	-	-	-	1 037	(5 126)	-	-	(4 089)
	91 938 113	11 903 697	103 841 810	351 333	(431 106)	108 190	(626 163)	(597 746)

The heading "Liabilities held for trading" at 31 December 2006, includes EUR 158 798 thousand relating to the short selling of fixed interest securities.

The Group's derivative transactions at 31 December 2007 and 2006, by residual terms to maturity, are as follows:

	2007					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Foreign exchange						
Purchase	41 510	34 109	37 390	-	42 442	155 451
Sale	76 478	41 399	126 021	-	50 360	294 258
NDF's (no deliverable forward)						
Purchase	35 520	-	-	-	-	35 520
Sale	35 520	-	-	-	-	35 520
FRA (forward rate agreements)	-	-	305 800	-	-	305 800
Swaps						
Currency swaps						
Purchase	4 435 889	769 467	49 616	-	-	5 254 972
Sale	4 529 226	805 355	52 739	-	-	5 387 320
Interest rate swaps and cross currency interest rate swaps						
Purchase	6 598 097	3 738 191	6 580 140	25 415 307	6 803 103	49 134 838
Sale	6 554 718	3 741 501	6 622 132	25 471 730	6 899 015	49 289 096
Loan swaps						
Purchase	-	-	70 474	487 503	510 205	1 068 182
Sale	-	-	70 474	487 503	510 205	1 068 182
Shares and indexes						
Purchase	-	-	-	21 349	-	21 349
Sale	-	-	-	21 349	-	21 349
Futures						
Currency						
Long positions	84 278	-	24 135	-	-	108 413
Short positions	257	5 320	-	-	-	5 577
Interest rate						
Long positions	167 500	(7 623)	-	-	-	159 877
Short positions	323 465	31 000	78 863	-	-	433 328
Shares and indexes						
Long positions	12 070	-	-	-	-	12 070
Short positions	8 716	-	-	-	-	8 716
Other						
Traded on behalf of customers						
Long positions	23 207	-	6 854	-	-	30 061
Short positions	35 256	-	3 084	-	-	38 340
Options (Currency and shares and indexes)						
Purchase	3 719	13 586	-	35 000	-	52 305
Sale	3 719	13 586	-	-	-	17 305
Interest rates (Caps & Floors)						
Purchase	-	-	-	318 033	155 000	473 033
Sale	85 794	-	-	310 784	184 678	581 256
	23 054 939	9 185 891	14 027 722	52 568 558	15 155 008	113 992 118

	2006					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Foreign exchange						
Purchase	9 079	1 052	1 109	21 131	-	32 371
Sale	9 441	1 177	137 398	1 191	-	149 207
NDF's (no deliverable forward)						
Purchase	87 764	-	-	-	-	87 764
Sale	87 708	-	-	-	-	87 708
FRA (forward rate agreements)	-	200 000	200 000	405 800	-	805 800
Swaps						
Currency swaps						
Purchase	4 878 350	701 509	239 302	-	-	5 819 161
Sale	4 917 765	707 257	241 962	-	-	5 866 984
Interest rate swaps and cross currency interest rate swaps						
Purchase	9 803 388	2 679 781	3 914 571	19 089 938	6 946 990	42 434 668
Sale	9 740 017	2 690 022	3 914 610	19 161 348	6 992 511	42 498 508
Loan swaps						
Purchase	-	-	-	361 245	338 983	700 228
Sale	-	-	-	361 245	338 983	700 228
Shares and indexes						
Purchase	-	-	-	20 764	-	20 764
Sale	-	-	-	20 764	-	20 764
Futures						
Currency						
Long positions	-	16 507	-	-	-	16 507
Short positions	-	-	-	-	-	-
Interest rate						
Long positions	(16 856)	-	-	-	-	(16 856)
Short positions	633 958	84 684	163 460	-	-	882 102
Shares and indexes						
Long positions	288 578	-	-	-	-	288 578
Short positions	9 359	-	-	30 310	-	39 669
Other						
Traded on behalf of customers						
Long positions	23 207	-	6 854	-	-	30 061
Short positions	35 256	-	3 084	-	-	38 340
Options (Currency and shares and indexes)						
Purchase	117 144	103 889	180 811	286 437	6 314	694 595
Sale	143 522	116 815	166 230	152 693	-	579 260
Interest rates (Caps & Floors)						
Purchase	-	6 983	39 835	653 543	390 700	1 091 061
Sale	-	56 984	51 870	483 549	381 935	974 338
	30 767 680	7 366 660	9 261 096	41 049 958	15 396 416	103 841 810

The Group's derivative transactions at 31 December 2007 and 2006, by type of counterparty, are as follows:

	2007 Notional value	2007 Book value	2006 Notional value	2006 Book value
Forward foreign exchange transactions				
Foreign exchange				
Financial institutions	112 841	-	494	(2 372)
Customers	336 868	(9 414)	181 084	3 790
	449 709	(9 414)	181 578	1 418
NDF's (non deliverable forward)				
Financial institutions	35 520	(79)	85 254	(1 281)
Customers	35 520	239	90 218	1 127
	71 040	160	175 472	(154)
FRA (forward rate agreements)				
Financial institutions	305 800	184	805 800	(10)
Swaps				
Currency swaps				
Financial institutions	10 642 292	(298 491)	11 680 185	(54 747)
Customers	-	-	5 960	(184)
	10 642 292	(298 491)	11 686 145	(54 931)
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	94 249 170	(585 457)	82 741 334	(532 114)
Customers	4 174 764	(19 486)	2 191 842	11 257
	98 423 934	(604 943)	84 933 176	(520 857)
Loan swaps				
Financial institutions	2 136 364	(6 894)	1 400 456	4 539
Shares and indexes				
Financial institutions	42 698	(2 244)	41 528	8 813
Futures				
Currency				
Financial institutions	113 990	-	16 507	-

...Continued

	2007 Notional value	2007 Book value	2006 Notional value	2006 Book value
Interest rate				
Financial institutions	107 800	-	11 500	-
Stock exchange	485 406	584	853 746	913
	593 206	584	865 246	913
Shares and indexes				
Stock exchange	20 786	-	326 536	(99)
Customers	-	-	1 711	-
	20 786	-	328 247	(99)
Other				
Stock exchange	68 400	-	68 401	-
Options (Shares and indexes)				
Financial institutions	62 172	453 393	930 461	24 288
Customers	7 438	(541 215)	308 794	(57 839)
Stock exchange	-	-	34 600	263
	69 610	(87 822)	1 273 855	(33 288)
Caps & Floors				
Financial institutions	130 000	2 454	1 309 296	(2 497)
Customers	924 289	9 380	756 103	2 496
	1 054 289	11 834	2 065 399	(1)
Other				
Financial institutions	-	(9 387)	-	(4 089)
Customers	-	1 377	-	-
Stock exchange	-	(4 849)	-	-
	-	(12 859)	-	(4 089)
	113 992 118	(1 009 905)	103 841 810	(597 746)

11. LOANS AND ADVANCES TO CUSTOMERS

This heading comprises the following:

	2007	2006
Domestic and foreign loans		
Loans	46 938 700	42 556 807
Current account loans	5 068 098	3 317 286
Other	7 928 927	6 139 068
Other loans and amounts receivable - Commercial Paper	2 702 044	1 082 746
Property leasing operations	1 382 446	1 058 123
Discounts and other loans secured by bills	1 055 447	993 163
Purchase operations with repurchase agreement	5 427	698 093
Equipment leasing operations	890 791	641 593
Loans taken - factoring	392 738	395 996
Overdrafts	376 092	257 825
	66 740 713	57 140 700
Adjustment to assets under hedging operations	902	1 436
Accrued interest	460 962	480 534
Deferred income commissions and other cost and income associated with amortised cost	(54 082)	(61 816)
	67 148 496	57 560 854
Overdue loans and interest	1 424 653	1 263 566
	68 573 149	58 824 420
Impairment (Note 39)	(1 728 849)	(1 556 149)
	66 844 300	57 268 271

The "Domestic and foreign - other loans" heading at 31 December 2007 and 2006 includes EUR 67 401 thousand and EUR 72 543 thousand, respectively, relating to mortgage and personal loans granted by CGD to its employees.

The "Loans" heading at 31 December 2007 and 2006 includes mortgage loans and consumer finance ceded by Caixa in securitisation operations, which were recorded in the balance sheet due to consolidation of the special purpose entities (SPEs) created for those operations. The changes in these loans in 2007 and 2006 were as follows:

	Mortgage	Consumer	Total
Balances at 31 December 2005	807 957	365 517	1 173 474
Acquisition of new loans	-	201 306	201 306
Payments	(82 855)	(197 078)	(279 933)
Write-offs	-	(1 092)	(1 092)
Other	-	(422)	(422)
Balances at 31 December 2006	725 102	368 231	1 093 333
Payments	(79 667)	(161 074)	(240 741)
Write-offs	-	-	-
Other	(24)	(80)	(104)
Balances at 31 December 2007	645 411	207 077	852 488

These loans serve as collateral for the securities issued by the SPEs in these operations, which amounted to EUR 879 264 thousand and EUR 1 131 803 thousand, respectively, at 31 December 2007 and 2006 (Note 22).

The heading "Loans" at 31 December 2007 and 2006 includes mortgage loans given as collateral in the issue of covered bonds with a book value of EUR 7 074 463 thousand and EUR 2 418 820 thousand (Note 22), respectively.

At 31 December 2007 and 2006 the aging of "Overdue loans and interest", was as follows:

	2007	2006
Up to three months	171 262	140 343
Three to six months	81 398	61 505
Six months to one year	199 127	121 659
One to three years	400 744	368 424
Over three years	572 121	571 635
	1 424 653	1 263 566

On 18 May 2006, CGD entered into an assignment of credit agreement under which it sold for EUR 22 935 thousand a number of overdue mortgage loans with a book value (before impairment) of EUR 34 761 thousand. Impairment recorded for these loans in the consolidated accounts, in accordance with the evaluation made as of 31 December 2005, amounted to EUR 12 448 thousand.

During 2007, CGD sold for EUR 34 250 thousand a number of loans receivable with nominal value of outstanding of EUR 115 733 thousand, which was fully written-off at the date of the contract. The amount received was recorded as a deduction to impairment losses for the year (Note 39).

Loans and advances to customers at 31 December 2007 and 2006, by business activity, are made up as follows:

	2007								
	Central and local government and State companies			Companies and individuals			Total		
Companies	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total
Agriculture, cattle breeding, hunting and forestry	268	3 309	3 577	199 807	7 333	207 140	200 075	10 642	210 717
Fishing	-	-	-	40 924	1 704	42 628	40 924	1 704	42 628
Mining industries									
Energy products	12 811	-	12 811	37 041	1	37 042	49 852	1	49 853
Mining industries except for energy products	-	-	-	128 645	1 367	130 012	128 645	1 367	130 012
Manufacturing industries									
Food, beverages and tobacco	143	-	143	496 320	9 771	506 091	496 463	9 771	506 234
Textiles	592	-	592	342 504	12 688	355 192	343 096	12 688	355 784
Leather and by-products	-	-	-	33 290	3 541	36 831	33 290	3 541	36 831
Wood and cork	-	-	-	171 727	3 961	175 688	171 727	3 961	175 688
Pulp, paper, printing and publishing	178	-	178	146 422	2 155	148 577	146 600	2 155	148 755
Coal, oil products and nuclear fuel	-	-	-	15 191	55	15 246	15 191	55	15 246
Chemical products and synthetic or artificial fibres	58	-	58	153 511	1 708	155 219	153 569	1 708	155 277
Rubber and plastic goods	-	-	-	139 640	1 243	140 883	139 640	1 243	140 883
Non-metallic mineral products	-	-	-	283 061	10 605	293 666	283 061	10 605	293 666
Basic metallurgy industries and metallic products	950	-	950	278 780	3 731	282 511	279 730	3 731	283 461
Machinery and equipment	5 828	-	5 828	100 048	6 530	106 578	105 876	6 530	112 406
Electrical and optical equipment	-	-	-	130 235	2 362	132 597	130 235	2 362	132 597
Transport equipment	15 240	-	15 240	51 732	612	52 344	66 972	612	67 584
Miscellaneous manufacturing industries	-	-	-	228 832	8 883	237 715	228 832	8 883	237 715
Electricity, water and gas	51 125	-	51 125	1 379 577	1 871	1 381 448	1 430 702	1 871	1 432 573
Building (a)	74 239	180	74 419	4 557 674	112 362	4 670 036	4 631 913	112 542	4 744 455
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	20	-	20	2 915 993	53 490	2 969 483	2 916 013	53 490	2 969 503
Restaurants and hotels	-	-	-	749 908	13 348	763 256	749 908	13 348	763 256
Transports, warehousing and communications	139 988	24	140 012	1 318 869	16 545	1 335 414	1 458 857	16 569	1 475 426
Financial activities									
Financial intermediation excluding insurance and pension funds	-	-	-	879 352	1 199	880 551	879 352	1 199	880 551
Insurance, pension funds and supplementary social security activities	-	-	-	26 333	78	26 411	26 333	78	26 411
Other financial intermediation activities	299 519	-	299 519	1 297 064	144	1 297 208	1 596 583	144	1 596 727
Real estate activities, rentals and services provided to companies									
Real estate activities	1 353	3	1 356	3 721 956	57 288	3 779 244	3 723 309	57 291	3 780 600
Other activities	34 936	140	35 076	5 168 858	27 680	5 196 538	5 203 794	27 820	5 231 614
Public administration, defence and mandatory social security contributions (a)	2 367 610	29 145	2 396 755	98 873	290	99 163	2 466 483	29 435	2 495 918
Education	107 871	97 335	205 206	109 510	1 509	111 019	217 381	98 844	316 225
Healthcare and welfare	5 911	3 580	9 491	529 588	1 884	531 472	535 499	5 464	540 963
Other activities and social and personal services	83 478	49 905	133 383	1 072 301	29 885	1 102 186	1 155 779	79 790	1 235 569
Families with domestic employees	551	1 071	1 622	19 299	620	19 919	19 850	1 691	21 541
Internacional entities and other institutions	-	-	-	3 631	5 167	8 798	3 631	5 167	8 798
	3 202 669	**184 692**	**3 387 361**	**26 826 496**	**401 610**	**27 228 106**	**30 029 165**	**586 302**	**30 615 467**
Individual									
Housing	-	-	-	32 066 125	713 961	32 780 086	32 066 125	713 961	32 780 086
Other	-	-	-	5 053 206	124 390	5 177 596	5 053 206	124 390	5 177 596
	-	**-**	**-**	**37 119 331**	**838 351**	**37 957 682**	**37 119 331**	**838 351**	**37 957 682**
	3 202 669	**184 692**	**3 387 361**	**63 945 827**	**1 239 961**	**65 185 788**	**67 148 496**	**1 424 653**	**68 573 149**

(a) During 2007, credit granted to central and local government associated with "Building" was included in the "Public administration, defence and mandatory social security contributions" business activity.

	2006								
	Central and local government and State companies			Companies and individuals			Total		
Companies	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total	Loans not due	Overdue loans	Total
Agriculture, cattle breeding, hunting and forestry	374	-	374	254 538	18 468	273 006	254 912	18 468	273 380
Fishing	20	-	20	70 544	900	71 444	70 564	900	71 464
Mining industries									
Energy products	-	-	-	64 031	320	64 352	64 031	320	64 352
Mining industries except for energy products	1 636	-	1 636	148 773	3 702	152 475	150 409	3 702	154 111
Manufacturing industries									
Food, beverages and tobacco	584	1	586	561 605	8 766	570 370	562 189	8 767	570 956
Textiles	9 645	-	9 645	293 762	16 431	310 193	303 407	16 431	319 838
Leather and by-products	-	-	-	36 052	5 804	41 856	36 052	5 804	41 856
Wood and cork	-	-	-	146 912	4 635	151 546	146 912	4 635	151 546
Pulp, paper, printing and publishing	-	-	-	191 962	2 826	194 788	191 962	2 826	194 788
Coal, oil products and nuclear fuel	19	-	19	73 855	0	73 855	73 874	0	73 874
Chemical products and synthetic or artificial fibres	114	-	114	97 969	1 486	99 455	98 083	1 486	99 569
Rubber and plastic goods	-	-	-	105 811	892	106 703	105 811	892	106 703
Non-metallic mineral products	-	-	-	235 241	4 928	240 169	235 241	4 928	240 169
Basic metallurgy industries and metallic products	25	-	25	229 249	4 204	233 453	229 274	4 204	233 478
Machinery and equipment	1	-	1	154 712	4 411	159 123	154 712	4 411	159 123
Electrical and optical equipment	-	-	-	137 086	6 410	143 496	137 086	6 410	143 496
Transport equipment	1 792	-	1 792	58 059	1 365	59 424	59 851	1 365	61 216
Miscellaneous manufacturing industries	87	-	87	776 190	19 117	795 306	776 277	19 117	795 393
Electricity, water and gas	28 786	4	28 790	1 238 512	3 638	1 242 150	1 267 298	3 642	1 270 940
Building	1 384 101	760	1 384 861	3 442 669	132 364	3 575 032	4 826 770	133 124	4 959 893
Wholesale / retail trade and repair of cars, motorcycles and personal and domestic goods	1 225	-	1 225	2 257 233	60 685	2 317 917	2 258 458	60 685	2 319 143
Restaurants and hotels	322	-	322	540 546	16 357	556 903	540 868	16 357	557 225
Transports, warehousing and communications	65 425	13	65 438	1 204 050	9 024	1 213 074	1 269 474	9 038	1 278 512
Financial activities									
Financial intermediation excluding insurance and pension funds	25	-	25	1 032 499	8 013	1 040 511	1 032 524	8 013	1 040 537
Insurance, pension funds and supplementary social security activities	2 621	-	2 621	16 335	24	16 359	18 956	24	18 980
Other financial intermediation activities	-	-	-	588 350	28	588 378	588 350	28	588 378
Real estate activities, rentals and services provided to companies									
Real estate activities	2 981	-	2 981	2 829 060	49 241	2 878 301	2 832 041	49 241	2 881 282
Other activities	26 232	1	26 233	3 069 830	19 392	3 089 222	3 096 062	19 393	3 115 455
Public administration, defence and mandatory social security contributions	1 824 894	51 832	1 876 726	85 527	1 356	86 884	1 910 422	53 188	1 963 610
Education	592	-	592	111 151	2 563	113 714	111 743	2 563	114 306
Healthcare and welfare	8 274	11 955	20 229	229 951	5 135	235 086	238 226	17 090	255 315
Other activities and social and personal services	37 046	436	37 482	797 266	27 599	824 865	834 312	28 035	862 347
Families with domestic employees	-	-	-	20	-	20	20	-	20
Internacional entities and other institutions	-	-	-	6 518	86	6 603	6 518	86	6 603
	3 396 822	65 002	3 461 825	21 085 867	440 168	21 526 035	24 482 689	505 171	24 987 860
Individual									
Housing	-	-	-	30 331 623	670 207	31 001 830	30 331 623	670 207	31 001 830
Other	-	-	-	2 746 541	88 189	2 834 730	2 746 541	88 189	2 834 730
	-		-	33 078 164	758 396	33 836 560	33 078 164	758 396	33 836 560
	3 396 822	65 002	3 461 825	54 164 031	1 198 564	55 362 595	57 560 854	1 263 566	58 824 420

12. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2007 and 2006, these headings comprised the following:

	2007	2006
ASSETS		
Subsidiaries	400 438	–
Property and equipment	114 557	95 582
	514 996	95 582
Impairment (Note 39)	(60 024)	(17 318)
	454 972	78 265
LIABILITIES		
Subsidiaries	283 781	–

In preparing the consolidated financial statements for 2007, Compal - Companhia Produtora de Conservas Alimentares, SA was reclassified in the "Non-current assets held for sale" heading in accordance with IFRS 5, since a sales agreement has been signed with Sumolis - Companhia Industrial de Frutas e Bebidas, SA.

Accordingly, at the end of 2007, Compal - Companhia Produtora de Conservas Alimentares, SA ceased being consolidated by the full consolidation method and was recognised as a discontinued operation as explained in Note 2.8.

The book value of the main categories of assets and liabilities of Compal at 31 December 2007 is as follows:

Non-current assets held for sale	
Tangible and intangible assets	330 542
Inventories	22 676
Customers	39 380
Cash	382
Other assets	7 458
	400 438

Non-current liabilities held for sale	
Banking loans	(254 433)
Trade and other third party liabilities	(12 944)
Other liabilities	(16 404)
	(283 781)

The book value of the main income statement of Compal headings for 2007 and 2006 is detailed as follows:

	2007	2006
Sales and services	172 987	181 312
Cost of goods for sale	(74 845)	(72 933)
External charges for services	(58 583)	(68 170)
Staff costs	(17 747)	(18 405)
Interest and other financial charges	(15 457)	(14 071)
Amortisations	(9 730)	(10 463)
Other	(3 687)	3 907
Other net operating income (Note 34)	(7 062)	1 177

As explained in Note 2.8, at 31 December 2007 the Group records in this heading, property and other assets obtained in the recovery of credit, except for those that do not meet the conditions established in IFRS 5 which are recorded in "Other assets".

The changes in theses assets during 2007 and 2006 were as follows:

2007

	Balance at 31.12.2006			Sales and write-offs			Transfers				Balance at 31.12.2007	
	Gross value	Accumulated impairment	Adjustments	Gross value	Accumulated impairment	Transfers of tangible assets (Note 14)	Gross value	Accumulated impairment	Impairment (Note 39)	Other entries	Gross value	Accumulated impairment (Note 39)
Non-current assets held for sale												
Property	93 305	(15 995)	16 932	(33 392)	1 079	4 639	31 019	(322)	(3 462)	(217)	112 286	(18 700)
Other	2 277	(1 323)	986	(928)	440	-	-	-	(441)	(64)	2 270	(1 324)
	95 582	(17 318)	17 918	(34 320)	1 519	4 639	31 019	(322)	(3 903)	(281)	114 557	(20 024)
Other assets (Note 19)												
Assets received as payment for loans	107 398	(20 083)	19 927	(9 376)	166	-	(31 019)	3 134	4 623	(767)	86 164	(12 160)
	202 980	(37 401)	37 845	(43 696)	1 685	4 639	-	2 812	720	(1 047)	200 720	(32 184)

2006

	Balance at 31.12.2005			Sales and write-offs			Transfers				Balance at 31.12.2006	
	Gross value	Accumulated impairment	Adjustments	Gross value	Accumulated impairment	Transfers of tangible assets (Note 14)	Gross value	Accumulated impairment	Impairment (Note 39)	Other entries	Gross value	Accumulated impairment (Note 39)
Non-current assets held for sale												
Property	33 169	(7 221)	9 822	(12 848)	1 888	1 322	61 860	(8 874)	(1 788)	(20)	93 305	(15 995)
Other	2 808	(2 769)	2 312	(3 790)	-	-	947	-	1 446	-	2 277	(1 323)
	35 977	(9 990)	12 134	(16 638)	1 888	1 322	62 807	(8 874)	(342)	(20)	95 582	(17 318)
Other assets (Note 19)												
Assets received as payment for loans	155 271	(13 970)	43 507	(28 126)	-	-	(63 224)	8 874	(14 987)	(30)	107 398	(20 083)
	191 248	(23 960)	55 641	(44 764)	1 888	1 322	(417)	-	(15 329)	(50)	202 980	(37 401)

The column "Transfers of assets" in 2007 and 2006 basically corresponds to transfers made by Caixa related to property now complying with IFRS 5.

In 2007 and 2006, net capital gains in non-current assets held for sale, excluding subsidiaries, amounted to EUR 10 273 thousand and EUR 5 609 thousand, respectively (Note 34).

13. INVESTMENT PROPERTY

The changes in the heading "Investment property" in 2006 and 2007 were as follows:

Balances at 31 December 2005	**311 487**
Acquisitions	27 404
Revaluations	2 588
Sales	(2 158)
Transfers and adjustments	223
Exchange differences	(9)
Balances at 31 December 2006	**339 535**
Acquisitions	56 238
Revaluations	17 879
Sales	(3 311)
Balances at 31 December 2007	**410 341**

14. OTHER TANGIBLE ASSETS

The changes in this heading in 2007 and 2006 were as follows:

	2007										
	Balance at 31.12.2006										
Premises for own use	Gross value	Accumulated depreciation and impairment losses	Acquisition/ (sale) of subsidiaries	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses reversed in the year (Note 39)	Sales and write-offs	Net book value in 2007
Land	170 013	-	(2 544)	3 891	(85)	34	5 806	-	-	(7 056)	170 059
Buildings	927 641	(307 359)	(17 315)	11 458	(2 427)	1 302	(9 385)	(17 430)	1 305	(25 796)	561 995
Leasehold improvements	95 686	(55 298)	-	5 133	(241)	3 151	1 955	(8 166)	-	(711)	41 510
Equipment											
Fittings and office equipment	99 190	(80 558)	(3)	7 721	(22)	62	(1 315)	(5 635)	-	(164)	19 276
Machinery and tools	34 448	(25 705)	(460)	2 462	(52)	739	91	(2 775)	-	(5)	8 743
Computer equipment	157 809	(140 829)	(25)	21 896	(283)	931	1 380	(9 875)	-	(14 306)	16 698
Indoor facilities	305 662	(240 978)	3	11 702	(11)	5 476	(3 276)	(16 751)	325	(1 823)	60 329
Transport material	8 797	(5 331)	(38)	1 652	(23)	627	37	(1 351)	-	(467)	3 902
Safety/security equipment	21 229	(16 902)	(0)	1 827	(14)	14	(21)	(1 894)	-	(1)	4 237
Other equipment	102 519	(69 560)	(26 395)	3 405	(54)	102	76	(2 043)	46	(2 720)	5 376
Assets under finance lease	56 466	(26 722)	-	18 120	-	(340)	17	(11 019)	-	(2 428)	34 094
Other tangible assets	17 733	(13 316)	(319)	1 784	-	-	177	(717)	-	(20)	5 322
Tangible assets in progress	23 281	-	(2 115)	45 653	(21)	(12 096)	(1 761)	-	-	(7 345)	45 595
	2 020 474	(982 558)	(49 213)	136 704	(3 232)	1	(6 218)	(77 655)	1 676	(62 843)	977 136

	2006										
	Balance at 31.12.2005										
Premises for own use	Gross value	Accumulated depreciation and impairment losses	Acquisition/ (sale) of subsidiaries	Additions	Exchange differences	Transfers	Other transfers and adjustments	Depreciation for the year	Impairment losses reversed in the year (Note 39)	Sales and write-offs	Net book value in 2007
Land	118 915	-	2 364	5 966	(285)	42 430	2 264	-	-	(1 641)	170 013
Buildings	931 494	(276 741)	19 278	22 795	(3 656)	(40 559)	(924)	(19 905)	(2 789)	(8 711)	620 282
Leasehold improvements	82 434	(49 604)	-	7 300	(1 222)	8 161	-	(6 610)	-	(70)	40 389
Equipment									-		
Fittings and office equipment	96 406	(79 224)	(4)	6 126	(183)	75	995	(5 416)	-	(143)	18 632
Machinery and tools	34 403	(27 042)	549	2 619	(96)	49	949	(2 656)	-	(32)	8 743
Computer equipment	160 829	(142 344)	(9)	10 256	(668)	1 297	1 918	(11 329)	-	(2 970)	16 980
Indoor facilities	303 734	(239 476)	-	9 120	(63)	9 063	2 229	(16 547)	-	(3 376)	64 684
Transport material	9 056	(5 091)	89	1 369	(224)	23	97	(1 248)	-	(605)	3 466
Safety/security equipment	22 016	(16 967)	-	1 329	(52)	-	(30)	(1 697)	-	(272)	4 327
Other equipment	28 425	(18 093)	32 120	2 766	(147)	-	(3 521)	(8 560)	-	(31)	32 959
Assets under finance lease	53 091	(21 853)	-	9 824	-	(1 459)	986	(9 099)	-	(1 746)	29 744
Other tangible assets	14 605	(10 228)	844	552	-	-	156	(1 467)	-	(46)	4 416
Tangible assets in progress	18 864	-	3 181	24 246	(167)	(19 080)	(2 805)	-	-	(958)	23 281
	1 874 272	(886 663)	58 412	104 268	(6 763)	-	2 314	(84 534)	(2 789)	(20 601)	1 037 916

The changes in "Acquisition/(sale) of subsidiaries" in 2006 and 2007 reflect, basically, the consolidation of Compal (Note 3). At 31 December 2007 this subsidiary was recognised in the "Non-current assets and liabilities held for sale" heading, as referred to in Note 12.

Accumulated impairment of other tangible assets at 31 December 2007 and 2006 amounted EUR 16 783 thousand and EUR 18 533 thousand, respectively (Note 39).

In 2007 and 2006, the column "Other transfers and adjustments" includes EUR 4 639 thousand and EUR 1 322 thousand relating to the reclassification of premises for own use to "Non-current assets held for sale".

In 2006, amortisation for the year regarding tangible assets comprised EUR 8 348 thousand relating to Compal (Note 12).

15. INTANGIBLE ASSETS

The changes in this heading in 2007 and 2006 were as follows:

	2007								
	Balance at 31.12.2006								
	Gross book value	Accumulated amortisation	Acquisition/ sale of subsidiaries	Additions	Net disposals	Transfers and adjustments	Exchange differences	Amortisation for the year	Net book value in 2007
Goodwill - Império Bonança	150 700	-	-	-	-	-	-	-	150 700
Value-in-force - Império Bonança (Note 2.16 n))	46 386	(7 732)	-	-	-	-	-	(3 866)	34 789
Computer software	463 504	(303 189)	(23)	30 676	(2 427)	27 991	(104)	(62 401)	154 027
Other tangible assets	303 694	(59 782)	(243 522)	12 172	(192)	(51)	-	1 176	13 495
Intangible assets in progress	46 191	-	-	40 694	-	(28 717)	-	-	58 168
	1 010 475	(370 703)	(243 546)	83 541	(2 619)	(777)	(104)	(65 091)	411 178

	2006									
	Balance at 31.12.2005									
	Gross book value	Accumulated amortisation	Acquisition/ sale of subsidiaries	Additions	Net disposals	Transfers and adjustments	Exchange differences	Amortisation for the year	Impairment loss reversed in the year (Note 39)	Net book value in 2006
Goodwill - Império Bonança	149 500	-	-	-	-	1 200	-	-	-	150 700
Value-in-force - Império Bonança (Note 2.16 n))	46 386	(3 866)	-	-	-	-	-	(3 866)	-	38 654
Computer software	348 556	(262 804)	(126)	20 045	-	107 689	(343)	(59 151)	6 449	160 315
Other tangible assets	12 744	(12 216)	296 593	3 176	(11 205)	(83)	-	(5 077)	(40 020)	243 912
Intangible assets in progress	120 355	-	1 921	33 911	-	(109 996)	-	-	-	46 191
	677 541	(278 886)	298 388	57 132	(11 205)	(1 190)	(343)	(68 094)	(33 571)	639 772

Intangible assets in progress at 31 December 2007 and 2006 refer essentially to costs incurred with the development of computer software, which had not yet started operating on those dates.

The column "Acquisition/sale of subsidiaries" in 2007 corresponds to Compal as a result of its classification as non-current asset held for sale at 31 December 2007 (Note 12). In 2006, balances corresponded essentially to the acquisition of Compal.

The heading "Other intangible assets" at 31 December 2006 includes a net balance before impairment of EUR 28 143 thousand corresponding to the brands of Compal, of which EUR 265 328 thousand results from the allocation of goodwill arising from the acquisition.

At 31 December 2007 and 2006, accumulated impairment of intangible assets amounted to EUR 913 thousand and EUR 44 710 thousand, respectively (Note 39).

The column "Amortisation for the year" of intangible assets in 2006 comprised EUR 2 115 thousand relating to Compal (Note 12).

16. INVESTMENTS IN ASSOCIATES

This heading includes the following:

	2007		2006	
	Effective participating interest (%)	Net book value	Effective participating interest (%)	Net book value
REN - Rede Eléctrica Nacional, SA	20.00	193 068	20.00	205 286
ADP - Águas de Portugal, SA	20.37	89 322	20.37	94 866
SIBS - Sociedade Interbancária de Serviços, SA	21.60	13 966	21.60	13 522
Torre Oriente Imobiliária (Note 3)	25.00	2 685	-	-
Banco Internacional de São Tomé e Príncipe, SA	27.00	2 679	27.00	2 103
Prado Cartolinas da Lousã, SA	38.14	2 548	38.14	2 462
Prado Karton - Companhia de Cartão, SA	38.14	2 151	38.14	2 264
SCI Imobiliária, SA	-	-	42.00	1 584
Locarent	45.00	1 877	45.00	7
Torre Ocidente Imobiliária (Note 3)	25.00	1 849	-	-
Companhia de Papel do Prado, SA	38.15	1 239	38.14	1 239
Resortpart, SA	25.00	(711)	25.00	1 500
Other		6 046		3 955
		316 718		328 788
Impairment (Note 39)		-		(569)
		316 718		328 219

Financial data of the principal associated companies at 31 December 2007 and 2006 is as follows:

Business sector/Entity	2007					
	Registerd office	Assets	Liabilities	Equity [a]	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	35 779	25 842	9 937	512	3 164
Property						
Resortpart	Lisbon	420 675	423 638	(2 963)	(10 409)	47 020
Torre Oriente Imobiliária	Lisbon	12 186	1 446	10 740	(566)	804
Torre Ocidente Imobiliária	Lisbon	7 574	38	7 536	(66)	62
Other						
ADP - Águas de Portugal, SGPS, SA	Lisbon	n.a.	n.a.	438 411	2 467	n.a.
Companhia de Papel do Prado, SA	Tomar	4 410	983	3 427	178	181
Prado - Cartolinas da Lousã, SA	Lousã	14 579	7 899	6 680	847	21 086
Prado Karton - Companhia do Cartão, SA	Tomar	15 695	10 057	5 638	(297)	17 583
REN - Rede Eléctrica Nacional, SA	Lisbon	3 969 533	2 963 206	1 006 327	145 150	615 966
SIBS - Sociedade Interbancária de Serviços, SA	Lisbon	122 348	57 459	64 889	8 694	141 539
Locarent	Lisbon	291 074	286 903	4 171	1 107	72 839

(a) Equity includes net income for the year and excludes minority interest.
n.a. - Not available.

Business sector/Entity	2006					
	Registerd office	Assets	Liabilities	Equity [a]	Net income	Total income
Banking						
Banco Internacional de São Tomé e Príncipe	São Tomé	29 623	21 761	7 862	432	2 769
Property						
SCI Imobiliária	Maputo	3 023	1 438	1 585	(93)	4
Resortpart	Lisbon	230 509	224 508	6 001	(1 999)	-
Other						
ADP - Águas de Portugal, SGPS, SA	Lisbon	n.a.	n.a.	465 624	(5 000)	n.a.
Companhia de Papel do Prado, SA	Tomar	4 478	1 230	3 248	-	4
Prado - Cartolinas da Lousã, SA	Lousã	16 161	9 708	6 453	653	21 579
Prado Karton - Companhia do Cartão, SA	Tomar	16 175	10 240	5 935	(589)	16 526
REN - Rede Eléctrica Nacional, SA	Lisbon	3 969 179	2 929 590	1 031 074	550 051	3 772 096
SIBS - Sociedade Interbancária de Serviços, SA	Lisbon	130 422	66 529	63 893	8 959	124 595

(a) Equity includes net income for the year and excludes minority interest.
n.a. - Not available.

Net income of REN - Rede Eléctrica Nacional, SA (REN) for 2006 includes EUR 523 893 thousand relating to the sale of shares of Galp, SGPS, SA. In the second half 2006 Caixa received dividends from REN for the amount of EUR 88 405 thousand.

At the beginning of 2007, REN - Rede Eléctrica Nacional, SA changed its name to "REN - Redes Energéticas Nacionais, SGPS, SA". In 2007 the amount of dividends received was EUR 19 399.

In July 2007 the shares of REN were listed on the Euronext Lisbon Stock Exchange.

17. INCOME TAX

Current tax assets and liabilities at 31 December 2007 and 2006 were as follows:

	2007	2006
Current tax assets		
Income tax recoverable	4 583	32 487
Other	25 131	275
	29 714	**32 762**
Current tax liabilities		
Income tax payable	(182 065)	(138 788)
Other	(42)	(7)
	(182 106)	**(138 795)**
Deferred tax assets	683 058	547 151
Deferred tax liabilities	(153 065)	(199 432)
	529 994	**347 719**

The changes in deferred tax in 2007 and 2006 were as follows:

	2007						
	Balance at 31.12.2006	Acquisition/ sale of subsidiaries	Change in Equity	Change in Profit or loss	Transfer to current tax	Other	Balance at 31.12.2007
Impairment and adjustments to property and tangible and intangible assets	12 093	(178)	-	(333)	-	1 320	12 902
Provissions and impairment temporarily not tax deductible	208 246	-	-	148 109	(8 385)	(2 729)	345 241
Measurement of derivatives	75 259	-	-	(73 832)	-	126	1 553
Measurement of available-for-sale assets	(86 995)	-	59 326	(827)	-	605	(27 891)
Measurement of securities	28 592	-	-	43 721	-	(743)	71 570
Tax loss carry forward	6 938	(586)	-	(2 275)	-	(322)	3 755
Employee benefits	110 742	-	-	6 419	-	-	117 161
Commissions	20 532	-	-	22 788	-	169	43 489
Legal revaluation of other tangible assets	(7 454)	30	-	396	-	(1 634)	(8 662)
Pluriannual costs	(3 143)	-	-	(1 921)	-	-	(5 064)
Tax loans	2 532	(2 532)	-	-	-	-	-
Other	(19 623)	-	-	(4 596)	-	159	(24 060)
	347 719	**(3 266)**	**59 326**	**137 649**	**(8 385)**	**(3 049)**	**529 994**

	2006						
	Balance at 31.12.2005	Acquisition/ sale of subsidiaries	Change in		Transfer to current tax	Other	Balance at 31.12.2006
			Equity	Profit or loss			
Impairment and adjustments to property and tangible and intangible assets	11 271	-	1 561	(988)	-	249	12 093
Provissions and impairment temporarily not tax deductible	193 323	(33)	(2 064)	21 897	(8 869)	3 992	208 246
Measurement of derivatives	42 017	-	-	33 242	-	-	75 259
Measurement of available-for-sale assets	(47 065)	-	(39 230)	(637)	-	(63)	(86 995)
Measurement of securities	28 796	-	-	(204)	-	-	28 592
Tax loss carry forward	20 101	-	(25)	(13 138)	-	-	6 938
Employee benefits	108 663	-	6	(8 506)	-	10 579	110 742
Commissions	21 451	-	-	(1 661)	-	742	20 532
Legal revaluation of other tangible assets	(8 353)	(30)	-	929	-	-	(7 454)
Pluriannual costs	-	-	-	(3 143)	-	-	(3 143)
Tax loans	-	-	-	2 532	-	-	2 532
Other	(31 010)	-	(4 062)	16 055	-	(606)	(19 623)
	339 194	(63)	(43 814)	46 378	(8 869)	14 893	347 719

The column "Other" includes EUR 16 089 thousand deferred tax of Banco Caixa Geral that at 31 December 2005 was recorded in "Other assets" heading.

In 2006, column "Change in profit or loss" comprised a profit of EUR 3 145 thousand relating to Compal.

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

	2007	2006
Current tax		
For the year	309 557	173 513
Prior year adjustments (net)	5 605	92 225
	315 163	265 738
Deferred tax	(137 649)	(43 233)
Total income tax	177 514	222 505
Consolidated income before tax and minority interest	1 075 124	989 825
Tax charge	16.51%	22.48%

The heading "Prior year adjustments" in 2007 and 2006 is as follows:

	2007	2006
Tax adjustments from 2000 to 2003		
Tax exemption on capital gains of Banco Itaú	15 130	148 232
Additional liquidations	5 944	-
Excess of estimated tax for 2006 and 2005	(16 842)	(60 627)
Other	1 374	4 620
	5 605	92 225

In 2006, article 25 of the Tax Benefits Code, which exempted from income tax capital gains generated by State owned companies in certain transactions, was considered by the European Community Commission to be incompatible with the rules of the European Union Treaty and the Common Market. As a result of this resolution, benefits originally granted to CGD as a result of that article, namely tax exemption on capital gains on the sale of the investment in Banco Itaú, SA in the years 2000 to 2003, were subject to adjustment. Caixa was notified of the amount of the adjustments to be made to taxable income for these years.

In December 2006, Caixa paid the tax and interest for the late payments relating to 2002 in the amount of EUR 17 940 thousand. An additional cost of EUR 130 292 thousand made up as follows was recorded at 31 December 2006 in the "Income tax" heading to face contingencies arising from that resolution:

- the estimated adjustment relating to capital gains obtained in 2003 in the amount of EUR 10 039, was recorded by corresponding entry to the "Income tax payable" heading;

- For tax on capital gains for the years 2000 and 2001 Caixa believes that these amounts should not be payable because the Portuguese legislation establishes that such a liability expires four years, from the year in which the taxable fact occurred. Since there has been no resolution upon this matter, Caixa has recorded a provision for other risks and charges of EUR 120 253 thousand (Note 23) to cover for this contingency.

At 31 December 2007, Caixa was notified to pay the amount of EUR 145 422 thousand referring to the additional income tax on income tax assessments and late interest payments for the years 2000, 2001 and 2003, and made the respective payment. The difference of EUR 15 130 thousand between the amount paid and the cost reflected in 2006 was recorded in the "Current tax - prior year adjustments" heading (Note 23).

At 31 December 2005, Caixa did not recognise deferred tax assets of approximately EUR 156 000 thousand relating to a deduction for negative changes in equity considered in the income tax return for 2004, since at that date it was still waiting for an answer from the tax authorities to a request made regarding deductibility of that amount and there are still doubts regarding this matter. In 2006, as a result of a favourable ruling from the Secretary of State for Tax Affairs, Caixa deducted tax losses carried forward in the income tax return for 2005. Consequently, the excess tax estimated for 2005, in relation to the amount effectively paid, was EUR 60 627 thousand. In addition, Caixa considered remaining tax losses carried forward as a deduction to corporate income tax payable for 2006, which decreased the liability by EUR 82 340 thousand. This decrease was reflected in "Current tax for the year".

Reconciliation between the nominal rate and effective tax rate for 2007 and 2006 is as follows:

	2007		2006	
	Rate	Tax	Rate	Tax
Income before income tax		1 075 124		989 825
Tax at the nominal rate	26.28%	282 543	27.12%	268 441
Impact of companies with tax rates different from the nominal rate in Portugal	(0.78%)	(8 400)	(0.34%)	(3 330)
Madeira Offshore Financial Branch (Note 2.13)	(0.48%)	(5 200)	(0.47%)	(4 693)
Investments recorded in accordance with the equity method	(0.08%)	(828)	(2.98%)	(29 534)
Definitive differences to be deducted:				
Dividends from available-for-sale equity instruments	(2.30%)	(24 718)	(1.77%)	(17 564)
Tax exempted capital gains	(3.67%)	(39 473)	-	-
Tax loss of the corporate groupings	(0.06%)	(621)	(0.22%)	(2 217)
Other	(0.46%)	(4 952)	(1.59%)	(15 755)
Definitive differences to be added:				
Non tax deductible provisions	-	-	0.80%	7 871
Other	0.61%	6 556	1.21%	11 964
Tax benefits:				
New job creation	(0.17%)	(1 789)	(0.32%)	(3 196)
Dividends from privatised shares	(0.64%)	(6 872)	(0.76%)	(7 509)
Other	-	-	(0.11%)	(1 073)
Autonomous taxation	0.14%	1 531	0.10%	993
Deduction of tax losses	(0.37%)	(3 942)	(8.42%)	(83 303)
Change in the tax rate	-	-	1.73%	17 151
Record in the year of deferred tax previously not recognised - Banco Caixa Geral	(2.84%)	(30 487)	-	-
Other	0.80%	8 562	(0.80%)	(7 966)
	15.99%	171 909	13.16%	130 280

...Continued

	2007		2006	
	Rate	Tax	Rate	Tax
Tax adjustments relating to prior years				
Adjustment to the taxable income from 2000 to 2003 (capital gains on the sale of investments)	1.41%	15 150	14.98%	148 232
Excess of tax estimate relative to 2005	(1.50%)	(16 099)	(6.13%)	(60 627)
Other	0.61%	6 554	0.47%	4 620
	0.52%	5 605	9.32%	92 225
	16.51%	177 514	22.48%	222 505

In 2007 Banco Caixa Geral recognised deferred tax assets of EUR 30 487 thousand relative to events of previous years which had not been recorded because they did not comply with IAS 12.

In 2007, CGD's nominal tax rate considering the municipal surcharge *(derrama)* applicable to its operations was 26.28%. Because of the change in the form of calculation of the municipal surcharge following the approval of the new Local Finances Law (effective as from 1 January 2007), the nominal tax rate used by CGD to calculate its deferred assets and liabilities reversible in future years was reduced in 2006 from 27.12% to 26.12%. As a result of this reduction, CGD recognised in 2006 a cost of EUR 10 194 thousand.

The tax authorities may normally review the tax situation during a defined period, which in Portugal is four years (six years for the years reporting tax losses). This review can result in possible corrections to taxable income of prior years (2004 to 2007 in the case of companies based in Portugal), as a result of different interpretations of the law. Given the nature of possible corrections that may be made, they cannot be quantified at present. However, Caixa's Board of Directors believes that any corrections relating to the above years will not have a significant effect on the consolidated financial statements.

18. TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

This heading is made up as follows as at 31 December 2007 and 2006:

	2007	2006
Caixa Seguros		
Life insurance:		
Mathematical provision	5 174	4 820
Provision for claims:		
Reported claims	15 949	12 053
Unreported claims (IBNR)	6 061	8 422
	22 010	20 475
Profit sharing provision	48	-
Total life insurance	27 232	25 295
Non-life insurance:		
Provision for unearned premiums	37 481	32 479
Provision for claims:		
Reported claims	158 507	166 520
Unreported claims (IBNR)	8 196	11 476
	166 703	177 996
Other technical provisions		
Provision for ageing	485	485
Total non-life insurance	204 669	210 960
Caixa Seguros sub-total	231 901	236 255
Other	2 395	926
	234 296	237 181

The provision for unearned premiums for outwards reinsurance at 31 December 2007 and 2006 is made up as follows:

	2007			2006		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Labour accident	11	-	11	33	-	33
Personal and passenger accident	7 512	(2 277)	5 235	3 441	1	3 442
Health	1 802	-	1 802	964	-	964
Fire and other damage	24 707	(3 280)	21 427	22 909	(2 930)	19 979
Motor	237	-	237	217	-	217
Marine, air and transport	5 979	(277)	5 702	4 526	8	4 534
General third party liability	2 364	(102)	2 262	2 186	(41)	2 145
Credit and guarantees	97	-	97	62	-	62
Legal protection	-	-	-	104	-	104
Assistance	27	-	27	301	-	301
Miscellaneous	872	(191)	681	896	(198)	698
	43 608	(6 127)	37 481	35 639	(3 160)	32 479

The provision for outwards reinsurance claims at 31 December 2007 and 2006 is made up as follows:

	2007			2006		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance:	15 949	6 061	22 010	12 053	8 422	20 475
Non-life insurance:						
Labour accident	3 182	3	3 185	1 514	38	1 552
Personal and passenger accident	3 588	394	3 982	1 793	301	2 094
Health	76	21	97	80	21	101
Fire and other damage	64 769	4 225	68 994	69 021	8 295	77 316
Motor	26 594	270	26 864	32 454	381	32 835
Marine, air and transport	38 454	591	39 045	38 685	212	38 897
General third party liability	18 911	1 991	20 902	19 526	1 654	21 180
Credit and guarantees	19	8	27	393	8	401
Legal protection	-	213	213	-	213	213
Miscellaneous	2 914	480	3 394	3 054	353	3 407
	158 507	8 196	166 703	166 520	11 476	177 996
	174 456	14 257	188 713	178 573	19 898	198 471

Changes in the technical provisions for outwards reinsurance for 2007 and 2006 are summarised in Note 24.

19. OTHER ASSETS

This heading comprises the following:

	2007	2006
Other assets		
Assets received as settlement of defaulting loans (Note 12)	86 164	107 398
Debt certificates of the Territory of Macau	190 026	177 515
Other	19 310	34 391
Debtors and other applications		
Premiums receivable - Insurance	176 393	162 515
Other debtors	268 060	543 415
Central and local government	26 853	35 197
Shareholders' loans	157 835	146 213
Debtors - security operations	-	24 062
Debtors - futures contracts	16 098	17 163
CGD USA Holding (Note 8)	8 456	13 854
Grants receivable from		
The State	17 761	25 332
Other entities	23 132	20 351
Amount receivable from the sale of Barraqueiro	12 583	13 962
Amount receivable from sale of assets received as settlement of defaulting loans	1 203	4 383
Other	929 121	976 179
Liability for pensions and other benefits:		
Excess coverage of liabilities		
Caixa Seguros (Note 37)	9 798	3 007
Actuarial gains and losses:		
CGD (Note 37)	222 123	173 948
Caixa Seguros	11 984	12 121
Other	(466)	(973)
Income receivable	31 992	37 584
Deferred costs		
Rent	3 150	4 308
Other	23 493	35 189

...Continued

	2007	2006
Deferred income	(492)	(580)
Asset operations pending settlement	360 286	739 510
Other	-	56
	2 594 864	3 306 099
Impairment		
Assets received as payment (Notes 12 and 39)	(12 160)	(20 083)
Other assets (Note 39)	(174 202)	(161 690)
	(186 361)	(181 773)
	2 408 502	3 124 326

The changes in impairment of debtors and other applications in 2007 and 2006 are presented in Note 39.

The amounts recorded in the "Assets received as settlement of defaulting loans" heading correspond mainly to property and equipment received in payment of defaulting loans granted. Impairment corresponds to the estimated loss on the sale of these assets (including the costs to be incurred up to the respective sale). Assets received as settlement of defaulting loans in which the sale is highly probable and are available for immediate sale, are classified in the "Non-current assets held for sale" heading (Note 12).

Under the terms of the contract to issue notes entered into between Banco Nacional Ultramarino, SA (Macau) and the Territory of Macau, the bank has undertaken to provide the Territory with foreign currency corresponding to the countervalue of the notes in circulation, and in return, receives a promissory note for an equivalent amount to cover the liability resulting from the currency issue (Note 26). The amounts to be provided by BNU to the Territory are reconciled on a monthly basis during the first fifteen days of each month, based on the average daily balance of the preceding month. The promissory note of the Macau Government at 31 December 2007 and 2006 amounted to EUR 190 026 and EUR 177 515 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.

The amount receivable from the sale of Barraqueiro results from the sale by Caixa Desenvolvimento, in 2002, of its investment in Barraqueiro, SGPS, SA. Under the terms of the contract signed on 27 June 2002 the sale price plus supplementary capital contributions granted totalled EUR 50 856 thousand, of which EUR 22 931 thousand was received immediately and EUR 27 925 thousand was receivable in three equal instalments on 31 December 2003, 2004 and 2005, which did not occur as payment was deferred. However the respective interest has been paid. In February 2006 an additional amendment to the initial contract was signed. Caixa Desenvolvimento received 50% of the outstanding principal. The remaining part will be paid in four increasing instalments up to 30 June 2010.

At 31 December 2007 and 2006 shareholders' loans granted were made up as follows:

	2007	2006
Locarent - Companhia Portuguesa de Aluguer de Viaturas	118 500	90 000
Resorpart	28 000	28 000
Other	11 335	28 213
	157 835	146 213

20. RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This heading comprises the following:

	2007	2006
Resources of central banks		
Deposits and other resources		
Of domestic credit institutions	18 687	387
Of foreign credit institutions	293 911	16 764
Loans		
From foreign credit institutions	83 672	136 301
Other resources	3	85
Interest payable	1 231	213
	397 504	153 750
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	291 953	377 227
Of foreign credit institutions	5 199 344	2 293 681
Interbank Money Market resources	732 000	475 000

...Continued

	2007	2006
Very short term resources		
Of domestic credit institutions	90 597	159 051
Of foreign credit institutions	1 514 874	1 358 086
Loans		
From domestic credit institutions	135 000	112 901
From foreign credit institutions	370 186	493 649
Sales operations with repurchase agreement	42 564	-
Resources of international financial entities	5 276	49 307
Accrued interest	61 939	31 144
	8 443 732	5 350 046
	8 841 237	5 503 796

21. CUSTOMER RESOURCES

This heading comprises the following:

	2007	2006
Savings deposits	7 450 158	8 218 914
Other debts		
Repayable on demand	18 409 430	18 225 740
Term		
Deposits	23 726 512	23 672 022
Fixed rate products - insurance	3 124 303	2 183 915
Mandatory deposits	681 463	833 100
Other resources:		
Cheques and orders payable	225 760	300 802
Sales operations with repurchase agreement	34 282	25 947
Loans	52 834	60 123
Other	48 344	36 958
	27 893 499	27 112 867
Accrued interest	306 223	220 356
Deferred costs net of deferred income	(4 048)	2 061
Adjustments to liabilities under hedging operations	(6 684)	(4 764)
Commissions associated with amortised cost (deferred)	(9 811)	(7 339)
	54 038 767	53 767 836

The "Fixed rate products - insurance" heading corresponds to life insurance products classified as investment contracts (Note 2.16.) which, in a similar way to the customer deposits in the banking activity, are recorded in accordance with IAS 39.

22. DEBT SECURITIES

This heading comprises:

	2007	2006
Bonds issued:		
Bonds issued under the EMTN Program		
. Remuneration indexed to interest rates	2 419 078	3 143 190
. Fixed interest rate	430 449	339 892
. Remuneration indexed to shares/indexes	1 781 992	1 739 285
. Remuneration indexed to exchange rates	232 424	321 073
	4 863 942	5 543 440
Covered bonds	5 316 167	1 997 365
Other cash bonds		
. Remuneration indexed to interest rates	349 006	140 994
. Remuneration indexed to shares/indexes	141 690	200 491
. Fixed interest rate		
Increasing interest rate products	267 798	684 705
Other	59 991	133 499
	10 998 595	8 700 494
Other:		
Issues under the Euro Commercial Paper and Certificate Commercial Paper Programme		
Commercial Paper	3 904 457	2 565 295
Deposit Certificates	495 767	518 497
	4 400 224	3 083 792
Issues under the US Commercial Paper Programme		
Commercial Paper	144 127	460 956

...Continued

	2007	2006
Other deposit certificates in:		
. US Dollars	414 443	279 802
. Mozambican Meticais	7 016	10 451
. South African Rands	-	122 027
Securities issued under securitisation operations (Note 11):		
. Mortgage loans	652 190	731 858
. Consumer credit	227 074	399 945
Other liabilities	-	1 001
	5 845 074	5 089 832
Adjustments to liabilities under hedging operations	(624 309)	(484 704)
Deferred expenses net of income	(167 004)	(76 758)
Accrued interest	178 512	131 480
	16 230 868	13 360 344

At 31 December 2007 and 2006, debt securities issued under the Euro Commercial Paper and Certificate Commercial Paper programmes were in the following foreign currencies:

	2007	2006
Euros	2 022 182	1 768 000
US dollars	666 191	798 026
Pounds	1 444 058	396 873
Swiss francs	125 098	113 262
Canadian dollars	4 845	5 235
Australian dollars	14 322	2 396
Japanese yen	106 106	-
Hong-Kong dollars	17 422	-
	4 400 224	3 083 792

To diversify its funding sources, CGD uses to the following specific programmes:

(i) EURO COMMERCIAL PAPER AND CERTIFICATE COMMERCIAL PAPER

Under the "EUR 5 000 000 000 Euro Commercial Paper and Certificate Deposits" programme, CGD (directly or through the France and London Branches) is able to issue deposit certificates (DC) 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 10 000 000 000. The France Branch guarantees all the issues of CGD Finance.

Bonds may be issued in any currency with minimum maturities of one month and 5 years for unsubordinated and subordinated bonds, respectively. Maximum maturities for these operations are not defined.

These securities may be issued at a discount and bear interest at fixed or variable rates or indexed to the performance of indexes or shares.

(iv) COVERED BONDS

In November 2006, CGD started a programme for the direct issue of covered bonds up to the maximum amount of EUR 15 000 000 thousand. The bonds are backed by a mortgage loan portfolio that must always comply with the minimum conditions required by the applicable regulation for this kind of assets, namely Decree Law 59/2006, Notices 5, 6, 7 and 8 and Instruction 13 of the Bank of Portugal.

The issues can be made in any currency with a minimum term of 2 years and a maximum term of 50 years. The bonds can be remunerated at fixed or variable interest rates or be indexed to the performance of indexes and shares.

These bonds endow their holders a special credit privilege - over any other creditors - over a portfolio of that is segregated in the balance sheet of the issuing entity and guarantee the liabilities the bond holders having access to it, in case of insolvency.

Assets eligible for the constitution of an autonomous portfolio comprise mortgage bonds for housing or commercial purposes located in a member State of the EU or loans on central governments or regional and local authorities of one of the EU member States, as well as loans with the express and legally binding guarantee of those entities. In the case of mortgage loans, the amount cannot exceed 80% of the mortgaged assets given as collateral in the case of housing property (60% for other property).

In addition and in accordance with the issue conditions defined under the terms of the programme, during the issue course, the following criteria must be complied with:

- The total nominal value of mortgage bonds in circulation cannot exceed 95% of the total value of mortgage loans and other assets related to the bonds;

- The average maturity of the mortgage bonds issued cannot exceed, for all issues, the average life of associated mortgage loans;

- The total amount of accrued interest on the mortgage bonds cannot exceed, for all issues, the amount of interest receivable from the borrowers of mortgage loans related to the bonds;

- The present value of the mortgage bonds cannot exceed the present value of the related assets, the relationship being maintained for parallel shifts of 200 b.p. of the yield curve.

The autonomous portfolio may also include assets in substitution, up to a maximum of 20% of its value, namely deposits at the Bank of Portugal or eligible securities under the Eurosystem credit operations, among others defined by law.

On 31 December 2007 and 2006 the nominal value of covered bonds issued by Caixa was EUR 5 350 000 thousand and EUR 2 000 000 thousand, respectively with the following characteristics:

Designation	Nominal	Date of issue	Date of redemption	Interest payment	Remuneration	Rating Moody's	Interest rate at 31.12.2007	Interest rate at 31.12.2006
Hipotecárias Series 1 2006/20016	2 000 000	06-12-2006	06-12-2016	Annually, on 6 December	Fixed rate	AAA	3.875%	3.875%
Hipotecárias Series 2 2007/20015	900 000	30-03-2007	30-09-2015	Half yearly, on 30 March and 30 September	6 month Euribor rate + 0.04%	AAA	4.799%	-
Hipotecárias Series 3 2007/2012	2 000 000	28-06-2007	28-06-2012	Annually, on 28 June	Fixed rate	AAA	4.625%	-
Hipotecárias Series 4 2007/2022	250 000	28-06-2007	28-06-2022	Quarterly on 28 March, June, September and December	3 month Euribor rate + 0.05%	AAA	4.740%	-
Hipotecárias Series 5 2007/2015	200 000	20-12-2007	20-12-2015	Half yearly, on 20 June and 20 December	6 month Euribor rate + 0.10%	AAA	4.892%	-

The autonomous assets which back the issues exclusively comprise mortgage loans originated in Portugal. At 31 December 2007 and 2006 their book value was EUR 7 074 463 thousand and EUR 2 418 820 thousand (Note 11), respectively. Moody's awarded these covered bonds an AAA rating.

At 31 December 2007 and 2006 the bonds issued, by type of remuneration and residual term to maturity, were as follows:

	2007						
	EMTN Programme Type of asset or underlying index used to calculate the remuneration						
	Shares / Indexes	Exchange rate	Interest rate	Sub-total	Covered bonds	Other bonds	Total
Up to one year	195 437	186 891	1 079 925	1 462 253	-	488 772	1 951 025
One to five years	1 278 184	17 036	1 618 968	2 914 188	-	329 713	3 243 901
Five to ten years	303 371	3 032	105 421	411 824	5 066 167	-	5 477 991
Over ten years	5 000	25 465	45 213	75 678	250 000	-	325 678
	1 781 992	232 424	2 849 527	4 863 942	5 316 167	818 485	10 998 595

	2006						
	EMTN Programme Type of asset or underlying index used to calculate the remuneration						
	Shares / Indexes	Exchange rate	Interest rate	Sub-total	Covered bonds	Other bonds	Total
Up to one year	20 625	-	1 597 453	1 618 078	-	516 067	2 134 145
One to five years	1 210 982	19 800	1 554 879	2 785 661	-	643 622	3 429 283
Five to ten years	335 233	5 735	228 382	569 350	1 997 365	-	2 566 715
Over ten years	172 445	295 538	102 368	570 351	-	-	570 351
	1 739 285	321 073	3 483 082	5 543 440	1 997 365	1 159 689	8 700 494

Derivatives have been contracted for the majority of issues under the EMTN Programme under which their amounts in foreign currencies are transformed into Euro and the respective interest is transformed to 3 or 6 month Euribor rates plus or minus a spread.

23. PROVISIONS AND CONTINGENT LIABILITIES

PROVISIONS

The changes in the provisions for employee benefits and provisions for other risks in 2007 and 2006 were as follows:

	2007							
	Balances at 31.12.2006	Acquisition of subsidiaries	Additions	Reversals	Utilisations	Exchange differences	Other	Balances at 31.12.2007
Provision for employee benefits	495 870	-	15 462	(1 030)	(19 307)	(200)	40 830	531 625
Provision for litigation	29 590	(453)	5 038	(529)	(2 180)	51	(7 095)	24 422
Provision for guarantees and other commitments	58 915	-	13 978	(5 070)	-	(234)	82	67 671
Provision for other risks and charges	380 008	476	85 929	(40 973)	(123 915)	(63)	11 382	312 844
	468 513	23	104 945	(46 572)	(126 095)	(246)	4 369	404 937
	964 383	23	120 407	(47 602)	(145 402)	(446)	45 199	936 562

	2006							
	Balances at 31.12.2005	Acquisition of subsidiaries	Additions	Reversals	Utilisations	Exchange differences	Other	Balances at 31.12.2006
Provision for employee benefits	471 719	-	12 463	(1 195)	(24 906)	(838)	38 627	495 870
Provision for litigation	12 427	453	18 524	(1 707)	(33)	(74)	-	29 590
Provision for guarantees and other commitments	38 190	-	17 802	(1 800)	-	(13)	4 736	58 915
Provision for other risks and charges	198 576	-	124 516	(62 245)	(8 322)	(1 150)	128 633	380 008
	249 193	453	160 842	(65 752)	(8 355)	(1 237)	133 369	468 513
	720 912	453	173 305	(66 947)	(33 261)	(2 075)	171 996	964 383

The breakdown and changes in the provision for employee benefits are shown in Note 37.

The provision for litigation corresponds to the best estimate of the Group as to the amounts to be spent on their resolution, based on estimates of the Legal Department and lawyers that accompany the processes.

At 31 December 2006 the heading "Provision for other risks and charges" includes an addition of EUR 120 253 thousand to cover for the possible taxation of capital gains realised on the sale of Caixa's participation in Banco Itaú in 2000 and 2001 which was recorded as against "Income tax" (Note 17).

In December 2007, Caixa was notified of additional tax and interest for late payments for the years 2000, 2001 and 2003 in the amount of EUR 145 422 thousand. As a result of this situation, Caixa made the respective payment and used in full the amount of the provision for other risks and charges. The difference between the amount effectively paid and the recorded cost in 2006, in the amount of EUR 15 130 thousand, was reflected in the "Current tax - prior year adjustments" heading (Note 17).

The heading "Acquisition of subsidiaries" for 2007 reflects, essentially, the incorporation of Companhia Portuguesa de Resseguros in the accounts of Caixa Seguros and for 2006, the acquisition of Compal (Note 3). The "Sale of subsidiaries" in 2007, refers to the reclassification of Compal as a non-current asset held for sale (Note 12).

CONTINGENT LIABILITIES AND COMMITMENTS

The contingent liabilities relating to the banking activity, which are reflected in off-balance sheet headings, are made up as follows:

	2007	2006
Contigent Liabilities		
Guarantees and sureties	3 261 798	3 171 379
Assets given as collateral	1 441 161	3 074 601
Stand by letters of credit	196 442	168 475
Open documentary credits	158 136	146 266
Transactions with recourse	333	452
Acceptances and endorsements	1 064	778
Bonds and indemnities	-	658
Other contingent liabilities	35 256	30 737
	5 094 189	6 593 345

Commitments		
Revocable commitments	22 287 517	18 003 215
Securities subscribed for	1 874 407	1 030 827
Other irrevocable commitments	2 002 169	1 577 461
Irrevocable lines of credit	2 292 549	2 226 707
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	150 845	149 146
Investors' indemnity system	9 601	9 601
Term operations	55 341	86 140
Forward deposit agreements		
Receivable	1 464 348	1 576 079
To be created	341 989	-
Other	108 240	122 801
	30 587 006	24 781 977
Deposit and custody of securities	60 352 283	93 596 081

Assets given as collateral cannot be used freely by the Group in its operations and are recorded at their nominal value. At 31 December 2007 and 2006 these assets corresponded to the following situations:

	2007	2006
Consigned resources		
. European Development Bank	802 500	1 720 500
. KfW	-	918 000
Bank of Portugal	438 416	314 537
Royal Bank of Scotland	15 000	15 000
Investors Indemnity System (futures)	3 319	4 450
Other	220	769
	1 259 455	2 973 256

At 31 December 2007 and 2006, assets given as collateral correspond to debt instruments, except for guarantees given to the European Development Bank which include loans granted by Caixa in the amount of EUR 692 500 thousand and EUR 1 610 500 thousand, respectively.

In addition, CGD gave securities in the amount of EUR 189 071 thousand as collateral for term commitments relating to annual contributions to the Deposit Guarantee Fund and Investor Indemnity System.

The Deposit Guarantee Fund (DGF) is to guarantee deposits of customers, in accordance with limits established in the General Regime of Credit Institutions. Regular annual contributions are made for this purpose. The annual contribution to the DGF for 2007 and 2006, in accordance with the applicable regulations, was EUR 11 328 thousand and EUR 11 112 thousand, respectively. Part of this commitment, in the amounts of EUR 1 699 thousand and EUR 1 670 thousand, respectively, was assumed through an irrevocable commitment to pay the contributions when required to do so by the Fund. These amounts are not charged to costs. The total amount the commitments assumed since 1996 is EUR 150 845 thousand and EUR 149 146 thousand, respectively.

BANCO BANDEIRANTES' CONTINGENCIES

In 2000 Caixa acquired a participation in Unibanco Holdings, SA and Unibanco - União de Bancos Brasileiros (both referred to as "Unibanco"), in exchange for shares it held in Banco Bandeirantes, SA (Bandeirantes). Under the terms of the Contract of Association, Caixa assumed the liability to pay potential costs arising from contingencies of Banco Bandeirantes, namely those relating to the liquidation of Banco Banorte, SA (Banorte) and tax and other processes.

In 2005 Caixa signed a "Transaction and Settlement Contract" with Unibanco. Under the terms of the contract Caixa paid 238 600 thousand Brazilian reais (EUR 76 096 thousand), having used the provision for other risks and charges to cover the amount. In exchange, both parties agreed on the full and irrevocable settlement of all liabilities and responsibilities assumed under the Contract of Association, except for contingencies relating to certain tax processes against Bandeirantes.

Considering the evolution of the tax contingencies and the existence of some rulings favourable to Bandeirantes, the Board of Directors believes that the probability of Caixa having to make any payments relating to these tax contingencies is remote and so no provisions have been recorded for this purpose.

24. TECHNICAL PROVISION FOR INSURANCE CONTRACTS

At 31 December 2007 and 2006 this heading is made up as follows:

	2007	2006
Caixa Seguros		
Direct insurance and inwards reinsurance:		
Life insurance:		
Mathematical provision:		
Insurance contracts	236 561	250 967
Investment contracts with discretionary profit sharing	4 763 259	4 928 270
	4 999 820	5 179 237
Provision for profit sharing	52 616	41 999
Provision for claims:		
Reported claims	126 642	123 957
Unreported claims (IBNR)	46 768	44 411
	173 410	168 368
Total life insurance	5 225 846	5 389 604
Non-life insurance:		
Provision for unearned premiums	361 082	367 938
Provision for claims:		
Reported claims	1 940 107	1 924 056
Unreported claims (IBNR)	127 607	123 034
	2 067 714	2 047 090
Provision for risks in progress	11 782	17 021
Other tecnhical provisions		
Provision for profit sharing	269	499
Total non-life insurance	2 440 847	2 432 548
Guarantee	7 209	5 884
	7 673 902	7 828 036

The mathematical provision for life insurance and provision for profit sharing in direct insurance and inwards reinsurance at 31 December 2007 and 2006 are made up as follows:

	2007			2006		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
Insurance contracts						
Individual without profit sharing	4 851	-	4 851	6 849	4 255	11 104
Seguro de Dependência	78	-	78	70	-	70
Educação Segura 3.5%	17	-	17	23	-	23
Protecção Sénior	259	-	259	209	-	209
Educação Garantida	236	-	236	182	-	182
Individual with profit sharing	14 781	8 369	23 150	29 485	2 719	32 204
Vida Individual - Leve +	30	-	30	-	-	-
Hipoteca Futura	3 779	-	3 779	-	-	-
Capital Vida 4%	5 051	75	5 126	4 897	133	5 030
Rendas Individual 4%	14 736	232	14 968	10 974	224	11 198
Group without profit sharing	40 601	52	40 653	37 222	-	37 222
Group with profit sharing	27 718	8 375	36 093	31 650	7 430	39 080
Rendas	124 424	935	125 359	129 406	763	130 169
TAR Grupo Taxa Fixa	-	-	-	-	156	156
	236 561	18 038	254 599	250 967	15 680	266 647
Investment contracts with discretionary profit sharing						
Top Reforma 4% - Ind.	94 409	87	94 496	96 621	41	96 662
Seg Poupança 1stS 4%	50 760	-	50 760	80 876	-	80 876
Seg Poupança 2nd S 2.75%	14 707	42	14 749	19 083	150	19 233
Seg Poupança 3rd / 4th S 3.5%	51 545	11	51 556	96 664	578	97 242
Valorização 2nd S 4.1%	-	-	-	41 645	257	41 902
Garantia Crescente 2.75% - Bco	1 567	52	1 619	15 093	1	15 094
Super Garantia 2.75% (Med)	13 958	43	14 001	19 070	2	19 072
PIR 4%	41 622	3 296	44 918	82 548	4 231	86 779
Postal Poup Invest 3.25%	12 197	-	12 197	12 539	-	12 539
Postal Poup Futuro 3%	10 778	28	10 806	12 291	-	12 291
Seg Poupança 5th S 275%	928 051	7 483	935 534	808 571	2 386	810 957

...Continued

	2007			2006		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
Seg Poupança 6th S 2.25%	158 952	2 300	161 252	183 263	620	183 883
Postal Poup Futuro Série B	2 801	16	2 817	2 739	22	2 761
Postal Poupança Segura	13 393	1	13 394	2 422	35	2 457
F.Poupança 7th S 2%	180 287	3 210	183 497	202 169	1 287	203 456
Caixa Seguro 4 5%	100 925	-	100 925	101 077	-	101 077
Caixa Seguro 4.25%	101 713	-	101 713	100 487	-	100 487
Caixa Seguro Liquidez 2%	143 359	-	143 359	79 489	-	79 489
Caixa Seguro 4.4%	48 993	-	48 993	48 238	-	48 238
Postal 4 10%	17 222	-	17 222	-	-	-
Top Reforma 4% Grupo	6 249	1	6 250	6 172	16	6 188
Top Reforma 2.75% Grupo	7 034	135	7 169	7 724	86	7 810
Complementos Reforma	4 761	22	4 783	4 781	8	4 789
PPR/E Fidelidade 4%	206 367	27	206 394	217 910	1 939	219 849
PPR/E Rendimento1st/2nd S 3.5%	263 932	184	264 116	349 353	997	350 350
PPR (Clássico) 4%	62 888	534	63 422	69 606	1 856	71 462
Multiplano PPR/E 3%	14 128	40	14 168	16 517	10	16 527
PPR/E MC Série A 3%	44 062	141	44 203	59 974	-	59 974
Postal PPR/E Série A 3.25%	15 169	-	15 169	21 870	-	21 870
PPR/E Rend. 3rd S 2.75%	671 851	6 493	678 344	678 694	3 196	681 890
PPR/E MC Série B 2.75%	271 635	2 592	274 227	244 430	611	245 041
Postal PPR/E Série B 2.75%	34 073	298	34 371	33 894	161	34 055
PPR/E Capital Garantido	5 158	275	5 433	5 107	137	5 244
PPR/E Rend. 4th S 2.25%	177 965	2 459	180 424	182 302	855	183 157
PPR/E Investimento Garantido 1st Series	40 791	142	40 933	34 560	221	34 781
PPR/E Capital Mais FRN	75 235	-	75 235	74 302	-	74 302
PPR - Leve Duo	31 163	397	31 560	-	-	-
Postal PPR 4.10%	5 862	-	5 862	-	-	-
Epargne Libre (FRF) 3	246 143	1 763	247 906	231 817	2 094	233 911
Epargne Libre Plus (FRF)	1 738	-	1 738	-	-	-
Poupança Reforma Individual	140 378	371	140 749	223 409	1 074	224 483
Plano Império Investimento	533	22	555	467	22	489

...Continued

	2007			2006		
	Mathematical provision	Provision for profit sharing	Total	Mathematical provision	Provision for profit sharing	Total
Poupinveste	3	-	3	3	-	3
PUR	33 675	217	33 892	35 336	310	35 646
PUR 3.25%	29 904	7	29 911	32 131	99	32 230
PUR 2.4%	19 001	345	19 346	22 865	186	23 051
Poupaunverste 2nd Series	4 582	-	4 582	2 561	-	2 561
Grupo Capitalização	3 499	53	3 552	7 752	31	7 783
PoupaInveste Empresas	119	(5)	114	-	-	-
PUR 3.25% - Grupo	1 273	7	1 280	-	-	-
PUR 2.4% - Grupo	303	42	345	-	-	-
PPR	116 282	272	116 554	127 188	1 852	129 040
PPR	37 567	1	37 568	40 410	13	40 423
PPR 3%	36 150	196	36 346	54 322	297	54 619
Império Bonança PPR/E 412	78 068	55	78 123	67 794	185	67 979
Império Bonança PPR/E 413	37 814	498	38 312	37 862	405	38 267
Império Bonança PPR/E Ganha Mais	9 905	193	10 098	10 402	48	10 450
PPR Ganha +	26 498	204	26 702	17 106	-	17 106
PPR Ganha + 3rd Series	3 548	-	3 548	-	-	-
Capitalisation operations	1 264	-	1 264	1 540	-	1 540
IB - Luxemburgo	9 450	28	9 478	3 224	1	3 225
	4 763 259	34 578	4 797 837	4 928 270	26 319	4 954 589
	4 999 820	52 616	5 052 436	5 179 237	41 999	5 221 236

Changes in mathematical provision and provision for profit sharing in direct insurance and inwards reinsurance and mathematical provision for outwards reinsurance in 2007 and 2006 are as follows:

	2007			
	Opening balance	Liabilities originated in period and interest paid	Profit sharing	Closing balance
Direct insurance and inwards reinsurance:				
Mathematical provision:				
Insurance contracts	250 967	(17 567)	3 161	236 561
Investment contracts with profit sharing having a discretionary component	4 928 270	(187 508)	22 497	4 763 259
	5 179 237	(205 075)	25 658	4 999 820
Provision for profit sharing				
Insurance contracts	17 323	8 805	(8 090)	18 038
Investment contracts with profit sharing having a discretionary component	24 676	41 494	(31 592)	34 578
	41 999	50 299	(39 682)	52 616
	5 221 236	(154 776)	(14 024)	5 052 436
Outwards reinsurance:				
Mathematical provision:				
Insurance contracts	(4 820)	(347)	-	(5 167)
Investment contracts with profit sharing having a discretionary component	-	(7)	-	(7)
	(4 820)	(354)	-	(5 174)
	5 216 416	(155 130)	(14 024)	5 047 262

	2006			
	Opening balance	Liabilities originated in period and interest paid	Profit sharing	Closing balance
Direct insurance and inwards reinsurance:				
Mathematical provision:				
Insurance contracts	238 714	6 983	5 270	250 967
Investment contracts with profit sharing having a discretionary component	4 217 141	688 636	22 493	4 928 270
	4 455 855	695 619	27 763	5 179 237
Provision for profit sharing				
Insurance contracts	15 043	33 830	(31 550)	17 323
Investment contracts with profit sharing having a discretionary component	24 755	156	(235)	24 676
	39 798	33 986	(31 785)	41 999
	4 495 653	729 605	(4 022)	5 221 236
Outwards reinsurance:				
Mathematical provision:				
Insurance contracts	(3 605)	(1 215)	-	(4 820)
Investment contracts with profit sharing having a discretionary component	(1)	1		-
	(3 606)	(1 214)	-	(4 820)
	4 492 047	728 391	(4 022)	5 216 416

The provision for unearned premiums on direct insurance and inwards reinsurance at 31 December 2007 and 2006 is made up as follows:

	2007			2006		
	Deferred premiums	Deferred costs	Net	Deferred premiums	Deferred costs	Net
Labour accidents	19 154	(3 108)	16 046	20 167	(3 451)	16 716
Personal and passenger accidents	15 307	(2 299)	13 008	14 455	(2 600)	11 855
Health	32 570	(4 482)	28 088	24 331	(2 577)	21 754
Fire and other damage	88 715	(15 842)	72 873	88 698	(15 477)	73 221
Motor	246 831	(42 335)	204 496	270 190	(50 565)	219 625
Marine, air and transport	8 272	(530)	7 742	7 341	(649)	6 692
General third party liability	10 413	(1 597)	8 816	10 581	(1 875)	8 706
Credit and guarantees	313	(61)	252	319	(59)	260
Legal protection	3 312	(434)	2 878	3 338	(536)	2 802
Assistance	5 816	(700)	5 116	5 005	(520)	4 485
Miscellaneous	2 067	(300)	1 767	2 097	(275)	1 822
	432 770	(71 688)	361 082	446 522	(78 584)	367 938

Changes in provisions for unearned premiums and deferred acquisition costs for direct insurance and outwards reinsurance in 2007 and 2006 are as follows:

	2007			
Direct insurance and inwards reinsurance:	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Provision for unearned premiums:				
Labour accident	20 167	(1 022)	9	19 154
Personal and passenger accidents	14 455	797	55	15 307
Health	24 331	8 234	5	32 570
Fire and other damage	88 698	(205)	222	88 715
Motor	270 190	(23 359)	-	246 831
Marine, air and transport	7 341	931	-	8 272
General third party liability	10 580	(235)	68	10 413
Credit and guarantees	318	(5)	-	313
Legal protection	3 339	(27)	-	3 312
Assistance	5 005	811	-	5 816
Miscellaneous	2 098	(31)	-	2 067
	446 522	(14 111)	359	432 770
Deferred acquisition costs:				
Labour accident	(3 451)	343	-	(3 108)
Personal and passenger accidents	(2 600)	301	-	(2 299)
Health	(2 577)	(1 905)	-	(4 482)
Fire and other damage	(15 477)	(365)	-	(15 842)
Motor	(50 566)	8 231	-	(42 335)
Marine, air and transport	(649)	119	-	(530)
General third party liability	(1 874)	277	-	(1 597)
Credit and guarantees	(59)	(2)	-	(61)
Legal protection	(535)	101	-	(434)
Assistance	(520)	(180)	-	(700)
Miscellaneous	(276)	(24)	-	(300)
	(78 584)	6 896	-	(71 688)
	367 938	(7 215)	359	361 082

...Continued

	2007			
Outwards reinsurance:	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Provision for unearned premiums:				
Labour accident	34	(23)	-	11
Personal and passenger accidents	3 440	4 068	4	7 512
Health	964	838	-	1 802
Fire and other damage	22 909	1 715	83	24 707
Motor	217	20	-	237
Marine, air and transport	4 526	1 453	-	5 979
General third party liability	2 186	178	-	2 364
Credit and guarantees	61	36	-	97
Legal protection	104	(104)	-	-
Assistance	301	(274)	-	27
Miscellaneous	897	(25)	-	872
	35 639	7 882	87	43 608
Deferred acquisition costs:				
Labour accident	-	-	-	-
Personal and passenger accidents	-	(2 277)	-	(2 277)
Health	-	-	-	-
Fire and other damage	(2 931)	(349)	-	(3 280)
Motor	-	-	-	-
Marine, air and transport	7	(284)	-	(277)
General third party liability	(42)	(60)	-	(102)
Credit and guarantees	-	-	-	-
Legal protection	-	-	-	-
Assistance	-	-	-	-
Miscellaneous	(194)	3	-	(191)
	(3 160)	(2 967)	-	(6 127)
	32 479	4 915	87	37 481

	2006			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Provision for unearned premiums:				
Labour accident	20 331	(164)	-	20 167
Personal and passenger accidents	19 539	(5 084)	-	14 455
Health	20 966	3 365	-	24 331
Fire and other damage	98 022	(9 328)	4	88 698
Motor	279 047	(8 857)	-	270 190
Marine, air and transport	7 284	42	15	7 341
General third party liability	11 013	(433)	-	10 580
Credit and guarantees	553	(235)	-	318
Legal protection	5 185	(1 851)	5	3 339
Assistance	13 512	(8 507)	-	5 005
Miscellaneous	2 435	(337)	-	2 098
	477 887	(31 389)	24	446 522
Deferred acquisition costs:				
Labour accident	(3 039)	(412)	-	(3 451)
Personal and passenger accidents	(2 947)	347	-	(2 600)
Health	(2 925)	348	-	(2 577)
Fire and other damage	(16 088)	611	-	(15 477)
Motor	(50 544)	(22)	-	(50 566)
Marine, air and transport	(846)	197	-	(649)
General third party liability	(1 924)	50	-	(1 874)
Credit and guarantees	(63)	4	-	(59)
Legal protection	(458)	(77)	-	(535)
Assistance	(518)	(2)	-	(520)
Miscellaneous	(312)	36	-	(276)
	(79 664)	1 080	-	(78 584)
	398 223	(30 309)	24	367 938

...Continued

	2006			
	Opening balance	Liabilities originated in period	Exchange differences	Closing balance
Outwards reinsurance:				
Provision for unearned premiums:				
Labour accident	6	28	-	34
Personal and passenger accidents	5 605	(2 165)	-	3 440
Health	5 002	(4 038)	-	964
Fire and other damage	30 922	(8 009)	(4)	22 909
Motor	1 817	(1 600)	-	217
Marine, air and transport	5 038	(506)	(6)	4 526
General third party liability	1 888	298	-	2 186
Credit and guarantees	588	(527)	-	61
Legal protection	-	104	-	104
Assistance	306	(5)	-	301
Miscellaneous	-	897	-	897
	51 172	(15 523)	(10)	35 639
Deferred acquisition costs:				
Personal and passenger accidents	(79)	79	-	-
Fire and other damage	(2 373)	(558)	-	(2 931)
Marine, air and transport	(114)	121	-	7
General third party liability	(49)	7	-	(42)
Credit and guarantees	(21)	21	-	-
Miscellaneous	(213)	19	-	(194)
	(2 849)	(311)	-	(3 160)
	48 323	(15 834)	(10)	32 479

The provision for claims for direct insurance and inwards reinsurance at 31 December 2007 and 2006 comprises the following:

	2007			2006		
	Reported	Not reported	Total	Reported	Not reported	Total
Life insurance:	126 642	46 768	173 410	123 957	44 411	168 368
Non-life insurance:						
Labour accident:						
Mathematical provision	498 993	13 620	512 613	465 154	11 621	476 775
Provision for lifelong assistance	121 716	5 529	127 245	104 422	4 379	108 801
Provision for temporary assistance	122 064	4 668	126 732	123 167	4 321	127 488
	742 773	23 817	766 590	692 743	20 321	713 064
Other insurance:						
Personal and passenger accidents	14 866	2 609	17 475	13 445	2 004	15 449
Health	28 241	20 117	48 358	21 228	19 931	41 159
Fire and other damage	112 599	13 825	126 424	124 110	15 992	140 102
Motor	874 340	48 561	922 901	909 278	47 071	956 349
Marine, air and transport	53 295	1 491	54 786	51 716	1 021	52 737
General third party liability	95 315	14 067	109 382	94 876	14 217	109 093
Credit and guarantees	512	36	548	1 181	32	1 213
Legal protection	4 212	2 243	6 455	3 662	1 870	5 532
Assistance	8 812	121	8 933	7 983	103	8 086
Miscellaneous	5 142	720	5 862	3 834	472	4 306
	1 197 334	103 790	1 301 124	1 231 313	102 713	1 334 026
	1 940 107	127 607	2 067 714	1 924 056	123 034	2 047 090
	2 066 749	174 375	2 241 124	2 048 013	167 445	2 215 458

The changes in provisions for direct insurance and inwards reinsurance and outwards reinsurance claims during 2007 and 2006 were as follows:

	2007					
	Opening balance	Acquisition/ sale of subsidiaries	Liabilities originated in the period	Claims	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:						
Provision for claims						
Life insurance	168 368	-	1 135 329	(1 130 249)	(38)	173 410
Non-life insurance:						
Labour accident	713 064	317	199 217	(146 003)	(5)	766 590
Other insurance:						
Personal and passenger accidents	15 449	25	14 342	(12 334)	(7)	17 475
Health	41 159	-	169 030	(161 824)	(7)	48 358
Fire and other damage	140 102	653	88 565	(102 894)	(2)	126 424
Motor	956 349	242	369 943	(403 633)	-	922 901
Marine, air and transport	52 737	76	9 930	(7 957)	-	54 786
General third party liability	109 093	5 108	7 543	(12 362)	-	109 382
Credit and guarantees	1 213	14	(718)	39	-	548
Legal protection	5 532	-	1 655	(732)	-	6 455
Assistance	8 086	-	28 927	(28 080)	-	8 933
Miscellaneous	4 306	43	9 638	(8 125)	-	5 862
	1 334 026	6 161	698 855	(737 902)	(16)	1 301 124
	2 047 090	6 478	898 072	(883 905)	(21)	2 067 714
	2 215 458	6 478	2 033 401	(2 014 154)	(59)	2 241 124
Outwards reinsurance:						
Provision for claims						
Life insurance	20 475	-	9 978	(8 443)	-	22 010
Non-life insurance:						
Labour accident	1 552	-	1 633	-	-	3 185
Other insurance:						
Personal and passenger accidents	2 093	-	3 167	(1 278)	-	3 982
Health	101	-	41 187	(41 191)	-	97
Fire and other damage	77 316	-	28 179	(36 501)	-	68 994
Motor	32 835	-	(623)	(5 348)	-	26 864
Marine, air and transport	38 897	-	5 429	(5 281)	-	39 045
General third party liability	21 180	-	3 054	(3 332)	-	20 902
Credit and guarantees	401	-	(287)	(87)	-	27
Legal protection	213	-	-	-	-	213
Miscellaneous	3 408	-	3 706	(3 720)	-	3 394
	176 444	-	83 812	(96 738)	-	163 518
	177 996	-	85 445	(96 738)	-	166 703
	198 471	-	95 423	(105 181)	-	188 713

	2006				
	Opening balance	Liabilities originated in the period	Claims	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:					
Provision for claims					
Life insurance	69 310	695 867	(596 813)	4	168 368
Non-life insurance:					
Labour accident	657 084	202 371	(146 392)	1	713 064
Other insurance:					
Personal and passenger accidents	17 510	6 796	(8 858)	1	15 449
Health	35 098	110 896	(104 835)	-	41 159
Fire and other damage	151 799	64 547	(76 247)	3	140 102
Motor	991 320	414 662	(449 633)	-	956 349
Marine, air and transport	33 705	29 350	(10 318)	-	52 737
General third party liability	123 754	1 742	(16 403)	-	109 093
Credit and guarantees	1 421	75	(283)	-	1 213
Legal protection	4 440	1 772	(680)	-	5 532
Assistance	6 991	22 713	(21 618)	-	8 086
Miscellaneous	3 543	5 441	(4 678)	-	4 306
	1 369 581	657 994	(693 553)	4	1 334 026
	2 026 665	860 365	(839 945)	5	2 047 090
	2 095 975	1 556 232	(1 436 758)	9	2 215 458
Outwards reinsurance:					
Provision for claims					
Life insurance	14 046	13 809	(7 380)	-	20 475
Non-life insurance:					
Labour accident	2 767	478	(1 693)	-	1 552
Other insurance:					
Personal and passenger accidents	4 673	(1 938)	(642)	-	2 093
Health	85	108	(92)	-	101
Fire and other damage	77 952	30 010	(30 646)	-	77 316
Motor	25 178	13 617	(5 960)	-	32 835
Marine, air and transport	17 973	27 676	(6 752)	-	38 897
General third party liability	31 197	(3 448)	(6 569)	-	21 180
Credit and guarantees	430	114	(143)	-	401
Legal protection	213	-	-	-	213
Miscellaneous	2 430	3 133	(2 155)	-	3 408
	160 131	69 272	(52 959)	-	176 444
	162 898	69 750	(54 652)	-	177 996
	176 944	83 559	(62 032)	-	198 471

The changes in the provision for risks in progress of direct insurance and inwards reinsurance during 2007 and 2006 were as follows:

	2007			
	Opening balance	Appropriations in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Labour Accident	32	(33)	1	-
Personal and passenger accidents	324	(279)	-	45
Health	7 348	(895)	10	6 463
Fire and other damage	1 571	(40)	44	1 575
Motor	5 003	(3 649)	-	1 354
Marine, air and transport	208	(145)	-	63
General third party liability	1 888	(323)	-	1 565
Credit and guarantees	-	55	-	55
Legal protection	96	(95)	-	1
Assistance	361	(361)	-	-
Miscellaneous	190	471	-	661
	17 021	(5 294)	55	11 782

	2006			
	Opening balance	Appropriations in period	Exchange differences	Closing balance
Direct insurance and inwards reinsurance:				
Personal and passenger accidents	228	96	-	324
Health	2 680	4 668	-	7 348
Fire and other damage	1 555	15	1	1 571
Motor	5 342	(341)	2	5 003
Marine, air and transport	378	(170)	-	208
General third party liability	2 148	(260)	-	1 888
Credit and guarantees	25	(25)	-	-
Assistance	749	(388)	-	361
Miscellaneous	305	13	-	318
	13 410	3 608	3	17 021

25. OTHER SUBORDINATED LIABILITIES

This heading comprises the following:

	2007	2006
CGD Finance - EUR 400 000 000 6.25 percent Notes due 2009	400 000	400 000
CGD Finance - EUR 10 000 000 Floating Rate Subordinated Notes due 2010	10 000	10 000
CGD Finance - EUR 200 000 000 Floating Rate Subordinated Notes due 2011	25 169	27 221
CGD Finance - EUR 110 000 000 Floating Rate Undated Subordinated Notes	105 314	110 000
CGD Finance - USD 265 000 000 Floating Rate Subordinated Notes due 2016	180 015	201 215
CGD (France Branch) - EUR 110 000 000 Floating Rate Undated Subordinated Notes	110 000	110 000
CGD (France Branch) - EUR 250 000 000 Floating Rate Subordinated Notes	250 000	250 000
CGD (France Branch) - EUR 21 000 000 Floating Rate Subordinated Notes	21 000	21 000
CGD (France Branch) - EUR 40 000 000 Fixed Rate Note due 2016	40 000	40 000
CGD (France Branch) - EUR 40 000 000 Fixed Rate Note due 2016	40 000	40 000
CGD (France Branch) - EUR 40 000 000 Fixed Rate Note due 2016	40 000	40 000
CGD (France Branch) - EUR 40 000 000 Fixed Rate Note due 2016	40 000	40 000
CGD (France Branch) - EUR 40 000 000 Fixed Rate Note due 2016	40 000	40 000
CGD (France Branch) - EUR 2 000 000 Index Linked to Floating Rate Notes Due 2016 (5 issues)	10 000	10 000
CGD (France Branch) - JPY 15 000 000 000 Fixed Rate Subordinated Notes Dues 2036	90 948	95 584
CGD (France Branch) - EUR 55 000 000 Fixed Rate Note due 2017	55 000	-
Subordinated Cash Bonds - Renda Mais 2002/2012	-	150 000
Subordinated Cash Bonds - Renda Mais 2005/2015	102 069	104 891
Subordinated Cash Bonds - CGD 2006/2016	99 987	99 987
Subordinated Cash Bonds - Renda Mais 2007/2017 - 1st issue	400 000	-
Subordinated Cash Bonds - Renda Mais 2007/2017 - 2nd issue	81 595	-
Subordinated Cash Bonds BNU Subordinadas/98	40 726	37 933
Subordinated Cash Bonds BNU Subordinadas/97	-	41 135
Subordinated Cash Bonds - CGD 2007/2012	100 000	-
Cash Bonds - Fixed to Floating Rate Notes Dec 2017 (3 issues)	18 000	-
Cash Bonds - Fund Linked to Floating Rate Notes Dec 2017	6 000	-
Cash Bonds - Equity Linked to Floating Rate Notes Dec 2017	6 000	-
Subordinated Cash Bonds Floating Rate Notes Dec 2017	120 000	-
Subordinated Cash Bonds Fixed to Floater 27 Dec 2017	125 000	-
Subordinated Cash Bonds Floating Rate	50 000	-
Schuldschein Loan "Caja Madrid"	33 965	37 965
	2 640 788	1 906 930
Interest payable	27 072	19 317
Deferred expenses net of profits	5 237	(584)
Value adjustment of liabilities subject to hedging operations	(5 722)	-
	2 667 375	1 925 663

The conditions of the principal issues are as follows:

Bonds	Nominal	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 31.12.2007	Nominal interest rate at 31.12.2006	Early redemption clause
CGD Finance	400 000	12.10.1999	12.10.2009	12 October each year.	Fixed rate	6.25%	6.25%	N/A
CGD Finance - €10 000 Floating Rate Subordinated Notes	10 000	27.07.2000	27.07.2010	Quarterly, on 27 January, April, July and October.	3 month Euribor rate + 0.6%	5.21%	4.15%	N/A
CGD Finance - €200 000 Floating Rate Subordinated Notes	200 000	03.12.2001	03.12.2011	Quarterly, on 3 March, June, September and December.	3 month Euribor rate + 0.65%	5.49%	4.29%	From 3 December 2011 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate plus 1.15%.
CGD Finance - €110 000 Floating Rate Subordinated Notes	110,000	18.12.2002	Perpetual	Quarterly, on 18 March, June, September and December.	3 month Euribor rate + 1.3%	6.18%	5.00%	From 18 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate plus 2.80%.
CGD Finance - €265 000 Floating Rate Subordinated Notes	265 000	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%	5.13%	5.62%	From 20 December 2016 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate plus 0.75%.
CGD (France Branch) - €110 000 000 Floating Rate Undated Subordinated Notes	110 000	18.12.2002	Perpetual	Quarterly, on 18 March, June, September and December.	3 month Euribor rate + 1.30%	6.18%	4.24%	From 18 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate plus 2.80%.
CGD (France Branch) - €250 000 000 Floating Rate Subordinated Notes	250 000	27.04.2005	27.04.2015	Quarterly, on 27 January, April, July and October.	3 month Euribor rate + 0.25%	4.86%	2.68%	From 27 April 2010 onwards. If there is no early redemption, after this date the applicable interest rate will be the 3 month Euribor rate plus 0.75%.
CGD (France Branch) - €21.000.000 Floating Rate Subordinated Notes	21 000	14.07.2005	28.06.2016	Half yearly, on 28 June and December.	6 month Euribor rate + 0.22%	4.93%	2.65%	N/A
CGD (France Branch) - €40.000.000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2007. From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December.	15.5% fixed rate (1st coupon); 3 month Euribor rate + 0.65%	5.60%	15.50%	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
CGD (France Branch) - €40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2008. From 12 September 2011 onwards up to the redemption date, quarterly, on 12 March, June, September and December.	16.5% fixed rate (1st coupon); 3 month Euribor rate + 0.65%	5.60%	16.50%	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
CGD (France Branch) - € 40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	First payment on 12 June 2009. From 12 September 2011 onwards up to the redemption date, quarterly, on 12 March, June, September and December.	18% fixed rate (1st coupon); 3 month Euribor rate + 0.65%	5.60%	18.00%	Fore the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
CGD (France Branch) - €40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	From 12 September 2011 onwards up to the redemption date, quarterly, on 12 March, June, September and December. On 14 June 2011, a variable remuneration indexed to the performance of a funds basket will be paid.	3 month Euribor rate + 0.65%	5.60%	4.32%	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.

Bonds	Nominal	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 31.12.2007	Nominal interest rate at 31.12.2006	Early redemption clause
CGD (France Branch) - €40 000 000 Floating Rate Subordinated Notes	40 000	12.06.2006	13.06.2016	From 12 September 2011 onwards up to the redemption date, quarterly on 12 March, June, September and December. On 13 June 2011, a variable remuneration indexed to the performance of a funds basket will be paid.	3 month Euribor rate + 0.65%	5.60%	4.32%	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
CGD (France Branch) - €2 000 000 Index Linked to Floating rate Note Due 2016 (five issues of equal amount, global amount of €10.000.000)	10 000	07.08.2006	08.08.2016	Quarterly, on 8 February, May, August and November.	3 month Euribor rate + 0.62%	5.20%	4.19%	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
CGD (France Branch) - JPY 15 000 000 000 Fixed Rate Subordinated Notes Due 2036	90 948	30.11.2006	15.12.2036	Half yearly	Fixed rate	2.88%	2.88%	N/A
CGD (France Branch) - Euros 55 000 000 Floating rate Note Due 2017	55 000	17.12.2007	17.12.2017	Quarterly, on 17 March, June, September and December.	3 month Euribor rate + 1.08%	6.03%	-	From 12 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate plus 1.58%.
Subordinated Cash Bonds - Renda Mais 2005/2015	102 069	29.06.2005	03.07.2015	Half yearly on 3 January and July.	6 month Euribor rate + 0.25%	4.57%	3.50%	From 3 July 2010 onwards. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate plus 0.75%.
Subordinated Cash Bonds - Renda Mais 2006/2016	99 987	28.12.2006	28.12.2016	Yearly	1st year: 4.10%; increasing 0.10% each year up to the 5th year	4.20%	4.10%	N/A
Subordinated Cash Bonds - CGD 2007/2017 - 1st issue	400 000	12.11.2007	13.11.2017	Yearly	1st year: 4.90%; increasing 0.10% each year up the 5th year; switch option each year for a 12 month Euribor rate	4.90%	-	From 12 November 2011 onwards. If there is no early redemption, after this date the applicable interest rate will be 5.80%.
Subordinated Cash Bonds - CGD 2007/2017 - 2nd issue	81 595	12.11.2007	13.11.2017	Yearly	1st year: 5.00%; increasing 0.10% each year up to the 3rd year; in the 4th and 5th years remuneration will be indexed to indices	5.00%	-	From 12 November 2011 onwards. If there is no early redemption, after this date the applicable interest rate will be a 3 month Euribor rate plus 0.70%.
Subordinated Cash Bonds BNU/98	40 726	01.10.1998	01.10.2008	Half yearly, on 1 April and October.	6 month Euribor rate + 0.15%	4.90%	3.72%	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early, in full or in part.
Subordinated Cash Bonds Floating Rate Notes Dec. 2017	120 000	17.12.2007	17.12.2017	Quarterly, on 17 March, June, September and December.	3 month Euribor rate + 1.08%	6.03%	-	From 12 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be a 6 month Euribor rate plus 1.58%.
Subordinated Cash Bonds Fixed to Floater 27 Dec. 2017	125 000	27.12.2007	27.12.2017	On 21 December, each year up to 27 December 2012. From this date up to the redemption date, quarterly on 27 March, June, September and December.	5.733%; fixed rate (up to 2012); 3 month Euribor rate + 1.70%	5.73%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early, in full or in part.

Bonds	Nominal	Date of issue	Date of redemption	Interest payment	Remuneration	Nominal interest rate at 31.12.2007	Nominal interest rate at 31.12.2006	Early redemption clause
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2008. From 30 July 2012 onwards up to the redemption date, quarterly on 30 January, April, July and October.	21% fixed rate (1st Coupon); 3 month Euribor rate + 0.65%	21.00%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2009. From 30 July 2012 onwards up to the redemption date, quarterly on 30 January, April, July and October.	21.5% fixed rate (1st coupon); 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2010. From 30 July 2012 onwards up to the redemption date, quarterly on 30 January, April, July and October.	22% fixed rate (1st Coupon); 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2011. From 30 July 2012 onwards up to the redemption date, quarterly on 30 January, April, July and October.	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Subordinated Cash Bonds - CGD 2007/2012	20 000	30.07.2007	30.07.2017	First payment on 30 July 2012. From 30 July 2012 onwards up to the redemption date, quarterly on 30 January, April, July and October.	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.65%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Cash Bonds Fixed to Floating Rate Notes Dez 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2008. From 3 December 2012 up to redemption date, quarterly on 3 March, June, September and December.	22.5% fixed rate (1st coupon); 3 month Euribor rate + 0.85%	22.50%	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Cash Bonds Fixed to Floating Rate Notes Dez 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2009. From 3 December 2012 up to redemption date, quarterly on 3 March, June, September and December.	23% fixed rate (1st coupon); 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Cash Bonds Fixed to Floating Rate Notes Dez 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2010. From 3 December 2012 up to redemption date, quarterly on 3 March, June, September and December.	23.5% fixed rate (1st coupon); 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Cash Bonds Fund Linked to Floating Rate Notes Dez 2017	6,000	03.12.2007	04.12.2017	First payment on 3 December 2011. From 3 December 2012 up to redemption date, quarterly on 3 March, June, September and December.	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Subordinated Cash Bonds Equity Linked to Floating Rate Notes Dez 2017	6 000	03.12.2007	04.12.2017	First payment on 3 December 2010. From 3 December 2012 up to redemption date, quarterly on 3 March, June, September and December.	Indexed to the Caixagest Fund (1st coupon); 3 month Euribor rate + 0.85%	-	-	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early.
Subordinated Cash Bonds Floating Rate	50 000	28.12.2007	28.12.2017	Quarterly on 28 March, June, September and December.	3 month Euribor rate + 1.08%	4.69%	-	From 8 December 2012 onwards. If there is no early redemption, after this date the applicable interest rate will be the 6 month Euribor rate + 1.58%.
Schuldschein Loan "Caja Madrid" USD 50 000 000	33 965	18.08.2005	18.08.2015	Quarterly on 18 February, May, August and November.	Fixed rate	5.15%	5.15%	For the last five years, Caixa with prior authorisation from the Bank of Portugal, may redeem the loan early, in full or in part.

26. OTHER LIABILITIES

This heading comprises the following:

	2007	2006
Creditors:		
Consigned resources	1 755 154	2 563 352
Suppliers of finance leasing assets	34 261	53 446
Other suppliers	80 190	104 911
Resources - collateral account	37 830	62 137
Resources - subscription account	16 849	14 800
Resources - secured account	879	3 328
Other creditors:		
Creditors for direct insurance and reinsurance	324 411	190 847
Caixa Geral de Aposentações	176 852	98 062
Creditors for factoring ceded	42 922	33 685
Creditors for operations on securities	1 538	3 707
Creditors for futures contracts	3 170	2 842
For the acquisition of Império Bonança	-	87 961
Other	723 649	1 167 010
Other liabilities:		
Notes in circulation - Macau (Note 19)	198 410	175 677
Withholding taxes	61 522	56 433
Social Security contributions	16 384	15 859
Other taxes payable	15 970	13 126
Collections on behalf of third parties	1 718	2 216
Other	25 187	31 169
Deferred expenses	-	(14)

...Continued

	2007	2006
Accrued costs:		
Interest and similar costs	20 790	28 655
Staff costs		
Long service bonus - CGD (Note 37)	39 279	38 628
Other	164 840	150 288
General administrative costs	14 655	19 804
Other accrued costs	61 997	81 539
Deferred income:		
Other	97 541	69 830
Liabilities pending settlement	292 768	401 254
Stock exchange operations	10 955	9 878
	4 219 721	5 480 430

At 31 December 2007 and 2006 accrued staff costs included EUR 40 000 thousand and EUR 36 000 thousand, respectively, relating to productivity bonuses payable to CGD's employees.

At 31 December 2007, the conditions of the consigned resources were as follows:

Operation	Counterparty	Agreed balance	Balance at 31.12.2007	Starting date	Maturity
Mid-Cap I revisable rate	European Investment Bank	100 000	100 000	29.11.2007	15.12.2022
KfW 300 Mio	KfW - Kreditanstalt für Wiederaufbau	300 000	300 000	7.4.2004	17.3.2014
KfW 250 Mio	KfW - Kreditanstalt für Wiederaufbau	250 000	250 000	22.11.2004	22.11.2013
CGD - Empréstimo Global XIII	European Investment Bank	75 000	75 000	12.10.2006	15.9.2026
CGD - Empréstimo Global XII	European Investment Bank	200 000	200 000	19.11.2004	15.9.2024
CGD Reabilitação Urbana	European Investment Bank	150 000	150 000	11.12.2003	15.12.2023
CGD Empréstimo Global XI	European Investment Bank	200 000	200 000	25.6.2003	15.6.2023
CGD Empréstimo Global X	European Investment Bank	200 000	200 000	21.11.2002	15.9.2022
CGD/BNU Global Loan IX	European Investment Bank	150 000	150 000	27.10.2000	15.9.2012
Framework Loan Agreement	CEB - Council of Europe Development Bank	100 000	100 000	11.12.2002	23.6.2014
Projecto Municipal Infra EG - III	European Investment Bank	27 434	5 881	18.4.1995	15.3.2010
Projecto Municipal Infra EG - III - B	European Investment Bank	27 434	11 348	14.11.1997	15.9.2012
CEB Pré-Escolar	CEB - Council of Europe Development Bank	10 475	5 976	7.4.2005	25.10.2012
CGD Reabilitação Urbana	European Investment Bank	12 470	2 651	1.12.1996	15.6.2011
Infraestruturas Municipais II	KfW - Kreditanstalt für Wiederaufbau	9 293	1 612	30.1.1991	31.12.2010
Operations carried out by BCI Moçambique			2 562		
Other			124		
			1 755 154		

At 31 December 2007 and 2006, CGD's consigned resources bore interest at the annual average rate of 4.24% and 2.99%, respectively.

27. SHARE CAPITAL

At 31 December 2007 CGD's share capital, made up of 620 000 000 shares of EUR 5 each, is totally held by the Portuguese State.

At 31 December 2007 CGD increased its share capital by EUR 150 000 thousand through the issue of 30 000 000 shares of EUR 5 each fully paid up in cash, as a result of a unanimous written deliberation of the shareholder.

The Shareholder's General Meeting held in April 2007 decided to distribute a dividend of EUR 0.44 per share out of net income for 2006 to the State, corresponding to a total of EUR 260 000 thousand. The remainder was transferred to the legal reserve (EUR 107 918 thousand), other reserves (EUR 117 488 thousand) and EUR 54 157 thousand to cover the negative balance of retained earnings.

The Shareholder's General Meeting held in May 2006 decided to distribute a dividend of EUR 0.33 per share out of net income for 2005 to the State, corresponding to a total of EUR 195 000 thousand. The remainder was transferred to the legal reserve (EUR 70 154 thousand), other reserves (EUR 71 046 thousand) and EUR 14 570 thousand to cover the negative balance of retained earnings.

28. RESERVES, RETAINED EARNINGS AND NET INCOME

At 31 December 2007 and 2006 this heading comprises the following:

	2007	2006
Fair value reserve, net of deferred tax	381 177	656 405
Other reserves and retained earnings		
Legal reserve - CGD	575 164	467 251
Other reserves	238 043	(168 206)
Retained earnings	(309 383)	(319 452)
	503 824	(20 407)
Net income attributable to the shareholder of CGD	856 311	733 808
	1 741 312	1 369 806

In accordance with CGD's Articles of Association a minimum of 20% of annual net income must be transferred to the legal reserve. This reserve can only be used to cover accumulated losses or for capital increases.

The "Other reserves and retained earnings" heading includes the CGD's legal reserve amounting to EUR 575 164 thousand at 31 December 2007, 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 241 027 thousand at 31 December 2007, and were recorded in compliance with the following legislation:

Tangible fixed assets:	
Decree Law 219/82, of 2 June	32 157
Decree Law 399 - G/84, of 28 December	19 469
Decree Law 118 - B/86, of 27 May	28 439
Decree Law 111/88, of 2 April	15 325
Decree Law 49/91, of 25 January	39 836
Decree Law 264/92, of 24 November	41 897
Decree Law 31/98, of 11 February	63 181
Financial fixed assets	723
	241 027

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".

CGD's consolidated net income was determined as follows:

		2007	2006
Caixa Geral de Depósitos, SA			
Caixa Geral de Depósitos and International Financial Branch		641 681	546 916
London Branch		9 803	5 889
France Branch		6 235	6 130
Spain Branch		(2 843)	-
Cayman Branch		2 265	1 906
Madeira Offshore Financial Branch		1 673	8 075
New York Branch		895	1 766
Timor Branch		854	(24 395)
Luxembourg Branch		421	830
Monaco Branch		236	102
Zhuhai Branch		99	211
		661 319	547 430
Dividends received by CGD		(77 115)	(134 820)
	(A)	584 204	412 610
Contribution of subsidiaries to net income:			
Caixa Seguros, SGPS, SA [a]		162 447	152 601
Caixa - Banco de Investimento, SA [a]		40 397	28 575
Banco Nacional Ultramarino, SA (Macau)		36 281	20 771
Mercantile Bank Holdings, Ltd		15 696	10 866
Banco Caixa Geral, SA [a]		10 813	583
Caixa Leasing e Factoring - IFIC, SA		10 608	9 400
Nostrum Mortgages, (Fund and Plc)		9 341	5 394
Caixagest - Técnicas de Gestão de Fundos, SA		7 908	4 534
Banco Comercial e de Investimentos, SARL		6 092	6 879
Banco Comercial do Atlântico, SA		5 938	(557)
Fundimo - Sociedade Gestora de Fundos de Investimento Imobiliário, SA		4 642	4 068

...Continued

		2007	2006
Venture Capital Fund for Qualified Investors - CGD Group		2 688	(1 099)
Esegur - Empresa de Segurança, SA		1 708	336
Nostrum Consumer (Fund and Plc)		1 517	1 790
Imocaixa - Gestão Imobiliária, SA		1 345	1 530
Banco Interatlântico, SA		982	628
Garantia - Companhia de Seguros de Cabo Verde, SA		360	319
Caixaweb, SGPS, SA		198	(2 319)
Caixa Participações, SGPS, SA		(12)	(424)
Other		(8 838)	(2 291)
	(B)	310 111	241 584
Contribution of associates to net income:			
REN - Rede Eléctrica Nacional, SA		7 528	109 086
SIBS - Sociedade Interbancária de Serviços, SA		1 816	1 842
Other		(6 194)	(2 402)
	(C)	3 150	108 526
Adjustments to the Group's net income:			
Elimination of additions to and reversals of provisions for losses on investments recorded in the separate accounts		-	(2 143)
Other		(41 154)	(26 769)
	(D)	(41 154)	(28 912)
Consolidated net income attributable to the shareholder of CGD (A+B+C+D)		856 311	733 808

(a) Data taken from the consolidated financial statements.

29. MINORITY INTEREST

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

	2007	2006
Caixa Geral Finance	600 749	600 180
Compal, SA	23 331	24 742
Banco Comercial e de Investimentos, SARL	20 275	22 289
Fundo de Investimento Imobiliário Fechado Saudeinvest	15 055	15 353
HPP - Hospitais Privados de Portugal	8 433	-
Banco Comercial do Atlântico, SARL	7 187	4 190
Mercantile Bank Holdings, Ltd.	6 696	5 905
FCR Grupo CGD - Caixa Capital	5 145	6 708
FCR Energias renováveis - Caixa Capital	4 455	4 474
Banco Interatlântico, SARL	2 121	1 659
Credip, IFIC	2 031	-
A Promotora - Sociedade de Capital de Risco, SARL	1 184	1 178
Banco Caixa Geral, SA	1 005	978
Garantia - Companhia de Seguros de Cabo Verde, SARL	947	695
Caixa - Banco de Investimento, SA	822	776
FCR PME - Caixa Capital	-	4 142
Other	348	582
	699 784	693 851

On 30 November 2007, FCR PME - Caixa Capital was liquidated.

Caixa Geral Finance is a company based on the Cayman Islands, with share capital of EUR 1 000. On 28 June 2004 the company issued non-voting preference shares totalling EUR 250 000 thousand. If it is decided to pay dividends, a quarterly dividend calculated on the basis of annual interest corresponding to the 3 month Euribor rate plus 0.8% up to 28 June 2014 and 1.8% as from that date, will be paid to the preference shareholders. Caixa Geral Finance may redeem the preference shares, in part or in full, as from 28 June 2014, at EUR 1 000 per share (nominal value), plus the dividend accrued since the last payment.

On 30 September 2005 Caixa Geral Finance issued non-voting preference shares totalling EUR 350 000 thousand. If it is decided to pay dividends, a quarterly dividend calculated on the basis of annual interest corresponding to the 3 month Euribor rate plus 0.77% up to 30 September 2015 and 1.77% as from that date, will be paid to the preference shareholders.

Caixa Geral Finance may redeem the preference shares, in part or in full, as from 30 September 2015, at EUR 50 per share (nominal value), plus the dividend accrued since the last payment.

The proportion of consolidated net income attributable to minority shareholders for 2007 and 2006 is as follows:

	2007	2006
Caixa Geral Finance	29 932	22 548
Banco Comercial e de Investimentos, SARL	6 749	9 532
Mercantile Bank Holdings, Ltd	1 411	977
Banco Comercial do Atlântico, SARL	3 776	(282)
Banco Interatlântico, SARL	619	275
Garantia - Companhia de Seguros de Cabo Verde, SARL	363	73
Other	(1 551)	389
	41 299	33 512

30. INTEREST AND SIMILAR INCOME AND COSTS

These headings are made up as follows:

	2007	2006
Interest and similar income		
Interest on loans and advances to domestic credit institutions	51 046	37 238
Interest on loans and advances to foreign credit institutions	193 886	238 221
Interest on domestic credit	2 860 677	2 165 099
Interest on foreign credit	306 778	179 232
Interest on overdue credit	59 039	52 988
Interest on financial assets held for trading		
Derivatives	1 415 027	915 618
Securities	165 071	184 396
Other	-	1 865
Interest on financial assets at fair value through profit or loss	107 692	69 418
Interest on available-for-sale financial assets	98 683	67 173
Interest on hedging derivatives	242 624	168 857

...Continued

	2007	2006
Interest on held-to-maturity investments	4	2
Interest on debtors and other applications	15 083	12 841
Interest on cash equivalents	47 226	33 201
Interest on loans and other amounts receivable	82 980	27 262
Other interest and similar income	137 891	111 938
Commissions received relating to amortised cost	86 899	90 328
Other	39 516	34 291
	5 910 121	4 389 967
Interest and similar costs		
Interest on deposits of		
Central and local government	82 639	57 683
Other residents	648 315	482 404
Emigrants	63 255	37 096
Other non-residents	130 913	134 701
Fixed rate products - insurance	105 684	85 695
Other	4 458	1 015
Interest on resources of foreign credit institutions	333 872	151 956
Interest on resources of domestic credit institutions	30 782	23 287
Interest on swaps	1 433 274	910 301
Interest on other trading liabilities	4 535	2 547
Interest on unsubordinated debt securities	579 853	424 174
Interest on hedging derivatives	311 045	173 912
Interest on subordinated liabilities	98 094	74 851
Other interest and similar costs	100 958	89 289
Commissions paid relating to amortised cost	13 841	7 043
Other	29 518	29 134
	3 971 036	2 685 089

31. INCOME FROM EQUITY INSTRUMENTS

This heading comprises the following:

	2007	2006
Portugal Telecom, SGPS, SA	34 290	26 940
EDP - Energias de Portugal, SA	19 208	17 462
PT Multimédia, SGPS, SA	10 267	1 082
Banco Comercial Português, SA	7 933	4 784
GALP Energia, SGPS, SA	4 483	10 930
Cimpor	2 862	1 976
Brisa - Auto-Estradas de Portugal, SA	2 199	-
Fundo Margueira	1 902	1 353
Unicre - Cartão Internacional de Crédito, SA	1 795	1 795
Banco Espírito Santo	1 327	-
Outros	6 630	6 714
	92 896	73 036

32. INCOME AND COSTS FROM SERVICES AND COMMISSIONS

These headings comprise the following:

	2007	2006
Income from services rendered and commissions		
Services rendered	338 753	303 156
Guarantees given	31 677	34 870
Operations carried out on behalf of third parties	24 913	14 447
Commitments to third parties	14 335	9 792
Operations on financial instruments	1 199	454
Other	80 088	78 541
	490 965	441 260
Cost of services and commissions		
Banking services rendered by third parties	76 571	66 053
Operations carried out by third parties	8 722	5 688
Operations on financial instruments	4 706	2 218
Guarantees received	650	153
Other	5 397	2 429
	96 047	76 541

33. RESULTS FROM FINANCIAL OPERATIONS

This heading comprises the following:

	2007	2006
Result of foreign exchange operations		
Revaluation of foreign exchange position	138 360	215 509
Result of financial assets and liabilities held for trading		
Securities:		
Debt instruments	(169 984)	(114 237)
Equity instruments	(517)	57 998
Other	(5 208)	37 352
	(175 709)	(18 887)
Derivatives:		
Currency	(90 572)	(132 877)
Interest rate	(3 375)	38 903
Shares	(39 423)	11 904
Credit	(11 037)	4 007
Other	(4 776)	3 034
	(149 183)	(75 030)
	(324 892)	(93 916)
Result of financial assets and liabilities at fair value through profit or loss		
Debt instruments	(32 905)	12 209
Equity instruments	2 030	1 599
Other	11 084	(18 778)
Loans and other amounts receivable	(789)	-
	(20 579)	(4 969)

...Continued

	2007	2006
Result of available-for-sale financial assets		
Debt instruments	(2 333)	1 788
Equity instruments (Note 8)		
EDP - Energias de Portugal, SA	175 623	13 342
Banco Comercial Português, SA	52 739	3 585
Euronext	25 037	-
Cimpor	16 722	-
CGD USA Holding Company, Inc.	-	470
Other	13 425	7 847
	283 546	25 244
Other securities	(11 139)	430
	270 074	27 462
Result of hedging operations		
Interest rate swaps	(528 121)	(312 847)
Futures and other forward operations	-	(3)
Options	(55)	-
Value adjustments of hedged assets and liabilities	550 280	300 101
	22 104	(12 749)
Other	(731)	(654)
	84 336	130 683

34. OTHER NET OPERATING INCOME

This heading comprises the following:

	2007	2006
Other operating income		
Rendering of miscellaneous services	33 015	54 055
Expense reimbursement	8 186	7 705
Operating lease instalments	7 185	6 156
Gains on non-financial assets:		
Non-current assets held for sale	10 844	7 484
Other tangible assets	3 815	1 666
Investment property	8 163	31 416
Leased assets	5	521
Operating lease assets	12	8
Other non-financial assets	913	770
Secondment of employees to Caixa Geral de Aposentações and other entities	8 438	7 518
Sale of cheques	14 791	15 244
Net profit of discontinued operations - Compal (Note 12)	-	1 177
Other	81 260	69 786
	176 628	203 506
Other operating costs		
Donations and subscriptions	9 674	5 589
Losses on non-financial assets :		
Non-current assets held for sale	571	1 875
Investment property	513	1 102
Leased assets	67	66
Other tangible assets	974	933
Other taxes	16 515	14 211
Fines and penalties	1 205	1 206
Contribution to the Deposit Guarantee Fund	10 628	10 409
Net loss of discontinued operations - Compal (Note 12)	7 062	-
Other	40 587	43 503
	87 796	78 893
	88 832	124 613

The heading "Gains on non-financial assets - Investment property" for 2006 includes EUR 19 560 thousand relative to capital gains on the sale of property by Banco Caixa Geral.

In 2006 the heading "Non-current assets held for sale" includes EUR 6 808 thousand relative to capital gain from the sale of the investment in Nutricafés (Notes 3 and 12).

35. TECHNICAL MARGIN ON INSURANCE OPERATIONS

35.1 PREMIUMS, NET OF REINSURANCE

This caption for the years 2007 and 2006 is made up as follows:

	2007	2006
Caixa Seguros		
Direct insurance and inwards reinsurance		
Gross premiums written		
Life insurance	967 319	1 301 918
Non-life insurance	1 433 673	1 485 182
Outwards reinsurance premiums	(183 452)	(181 584)
	2 217 540	2 605 516
Other	25 226	21 139
	2 242 766	2 626 655

Earned premiums, net of reinsurance, issued by Caixa Seguros, are made up as follows:

	2007			2006		
	Direct insurance and inwards reinsurance	Outwards reinsurance	Net	Direct insurance and inwards reinsurance	Outwards reinsurance	Net
Life insurance:						
Insurance contracts						
. Without profit sharing	114 621	(18 522)	96 099	119 251	(17 968)	101 283
. With profit sharing	59 224	(2 746)	56 478	42 176	(2 754)	39 422
Investment contracts with discretionary profit sharing	793 474	(4)	793 470	1 140 491	(23)	1 140 468
	967 319	(21 272)	946 047	1 301 918	(20 745)	1 281 173
Non-life insurance:						
Gross premiums written						
Labour accident	235 754	(1 218)	234 536	252 010	(1 430)	250 580
Personal and passenger accident	47 590	(10 989)	36 601	46 153	(9 288)	36 865
Health	167 262	(4 127)	163 135	147 059	(3 399)	143 660
Fire and other damage	234 793	(95 485)	139 308	235 814	(94 408)	141 406
Motor	633 057	(1 596)	631 461	698 304	(6 086)	692 218
Marine, air and transport	38 137	(29 149)	8 988	39 610	(30 848)	8 762
General third party liability	34 349	(9 862)	24 487	34 096	(10 813)	23 283
Credit and guarantees	570	(82)	488	800	(213)	587
Legal protection	7 430	-	7 430	5 502	-	5 502
Assistance	21 914	(1 761)	20 153	12 693	2 097	14 790
Miscellaneous	12 817	(7 911)	4 906	13 141	(6 451)	6 690
	1 433 673	(162 180)	1 271 493	1 485 182	(160 839)	1 324 343
Total premiums, net of reinsurance	2 400 992	(183 452)	2 217 540	2 787 100	(181 584)	2 605 516
Change in provision for unearned premiums						
Labour accident	1 013	(23)	990	164	28	192
Personal and passenger accident	(852)	4 072	3 220	5 084	(2 165)	2 919
Health	(8 239)	838	(7 401)	(3 365)	(4 038)	(7 403)
Fire and other damage	(17)	1 798	1 781	9 324	(8 013)	1 311
Motor	23 359	20	23 379	8 857	(1 600)	7 257
Marine, air and transport	(931)	1 453	522	(57)	(512)	(569)
General third party liability	167	178	345	433	298	731
Credit and guarantees	5	36	41	235	(527)	(292)
Legal protection	27	(104)	(77)	1 847	104	1 951
Assistance	(811)	(274)	(1 085)	8 507	(4)	8 503
Miscellaneous	32	(25)	7	335	898	1 233
	13 753	7 969	21 722	31 364	(15 531)	15 833

...Continued

	2007			2006		
	Direct insurance and inwards reinsurance	Outwards reinsurance	Net	Direct insurance and inwards reinsurance	Outwards reinsurance	Net
Premiums earned:						
Labour accident	236 767	(1 240)	235 527	252 173	(1 403)	250 770
Personal and passenger accident	46 738	(6 918)	39 820	51 237	(11 453)	39 784
Health	159 023	(3 290)	155 733	143 694	(7 437)	136 257
Fire and other damage	234 776	(93 687)	141 089	245 138	(102 421)	142 717
Motor	656 416	(1 576)	654 840	707 160	(7 686)	699 474
Marine air and transport	37 205	(27 696)	9 509	39 553	(31 360)	8 193
General third party liability	34 517	(9 683)	24 834	34 528	(10 515)	24 013
Credit and guarantees	576	(46)	530	1 035	(740)	295
Legal protection	7 457	(104)	7 353	7 349	103	7 452
Assistance	21 103	(2 035)	19 068	21 200	2 093	23 293
Miscellaneous	12 849	(7 936)	4 913	13 479	(5 554)	7 925
	1 447 427	(154 211)	1 293 216	1 516 546	(176 373)	1 340 173
Total	2 414 746	(175 483)	2 239 263	2 818 464	(197 118)	2 621 346

The changes in the provision for unearned premiums are recorded in the "Cost of claims - change in other technical provisions" heading (Note 35.3).

35.2 RESULT OF INVESTMENTS RELATING TO INSURANCE CONTRACTS

This caption for 2007 and 2006 is made up as follows:

	2007			2006		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Interest	154 677	65 142	219 819	121 562	56 136	177 698
Dividends	22 685	7 722	30 407	20 900	6 560	27 460
Net realised gains	21 992	18 588	40 580	41 645	43 131	84 776
Other	235	19 786	20 021	4 381	17 894	22 275
	199 589	111 238	310 827	188 488	123 721	312 209

35.3 COST OF CLAIMS, NET OF REINSURANCE

Following is a breakdown of this heading for the years 2007 and 2006:

	2007			2006		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Caixa Seguros						
Direct insurance and inwards reinsurance						
Claims paid	1 130 249	883 905	2 014 154	596 813	839 946	1 436 759
Change in provision for claims	40 825	25 426	66 251	41 818	21 996	63 814
	1 171 074	909 331	2 080 405	638 631	861 942	1 500 573
Provision for profit sharing	52 258	94	52 352	44 063	334	44 397
Change in other technical provisions	(166 392)	(5 239)	(171 631)	717 962	3 308	721 270
	1 056 940	904 186	1 961 126	1 400 656	865 584	2 266 240
Balance of outwards reinsurance	(10 337)	(84 653)	(94 990)	(15 021)	(66 829)	(81 850)
Sub-total Caixa Seguros	1 046 603	819 533	1 866 136	1 385 635	798 755	2 184 390
Other	-	2 312	2 312	-	2 924	2 924
	1 046 603	821 845	1 868 448	1 385 635	801 679	2 187 314

The cost of claims relating to Caixa Seguros non-life insurance operations, by type of insurance, is made up as follows:

	2007					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Labour accident	146 003	54 877	200 880	(32)	-	200 848
Personal and passenger accident	12 334	1 990	14 324	(279)	86	14 131
Health	161 824	7 781	169 605	(885)	-	168 720
Fire and other damage	102 894	(15 157)	87 737	4	-	87 741
Motor	403 633	(25 287)	378 346	(3 649)	-	374 697
Marine, air and transport	7 957	2 090	10 047	(145)	-	9 902
General third party liability	12 362	(3 410)	8 952	(323)	-	8 629
Credit and guarantees	(39)	(825)	(864)	55	-	(809)
Legal protection	732	914	1 646	(95)	8	1 559
Assistance	28 080	831	28 911	(361)	-	28 550
Miscellaneous	8 125	1 622	9 747	471	-	10 218
	883 905	**25 426**	**909 331**	**(5 239)**	**94**	**904 186**
Outwards reinsurance:						
Labour accident	-	(1 633)	(1 633)	-	-	(1 633)
Personal and passenger accident	(1 278)	(1 888)	(3 166)	-	-	(3 166)
Health	(41 190)	3	(41 187)	-	-	(41 187)
Fire and other damage	(36 501)	8 429	(28 072)	-	-	(28 072)
Motor	(5 347)	5 971	624	-	-	624
Marine, air and transport	(5 280)	(91)	(5 371)	-	-	(5 371)
General third party liability	(3 332)	804	(2 528)	-	-	(2 528)
Credit and guarantees	(87)	472	385	-	-	385
Legal protection	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	(3 721)	16	(3 705)	-	-	(3 705)
	(96 736)	**12 083**	**(84 653)**	**-**	**-**	**(84 653)**
Net:						
Labour accident	146 003	53 244	199 247	(32)	-	199 215
Personal and passenger accident	11 056	102	11 158	(279)	86	10 965
Health	120 634	7 784	128 418	(885)	-	127 533
Fire and other damage	66 393	(6 728)	59 665	4	-	59 669
Motor	398 286	(19 316)	378 970	(3 649)	-	375 321
Marine, air and transport	2 677	1 999	4 676	(145)	-	4 531
General third party liability	9 030	(2 606)	6 424	(323)	-	6 101
Credit and guarantees	(126)	(353)	(479)	55	-	(424)
Legal protection	732	914	1 646	(95)	8	1 559
Assistance	28 080	831	28 911	(361)	-	28 550
Miscellaneous	4 404	1 638	6 042	471	-	6 513
	787 169	**37 509**	**824 678**	**(5 239)**	**94**	**819 533**

	2006					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Labour accident	146 392	57 848	204 240	32	-	204 272
Personal and passenger accident	8 858	(1 812)	7 046	96	31	7 173
Health	104 835	5 647	110 482	4 366	249	115 097
Fire and other damages	76 247	(10 943)	65 304	17	-	65 321
Motor	449 633	(35 884)	413 749	(341)	-	413 408
Marine, air and transport	10 318	18 965	29 283	(170)	-	29 113
General third party liability	16 403	(14 804)	1 599	(260)	-	1 339
Credit and guarantees	283	257	540	(25)	-	515
Legal protection	680	1 097	1 777	96	-	1 873
Assistance	21 618	1 012	22 630	(388)	54	22 296
Miscellaneous	4 679	613	5 292	(115)	-	5 177
	839 946	21 996	861 942	3 308	334	865 584
Outwards reinsurance:						
Labour accident	(1 693)	1 215	(478)	-	-	(478)
Personal and passenger accident	(642)	2 580	1 938	-	-	1 938
Health	(92)	(16)	(108)	-	-	(108)
Fire and other damages	(30 646)	(1 996)	(32 642)	-	-	(32 642)
Motor	(5 960)	(7 657)	(13 617)	-	-	(13 617)
Marine, air and transport	(6 752)	(20 274)	(27 026)	-	-	(27 026)
General third party liability	(6 569)	14 875	8 306	-	-	8 306
Credit and guarantees	(143)	72	(71)	-	-	(71)
Legal protection	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	(2 155)	(976)	(3 131)	-	-	(3 131)
	(54 652)	(12 177)	(66 829)	-	-	(66 829)
Net:						
Labour accident	144 699	59 063	203 762	32	-	203 794
Personal and passenger accident	8 216	768	8 984	96	31	9 111
Health	104 743	5 631	110 374	4 366	249	114 989
Fire and other damages	45 601	(12 939)	32 662	17	-	32 679
Motor	443 673	(43 541)	400 132	(341)	-	399 791
Marine, air and transport	3 566	(1 309)	2 257	(170)	-	2 087
General third party liability	9 834	71	9 905	(260)	-	9 645
Credit and guarantees	140	329	469	(25)	-	444
Legal protection	680	1 097	1 777	96	-	1 873
Assistance	21 618	1 012	22 630	(388)	54	22 296
Miscellaneous	2 524	(363)	2 161	(115)	-	2 046
	785 294	9 819	795 113	3 308	334	798 755

Information on the development of the cost of claims for insurance products in which the amount and timing of the payments are uncertain and where this uncertainty is usually not eliminated within a year, is set out in the following tables:

Type of insurance: Labour Accident

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	161 384	-	-	-	-	-	-	161 384
2002	189 831	130 420	-	-	-	-	-	320 251
2003	199 621	142 655	142 469	-	-	-	-	484 745
2004	201 435	153 668	143 255	197 014	-	-	-	695 372
2005	207 368	161 276	155 076	182 114	172 376	-	-	878 210
2006	213 686	162 666	160 052	195 728	193 813	171 468	-	1 097 413
2007	216 086	171 215	164 710	199 531	193 324	186 491	179 194	1 310 551

Cost of claims recorded in 2007:

Claims from 2001 to 2007	213 138
Claims from previous years	21 835
Costs charged to claims settlement	(36 651)
Costs with claims of inwards insurance	2 558
	200 880

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	Total
2007	156 642	145 145	150 133	150 696	148 544	124 654	62 465	938 279

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	Total
2007	41 539	43 571	43 868	45 922	48 237	62 845	148 038	434 020

Provision for claims prior to 2001	317 426
Total direct insurance	751 446
Provision for claims of inwards reinsurance	15 144
Total	766 590

Type of insurance: Fire and Other Damage

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	145 524	-	-	-	-	-	-	145 524
2002	148 552	80 450	-	-	-	-	-	229 002
2003	148 756	85 868	82 113	-	-	-	-	316 737
2004	146 306	87 491	82 036	111 921	-	-	-	427 754
2005	145 862	87 737	85 556	112 070	94 631	-	-	525 856
2006	145 851	85 815	83 938	110 019	96 767	84 220	-	606 610
2007	147 755	89 740	80 636	111 927	103 217	88 676	86 044	707 995

Cost of claims recorded in 2007:

Claims from 2001 to 2007	101 385
Claims from previous years	(1 390)
Costs charged to claims settlement	(13 607)
Costs with claims of inwards insurance	1 349
	87 737

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	Total
2007	139 343	90 078	78 907	106 280	73 565	88 004	49 245	625 422

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	Total
2007	5 485	5 499	5 910	10 265	12 790	22 307	37 841	100 097

Provision for claims prior to 2001	17 151
Total direct insurance	117 248
Provision for claims of inwards reinsurance	9 176
Total	126 424

Type of insurance: Motor

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	563 211	-	-	-	-	-	-	563 211
2002	580 703	576 632	-	-	-	-	-	1 157 335
2003	624 281	600 484	550 502	-	-	-	-	1 775 267
2004	640 082	630 630	564 933	554 251	-	-	-	2 389 896
2005	637 346	643 504	579 156	536 454	498 157	-	-	2 894 617
2006	638 812	641 486	587 860	543 465	491 652	438 945	-	3 342 220
2007	652 577	605 102	583 395	548 256	492 711	431 929	417 514	3 731 484

Cost of claims recorded in 2007:

Claims from 2001 to 2007	389 264
Claims from previous years	18 592
Costs charged to claims settlement	(41 477)
Costs with claims of inwards insurance	11 970
	378 349

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	Total
2007	590 612	567 160	508 921	446 619	389 764	328 765	198 886	3 030 727

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	Total
2007	98 818	45 297	87 855	114 352	108 221	120 338	215 075	789 956

Provision for claims prior to 2001	110 076
Total direct insurance	900 032
Provision for claims of inwards reinsurance	22 869
Total	922 901

Type of insurance: Marine and Transports

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	4 336	-	-	-	-	-	-	4 336
2002	4 840	4 371	-	-	-	-	-	9 211
2003	4 927	4 168	2 546	-	-	-	-	11 641
2004	4 729	3 290	2 439	2 514	-	-	-	12 972
2005	4 650	3 385	2 527	2 739	3 810	-	-	17 111
2006	4 637	3 347	2 307	2 408	3 878	2 329	-	18 906
2007	4 641	3 054	2 019	2 577	3 871	2 658	3 654	22 474

Cost of claims recorded in 2007:

Claims from 2001 to 2007	3 568
Claims from previous years	249
Costs charged to claims settlement	(111)
Costs with claims of inwards insurance	(11)
	3 695

Accumulated payments made to-date

2007	4 142	3 066	2 960	2 180	3 497	1 801	1 064	18 710

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2007	341	704	211	580	520	857	2 590	5 803

Provision for claims prior to 2001	544
Total direct insurance	6 347
Provision for claims of inwards reinsurance	745
Total	7 092

Type of insurance: Air

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	1 080	-	-	-	-	-	-	1 080
2002	1 269	686	-	-	-	-	-	1 955
2003	1 316	719	607	-	-	-	-	2 642
2004	1 216	672	1 111	3 117	-	-	-	6 116
2005	1 065	667	4 379	2 735	2 506	-	-	11 352
2006	999	562	4 368	22 813	2 369	883	-	31 994
2007	999	432	4 244	23 807	2 250	985	454	33 171

Cost of claims recorded in 2007:

Claims from 2001 to 2007	1 177
Claims from previous years	(20)
Costs charged to claims settlement	(8)
Costs with claims of inwards insurance	150
	1 299

Accumulated payments made to-date

2007	1 101	1 020	4 885	3 093	1 569	775	165	12 608

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2007	130	-128	0	20 973	876	214	290	22 355

Provision for claims prior to 2001	12 923
Total direct insurance	35 278
Provision for claims of inwards reinsurance	3 705
Total	38 983

Type of insurance: Transport of Goods

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	7 026	-	-	-	-	-	-	7 026
2002	8 954	6 685	-	-	-	-	-	15 639
2003	8 901	8 118	4 893	-	-	-	-	21 912
2004	8 762	7 030	4 320	4 796	-	-	-	24 908
2005	8 455	6 876	4 536	5 039	4 272	-	-	29 178
2006	8 580	6 737	4 620	4 934	4 865	3 979	-	33 715
2007	8 702	5 474	4 527	4 999	4 623	4 597	5 643	38 565

Cost of claims recorded in 2007:

Claims from 2001 to 2007	4 850
Claims from previous years	738
Costs charged to claims settlement	(455)
Costs with claims of inwards insurance	(80)
	5 053

Accumulated payments made to-date

2007	8 084	6 852	5 127	4 685	4 158	3 138	2 210	34 254

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2007	1 311	-630	477	594	508	1 463	3 436	7 159

Provision for claims prior to 2001	1 343
Total direct insurance	8 502
Provision for claims of inwards reinsurance	209
Total	8 711

Type of insurance: General Third Party Liability

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	13 397	-	-	-	-	-	-	13 397
2002	15 961	12 802	-	-	-	-	-	28 763
2003	18 674	19 174	11 948	-	-	-	-	49 796
2004	21 878	17 817	28 066	13 042	-	-	-	80 803
2005	22 198	19 145	32 492	16 643	13 576	-	-	104 054
2006	18 762	19 753	21 360	16 073	14 563	13 613	-	104 124
2007	18 758	18 891	21 729	17 622	14 401	16 350	9 615	117 366

Cost of claims recorded in 2007:

Claims from 2001 to 2007	13 242
Claims from previous years	(1 651)
Costs charged to claims settlement	(912)
Costs with claims of inwards insurance	(1 727)
	8 952

Accumulated payments made to-date

	2001	2002	2003	2004	2005	2006	2007	Total
2007	16 388	13 581	13 543	13 430	8 286	8 863	2 970	77 061

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

	2001	2002	2003	2004	2005	2006	2007	Total
2007	6 318	6 092	8 022	6 263	7 444	7 652	6 964	48 755

Provision for claims prior to 2001	20 019
Total direct insurance	68 774
Provision for claims of inwards reinsurance	40 608
Total	109 382

Type of insurance: Miscellaneous Financial Losses

Accumulated amounts

Accounting year	2001	2002	2003	2004	2005	2006	2007	Total
2001	1 960	-	-	-	-	-	-	1 960
2002	2 062	2 207	-	-	-	-	-	4 269
2003	2 096	2 294	4 783	-	-	-	-	9 173
2004	2 159	2 385	4 340	7 095	-	-	-	15 979
2005	2 111	2 470	4 593	7 533	2 926	-	-	19 633
2006	2 014	2 438	4 424	7 328	4 189	5 079	-	25 472
2007	2 019	2 450	4 346	7 796	4 173	6 005	8 953	35 742

Cost of claims recorded in 2007

Claims from 2001 to 2007	10 270
Claims from previous years	392
Costs charged to claims settlement	(417)
Costs with claims of inwards insurance	164
	10 409

Accumulated payments made to-date

2007	2 013	2 294	5 327	7 769	3 782	4 981	5 224	31 390

Liabilities recognised in the balance sheet (Provision for direct insurance claims)

2007	70	3	3	307	405	1 026	3 447	5 261

Provision for claims prior to 2001	85
Total direct insurance	5 346
Provision for claims of inwards reinsurance	181
Total	5 527

The change in provision for claims in the heading "Cost of claims net of reinsurance" in the income statement has, as its main corresponding entry, the provision for claims included in the liability heading "Technical provisions of insurance contracts". However, some operations are recognised in other balance sheet items, namely through payments of claims reflected in other assets. Therefore, the changes in provisions for claims in the balance sheet and income statement do not coincide.

The cost of life insurance claims of Caixa Seguros for 2007 and 2006, excluding profit sharing, by type of insurance, is made up as follows:

	2007					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Insurance contracts						
Without profit sharing	32 537	203	32 740	5 161	-	37 901
With profit sharing	35 570	17 969	53 539	(8 267)	5 852	51 124
Investment contracts with discretionary profit sharing	1 062 142	22 653	1 084 795	(163 286)	46 406	967 915
	1 130 249	**40 825**	**1 171 074**	**(166 392)**	**52 258**	**1 056 940**
Outwards reinsurance:						
Insurance contracts						
Without profit sharing	(5 647)	281	(5 366)	(506)	-	(5 872)
With profit sharing	(2 796)	(1 818)	(4 614)	159	-	(4 455)
Investment contracts with discretionary profit sharing	-	(3)	(3)	(7)	-	(10)
	(8 443)	**(1 540)**	**(9 983)**	**(354)**	**-**	**(10 337)**
Net:						
Insurance contracts						
Without profit sharing	26 890	484	27 374	4 655	-	32 029
With profit sharing	32 774	16 151	48 925	(8 108)	5 852	46 669
Investment contracts with discretionary profit sharing	1 062 142	22 650	1 084 792	(163 293)	46 406	967 905
	1 121 806	**39 285**	**1 161 091**	**(166 746)**	**52 258**	**1 046 603**

	2006					
	Claims paid	Change in provision for claims	Subtotal	Change in other technical provisions	Profit sharing	Total
Direct insurance and inwards reinsurance:						
Insurance contracts						
Without profit sharing	41 615	22 119	63 734	(710)	-	63 024
With profit sharing	26 667	4 378	31 045	(1 906)	6 804	35 943
Investment contracts with discretionary profit sharing	528 531	15 321	543 852	720 578	37 259	1 301 689
	596 813	41 818	638 631	717 962	44 063	1 400 656
Outwards reinsurance:						
Insurance contracts						
Without profit sharing	(5 737)	(5 720)	(11 457)	(1 357)	-	(12 814)
With profit sharing	(1 643)	(708)	(2 351)	143	-	(2 208)
Investment contracts with discretionary profit sharing	-	-	-	1	-	1
	(7 380)	(6 428)	(13 808)	(1 213)	-	(15 021)
Net:						
Insurance contracts						
Without profit sharing	35 878	16 399	52 277	(2 067)	-	50 210
With profit sharing	25 024	3 670	28 694	(1 763)	6 804	33 735
Investment contracts with discretionary profit sharing	528 531	15 321	543 852	720 579	37 259	1 301 690
	589 433	35 390	624 823	716 749	44 063	1 385 635

35.4 COMMISIONS AND OTHER INCOME AND COSTS RELATING TO INSURANCE OPERATIONS

This heading for the years 2007 and 2006 is made up as follows:

	2007			2006		
	Life insurance	Non-life insurance	Total	Life insurance	Non-life insurance	Total
Technical income:						
Commissions						
Outwards reinsurance	4 258	25 814	30 072	938	25 282	26 220
Co-insurance management charges	224	996	1 220	229	1 004	1 233
Pensions fund management charges	66	-	66	85	-	85
Other technical income						
Other technical income	15	1 084	1 099	-	1 443	1 443
	4 563	27 894	32 457	1 252	27 729	28 981
Technical costs:						
Commissions						
Direct insurance operations:						
- Mediation and brokerage charge	(1 267)	(129 020)	(130 287)	(2 432)	(129 895)	(132 327)
- Collection charges	(128)	(10 802)	(10 930)	(145)	(11 037)	(11 182)
- Other	-	-	-	-	-	-
Inwards reinsurance operations	-	(7 548)	(7 548)	-	(20 623)	(20 623)
Co-insurance management charges	(18)	(602)	(620)	(21)	(711)	(732)
Other technical costs						
Provision for premiums receivable	(326)	5 227	4 901	2 910	(5 355)	(2 445)
Taxes specific to the insurance business	(1 083)	(24 542)	(25 625)	(876)	(26 087)	(26 963)
Other	(22)	(31)	(53)	(266)	(195)	(461)
	(2 844)	(167 318)	(170 162)	(830)	(193 903)	(194 733)
Other	-	-	1 805	-	-	444
	1 719	(139 424)	(135 900)	422	(166 174)	(165 308)

36. STAFF COSTS

This heading is made up as follows:

	2007	2006
Remuneration of the management and supervisory bodies	12 230	10 482
Remuneration of the staff	693 946	662 146
Provision for suspension of labour agreements (Note 37)	1 725	437
	707 901	673 065
Other charges relating to remuneration	60 042	57 237
Healthcare - CGD (Note 37)		
. Normal cost (Note 37)	28 156	26 727
. Contributions relating to current staff	29 129	28 722
. Amortisation of deviations exceeding the corridor (Note 37)	4 012	3 679
Pension liability - CGD (Note 37)		
. Liabilities with pensions - CGD		
. Normal cost	61 504	57 884
. Retirements before the normal retirement age (Note 37)	143	1 145
Other pension costs		
. Caixa Seguros		
. Normal cost (Note 37)	2 547	1 945
. Other	4 487	5 060
Other	5 056	5 330
Other mandatory social charges	18 328	15 743
	213 404	203 471
Other staff costs	20 911	41 767
	942 217	918 303

The heading "Remuneration of the staff" for 2007 and 2006 includes EUR 40 000 thousand and EUR 36 000 thousand, respectively, relating to the provision for profit participation by CGD's employees.

The average number of employees of Caixa and subsidiaries in 2007 and 2006, by function, was as follows:

	2007			2006		
	Banking	Insurance	Group	Banking	Insurance	Group
Senior management	285	230	515	318	212	530
Management	2 399	836	3 235	2 407	840	3 247
Technical staff	3 810	1 293	5 103	3 709	1 206	4 915
Administrative staff	7 236	1 759	8 995	7 851	1 785	9 636
Auxiliary	1 183	299	1 482	1 236	291	1 527
	14 913	4 417	19 330	15 521	4 334	19 855
Number of employees at the end of the year	16 034	4 456	20 490	15 815	4 220	20 035

These numbers at 31 December 2007 and 2006 do not include staff employed by the Support Department of Caixa Geral de Aposentações (299 in 2007 and 309 in 2006), those assigned to CGD's Social Services (72 in 2007 and 71 in 2006) and those on secondment abroad (82 in 2007 and 89 in 2006).

37. RETIREMENT PENSIONS AND OTHER LONG TERM BENEFITS

37.1 RETIREMENT PENSIONS AND POST RETIREMENT DEATH GRANTS

LIABILITIES FOR CGD EMPLOYEES

In accordance with article 39 of Decree Law 48 953 of 5 April 1969 and Decree Law 161/92 of 1 August, CGD was responsible for the payment of retirement pensions for sickness, disability and old age and survivors' pensions to employees hired as from 1 January 1992. Caixa Geral de Aposentações ("CGA") was responsible for the payment of survivors' pensions to employees hired prior to 1 January 1992. For this purpose 2.5% of the remuneration of these employees is discounted and paid to CGA.

In addition, in accordance with the Vertical Labour Collective Agreement in force for the banking sector, the former BNU had the commitment to grant pensions to its employees for early retirement and retirement due to age, disability and survivors' pensions. These payments comprised a percentage, which increased in line with the number of years of employment, applied to wage scales negotiated annually with the bank employees' unions. In 2001, following the merger of BNU into CGD, BNU's pension liability was transferred to CGD. Therefore, the former employees of BNU in service at the date of the merger became covered by the pension and benefits plan in force in CGD. As regards retired personnel and pensioners of BNU at the date of the merger the pension plan in force on the date of their retirement remains applicable.

Under Decree Laws 240-A/2004 of 29 December and 241-A/2004 of 30 December, on 30 November 2004 the full amount of the retirement pension liability of Caixa's employees, relating to time of service up to 31 December 2000, totalling EUR 2 510 043 thousand, was transferred to CGA. This transfer also included the liability for death grants after normal retirement age, in respect of the above mentioned time of service.

Accordingly, Caixa's pensions liability at 31 December 2007 and 2006 is as follows:

. Liability relating to current employees for time of service after 31 December 2000;

. n the case of employees retired between 1 January 2001 and 31 December 2007 the part of the liability corresponding to the time of service in that period;

. Liability for retirement pensions and respective survivors' pensions of former BNU employees, already under payment at the date of the merger;

. Liability for death grants relating to the period of service after 31 December 2000.

Pension payments are based on the number of years of service of the employees and their respective remuneration on their retirement date, and are updated in line with the wages paid to current employees.

Caixa set up a pension fund in December 1991, to which it makes the necessary contributions to cover its pension liability. Under the regime applicable to Caixa, employees contribute the following percentages of their remuneration to the pension fund:

- Employees hired prior to 1 January 1992	7.5%
- Employees hired after 1 January 1992	10.0%

The full amount contributed by the employees hired after 1 January 1992 is paid to the pension fund, as the fund is responsible for the respective survivors' pension regime.

The transfer of liabilities to CGA implied the transfer of an equivalent amount of assets from the pension fund.

LIABILITY RELATING TO EMPLOYEES OF COMPANHIA DE SEGUROS FIDELIDADE MUNDIAL, SA AND IMPÉRIO BONANÇA - COMPANHIA DE SEGUROS, SA.

In compliance with the terms of the collective labour agreement in force for the insurance sector, Fidelidade Mundial and Império Bonança have assumed the commitment to grant their employees hired prior to June 1995 supplementary pensions to those granted by the Social Security. These supplementary pensions vary based on the employee's remuneration, social security contributions and, in case of disability, the seniority in the insurance business.

In addition, Império Bonança:

- undertook between 1999 and 2005, to grant employees, who are in early retirement, the payment of a life pension corresponding to the difference between 80% of the last remuneration and the amount paid by the Social Security services.

- undertook the commitment to extend the benefits included in the collective labour agreement to the employees hired up to June 2005 and, on the other hand, to grant to the beneficiaries of the Pension Fund, the additional benefits guaranteed under the supplementary plan in force in the Millenniumbcp Group, of which the company was a member up to 31 January 2005. The liability relating to the supplementary plan is covered by the respective pension fund.

DETERMINATION OF LIABILITIES

Actuarial calculations have been made by specialised entities to determine the liability for retirement pensions under payment and for past services of current employees as at 31 December 2007 and 2006.

The assumptions and technical bases used in respect of CGD and the Group insurance companies were as follows:

	2007		2006	
	CGD	Caixa Seguros	CGD	Caixa Seguros
Actuarial method	Projected Unit Credit		Projected Unit Credit	
Mortality table				
. Men	TV 73/77		TV 73/77	
. Women	TV 88/90		TV 88/90	
Disability table	EKV 80		EKV 80	
Discount rate	5.00%	4.75%	4.75%	4.75%
Yield of funds assets	5.25%	4.75%	5.25%	4.75%
Salary growth rate	3.00%	3.00%	3.00%	3.00%
Pension growth rate	2.50%	1.00%	2.00%	1.00%
Turnover rate:				
. Under 30 years old	5%	n/a	5%	n/a
. Between 30 and 40 years old	1%	n/a	1%	n/a
. Older than 40	0%	n/a	0%	n/a
Future external service	n/a	n/a	1/24	n/a

In the studies relating to CGD, for 2007 and 2006, the normal retirement age was considered to be 60 years of age.

Following is a comparison between the actuarial and financial assumptions used to determine CGD's pension costs for 2007 and 2006 and the actual amounts:

	2007		2006	
	Assumptions	Actual	Assumptions	Actual
Yield of fund assets	5.25%	4.96%	5.25%	6.53%
Salary growth rate	3.00%	4.77%	3.00%	5.46%
Pension growth rate	2.50%	2.77%	2.00%	2.50%

The Group's past service liability in accordance with the actuarial calculations and the funds and provisions available to cover them at 31 December 2007 and 2006 are as follows:

	2007				2006			
Past service liability:	CGD	Caixa Seguros	Other	Total	CGD	Caixa Seguros	Other	Total
Current employees	717 616	36 217	19 817	773 650	597 238	35 098	18 900	651 236
Retired and early retired employees	388 813	212 317	14 423	615 553	358 064	223 416	15 310	596 790
	1 106 429	248 534	34 240	1 389 203	955 302	258 514	34 210	1 248 026
Autonomous pension funds	1 106 441	156 415	710	1 263 566	955 302	155 727	3 019	1 114 048
Mathematical provisions	-	75 009	-	75 009	-	77 933	-	77 933
Provision for pensions and similar charges	-	26 908	38 018	64 926	-	27 861	36 684	64 545
	1 106 441	258 332	38 728	1 403 501	955 302	261 521	39 703	1 256 526
Difference	12	9 798	4 488	14 298	-	3 007	5 493	8 500
Funding level	100.00%	103.94%	113.11%	101.03%	100.00%	101.16%	116.06%	100.68%

In accordance with Bank of Portugal Notice 4/2005 of 28 February, financial entities with head office in Portugal must fully fund their liability for retired and early retired personnel and a minimum of 95% of their past service liability for current employees. Caixa's liability at 31 December 2007 and 2006 was fully funded.

The future service liability for CGD's current employees at 31 December 2007 and 2006 totalled EUR 1 277 645 thousand and EUR 1 263 514 thousand, respectively.

At 31 December 2007, the provision for pension and similar costs under the heading "Other entities" include EUR 1 500 thousand relating to healthcare charges.

The number of beneficiaries of CGD and CGD Group insurance companies in Portugal in 2007 and 2006 was as follows:

	2007		2006	
	CGD	Caixa Seguros	CGD	Caixa Seguros
Current employees	10 909	2 708	11 265	2 789
Retired and early retired employees	3 460	2 826	3 183	2 839
	14 369	5 534	14 448	5 628

The changes in the pension funds, mathematical provisions and provision for pensions and similar costs in 2007 and 2006 were as follows:

	CGD	Caixa Seguros	Other	Total
Balances at 31 December 2005	824 576	262 750	33 176	1 120 502
Contributions paid				
Regular contributions				
By employees	27 672	-	168	27 840
By the entity	57 211	6 646	399	64 256
Extraordinary contributions	9 482	-	-	9 482
Change in provisions for pensions and similar charges	-	3 125	7 526	10 651
Change in the mathematical provisions	-	188	-	188
Pensions paid	(21 518)	(15 638)	(552)	(37 708)
Net income of the pension fund	57 393	4 454	1 112	62 959
Assets transferred and to be transferred to the CGA Pension Fund	486	-	(2 126)	(1 640)
Other changes	-	(4)	-	(4)
Balances at 31 December 2006	955 302	261 521	39 703	1 256 526
Contributions paid				
Regular contributions				
By employees	26 838	-	160	26 998
By the entity	61 006	11 109	325	72 440
Extraordinary contributions	38 297	-	-	38 297
Change in provisions for pensions and similar charges	-	(953)	2 408	1 455
Change in the mathematical provisions	-	(2 924)	-	(2 924)
Pensions paid	(23 499)	(16 059)	(958)	(40 516)
Net income of the pension fund	48 497	5 643	270	54 410
Other changes	-	(5)	(3 180)	(3 185)
Balances at 31 December 2007	1 106 441	258 332	38 728	1 403 501

At 31 December 2007 and 2006 CGD's pension fund was managed by CGD Pensões - Sociedade Gestora de Fundos de Pensões, SA.

At 31 December 2007 and 2006 CGD's pension fund had property leased to Group companies in the amount of EUR 70 911 thousand and EUR 73 957 thousand, and securities issued by Group companies in the amount of EUR 87 805 thousand and EUR 110 595 thousand, respectively.

The change in the difference between the Group's past service liability and respective coverage, and the corresponding impact in the financial statements as at 31 December 2007 and 2006 are as follows:

	CGD	Caixa Seguros	Other	Total
Situation at 31 December 2005	-	4 363	233	4 596
Current service cost	(64 962)	(1 841)	(179)	(66 982)
Interest cost	(38 658)	(8 229)	(118)	(47 005)
Expected return on plan assets	45 736	8 125	143	54 004
Normal cost for the year (Note 36)	(57 884)	(1 945)	(154)	(59 983)
Increase in liabilities due to early retirements (Note 36)	(1 145)	-	-	(1 145)
Other changes in profit or loss	-	2 289	5 470	7 759
Changes with impact on profit or loss	(59 029)	344	5 316	(53 369)
Liability	(19 322)	(4 671)	(457)	(24 450)
Income	11 658	(3 675)	2	7 985
Actuarial gains and losses	(7 664)	(8 346)	(455)	(16 465)
Contributions made	66 693	6 646	399	73 738
Situation at 31 December 2006	-	3 007	5 493	8 500
Current service cost	(69 422)	(1 558)	(194)	(71 174)
Interest cost	(44 801)	(8 800)	(83)	(53 684)
Expected return on plan assets	52 719	7 811	155	60 685
Normal cost for the year (Note 36)	(61 504)	(2 547)	(122)	(64 173)
Increase in liabilities due to early retirements (Note 36)				-
Other changes in profit or loss	(143)	(828)	(903)	(1 874)

...Continued

	CGD	Caixa Seguros	Other	Total
Changes with impact on profit or loss	(61 647)	(3 375)	(1 025)	(66 047)
Liability	(33 422)	2 933	133	(30 356)
Income	(4 222)	(3 876)	124	(7 974)
Actuarial gains and losses	(37 644)	(943)	257	(38 330)
Contributions made	99 303	11 109	325	110 737
Other	-	-	(563)	(563)
Situation at 31 December 2007	12	9 798	4 487	14 297

Actuarial gains and losses relating to CGD's liability in 2007 and 2006 were as follows:

	2007	2006
Change in the discount rate (from 4.75% to 5%)	49 122	-
Change in pension growth rate (from 2% to 2.5%)	(57 805)	-
Other actuarial gains and losses	(24 739)	(19 322)
	(33 422)	(19 322)

HEALTHCARE

Caixa Geral de Depósitos' Social Services is responsible for providing healthcare to the current employees and pensioners of CGD's head office. CGD makes an annual payment to the Social Services corresponding to 8.95% of salaries and pensions paid. Caixa also has a liability for contributions to SAMS (Healthcare services) relating to the employees of the former BNU that retired up to 23 July 2001.

The past service liability for healthcare was determined based on actuarial calculations made by specialised entities, using actuarial assumptions similar to those mentioned above relating to the calculation of pension liabilities.

The past service liability at 31 December 2007 and 2006, in the amount of EUR 443 888 thousand and EUR 419 195 thousand respectively, is recognised in the heading "Provisions".

Império Bonança also assumed the commitment to provide lifelong healthcare benefits to its employees who were beneficiaries of the former BCP pension fund. This liability is covered by provisions of EUR 26 908 thousand and EUR 26 842 thousand, at 31 December 2007 and 2006.

OTHER LONG TERM BENEFITS

Caixa pays a bonus to all employees completing ten, twenty and thirty years of effective service, in the year of completion, corresponding to one, two or three months' salary, respectively. It also pays a bonus to employees when they pass to a situation of retirement, in the amount corresponding to the proportion of what they would have received if they continued to work, until they complied with the requirements of the following level. The corresponding liability at 31 December 2007 and 2006 amounted to EUR 39 279 thousand and EUR 38 628 thousand, respectively, and was recognised in the heading "Other liabilities" (Note 26).

Caixa also calculates the amount of its liability relating to death grants prior to normal retirement age. At 31 December 2007 and 2006, the corresponding liability amounted to EUR 2 053 thousand and EUR 2 038 thousand, respectively, recorded in the "Provisions" heading.

The France branch also pays long term benefits to its employees. The corresponding liability at 31 December 2007 and 2006 amounted to EUR 1 500 thousand.

DEFERRED ACTUARIAL GAINS AND LOSSES

The changes in deferred actuarial gains and losses and deferred costs relating to the introduction of IFRS in 2006 and 2007 in respect of CGD, are as follows:

	Corridor		Above the corridor		
	Pensions	Healthcare	Pensions	Healthcare	Total (Note 19)
Balances at 31 December 2005	60 290	39 959	-	60 337	160 586
Actuarial gains or losses for the year	7 664	1 961	-	7 416	17 041
Amortisation (Note 36)	-	-	-	(3 679)	(3 679)
Balances at 31 December 2006	67 954	41 920	-	64 074	173 948
Actuarial gains or losses for the year	37 644	2 469	-	12 074	52 187
Amortisation (Note 36)			-	(4 012)	(4 012)
Balances at 31 December 2007	105 598	44 389	-	72 136	222 123

Actuarial gains and losses above the corridor are being amortised over a period of approximately 16 years up to the retirement of current employees.

PROVISIONS

The provisions for employee benefits at 31 December 2007 and 2006 are made up as follows:

	2007	2006
CGD		
Provision for post-employment healthcare	443 888	419 195
Provision for labour suspension agreements	5 182	3 457
Provision for death grant liability	2 053	2 038
France branch liability	1 500	1 500
	452 623	426 190
Provision for pension and other liabilities		
Banco Comercial do Atlântico, SA	36 828	35 154
Caixa Seguros	-	1 019
Other	1 190	1 529
Provision for post-employment healthcare		
Caixa Seguros (Império Bonança)	26 908	26 842
Other	2 745	1 632
Other	11 331	3 504
	531 625	495 870

Caixa recorded a specific provision for the impact of the change to inactive status of employees with whom it has entered into labour suspension agreements.

The changes in provisions for employee benefits in 2007 and 2006 are as follows (Note 23):

	2007	2006
Balance at the beginning of the year	495 870	471 719
Provisions recognised as a charge to staff costs		
. Healthcare - CGD (Note 36)	28 156	26 727
. Labour suspension agreements (Note 36)	1 725	437
Actuarial gain and loss on post-employment healthcare liability:		
Other	14 543	9 377
Other	(3 594)	2 086
	40 830	38 627
Net increase recorded by corresponding entry to "Provisions"	14 432	11 268
Utilisation:		
. Payments to "SAMS" and CGD's Social Services	(18 006)	(16 495)
. Other	(1 301)	(8 411)
Other	(200)	(838)
Balance at the end of the year	531 625	495 870

38. OTHER ADMINISTRATIVE COSTS

This heading comprises the following:

	2007	2006
Specialised services:		
Computer services	101 259	95 916
Studies and consultancy	28 155	24 171
Contracts and service fees	30 104	26 932
Cleaning	9 630	11 169
Safety and security	7 043	7 624
Information services	7 242	7 174
Other	138 220	140 428
Rent	77 043	78 473
Communication and postage	55 042	56 513
Maintenance and repairs	49 858	47 041
Advertising and publications	66 126	53 523
Water, energy and fuel	21 767	20 763
Transport of cash and other values	13 010	14 711
Travel, lodging and representation expenses	18 224	19 666
Standard forms and office supplies	11 323	10 719
Other	16 688	19 486
	650 733	634 311

39. ASSET IMPAIRMENT

The changes in impairment in 2007 and 2006 were as follows:

	2007								
	Balance at 31.12.2006	Acquisition of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2007	Recovery of credit, interest and expenses
Impairment of loans and advances to customers (Note 11)	1 556 149	(1 431)	739 491	(398 216)	(164 163)	(7 586)	4 605	1 728 849	(91 836)
Impairment of loans and advances to credit institutions (Note 6)	2 355	-	7 567	(6 058)	-	-	(2 527)	1 337	-
Impairment of available-for-sale financial assets									
Equity instruments	276 409	(53)	-	-	(110 679)	(203)	8 261	173 735	-
Debt instruments	14 024	-	4 317	(242)	-	(298)	(8 208)	9 593	-
Impairment of other tangible assets (Note 14)	18 533	-	-	(1 676)	(225)	-	151	16 783	-
Impairment of intangible assets	44 709	-	-	(43 750)	-	-	(46)	913	-
Impairment of non-current assets held for sale									
Subsidiaries	-	-	40 000	-	-	-	-	40 000	-
Property and equipment	17 318	-	5 073	(1 170)	(1 519)	-	322	20 024	-
Impairment of other assets (Notes 12 and 19)									
Assets received in payment of loans granted (Notes 12 and 19)	20 083	-	-	(4 623)	(3 300)	-	-	12 160	-
Other assets (Note 19)	161 690	(3 537)	27 053	(6 807)	1 186	-	(5 383)	174 202	-
Impairment in associated companies	569	-	2 593	(2 878)	(414)	(24)	154	-	-
	555 690	**(3 590)**	**86 603**	**(67 204)**	**(114 951)**	**(525)**	**(7 276)**	**448 747**	**-**
	2 111 839	**(5 021)**	**826 094**	**(465 420)**	**(279 114)**	**(8 111)**	**(2 671)**	**2 177 596**	**(91 836)**

	2006								
	Balance at 31.12.2005	Acquisition of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2006	Recovery of credit, interest and expenses
Impairment of loans and advances to customers (Note 11)	1 401 319	-	960 147	(668 408)	(118 156)	(11 948)	(6 805)	1 556 149	(59 615)
Impairment of loans and advances to credit institutions (Note 6)	890	-	5 488	(6 982)	-	(10)	2 969	2 355	-
Impairment of available-for-sale financial assets (Note 8)									
Equity instruments	283 427	-	19 713	-	(17 730)	-	(9 001)	276 409	-
Other	12 156	-	561	(79)	-	57	1 329	14 024	-
Impairment of other tangible assets (Note 14)	16 118	-	2 789	-	(102)	(1)	(271)	18 533	-
Impairment of intangible assets (Note 15)	-	-	40 020	(6 449)	-	-	11 139	44 710	-
Impairment of non-current assets held for sale (Note 12)	9 990	-	3 055	(2 713)	(1 888)	-	8 874	17 318	-
Impairment of other assets									
Assets received in payment of loans granted (Notes 12 and 19)	13 970	-	14 987	-	-	-	(8 874)	20 083	-
Other assets (Note 19)	155 847	3 537	10 437	(9 001)	(581)	-	1 451	161 690	-
Impairment of investments in associated companies (Note 16)	-	-	-	(2 213)	-	(68)	2 850	569	-
	492 398	**3 537**	**97 050**	**(27 437)**	**(20 301)**	**(22)**	**10 466**	**555 691**	**-**
	1 893 717	**3 537**	**1 057 197**	**(695 845)**	**(138 457)**	**(11 970)**	**3 661**	**2 111 840**	**(59 615)**

In 2007, the "Recovery of loans receivable, interest and expenses" includes EUR 34 250 thousand relative to the sale by Caixa of a number of credits which have been written-off (Note 11).

In 2006 the "Impairment of available-for-sale financial assets" includes EUR 15 863 thousand referring to impairment recognised by Caixa on the investment VAA - Vista Alegre Atlantis (Note 8).

40. SEGMENT REPORTING

In compliance with IAS 14 and with a view to determine the requirements of own funds to cover for operating risk, using the standard method under the terms of Notice 9/2007, of 18.04.2007 of the Bank of Portugal, the Group adopted the following business segments:

- INSURANCE BUSINESS: includes the operations of the Caixa Seguros Group insurance companies and Garantia - Companhia de Seguros de Cabo Verde, SA. This business segment was divided into life and non-life insurance;

- CORPORATE FINANCE: includes the activities relating to acquisitions, mergers, restructuring, privatisations, subscription and placement of securities (primary market), securitisation, preparation and organisation of syndicated loans (merchant banking - loan placement), investment management, financial analysis of markets and companies and advisory services;

- TRADING AND SALES: comprises banking activity relating to the management of the securities portfolio, management of issued debt instruments, money and foreign exchange markets operations, repo and security loan operations and wholesale brokerage. Loans and advances to other credit institutions and derivative instruments are also included in this segment;

- RETAIL BANKING: comprises banking operations with individuals, businessmen and micro-companies. This segment also includes consumer finance, mortgage lending, credit cards and deposits taken from private customers;

- COMMERCIAL BANKING: includes the granting of loans and taking of resources from large companies and SMEs. This segment also includes loans, current accounts, investment project financing, discounting bills, venture capital, factoring, equipment and property leasing, syndicated loans underwriting, as well as loans to the Government sector;

- INVESTMENT FUND MANAGEMENT: includes activities relating to the management of open or closed unit trust and property funds and discretionary wealth management funds;

- OTHER: includes all segments not covered by the above business lines.

The results for 2007 and 2006, distributed by business segment and geographic market, are as follows:

BUSINESS SEGMENT

	2007								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate finance	Insurance (Life)	Insurance (Non-life)	Other	Total
Net interest income	312 321	1 296 767	235 436	299	52 436	28 564	504	12 758	1 939 085
Income from equity investments	83 774	332	-	-	92	-	-	8 699	92 896
Income from services rendered and commissions	25 902	202 767	66 534	61 424	31 195	-	-	103 144	490 965
Cost of services and commissions	(11 768)	(49 077)	(821)	(3 703)	(140)	(552)	(410)	(29 576)	(96 047)
Results from financial operations	46 346	33 316	(158)	142	422	(1 149)	(4 764)	10 183	84 336
Other net operating income	(1 045)	21 063	3 352	(62)	(96)	581	25 513	39 527	88 832
Premiums net of reinsurance	-	-	-	-	-	946 074	1 296 692	-	2 242 766
Results of investments relating to insurance contracts	-	-	-	-	-	208 064	102 763	-	310 827
Claims costs net of reinsurance	-	-	-	-	-	(1 046 928)	(821 520)	-	(1 868 448)
Commissions and other income and costs relating to insurance operations	-	(5)	-	-	-	(13 280)	(122 615)	-	(135 900)
Other costs and income									(2 293 002)
Net operating income from banking and insurance operations	**455 529**	**1 505 162**	**304 343**	**58 099**	**83 909**	**121 374**	**476 162**	**144 736**	**3 149 313**
Other costs and income									(2 293 002)
Net income attributable to the shareholder of CGD									**856 311**
Cash balances and loans and advances to credit institutions (net)	6 548 454	675 325	330 696	3	-	55 552	12 077	45 722	7 667 829
Investments in securities and derivatives (net)	12 191 440	62 177	198 188	12 749	30 487	8 002 372	2 022 837	595 469	23 115 719
Loans and advances to customers (net)	91 522	36 847 917	29 458 229	-	430 426	3 692	3 658	8 856	66 844 300
Technical provision for outwards reinsurance	-	-	-	-	-	27 285	207 011	-	234 296
Total net assets	18 831 416	37 585 418	29 987 114	12 752	460 914	9 574 104	2 915 734	4 186 312	103 553 764
Resources of central banks and credit institutions	8 528 797	98 045	212 324	-	2	-	-	2 068	8 841 237
Customer resources	212 793	40 154 877	10 541 127	-	5 587	3 124 303	-	80	54 038 767
Debt securities	16 222 804	704	7 360	-	-	-	-	-	16 230 868
Technical provision for insurance contracts	-	-	-	-	-	5 246 155	2 427 747	-	7 673 902
Liability to subscribers of unit-linked products	-	-	-	-	-	777 115	-	-	777 115

	2006								
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate finance	Insurance (Life)	Insurance (Non-life)	Other	Total
Net interest income	159 585	1 288 842	181 660	584	14 665	34 568	(2 469)	27 443	1 704 879
Income from equity instruments	67 793	1	-	679	-	-	-	4 562	73 036
Income from services rendered and commissions	19 203	149 398	61 883	34 009	23 530	-	-	153 236	441 260
Cost of services and commissions	(4 895)	(42 182)	(2 534)	(3 120)	(87)	(1 083)	(690)	(21 950)	(76 541)
Results from financial operations	149 422	(31 454)	4 194	5 145	(1 245)	405	554	3 661	130 683
Other net operating income	20 411	34 730	(16 015)	(594)	61	5 313	25 477	55 229	124 613
Premiums net of reinsurance	-	-	-	-	-	1 286 481	1 340 174	-	2 626 655
Results of investments relating to insurance contracts	-	-	-	-	-	188 488	123 720	-	312 209
Claims costs net of reinsurance	-	-	-	-	-	(1 388 770)	(798 755)	212	(2 187 314)
Commissions and other income and costs relating to insurance operations	-	-	-	-	-	691	(166 174)	175	(165 308)
Net operating income from banking and insurance operations	**411 519**	**1 399 337**	**229 187**	**36 703**	**36 924**	**126 094**	**521 837**	**222 569**	**2 984 171**
Other costs and income									(2 250 363)
Net income attributable to the shareholder of CGD									**733 808**
Cash balances and loans and advances to credit institutions (net)	11 311 991	-	-	-	-	36 352	30 528	1 853	11 380 723
Investments in securities and derivatives (net)	10 858 158	175 027	93 779	90 123	-	7 308 672	1 679 375	1 026 554	21 231 688
Loans and advances to customers (net)	-	32 986 876	23 891 597	-	380 623	4 670	4 504	-	57 268 271
Technical provision for outwards reinsurance	-	-	-	-	-	26 221	210 960	-	237 181
Total net assets	22 170 148	33 161 902	23 985 376	90 123	380 623	7 375 915	1 925 367	7 156 352	96 245 807
Resources of central banks and credit institutions	5 503 796	-	-	-	-	-	-	-	5 503 796
Customer resources	-	40 618 977	10 956 252	-	8 692	2 183 915	-	-	53 767 836
Debt securities	12 102 967	1 257 377	-	-	-	-	-	-	13 360 344
Technical provision for insurance contracts	-	-	-	-	-	5 395 487	2 432 549	-	7 828 036
Liability to subscribers of unit-linked products	-	-	-	-	-	847 369	-	-	847 369

GEOGRAPHIC MARKETS

	2007								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Interest and similar income	6 858 368	1 508 622	1 447	597 760	459	187 967	134 847	(3 379 349)	5 910 121
Interest and similar costs	(5 274 516)	(1 353 848)	(474)	(559 020)	-	(139 387)	(56 627)	3 412 836	(3 971 036)
Income from equity instruments	198 328	11 536	-	-	-	92	786	(117 846)	92 896
Income from services rendered and commissions	475 537	50 421	288	2 587	-	14 921	29 451	(82 240)	490 965
Cost of services and commissions	(114 960)	(23 668)	(100)	(60)	-	(6 346)	(3 831)	52 918	(96 047)
Results from financial operations	79 977	36 105	-	281	45	7 154	11 912	(51 138)	84 336
Other net operating income	225 528	(4 202)	(21)	(595)	5	6 385	5 035	(143 303)	88 832
Premiums net of reinsurance	2 239 262	-	-	-	-	-	3 505	(1)	2 242 766
Results of investments relating to insurance contracts	348 671	-	-	-	-	-	-	(37 844)	310 827
Claims cost net of reinsurance	(1 866 136)	-	-	-	-	-	(2 312)	-	(1 868 448)
Commissions and other income and cost relating to insurance operations	(160 239)	-	-	-	-	-	1 806	22 533	(135 900)
Net operating income from banking and insurance operations	**3 009 820**	**224 966**	**1 140**	**40 953**	**509**	**70 786**	**124 572**	**(323 434)**	**3 149 312**
Other costs and income									(2 293 001)
Net income attributable to the shareholder of CGD									**856 311**
Cash balances and loans and advances to credit institutions (net)	19 035 211	16 942 960	14 345	2 255 190	2 510	2 870 780	551 584	(34 004 751)	7 667 829
Investments in securities and derivatives (net)	22 363 212	3 093 703	564	497 844	-	41 304	281 480	(3 162 388)	23 115 719
Loans and advances to customers (net)	56 251 033	8 759 465	16 404	496 287	-	804 875	780 752	(264 516)	66 844 300
Technical provision for outwards reinsurance	231 901	-	-	-	-	-	2 395	-	234 296
Total net assets	105 712 519	29 582 161	31 701	4 326 633	20 972	3 941 914	1 708 377	(41 770 513)	103 553 764
Resources of central banks and credit institutions	28 015 312	11 628 405	2	2 000 794	-	291 091	23 588	(33 117 955)	8 841 237
Customer resources	46 810 097	3 368 363	25 818	102 805	-	3 255 773	1 417 000	(941 089)	54 038 767
Liability to subscribers of unit-linked products	777 115	-	-	-	-	-	-	-	777 115
Debt securities	7 788 961	9 996 868	-	587 042	-	-	9 629	(2 151 632)	16 230 868
Technical provision for insurance contracts	7 666 693	-	-	-	-	-	7 209	-	7 673 902

	2006								
	Portugal	Rest of European Union	Rest of Europe	North America	Latin America	Asia	Africa	Other	Total
Interest and similar income	4 288 931	1 111 525	1 185	349 000	715	139 996	115 538	(1 616 923)	4 389 967
Interest and similar costs	(2 877 576)	(982 845)	(351)	(320 232)	-	(97 004)	(50 757)	1 643 676	(2 685 089)
Income from equity instruments	229 234	878	-	-	-	127	210	(157 413)	73 036
Income from services rendered and commissions	399 860	45 833	319	2 313	-	13 767	26 288	(47 120)	441 260
Cost of services and commissions	(83 493)	(17 739)	(91)	(57)	-	(4 604)	(1 486)	30 929	(76 541)
Results from financial operations	121 623	32 526	-	1 812	72	4 096	11 116	(40 562)	130 683
Other net operating income	229 297	16 399	(17)	(512)	342	2 820	660	(124 377)	124 612
Premiums net of reinsurance	2 621 347	-	-	-	-	-	5 308	-	2 626 655
Results of investments relating to insurance contracts	335 938	-	-	-	-	-	-	(23 729)	312 209
Claims cost net of reinsurance	(2 184 390)	-	-	-	-	-	(2 924)	-	(2 187 314)
Commissions and other income and cost relating to insurance operations	(180 973)	-	-	-	-	-	444	15 221	(165 308)
Net operating income from banking and insurance operations	**2 899 798**	**206 577**	**1 045**	**32 324**	**1 129**	**59 198**	**104 397**	**(320 298)**	**2 984 170**
Other costs and income									(2 250 362)
Net income attributable to the shareholder of CGD									**733 808**
Cash balances and loans and advances to credit institutions (net)	23 384 052	14 622 184	14 566	7 343 139	4 057	2 570 987	465 544	(37 023 806)	11 380 723
Investments in securities and derivatives (net)	20 024 954	3 081 071	437	463 919	-	23 280	245 048	(2 607 022)	21 231 687
Loans and advances to customers (net)	49 043 044	7 551 864	15 031	402 412	-	601 664	682 769	(1 028 513)	57 268 271
Technical provision for outwards reinsurance	236 255	-	-	-	-	-	926	-	237 181
Total net assets	97 802 017	25 846 784	30 636	9 226 291	21 321	3 408 631	1 522 091	(41 611 963)	96 245 808
Resources of central banks and credit institutions	26 643 212	9 259 816	19	5 683 405	-	195 731	21 703	(36 300 090)	5 503 796
Customer resources	47 649 350	3 362 533	25 033	127 434	-	2 893 545	1 086 377	(1 376 436)	53 767 836
Liability to subscribers of unit-linked products	847 369	-	-	-	-	-	-	-	847 369
Debt securities	3 184 870	9 792 728	-	2 031 959	-	-	135 152	(1 784 365)	13 360 344
Technical provision for insurance contracts	7 822 155	-	-	-	-	-	5 882	(1)	7 828 036

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

41. RELATED PARTIES

Associated companies, the management boards of Group companies' and other entities controlled by the Portuguese State are considered as related parties of the Group.

The Group's financial statements at 31 December 2007 and 2006 include the following balances and transactions with related parties, excluding management boards:

	2007		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:			
Bonds and other securities			
Trading derivatives	689 363	-	21 836
Loans and advances to customers	-	91 963	853 151
Provisions for loans / Impairment	-	1	7 849
Other assets	31 149	23 884	173 400
Liabilities:			
Customer resources	1 991	2 232 896	20 739
Other liabilities	1 110	529	99
Guarantees given	45 240	144 681	17 320
Income:			
Interest and similar income	23 334	2 670	64 643
Gains from financial operations	8 771	-	75
Income from services rendered and commissions	-	378	349
Insurance premiums	-	2 456	2 798
Other operating income	298	-	619
Costs:			
Interest and similar costs	1 250	47 410	3 695
Losses from financial operations	10 593	-	517
Commissions	-	15	172
Other operating costs	3	2 483	2 524

	2006		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:			
Bonds and other securities	763 905	-	19 271
Trading derivatives			
Loans and advances to customers	694 101	275 378	750 679
Provisions for loans / Impairment	-	-	8 452
Other assets	38 339	21 102	97 245
Liabilities:			
Customer resources	1 547 386	1 706 545	13 951
Other liabilities	2 456	529	5 905
Guarantees given	50	1 319	17 536
Income:			
Interest and similar income	19 123	7 699	112 237
Gains from financial operations	952	79	83
Income from services rendered and commissions	-	892	287
Insurance premiums	-	2 456	2 798
Other operating income	-	-	231
Costs:			
Interest and similar costs	17 494	17 279	271
Losses from financial operations	16 315	488	138
Commissions	-	15	2
Other operating costs	-	2 492	2 124

Transactions with related parties are generally made based on market values on the respective dates.

At 31 December 2007 and 2006 the column "Other Portuguese State entities" does not include balances with Local Government.

MANAGEMENT BOARDS

In 2007 costs incurred with remuneration and other benefits of the Boards of Directors of Caixa and Group companies amounted to EUR 16 609 thousand (EUR 17 017 thousand in 2006).

Loans granted to members of the Boards of Directors at 31 December 2007 and 2006 totalled EUR 2 762 thousand and EUR 2 545 thousand, respectively.

42. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

MANAGEMENT POLICIES ON FINANCIAL RISKS PERTAINING TO THE GROUP'S ACTIVITY

In 2001 CGD adopted a centralised risk management model. This encompasses the assessment and control of all the Group's credit, market and liquidity risks, based on the principle of the segregation of functions between the commercial and risk areas.

CREDIT RISK

CGD's approach to credit risk involves the follow up of a certain number of indicators, which includes the breakdown by product, customer segment, maturity terms, type of guarantees, exposure level in the financial system, business sector and geographical area. The amounts of great exposures are also analysed along with the maximum limits established by the supervisory authorities.

Provisions are calculated quarterly, within an economic standpoint, for companies with high liabilities based on expectations regarding their collectivity.

Under the scope of the International Accounting Rules, CGD calculates monthly the amount of provisions for impairment for each credit sub-portfolio through breaking it down by homogenous risk segments and the use of probabilities of default (PD), migration to default and loss given default calculated each year based on historical information.

This analysis is based not only on the rating risk awarded by the rating agencies but also on the weighting of quantitative and qualitative criteria. This analysis also includes, the market and the economy which the entities are involved in as well as other factors that may mitigate the credit risk.
Risk monitoring is made on a regular basis along with control of risk limits.

As to credit granted to companies, besides the regular follow-up of the portfolio, a deeper analysis to all customers is carried out by a team of specialised credit analysts in the perspective of economic Group, with an exposure exceeding one million euros.

The analysis is focused on the customer credit risk and proposed operations, functions being segregated from those of the commercial area which is responsible for the presentation of the proposal comprising the operations' conditions. CGD's Risk Management Department (DGR) has the power to propose the necessary conditions to mitigate the risk, making the operation acceptable for the defined exposure of CGD's portfolio.

In addition, a risk monitoring model for short term limits is currently being developed which, using a set of indicators and an internal rating model suggests a global limit for the customer, as well as a sub-limit for the financial credit. Limits are further managed by the commercial area and DGR, which monitors and reviews them, at least annually, and whenever the activity and the relationship with the customer so requires.

MARKET RISK

The CGD Group's market risk management rules established for each portfolio or business unit include market risk limits, and exposure limits regarding credit risk, market and liquidity risk, required level of return, types of instruments authorised and maximum loss levels allowed.

Trading functions and risk control functions are completely segregated.

Risk hedging operations are decided by portfolio managers or business unit managers, based on risk limits and authorised instruments, in which the risk management area collaborates on assessing the impact of hedging the total risk incurred or changing the authorised market risk levels, if deemed advisable under the circumstances

The market risk measurement used for all types of market risk is Value at Risk (VaR) (interest rates, shares, exchange rates, volatility), using the historical simulation method, in which the confidence levels used in the simulation depend on the objectives of retaining the portfolio. In addition, other market risk measurements, such as sensitivity to price changes of the underlying assets (basis point value - bpv -, for interest rates) and other sensitivity indicators commonly used for option portfolios (greeks). Stress testing assessments have also been developed to assess the impact on results of extreme changes in risk factors.

VaR measurement is subject to daily theoretical and real backtesting analyses with the calculation of theoretical backtesting amounts, real backtesting calculations being made monthly. The number of exceptions obtained, namely the number of times theoretical or real losses exceed VaR, enable the accuracy of the method used to be assessed and any necessary adjustments to be made.

The market risk management rules established for each portfolio, in terms of its composition, some limits as to assets and risk levels. Limits are defined for credit exposure (concentration by name, business sector, rating and country), market exposure (total maximum risk level by risk factor and maturity term) and liquidity exposure (number of minimum price quotations required, limit of maximum authorised percentage in the portfolio of each issue, shares portfolio composition based on their inclusion in authorised indexes). Control and profitability analysis are produced monthly for credit risk assessments according to the rules in force and the market risk following the approach of in-house models.

EXCHANGE RISK

Exchange risk is controlled and assessed on a daily, individual basis for domestic operations and for each branch and subsidiary, and fortnightly, on a consolidated basis, for the Group as a whole. VaR amounts and limits are calculated, as well as the exposure (total and by currency).

LIQUIDITY RISK

The liquidity and interest rate risk management policies in CGD's balance sheet are defined by the Asset-Liability Committee (ALCO). The liquidity risk area of DGR controls and monitors the management of this kind of risks.

The Asset-Liability Management Committee is a subordinate committee of the board of directors responsible for the ALM process which meets regularly, making decisions involving risks areas, the performance of portfolios and the financing and capital policies management. The ALCO enables an area of disclosure of management information across the Group.

The liquidity risk management is focused on the analysis of residual maturity terms of the different balance sheet assets and liabilities showing for each the volumes of cash inflows and cash outflows as well as the respective liquidity gaps.

The liquidity gaps are calculated monthly and must comply with three ratios (two short term and one long term ratios), previously determined by ALCO. Accordingly, the structural liquidity concept is used which, according to the studies and models developed in-house and based on the depositors behaviour, results in an approximate distribution of demand and savings deposits by the different buckets considered.

In the case of demand deposits, 82% of their balance (core deposits) is considered in the bucket over 10 years, the remainder non-core deposits being allocated to the bucket up to 12 months, under the seasonability studies and minimum balance observed. Term and savings deposits are distributed by the different buckets in accordance with a model to estimate their average life and temporal distribution of the expected withdrawals.

In the case of securities investments, 85% of their balance is considered in the bucket up to 1 month and the remainder 15% is distributed according to the weight of the balances in the structure of the residual terms of initial maturity. Shares and other variable-yield securities with adequate liquidity are globally considered in the bucket up to 1 month.

To avoid high negative amounts in the liquidity gaps of short term maturity intervals, Caixa is ensuring a permanent and efficient treasury management. To face higher maturities, particularly these associated with the significant growth of mortgage loans, Caixa continued to make use of instruments in domestic and foreign markets, namely through the issue of covered bonds and Euro Medium Term Notes.

During the year, Caixa continued to pursue its policy of procuring different types of resources whose terms were more adequate to the existing mismatches between borrowing and lending terms and to ensure greater stability of customer resources both through the launch of savings structured products and debt issues.

The risk measurement methodology used in CGD involves the grouping of sensitive assets and liabilities into fixed time intervals, by interest repricing dates. Assets and liabilities cash flows in addition to the corresponding interest rate risk gap are calculated for such intervals.

The analysis of the interest rate risk behaviour involves monthly calculations of sensitive assets and liabilities scenarios as well as the respective duration gap. This calculation enables the measurement of the mismatch level between average time in which cash inflows are generated and cash outflows required.

To monitor the effect of the referred to gaps on net interest income, a regular monthly forecast of sensitive assets and liabilities scenarios is produced. It includes relevant banking activity behaviour and trends, evolution of different market rates and expectations reflected in the yield curve.

Under the terms of an ALCO resolution, several directives on the interest rate risk in the balance sheet and banking portfolio were approved, including the fixing of limits on certain significant variables in terms of exposure to this type of risk. These directives have been designed to allow CGD to manage the return/risk trade-off in balance sheet management terms, ensuring that it is in a position to establish expedient exposure and control the results of its policies and positions.

The limits fixed are calculated monthly for the accumulated 12 months gap and the duration gap and quarterly for the economic value at risk indicator (which translates the changes in the economic value of the bank's capital, resulting from changes in interest rate levels) and for the earnings at risk indicator (which translates the changes in the bank's forecast net interest income, resulting from changes in interest rate levels and the evolution of loans and advances and investment balances).

The interest rate risk in the banking portfolio is also calculated on consolidated operations every six months and encompasses all balance sheet and off-balance sheet elements not included in the trading portfolio.

The assessment and measurement of this type of risk is based on the accumulated impact on instruments sensitive to interest rates, resulting from a parallel movement of +/- 200 b.p. on the yield curve (as in Bank of Portugal Instruction 19/05). Under the terms of an ALCO resolution, the impact on own funds and on net interest income is calculated quarterly for internal management purposes with guidelines limits having been defined for its value.
The following comprises the disclosures on the principal types of risks pertaining to CGD's operations as required under IAS 7.

CREDIT RISK

MAXIMUM EXPOSURE TO CREDIT RISK

At 31 December 2007 and 2006 maximum exposure to credit risk is broken down as follows:

	2007	2006
Trading securities	2 893 348	4 396 431
Financial assets at fair value through profit or loss	1 509 176	2 116 945
Available-for-sale financial assets (net of impairment)	11 018 568	9 165 123
	15 421 092	15 678 499
Derivatives	998 263	459 523
Loans and advances to credit institutions	4 789 664	8 458 448
Loans and advances to customers (net of impairment)	66 844 300	57 268 271
Other debtors	1 858 721	2 602 394
Other operations pending settlement	360 286	739 510
	74 851 234	69 528 146
Other commitments		
Personal/institutional guarantees given		
Guarantees and sureties (net of provisions)	3 194 127	3 112 463
Stand-by letters of credit	196 442	168 475
Open documentary credits	158 136	146 266
Other personal guarantees given and other contingent liabilities	36 653	32 624
Forward deposits agreements	341 989	-
Irrevocable lines of credit	2 292 549	2 226 707
Credit Default Swaps (short positions)	1 159 500	649 500
	7 379 396	6 336 035
Maximum exposure to credit risk	97 651 722	91 542 680

CREDIT QUALITY OF LOANS AND ADVANCES TO CREDIT INSTITUTIONS

The following table presents the distribution of the balance sheet amounts of loans and advances to credit institutions at 31 December 2007 and 2006 by Standard & Poor's rating or equivalent and by country and counterparty:

	2007						
	Portugal	European Union	North America	Brazil	Asia	Other	Total
AAA	-	10 041	-	-	-	38	10 079
AA-to AA+	206 101	1 020 888	329 368	-	221 242	173 787	1 951 386
A- to A+	173 747	1 500 438	117 985	-	46 961	10 342	1 849 474
Lower than A-	340	83 821	67 939	356 273	27 624	125 499	661 496
No Rating	118 923	107 317	3 505	2 729	8 244	76 510	317 228
	499 110	2 722 506	518 798	359 002	304 070	386 176	4 789 664

	2006						
	Portugal	European Union	North America	Brazil	Asia	Other	Total
AAA	-	25 354	-	-	76 156	-	101 510
AA- to AA+	390 700	1 526 423	247 235	-	10 184	71 013	2 245 554
A- to A+	249 981	2 928 974	245 070	-	1 450 982	-	4 875 006
Lower than A-	40 732	161 654	190 173	254 500	184 494	76 853	908 406
No Rating	81 598	184 423	-	-	8 239	53 712	327 972
	763 010	4 826 828	682 478	254 500	1 730 055	201 578	8 458 448

CREDIT QUALITY OF DEBT SECURITIES

The following table presents the distribution of the balance sheet amounts of debt securities net of impairment (except overdue securities) at 31 December 2007 and 2006 by Standard & Poor's rating or equivalent and by guarantee or issuer and by their respective geographical region:

	2007				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets held for trade					
AAA	29 919	871 221	5 015	-	906 154
AA- to AA+	707 553	188 048	-	-	895 601
A- to A+	56 318	425 924	10 799	15 052	508 092
Lower than A-	22 566	179 617	-	11 820	214 004
No Rating	255 168	92 692	-	21 637	369 497
	1 071 523	1 757 502	15 814	48 509	2 893 348
Issued by:					
Corporates	152 523	-	-	-	152 523
Governments and local authorities	535 234	884 955	10 799	-	1 430 987
Financial institutions	128 599	872 547	5 015	48 509	1 054 670
Other issuers	255 168	-	-	-	255 168
	1 071 523	1 757 502	15 814	48 509	2 893 348
Financial assets at fair value through profit or loss (Fair Value Option)					
AAA	4 012	146 635	2 495	-	153 143
AA- to AA+	2 227	22 578	-	-	24 805
A- to A+	473 971	75 951	-	9 976	559 897
Lower than A-	624 408	22 628	-	-	647 036
No Rating	96 817	0	-	27 478	124 295
	1 201 435	267 793	2 495	37 453	1 509 176
Issued by:					
Corporates	878 387	48 886	-	-	927 273
Governments and local authorities	2 227	116 673	2 495	-	121 395
Financial institutions	312 941	102 235	-	9 976	425 151
Other issuers	7 880	-	-	27 478	35 358
	1 201 435	267 793	2 495	37 453	1 509 176

...Continued

	2007				
	Portugal	Rest of European Union	North America	Other	Total
Available-for-sale financial assets (net of impairment)					
AAA	8 332	2 645 812	184 280	67 759	2 906 184
AA- to AA+	32 096	1 729 181	156 366	150 009	2 067 653
A- to A+	69 595	4 288 688	109 155	366 403	4 833 842
Lower than A-	23 979	360 083	89 938	63 858	537 858
No Rating	-	260 702	59 116	353 213	673 031
	134 003	9 284 466	598 856	1 001 243	11 018 568
Issued by:					
Corporates	-	853 758	50 801	14 107	918 666
Governments and local authorities	40 428	2 952 715	147 852	56 728	3 197 722
Financial institutions	93 574	5 117 462	341 087	722 555	6 274 679
Other issuers	-	360 531	59 116	207 855	627 502
	134 003	9 284 466	598 856	1 001 244	11 018 568

	2006				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets held for trade					
AAA	-	981 229	103 558	51 007	1 135 795
AA- to AA+	811 559	246 831	379 049	13 103	1 450 541
A- to A+	-	715 800	39 896	56 842	812 538
Lower than A-	4 024	601 021	13 454	9 871	628 369
No Rating	9 998	190 437	111 159	45 196	356 790
	825 581	2 735 317	647 116	176 019	4 384 034
Issued by:					
Corporates	187 928	131 801	13 454	962	334 144
Governments and local authorities	598 470	1 134 810	35 278	-	1 768 558
Financial institutions	39 183	1 468 707	598 385	155 028	2 261 303
Other issuers	-	-	-	20 029	20 029
	825 581	2 735 317	647 116	176 019	4 384 034
Financial assets at fair value through profit or loss (Fair Value Option)					
AAA	-	55 830	2 625	-	58 455
AA- to AA+	26 227	39 731	-	6 346	72 304
A- to A+	108 328	717 759	-	99 330	925 416
Lower than A-	744 547	135 604	-	7 553	887 704
No Rating	58 053	115 014	-	-	173 066
	937 155	1 063 937	2 625	113 229	2 116 945
Issued by:					
Corporates	490 833	124 565	-	-	615 399
Governments and local authorities	35 043	106 412	2 625	-	144 080
Financial institutions	411 279	832 959	-	113 229	1 357 466
	937 155	1 063 937	2 625	113 229	2 116 945

...Continued

	2006				
	Portugal	Rest of European Union	North America	Other	Total
Available-for-sale financial assets (net of impairment)					
AAA	-	2 502 897	98 336	263 729	2 864 963
AA- to AA+	-	1 318 095	65 490	183 204	1 566 790
A- to A+	-	2 822 187	280 625	20 218	3 123 029
Lower than A-	10 012	102 008	70 931	42 445	225 396
No Rating	-	400 462	260 719	723 764	1 384 945
	10 012	7 145 649	776 101	1 233 360	9 165 123
Issued by:					
Corporates	-	551 879	115 055	36 192	703 126
Governments and local authorities	-	3 082 370	216 270	164	3 298 804
Financial institutions	10 012	3 414 164	250 536	543 480	4 218 191
Other issuers	-	97 237	194 240	653 525	945 001
	10 012	7 145 649	776 101	1 233 361	9 165 123

CREDIT QUALITY OF LOANS AND ADVANCES TO CUSTOMERS

The gross book value of loans and advances to customers at 31 December 2007 and 2006 comprises the following:

	2007						
	Loans with collective impairment			Loans with individual impairment	Other book values	Total	Fair value of guarantees of default operations or with individual impairment
Corporate loans	Performing loans	Non-performing loans	Default loans				
Collective analysis							
Due for payment	6 620 309	1 025 026	234 557	-	619 551	8 499 442	
Overdue	2 325	13 738	271 701	-	30 874	318 638	
Individual analysis							
Due for payment	20 701 604	488 008	140 946	1 252 870	-	22 583 428	
Overdue	4 972	685	13 984	264 623	-	284 265	
	27 329 211	**1 527 456**	**661 189**	**1 517 493**	**650 425**	**31 685 774**	**1 934 064**
Mortgage loans							
Due for payment	31 058 599	817 443	663 279	-	249 760	32 789 081	
Overdue	4 307	5 818	680 064	-	24 737	714 926	
	31 062 906	**823 261**	**1 343 343**	**-**	**274 497**	**33 504 007**	**1 745 792**
Consumer loans							
Due for payment	1 719 130	40 959	39 305	-	16 548	1 815 941	
Overdue	438	3 559	44 311	-	2 479	50 786	
	1 719 568	**44 517**	**83 616**	**-**	**19 026**	**1 866 728**	**35 950**
Other loans							
Due for payment	887 083	945	1 898	-	162 894	1 052 820	
Overdue	349	2 385	14 854	-	38 449	56 037	
	887 433	**3 330**	**16 752**	**-**	**201 343**	**1 108 858**	
Total loans due for payment	60 986 725	2 372 380	1 079 985	1 252 870	1 048 752	66 740 713	
Total overdue loans	12 391	26 185	1 024 915	264 623	96 538	1 424 653	
Total loans	60 999 117	2 398 565	2 104 901	1 517 493	1 145 291	68 165 366	

Corporate loans	2006						
	Loans with collective impairment			Loans with individual impairment	Other book values	Total	Fair value of guarantees of default operations or with individual impairment
	Performing loans	Non-performing loans	Default loans				
Collective analysis							
Due for payment	9 490 344	1 009 009	224 685	-	412 598	11 136 636	
Overdue	12 277	16 188	274 418	-	16 759	319 643	
Individual analysis							
Due for payment	11 987 250	391 071	121 648	1 023 129	-	13 523 098	
Overdue	11 737	2 555	11 853	79 842	-	105 987	
	21 501 609	1 418 823	632 603	1 102 971	429 357	25 085 364	4 382 452
Mortgage loans							
Due for payment	28 437 402	865 587	908 156	-	260 532	30 471 677	
Overdue	3 074	5 751	653 099	-	12 210	674 134	
	28 440 476	871 339	1 561 254	-	272 742	31 145 812	1 998 951
Consumer loans							
Due for payment	1 501 606	39 676	37 615	-	39 380	1 618 277	
Overdue	1 035	2 063	29 525	-	428	33 050	
	1 502 641	41 738	67 139	-	39 809	1 651 327	26 524
Other loans							
Due for payment	55 220	321	33	-	335 438	391 011	
Overdue	3 581	3 749	18 201	-	105 220	130 752	
	58 801	4 070	18 235	-	440 658	521 763	
Total loans due for payment	51 471 822	2 305 664	1 292 136	1 023 129	1 047 949	57 140 700	
Total overdue loans	31 705	30 306	987 095	79 842	134 618	1 263 566	
Total loans	51 503 527	2 335 970	2 279 232	1 102 971	1 182 566	58 404 267	

In the preparation of the tables above, the following classifications were considered:

- "Performing loans"- loans with no overdue instalments or balances more than 30 days overdue;

- "Non-performing loans" - loans with overdue balances between 30 and 90 days;

- "Default loans" - loans with overdue balances over 90 days. Concerning corporate loans, if the customer has at least, one operation with instalments more than 90 days overdue, the total exposure for the Group is reclassified to this category.

In the column "Other book values" the following amounts were taken into account:

- gross book value of loans granted by CGD Group entities not included in the analysis in the scope of the impairment model carried out centrally by the Group.

- gross book value of consumer loans to CGD's employees (head office).

The column "Performing loans" at 31 December 2006 comprises EUR 692 909 thousand relative to sales operations with repurchase agreements on debt securities of the Portuguese Republic.

Overdue loans with no impairment within the scope of the individual analysis and that are included in the table above in "Loans with individual impairment - Collective analysis" at 31 December 2007 and 2006 comprise the following:

2007

Live credit	Overdue loans	Total	Attributed impairment - collective analysis -	Fair value of guarantees
865 409	14 078	879 487	(25 392)	1 081 779

2006

Live credit	Overdue loans	Total	Attributed impairment - collective analysis -	Fair value of guarantees
431 239	5 830	437 069	(9 641)	348 214

Book value at 31 December 2007 and 2006 was EUR 448 493 thousand and EUR 273 490 thousand, respectively, net of impairment pertaining to:

- loans granted to customers that in the course of 2007 and 2006 had instalments more than 90 days overdue for which the intervention of CGD structure bodies, responsible for the recovery of non-performing loans, was requested; or

- corporate loans with book value over EUR 100 thousand identified by the respective Commercial Departments responsible for the monitoring of these operations as having been negotiated in these periods.

LIQUIDITY RISK

Liquidity risk corresponds to the risk of CGD having difficulty in obtaining sufficient funds to meet its commitments. Liquidity risk may, for example, be reflected in Caixa's inability to rapidly sell a financial asset at close to its fair value.

In compliance with the requirements of IFRS 7, the residual contractual periods to maturity of financial instruments at 31 December 2007 and 2006 are as follows:

	2007									
	Residual periods to maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1 922 286	6 726	-	-	-	-	-	-	-	1 929 011
Cash balances at other credit institutions	952 598	-	-	-	-	-	-	-	-	952 598
Loans and advances to credit institutions	3 233 218	608 347	243 226	305 853	276 097	204 676	-	-	619	4 872 038
Securities										
Trading	38 910	76 378	32 963	340 253	646 203	828 259	1 348 446	607 280	890 545	4 809 237
Other	167 570	344 338	389 677	815 095	4 690 229	4 054 831	3 644 344	1 690 046	4 702 320	20 498 448
Investments associated with unit-linked products	-	-	-	-	-	-	-	-	777 115	777 115
Loans and advances to customers (gross)	5 157 273	3 958 070	5 548 524	4 539 605	12 734 517	11 350 307	17 025 721	40 492 661	226 291	101 032 968
Investments to be held up to maturity	-	-	-	-	1	11	-	-	-	12
Hedging derivatives	-	-	-	-	-	-	-	-	125 590	125 590
	11 471 854	**4 993 859**	**6 214 389**	**6 000 806**	**18 347 047**	**16 438 084**	**22 018 512**	**42 789 987**	**6 722 481**	**134 997 018**
Liabilities										
Resources of central banks	(6 496 056)	(1 526 728)	(675 043)	(113 092)	(98 062)	(2 219)	(64 881)	-	82 953	(8 893 128)
Customer resources	(28 166 576)	(8 564 111)	(10 048 356)	(3 056 211)	(2 731 576)	(1 323 568)	(635 935)	(244 270)	33 519	(54 737 084)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(777 115)	(777 115)
Debt securities	(2 681 248)	(1 686 666)	(1 056 705)	(2 008 348)	(3 020 468)	(4 384 543)	(4 494 118)	(800 510)	708 131	(19 424 475)
Financial liabilities at fair value through profit or loss	(3 347)	(1 333)	(113)	(3 473)	(4 856)	(2 295)	-	-	(1 082 752)	(1 098 170)
Hedging derivatives	-	-	-	-	-	-	-	-	(125 590)	(125 590)
Subordinated liabilities	(2 560)	(7 861)	(9 173)	(135 314)	(694 994)	(1 446 365)	(696 795)	(90 948)	11 975	(3 072 034)
Consigned resources	(44)	(44 375)	(30 637)	(69 312)	(292 322)	(471 697)	(1 028 737)	(455 561)	(3 021)	(2 395 705)
	(37 349 831)	**(11 831 074)**	**(11 820 027)**	**(5 385 749)**	**(6 842 279)**	**(7 630 687)**	**(6 920 467)**	**(1 591 289)**	**(1 151 899)**	**(90 523 301)**
Derivatives	**(36 796)**	**(62 833)**	**(24 229)**	**(67 324)**	**(214 507)**	**(265)**	**(197 488)**	**(186 187)**	**-**	**(789 629)**
Difference	**(25 914 772)**	**(6 900 048)**	**(5 629 867)**	**547 732**	**11 290 261**	**8 807 131**	**14 900 556**	**41 012 511**	**5 570 582**	**43 684 087**

	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
	2006									
	Residual periods to maturity									
Assets										
Cash and cash equivalents at central banks	2 245 817	10	-	-	-	-	-	-	-	2 245 828
Cash balances at other credit institutions	678 979	-	-	-	-	-	-	-	-	678 979
Loans and advances to credit institutions	6 640 014	807 123	570 206	176 131	206 586	130 726	19 288	-	1 614	8 551 688
Securities										
Trading	68 579	104 815	47 522	279 897	1 006 156	1 133 063	1 705 673	2 008 265	547 353	6 901 322
Other	169 014	299 612	543 574	956 701	4 050 602	4 268 074	2 845 382	1 300 986	3 750 874	18 184 818
Investments associated with unit-linked products	-	-	-	-	-	-	-	-	848 401	848 401
Loans and advances to customers (gross)	3 461 363	3 276 852	3 911 709	3 866 915	10 778 093	9 829 118	14 856 407	32 015 539	(478 272)	81 517 724
Investments to be held up to maturity	-	-	-	-	2	18	3	-	-	23
Hedging derivatives	512	73 267	-	-	-	-	-	-	34 411	108 190
	13 264 278	4 561 679	5 073 011	5 279 644	16 041 439	15 360 998	19 426 753	35 324 789	4 704 382	119 036 972
Liabilities										
Resources of central banks	(3 915 099)	(757 140)	(441 084)	(292 929)	(115 249)	(4 768)	(5 334)	-	(6 098)	(5 537 702)
Customer resources	(29 078 568)	(7 936 709)	(10 238 955)	(2 621 791)	(2 472 106)	(1 509 206)	(1 276 785)	(64 257)	(4 984)	(55 203 361)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(847 369)	(847 369)
Debt securities	(1 871 084)	(1 519 285)	(2 376 896)	(894 655)	(2 655 272)	(2 554 739)	(3 546 269)	(686 560)	350 027	(15 754 733)
Financial liabilities at fair value through profit or loss	(152 702)	(15 902)	(3 757)	(7 678)	(27 904)	(7 979)	(16 723)	-	(354 864)	(587 509)
Hedging derivatives	(228)	(438 779)	-	-	-	-	-	(102)	(62 551)	(501 660)
Subordinated liabilities	(4 174)	(6 831)	(14 950)	(255 019)	(595 053)	(619 083)	(855 039)	(150 640)	24 181	(2 476 608)
Consigned resources	(129)	(43 369)	(23 699)	(66 830)	(291 337)	(272 620)	(2 193 565)	(436 988)	(3 896)	(3 332 433)
	(35 021 983)	(10 718 014)	(13 099 342)	(4 138 903)	(6 156 921)	(4 968 395)	(7 893 715)	(1 338 548)	(905 554)	(84 241 375)
Derivatives	(9 338)	(52 320)	(34 105)	(5 026)	(89 072)	(24 439)	(39 004)	(126 591)	-	(379 893)
Difference	(21 767 042)	(6 208 655)	(8 060 435)	1 135 715	9 795 446	10 368 164	11 494 034	33 859 650	3 798 827	34 415 704

The tables above comprise the estimated cash flows relative to principal and interest. Therefore they cannot be compared with the accounting balances at 31 December 2007 and 2006.

The following tables show information relative to structural liquidity risk of CGD at 31 December 2007 and 2006, the following adjustments having been considered to prepare them:

- Term and savings deposits (CGD head office) - estimated periods of permanence other than contractual periods were determined based on which the respective reclassification of categories previously considered in the liquidity gap, took place;

- Customer demand deposits - reclassification of core deposits (stable amount of demand deposits considering an extended historical horizon) from "up to 1 month" to "over 10 years";

- Securities portfolio - reclassification of debt securities and shares considered of high liquidity for the "up to 1 month" maturity period;

- Mortgage loans - the distribution of capital flows took into account the expectations relative to early repayment of contracts, based on the analysis of the historical information from November 2004 onwards.

In addition, the amounts presented correspond to the capital balances not yet due and do not include estimated interest or accrued interest.

	2007									
	Residual periods to maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	1 923 308	-	-	-	-	-	-	-	-	1 923 308
Cash balances at other credit institutions	952 598	-	-	-	-	-	-	-	-	952 598
Loans and advances to credit institutions	3 217 995	588 562	230 267	285 741	244 847	194 172	-	-	619	4 762 203
Securities										
Trading	2 490 764	9 269	1 788	41 742	67 037	100 459	172 128	49 545	890 545	3 823 277
Other	3 656 787	203 515	213 349	530 608	2 897 152	2 182 023	2 144 929	991 998	4 695 997	17 516 358
Investments associated with unit-linked products	-	-	-	-	-	-	-	-	777 115	777 115
Loans and advances to customers (gross)	4 972 709	3 644 890	5 096 730	3 919 806	10 574 754	9 295 729	11 996 318	17 002 313	237 465	66 740 713
Investments to be held up to maturity	-	-	-	-	1	11	-	-	-	12
	17 214 161	4 446 234	5 542 134	4 777 898	13 783 791	11 772 394	14 313 375	18 043 856	6 601 741	96 495 585
Liabilities										
Resources of central banks	(6 455 453)	(1 493 273)	(651 515)	(105 313)	(91 125)	(1 419)	(62 923)	-	82 953	(8 778 066)
Customer resources	(5 928 218)	(3 692 520)	(3 385 690)	(5 947 803)	(10 548 088)	(5 974 604)	(4 129 706)	(14 179 699)	33 242	(53 753 086)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(777 115)	(777 115)
Debt securities	(2 626 639)	(1 599 050)	(895 179)	(1 797 748)	(2 319 202)	(3 788 609)	(3 879 257)	(646 116)	708 131	(16 843 669)
Financial liabilities at fair value through profit or loss	(3 347)	(1 333)	(113)	(3 473)	(4 856)	(2 295)	-	-	(1 178 338)	(1 193 756)
Subordinated liabilities	-	-	-	(49 880)	(514 891)	(1 317 079)	(679 965)	(90 948)	11 974	(2 640 788)
Consigned resources	(36)	(15 849)	(15 852)	(26 625)	(130 065)	(323 536)	(860 755)	(379 416)	(3 021)	(1 755 154)
	(15 013 693)	(6 802 025)	(4 948 348)	(7 930 842)	(13 608 227)	(11 407 542)	(9 612 606)	(15 296 179)	(1 122 173)	(85 741 635)
Difference	2 200 469	(2 355 791)	593 786	(3 152 944)	175 564	364 853	4 700 769	2 747 677	5 479 568	10 753 950

	2006									
	Residual periods to maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	2 241 407	-	-	-	-	-	-	-	-	2 241 407
Cash balances at other credit institutions	678 979	-	-	-	-	-	-	-	-	678 979
Loans and advances to credit institutions	6 594 120	789 531	559 056	165 996	181 468	115 689	19 023	-	1 615	8 426 498
Securities										
Trading	3 587 424	16 768	11 433	45 427	132 989	178 682	221 479	168 703	547 353	4 910 257
Other	2 833 593	185 103	319 139	324 583	2 301 169	2 570 894	1 866 023	861 940	3 750 930	15 013 375
Investments associated with unit-linked products	-	-	-	-	-	-	-	-	848 401	848 401
Loans and advances to customers (gross)	3 242 421	2 879 668	3 327 466	2 814 843	6 995 939	6 752 776	9 108 852	22 497 007	(478 272)	57 140 700
Investments to be held up to maturity	-	-	-	-	2	18	3	-	-	23
	19 177 945	3 871 071	4 217 095	3 350 849	9 611 566	9 618 059	11 215 379	23 527 650	4 670 028	89 259 641
Liabilities										
Resources of central banks	(3 899 204)	(741 341)	(425 726)	(279 331)	(110 684)	(4 721)	(5 334)	-	(6 098)	(5 472 439)
Customer resources	(5 587 261)	(3 610 838)	(3 477 127)	(5 682 132)	(10 428 218)	(6 036 073)	(4 496 249)	(14 234 639)	(4 984)	(53 557 521)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	-	(847 369)	(847 369)
Debt securities	(1 842 693)	(1 394 753)	(2 282 814)	(670 506)	(2 194 239)	(2 179 671)	(3 006 601)	(569 077)	350 028	(13 790 326)
Financial liabilities at fair value through profit or loss	(152 702)	(15 902)	(3 757)	(7 678)	(27 904)	(7 979)	(16 723)	-	(357 259)	(589 904)
Subordinated liabilities	-	-	-	(199 880)	(449 880)	(455 587)	(730 180)	(95 584)	24 181	(1 906 930)
Consigned resources	(123)	(8 299)	(13 705)	(21 752)	(116 524)	(105 510)	(1 920 729)	(372 816)	(3 896)	(2 563 352)
	(11 481 982)	(5 771 133)	(6 203 129)	(6 861 278)	(13 327 448)	(8 789 541)	(10 175 815)	(15 272 117)	(845 398)	(78 727 842)
Difference	7 695 963	(1 900 063)	(1 986 034)	(3 510 429)	(3 715 883)	828 518	1 039 564	8 255 533	3 824 630	10 531 799

INTEREST RATE RISK

Interest rate risk corresponds to the risk of the fair value or cash flows associated with a determined financial instrument changing as a result of a change in market interest rates.

The development of nominal value of financial instruments with exposure to interest rate risk based on maturity or repricing dates at 31 December 2007 and 2006 is summarised in the following table:

	2007								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	840 000	1 083 308	-	-	-	-	-	-	1 923 308
Cash balances at other credit institutions	952 598	-	-	-	-	-	-	-	952 598
Loans and advances to credit institutions	2 506 251	924 960	941 889	202 841	87 867	12 368	2 461	83 566	4 762 203
Securities									
Trading	-	189 515	572 287	132 288	228 763	278 065	1 527 146	895 214	3 823 278
Other	444 962	1 209 596	3 607 506	1 218 079	680 652	1 585 546	3 948 372	4 827 969	17 522 682
Investments associated with unit-linked products	-	-	-	-	-	-	-	777 115	777 115
Loans and advances to customers (gross)	3 034 225	16 457 358	17 647 112	18 615 582	6 710 066	887 504	2 047 261	1 341 607	66 740 713
Investments to be held up to maturity (gross)	-	-	-	-	-	-	-	12	12
	7 778 035	19 864 736	22 768 795	20 168 789	7 707 347	2 763 483	7 525 240	7 925 483	96 501 908
Liabilities									
Resources of central banks and other credit institutions	(4 246 976)	(2 256 306)	(1 553 273)	(601 515)	(123 502)	(4 081)	(1 195)	8 782	(8 778 066)
Financial liabilities at fair value through profit or loss	(1 531)	(13 887)	-	-	-	-	-	(1 178 338)	(1 193 756)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	(777 115)	(777 115)
Customer resources	(20 173 193)	(7 947 737)	(8 348 955)	(9 729 683)	(2 974 838)	(2 535 476)	(2 068 855)	25 650	(53 753 086)
Debt securities	(1 044 742)	(2 600 818)	(4 469 704)	(3 175 291)	(895 384)	(1 441 083)	(3 924 730)	708 083	(16 843 669)
Other subordinated liabilities	(104 891)	(260 000)	(645 497)	(70 880)	(30 000)	(400 000)	(1 141 494)	11 974	(2 640 788)
Consigned resources	-	(676)	(1 750 227)	(1 207)	-	-	-	(3 045)	(1 755 154)
	(25 571 334)	(13 079 424)	(16 767 656)	(13 578 575)	(4 023 724)	(4 380 640)	(7 136 274)	(1 204 009)	(85 741 635)
Derivatives (notional value)									
Interest Rate Swaps (IRS)	1 551 572	(3 505 750)	(4 351 087)	(3 174 891)	446 326	2 357 045	6 462 161	60 365	(154 258)
Interest rate futures	-	-	(32 110)	(31 000)	(49 000)	207 000	(418 307)	49 966	(273 451)
Forward Rate Agreements (FRA)	-	-	-	-	(94 200)	-	-	-	(94 200)
Interest rate options	-	-	-	-	-	-	(39 587)	(68 636)	(108 223)
	1 551 572	(3 505 750)	(4 383 197)	(3 205 891)	303 126	2 564 045	6 004 268	41 694	(630 132)
Net exposure	(16 241 726)	3 279 563	1 617 942	3 384 324	3 986 749	946 888	6 393 234	6 763 168	10 130 141

	2006								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	1 154 586	1 086 819	-	-	-	-	-	2	2 241 407
Cash balances at other credit institutions	678 979	-	-	-	-	-	-	-	678 979
Loans and advances to credit institutions	1 698 409	5 391 745	986 562	236 460	47 217	40 845	23 698	1 564	8 426 499
Securities									
Trading	28 825	752 495	860 002	130 341	186 974	428 977	1 907 835	614 808	4 910 257
Other	353 730	1 270 463	2 603 133	1 006 531	288 953	1 471 357	4 207 397	3 811 811	15 013 375
Investments associated with unit-linked products	-	-	-	-	-	-	-	848 401	848 401
Loans and advances to customers (gross)	3 089 508	13 242 769	14 803 526	17 832 070	5 889 540	618 041	1 110 322	554 924	57 140 700
Investments to be held up to maturity (gross)	-	-	-	-	-	-	-	132	132
	7 004 037	21 744 291	19 253 223	19 205 401	6 412 684	2 559 219	7 249 252	5 831 642	89 259 750
Liabilities									
Resources of central banks and other credit institutions	(2 598 476)	(1 386 199)	(777 427)	(425 726)	(279 331)	(684)	(4 721)	124	(5 472 439)
Financial liabilities at fair value through profit or loss	(158 890)	(50)	(13 227)	(6 311)	(12 352)	(5 818)	(11 800)	(381 455)	(589 904)
Liabilities associated with unit-linked products	-	-	-	-	-	-	-	(847 369)	(847 369)
Customer resources	(22 107 501)	(7 186 908)	(7 740 299)	(9 865 665)	(2 534 509)	(1 359 117)	(615 025)	(2 148 498)	(53 557 521)
Debt securities	(286 905)	(2 779 868)	(3 100 075)	(1 080 210)	(702 911)	(1 484 204)	(4 706 126)	349 973	(13 790 326)
Other subordinated liabilities	(104 891)	(260 000)	(472 925)	(345 344)	-	(400 000)	(347 952)	24 181	(1 906 930)
Consigned resources	-	(676)	(2 556 543)	(2 144)	-	-	-	(3 990)	(2 563 352)
	(25 256 662)	(11 613 701)	(14 660 495)	(11 725 399)	(3 529 103)	(3 249 823)	(5 685 624)	(3 007 034)	(78 727 842)
Derivatives (notional value)									
Interest Rate Swaps (IRS)	8 258 016	(8 741 147)	(4 984 751)	(1 187 682)	317 092	2 190 675	4 083 957	-	(63 840)
Interest rate futures	(285 562)	(11 500)	-	-	-	(381 800)	(165 439)	(20 944)	(865 246)
Forward Rate Agreements (FRA)	-	-	-	(200 000)	-	5 800	-	-	(194 200)
Interest rate options	-	-	-	(13 757)	(27 514)	(8 071)	189 937	(23 872)	116 723
	7 972 454	(8 752 647)	(4 984 751)	(1 401 440)	289 578	1 806 604	4 108 455	(44 817)	(1 006 563)
Net exposure	(10 280 172)	1 377 943	(392 023)	6 078 562	3 173 159	1 116 001	5 672 084	2 779 791	9 525 346

In producing the above table, minimum cash reserves were classified in the "7 days to 1 month" column.

The tables above comprise the amounts of principal not yet due, excluding accrued interests and other adjustments.

FAIR VALUE

The following table includes a comparison between the fair value and book value of the principal assets and liabilities recognised at amortised cost at 31 December 2007 and 2006:

	2007				
	Balances analysed			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	1 917 349	1 917 583	234	8 156	1 925 505
Cash balances at other credit institutions	952 660	952 691	31	-	952 660
Loans and advances to credit institutions	4 674 639	4 678 757	4 118	115 025	4 789 664
Loans and advances to customers	65 743 013	66 019 136	276 123	1 101 286	66 844 300
	73 287 661	73 568 167	280 506	1 224 467	74 512 129
Liabilities					
Resources of central banks and other credit institutions	8 911 834	8 893 357	18 477	(70 597)	8 841 237
Customer resources	53 559 121	53 324 316	234 805	479 645	54 038 767
Debt securities	16 925 789	17 076 393	(150 604)	(694 920)	16 230 868
Other subordinated liabilities	2 676 641	2 747 985	(71 344)	(9 267)	2 667 375
Consigned resources	1 752 111	1 763 282	(11 171)	3 043	1 755 154
	83 825 496	83 805 333	20 163	(292 095)	83 533 401

	2006				
	Balances analysed			Balances not analysed	
	Book value	Fair value	Difference	Book value	Total book value
Assets					
Cash and cash equivalents at central banks	2 243 293	2 243 374	81	-	2 243 293
Cash balances at other credit institutions	678 982	678 982	-	-	678 982
Loans and advances to credit institutions	8 422 858	8 434 378	11 520	35 590	8 458 448
Loans and advances to customers	57 091 607	57 367 349	275 742	176 664	57 268 271
	68 436 740	68 724 083	287 343	212 254	68 648 994
Liabilities					
Resources of central banks and other credit institutions	5 561 202	5 555 753	5 449	(57 406)	5 503 796
Customer resources	52 829 188	52 753 692	75 496	938 648	53 767 836
Debt securities	13 341 199	13 556 625	(215 426)	19 145	13 360 344
Other subordinated liabilities	1 949 827	1 987 916	(38 089)	(24 164)	1 925 663
Consigned resources	2 559 434	2 575 412	(15 978)	3 918	2 563 352
	76 240 850	76 429 398	(188 548)	880 141	77 120 991

Fair value was determined using the following assumptions:

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

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

- Market interest rates for applications and resources with other credit institutions;

- Interest rates charged on Caixa's new loan operations at the balance sheet date, for comparable credit types;

- Yield curves incorporating Caixa's risk spread, for liabilities issued for institutional investors, based on the type of instrument and respective maturity;

- Reference interest rates on retail product issues.

• The "Balances not analysed" column includes essentially:

- Overdue credit, net of impairment;

- Balances of entities not included in Caixa's calculations.

The calculation of the fair value of financial instruments reflected in the financial statements at 31 December 2007 and 2006 can be summarised as follows:

	2007					
			Measurement techniques			
	Historical cost	Market quotation	Market inputs	External sources	Other measurement techniques	Total
Financial assets held for trading	-	2 125 649	1 127 839	1 405 518	36 945	4 695 951
Other financial assets at fair value trough profit or loss	-	687 360	353 549	620 285	484 757	2 145 952
Available-for-sale financial assets	84 373	3 616 386	1 073 694	10 371 147	225 499	15 371 099
Hedging derivatives	-	-	(688 822)	-	-	(688 822)
Financial liabilities held for trading	-	(1 531)	(1 183 652)	-	(8 572)	(1 193 756)
	84 373	6 427 864	682 608	12 396 950	738 629	20 330 424

	2006					
			Measurement techniques			
	Historical cost	Market quotation	Market inputs	External sources	Other measurement techniques	Total
Financial assets held for trading	-	2 678 481	371 416	2 123 513	88 180	5 261 590
Other financial assets at fair value trough profit or loss	-	690 703	421 557	1 331 398	137 707	2 581 366
Available-for-sale financial assets	152 094	5 478 879	353 432	5 739 977	707 626	12 432 008
Hedging derivatives	-	(228)	(150 387)	-	(367 359)	(517 973)
Financial liabilities held for trading	-	(160 805)	(422 598)	-	(6 500)	(589 904)
	152 094	8 687 031	573 421	9 194 888	559 654	19 167 088

In producing the above table the following assumptions were used:

• Market quotations - this column comprises the financial instruments measured on the basis of active market quotations;

• 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);

• Measurement techniques - external sources - this column comprises financial instruments measured on the basis of bids provided by outside counterparties;

• Other measurement techniques - this column comprises financial instruments measured on the basis of in-house models which include non-observable market parameters.

The column "Other measurement techniques", at 31 December 2007 and 2006 includes securities purchased during the last month of the respective year with a book value of EUR 102 814 thousand and EUR 20 065 thousand which are recorded at acquisition cost.

MARKET RISK

The market risk corresponds to the risk of change in fair value or cash flows of financial instruments based on the changes of market prices including the following risks: foreign exchange, interest and price risks.

The market risk is measured on the basis of the following methodologies:

• Value at Risk (VaR) relative to the following portfolios:

- Trading portfolio - comprises securities and trading derivatives;

- Investment portfolio - comprises the remainder securities of Caixa's own portfolio, except for equity participations and securitised loans;

- Treasury management - funding in the money market, derivative financial instruments related to treasury management and debt issues with market risk exposure.

Reference should be made to the fact that the VaR analysis excludes financial instruments managed under the insurance activity. The risk management policies applicable to these financial instruments are referred to in Note 43.

• Sensitivity analysis to all financial instruments sensitive to interest rate risk recorded in the separate financial statements of CGD and in the following Group units:

- Macau Offshore Branch;
- Caixa - Banco de Investimento;
- Debt issue vehicle.

VaR ANALYSIS - MARKET RISK

The VaR corresponds to an estimate of maximum potential loss for a specified assets portfolio in a given period of time and a defined confidence level assuming normal market patterns.

The methodology used is the historical simulation, i.e. future events are fully explained by past events based on the following assumptions:

- period of time held: 10 days;
- confidence level: 99%;
- price sample period: 720 calendar days;
- decay factor =1 which means that past observations all have the same weight.

For options, the theoretical price is calculated by the use of adequate models and implicit volatility. Given the methodology used, calculation for correlations is not made; i.e. correlations are empirical.

At 31 December 2007 and 2006, VaR can be broken down as follows (amounts in thousand of Euro):

VaR by type of risk	2007	2006
Interest rate	3 183	7 219
Foreign exchange rates	37 355	36 793
Price	21 208	2 559
Volatility	477	703
Diversification effect	(24 300)	(10 505)
	37 922	36 769

The diversification effect is calculated implicitly. Total VaR refers to the combined effect of interest rate, price, foreign exchange rate and volatility risks.

SENSITIVITY ANALYSIS - INTEREST RATE

The impact on fair value of the sensitive financial instruments exposed to the interest rate risk, at 31 December 2007 and 2006, excluding derivatives, of parallel displacements in the interest rates curve for 50, 100 and 200 bps, respectively, can be verified in the following table:

	2007					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	826	413	206	(206)	(413)	(825)
Cash balances at other credit institutions	42 146	20 735	10 285	(10 122)	(20 089)	(39 590)
Securities						
Trading	162 218	78 447	38 586	(37 363)	(73 552)	(142 594)
Other	33 531	16 273	8 022	(7 807)	(15 412)	(30 065)
Loans and advances to customers (gross)	528 825	256 610	126 441	(123 089)	(243 143)	(474 702)
Total sensitive assets	**767 547**	**372 478**	**183 540**	**(178 587)**	**(352 608)**	**(687 776)**
Resources of other credit institutions	(44 439)	(22 127)	(11 027)	10 948	21 819	43 338
Customer resources	(215 708)	(107 469)	(53 316)	52 543	104 370	206 069
Debt securities	(642 606)	(334 830)	(163 509)	156 242	305 733	586 282
Subordinated liabilities	(185 551)	(106 125)	(51 459)	48 569	94 525	179 551
Total sensitive liabilities	**(1 088 304)**	**(570 550)**	**(279 311)**	**268 302**	**526 446**	**1 015 240**
Total Profit / Loss	**(320 757)**	**(198 072)**	**(95 771)**	**89 715**	**173 838**	**327 465**

	2006					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	852	415	197	(239)	(456)	(892)
Cash balances at other credit institutions	32 160	15 723	7 666	(8 752)	(16 832)	(32 744)
Securities						
Trading	284 217	136 454	66 882	(64 318)	(126 191)	(243 057)
Other	25 798	12 639	6 257	(6 136)	(12 154)	(23 852)
Loans and advances to customers (gross)	359 029	176 018	87 153	(85 836)	(170 148)	(334 840)
Total sensitive assets	**702 055**	**341 249**	**168 154**	**(165 280)**	**(325 782)**	**(635 385)**
Resources of other credit institutions	(26 539)	(13 063)	(6 416)	6 712	13 199	26 028
Customer resources	(208 131)	(111 286)	(55 139)	57 126	104 002	220 536
Debt securities	(761 942)	(396 533)	(203 519)	192 925	376 091	716 006
Subordinated liabilities	(65 889)	(32 445)	(16 152)	15 845	31 389	61 604
Total sensitive liabilities	**(1 062 500)**	**(553 327)**	**(281 227)**	**272 608**	**524 680**	**1 024 174**
Total Profit / Loss	**(360 446)**	**(212 078)**	**(113 072)**	**107 328**	**198 898**	**388 789**

Reference should also be made to the fact that, at 31 December 2007 and 2006, the analysis presented in the table above excludes the effect on fair value of the parallel displacements in the interest rates curves for operations of Caixa Leasing e Factoring, IFIC, SA, Mercantile Bank, Banco Comercial do Atlântico, SA, Banco Comercial e de Investimento, SARL and Banco Interatlântico, SA.

The impact of a displacement of 50, 100 and 200 bps in the reference interest rates curves of sensitive assets and liabilities corresponds to the scenarios used in-house by CGD Group management in the follow up and monitoring of exposure to interest rate risk.

The following table presents the effect in the Group's estimated net interest income for 2008 and 2007, respectively, of a parallel displacement of the interest rates curve of 50, 100 and 200 bps that index the financial instruments sensitive to interest rates changes:

	Projection of net interest income - 2008					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Interest income	(1 196 585)	(598 478)	(299 311)	299 909	600 583	1 201 911
Interest cost	869 770	446 103	223 137	(223 140)	(440 703)	(892 586)
Net interest income	(326 815)	(152 376)	(76 175)	76 768	159 880	309 325

	Projection of net interest income - 2007					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Interest income	(1 251 613)	(626 493)	(313 514)	313 612	627 201	1 254 434
Interest cost	848 782	446 656	224 380	(225 004)	(450 152)	(900 472)
Net interest income	(402 831)	(179 837)	(89 134)	88 608	177 049	353 962

In the calculation of the impacts presented in the table above, it was considered that the assets and liabilities sensitive to interest rate in the reference dates of the calculation would be stable during 2007 and 2008, respectively, being renewed, whenever applicable, considering the market conditions in force on the renewal dates and the average spread of the operations outstanding at 31 December 2007 and 2006.

In addition, it should be mentioned that the information of the tables above concerns a static scenario, with no alterations in interest rate risk management strategy and policies that Caixa could adopt as a result of the changes in the reference interest rates.

FOREIGN EXCHANGE RISK

BREAKDOWN OF FINANCIAL INSTRUMENTS BY CURRENCY

At 31 December 2007 and 2006 the financial instruments are broken down by currency as follows:

	2007										
	Currency										
	Euros	Us Dollars	Pounds Sterling	Yen	Macau Pataca	Mozambican Meticais	Cape Verde Escudo	South African Rand	Other	Book value of derivatives	Total
Assets											
Cash and cash equivalents at central banks	1 592 835	11 123	163	362	9 608	57 853	92 330	10 646	150 586	-	1 925 505
Cash balances at other credit institutions	365 590	437 450	5 248	47 857	36 046	1 293	1 475	231	57 469	-	952 660
Loans and advances to credit institutions	1 488 073	1 667 002	105 305	31 539	648 871	13 863	59 500	32 946	742 566	-	4 789 664
Financial assets at fair value through profit or loss	5 745 577	151 968	37 586	-	637	-	-	32 338	1 125	872 673	6 841 903
Available-for-sale financial assets	14 763 797	299 348	13 472	-	27 405	58 275	189 469	450	18 883	-	15 371 099
Investment associated with unit-linked products	777 115	-	-	-	-	-	-	-	-	-	777 115
Investments held to maturity	12	-	-	-	-	-	-	-	-	-	12
Loans and advances to customers (gross)	65 522 344	1 078 450	550 774	6 845	237 377	155 794	267 108	282 552	471 905	-	68 573 149
Other assets	-	-	-	-	-	-	-	-	-	-	
Debtors for direct insurance and reinsurance	295 736	-	-	-	-	-	2 055	-	-	-	297 790
Other	2 926 448	6 521	114	11 601	200 337	8 900	12 142	4 666	2 540	-	3 173 268
Accumulated impairment	(2 027 146)	(53 668)	(855)	(32)	(12 002)	(18 120)	(16 201)	(9 602)	(364)	-	(2 137 991)
	91 450 381	**3 598 193**	**711 808**	**98 171**	**1 148 279**	**277 858**	**607 877**	**354 226**	**2 254 568**	**872 673**	**100 564 174**
Liabilities											
Resources of central banks and other credit institutions	(3 743 044)	(4 221 149)	(375 686)	(102 717)	(8 349)	(269)	(1 869)	(2 914)	(385 240)	-	(8 841 237)
Customer resources	(49 387 835)	(1 707 550)	(82 755)	(101 526)	(845 322)	(234 269)	(546 834)	(373 032)	(759 644)	-	(54 038 767)
Liabilities associated with unit-linked products	(777 115)	-	-	-	-	-	-	-	-	-	(777 115)
Debt securities	(12 621 082)	(1 259 009)	(1 735 692)	(424 501)	-	(7 292)	-	-	(183 292)	-	(16 230 868)
Financial liabilities at fair value through profit or loss	(95 586)	-	-	-	-	-	-	-	-	(1 098 170)	(1 193 756)
Subordinated liabilities	(2 362 455)	(213 856)	-	(91 064)	-	-	-	-	-	-	(2 667 375)
Other liabilities	-	-	-	-	-	-	-	-	-	-	
Debtors for direct insurance and reinsurance	(324 411)	-	-	-	-	-	-	-	-	-	(324 411)
Consigned resources	(1 752 569)	(168)	-	-	-	(2 394)	(23)	-	-	-	(1 755 154)
Other	(3 253 014)	(30 077)	(2 884)	(0)	(216 518)	(6 722)	(7 499)	(7 257)	(5 188)	-	(3 529 159)
	(74 317 111)	**(7 431 809)**	**(2 197 016)**	**(719 808)**	**(1 070 190)**	**(250 946)**	**(556 224)**	**(383 202)**	**(2 557 382)**	**(1 098 170)**	**(89 357 842)**
Derivatives (Notional)											
Currency swaps	(4 554 201)	3 057 939	1 017 713	105 448	-	-	-	-	240 753	-	(132 348)
Interest rate swaps	(1 045 397)	62 156	290 448	508 701	-	-	-	15 272	14 563	-	(154 258)
Futures	(260 599)	30 435	2 273	43 918	-	-	-	-	8 432	-	(175 541)
Caps & Floors	(2 587)	-	-	(70 636)	-	-	-	-	-	-	(73 223)
Currency forwards	(24 714)	(136 124)	(10 281)	41 905	-	-	-	-	(9 594)	-	(138 807)
	(5 887 498)	**3 014 406**	**1 300 152**	**629 337**	**-**	**-**	**-**	**15 272**	**254 154**	**-**	**(674 176)**
Net exposure	**11 245 772**	**(819 210)**	**(185 056)**	**7 700**	**78 089**	**26 912**	**51 653**	**(13 704)**	**(48 660)**	**(225 497)**	**10 532 156**

	2006										
	Currency										
	Euros	Us Dollars	Pounds Sterling	Yen	Macau Pataca	Mozambican Meticais	Cape Verde Escudo	South African Rand	Other	Book value of derivatives	Total
Assets											
Cash and cash equivalents at central banks	2 029 578	9 889	498	100	6 649	48 490	82 146	10 732	55 211	-	2 243 293
Cash balances at other credit institutions	582 813	21 035	4 828	3 171	31 164	1 174	320	13 614	20 863	-	678 982
Loans and advances to credit institutions	3 563 039	1 939 878	631 285	1 044 447	259 643	140	31 268	218	990 885	-	8 460 803
Financial assets at fair value through profit or loss	6 697 744	725 171	33 117	-	-	136	-	32 425	3 030	351 333	7 842 956
Available-for-sale financial assets	11 667 198	459 972	18 425	-	21 017	31 946	176 573	783	56 094	-	12 432 008
Investment associated with unit-linked products	848 401	-	-	-	-	-	-	-	-	-	848 401
Hedging derivatives	-	-	-	-	-	-	-	-	-	108 190	108 190
Investments held to maturity	133	-	-	-	-	-	-	-	-	-	133
Loans and advances to customers (gross)	56 225 831	837 011	558 209	73 416	247 499	135 643	239 228	219 359	288 224	-	58 824 420
Other assets											
Debtors for direct insurance and reinsurance	249 725	-	-	-	-	-	1 491	-	-	-	251 216
Other	2 790 044	81 866	45	31	130 287	1 382	10 482	37 303	3 442	-	3 054 882
Accumulated impairment	(1 646 840)	(43 121)	(2 204)	(2)	(13 055)	(1 431)	(12 758)	(20 468)	(398)	-	(1 740 277)
	83 007 666	4 031 701	1 244 203	1 121 163	683 204	217 480	528 750	293 966	1 417 351	459 523	93 005 007
Liabilities											
Resources of central banks and other credit institutions	(2 268 793)	(2 703 929)	(273 202)	(7 233)	(31 917)	(471)	(350)	(58 138)	(159 763)	-	(5 503 796)
Customer resources	(49 610 306)	(1 771 219)	(83 606)	(105 822)	(815 695)	(161 724)	(482 241)	(252 710)	(484 513)	-	(53 767 836)
Liabilities associated with unit-linked products	(847 369)	-	-	-	-	-	-	-	-	-	(847 369)
Debt securities	(10 372 396)	(1 572 605)	(717 310)	(415 821)	-	-	-	(132 572)	(149 640)	-	(13 360 344)
Financial liabilities at fair value through profit or loss	(158 798)	-	-	-	-	-	-	-	-	(431 106)	(589 904)
Hedging derivatives	-	-	-	-	-	-	-	-	-	(626 163)	(626 163)
Subordinated liabilities	(1 590 349)	(239 608)	(95 706)	-	-	-	-	-	-	-	(1 925 663)
Other liabilities											
Debtors for direct insurance and reinsurance	(190 847)	-	-	-	-	-	-	-	-	-	(190 847)
Consigned resources	(2 559 911)	(19)	-	-	-	(3 399)	(23)	-	-	-	(2 563 352)
Other	(2 449 411)	(26 297)	801	(246)	(183 324)	(11 426)	(22 736)	(21 120)	(12 473)	-	(2 726 232)
	(70 048 180)	(6 313 677)	(1 169 023)	(529 122)	(1 030 936)	(177 020)	(505 350)	(464 540)	(806 389)	(1 057 269)	(82 101 506)
Derivatives (Notional)											
Currency swaps	(407 841)	2 050 540	(452 898)	(1 045 052)	-	-	-	-	(192 572)	-	(47 823)
Interest rate swaps	(1 359 615)	281 017	317 200	647 104	-	-	-	-	50 454	-	(63 840)
Futures	(638 107)	14 782	(1 291)	-	-	-	-	-	16 507	-	(608 109)
Options	(87 156)	(124 388)	2 520	111 059	-	-	-	-	213 300	-	115 335
Caps & Floors	2 829	113 894	-	-	-	-	-	-	-	-	116 723
Currency forwards	14 701	(12 877)	-	(191)	-	-	-	-	(118 469)	-	(116 836)
	(2 475 189)	2 322 968	(134 469)	(287 080)	-	-	-	-	(30 780)	-	(604 550)
Net exposure	10 484 297	40 992	(59 289)	304 961	(347 732)	40 460	23 400	(170 574)	580 182	(597 746)	10 298 951

VaR ANALYSIS - FOREIGN EXCHANGE RISK

In order to ensure the control and assessment of foreigh exchange risk, Caixa calculates values and limits in terms of Value at Risk (VaR) by total open position and open currency position.

At 31 December 2007 and 2006, VaR (at 10 days with a 99% confidence interval) by currency of CGD may be described in the following table:

	VaR			
	Banking		Insurance	
	2007	2006	2007	2006
Hong Kong dollar	17 713	15 641	-	-
Macau pataca	11 582	13 501	21	24
South African rand	4 952	16	-	-
US dollar	1 724	945	134	510
Mozambican meticais	964	374	-	-
Pounds sterling	169	57	677	966
Japanese yen	125	58	-	-
Other currencies	3 690	1 889	763	1 470
Diversification effect	(33 492)	(30 292)	(955)	(1 380)
Total	7 426	2 190	641	1 590

The diversification effect is calculated implicitly.

Information relative to the insurance activity presented in the previous tables refers to Fidelidade Mundial.

43. DISCLOSURES ON INSURANCE RISKS

The following summarises the underwriting and risk management policy for the CGD Group's insurance business in Portugal, namely of the Caixa Seguros companies (Company).

43.1 RISK ACCEPTANCE

Risk acceptance and management is structured on three major levels, based on a model for delegating competencies.

Each level has specific methodologies and procedures, in accordance with its competencies, allowing interconnection and harmonisation between them.

The third level, specific to the commercial networks, includes the delegation of standard risk acceptance competencies, in accordance with a framework of written standards and procedures, based particularly on the following criteria:

- Standard clauses;
- Risks and activities with low or very low claim ratio track records;
- A homogenous, easy to identify risk area;
- Small amounts of insured capital, allowing high risk dilution, usually not exceeding the Companies' retention limits;
- Risks in respect of which accumulation both in terms of coverage and/or geographical dispersion is known and controllable.
- Premiums in accordance with the premium rate adjustable through small range delegated discount.

Available instruments include: standardised rates, risk acceptance and delegation of authority regulations, product manuals, standard insurance policies and insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The second level includes several multidisciplinary technical units that support the commercial networks, to which competencies to accept and analyse specific risks have been delegated, particularly based on the following criteria:

• Standard product subscriptions with possible definition of special clauses aiming at adjusting the policy to the specific risk or limiting risk exposure;

• Limits on the acceptance of the following risks and activities: i) risks or activities with a high general claims rate; ii) risks or activities that, when considered individually present a very high potential for loss; iii) risks or activities whose acceptance should be based on a specific, specialised technical analysis; iv) risks related with economic activities in contraction.

• Acceptance of low to medium insured capital amounts allowing average risk dilution, within the limits of reinsurance treaties of the companies;

• Risk accumulation studies, considering the customer in global terms.

• Acceptance of risks that by their features justify a premium significantly different from that defined for the product.

Notwithstanding the fact that these risks are within a properly delimited framework, the risk acceptance units, when necessary, have additional instruments for assessing risks, namely risk analysis performed by specialised companies.

These instruments are aimed especially at assessing in loco, the deviations from the average standards of a specific risk, thus allowing the maximum expected losses and the weak and strong points of the proposing entity or object of the risk to be assessed. It also allows the specific assessment of certain coverages or limits on capital acceptance thus establishing an adequate, balanced contract between the parties.

The acceptance units have at their disposal technical and actuarial reports and analysis which enable them to have aknowledge of the development of the insurance products and risk behaviour.

The first risk acceptance level is the responsibility of the insurance product's Technical Areas which are responsible for the acceptance of risks which have not been delegated to the two above mentioned levels and for the technical management of the insurance product.

The acceptance conditions for very high unit value risks, or which involve very broad sets of risks, are analysed by a Risks Committee which is made up of a minimum of three members of the Board of Directors and participation of Technical, Commercial and Reinsurance chief officers.

The first risk acceptance level is provided with a multidisciplinary technical team which is highly specialised in terms of insurance activities and/or products, assisted by risk analysis and actuarial specialists.

Risk acceptance is based on stringent technical standards, designed to identify risks with high loss potential (seriousness and frequency) in order to achieve sustained portfolio growth and a balanced technical result, with the use of facultative reinsurance when the risks cannot be included in the Treaties.

Human life insurance risk acceptance criteria are defined in medical tables, in which insured capital limits and respective clinical tests have been defined individually or jointly between the Life insurance business area and the company's reinsurers.

Whenever risks are not covered by reinsurance tariff handbooks on the company's automatic acceptance conditions, they are sent to the reinsurers' underwriting offices.

43.2. TECHNICAL MANAGEMENT

Technical management of the various insurance products involves the definition of the insurance policies' prices and clauses, definition and control of the subscription policy and the control and monitoring of premiums, claims and technical results. This allows the monitoring of risks and of their accumulation in the portfolio.

This management function is performed in connection with the reinsurance area, for the production of relevant information to facilitate the annual negotiation of reinsurance treaties.

43.3. RISK CONTROL MANAGEMENT INSTRUMENTS

ORGANISATION'S INTERNAL RISKS

In order to control and minimise the organisation's internal risk, the standards and procedures have been published, and are accessible and generally known, their application being adequately monitored by the competent areas.

PORTFOLIO PROFILE STUDIES

Regular portfolio risk profile studies are performed, by class of capital/liability assumed, by activity and event and type of coverage.

Regular studies are performed on claim behaviour based on the most dominant characteristics for the definition of risk.

This type of study allows a qualitative analysis of claim rates on specific risk classes (insured capital amounts, insured objects, activities, coverage) to be made, so as to assess the existing delegation of authority and correction of any distortions, correlating the main pricing factors and changing current products or creating new ones.

PERIODIC ANALYSIS OF PORTFOLIO EVOLUTION

Evolution of the portfolio under management is monitored periodically, through specific analysis of insurance policy behaviour, both in terms of number of policies and new and cancelled premiums.

These studies also include analyses of claim behaviour, monitoring their respective frequency and rate. These analyses are made, not only by product groups, but mainly by Products under management.

In the specific case of car insurance, extensive and detailed diagnosis are performed on the portfolio evolution, trying to identify problems and causes in the business area, both in a commercial and technical standpoints. Proposals are developed as a result of those analyses. The presentation of diagnosis, discussion of the adjustment proposals and other issues relative to car insurance business are performed in frequent meetings designated War Rooms, in which board members and officers responsible for the different departments involved in that business area participate.

PORTFOLIO SELECTION AND RESTRUCTURING

The purpose of this function is to improve the profitability of the portfolio under management, both by restructuring risks with negative results (frequency and/or high claims rate), or by introducing changes to contractual terms (coverage, limits, premiums) as well as providing customer advisory services (recommendations for the implementation of prevention and security measures to improve risk quality).

This function also includes the assessment of the irregular features detected in contracts or claims which may lead to the implementation of measures that, depending on the seriousness of the irregularities, may result in the annulment of the contract or the policy holder portfolio.

INSURANCE RISK CONCENTRATIONS

Regular studies on portfolio risk profile, by class of insured capital/assumed liability, activity, insured object and coverage, provide management information that enables the impact of possible changes in coverage, reinsurance treaties and retention policies to be estimated. In some cases, specific studies are developed to assess these impacts.

These studies also focus on specific coverage, geographical area, type of liability assumed or insured object, allowing the maximum risk limit per class to be determined and quantified, in addition to assessment of the impact on the portfolio, of catastrophic claim scenarios.

43.4 REINSURANCE POLICIES

Determining factors for limiting or transferring insured risk lie in the nature of the business and insured risk amounts. These can be differentiated between "mass insurance" (motor, labour and personal accident) and property insurance business (the different component parts of fire and other risks, engineering and machinery and marine risks, general third party liability and miscellaneous risks).

Compliance with subscription rules is associated with the available reinsurance cover in force, this being a determining factor for the acceptance or rejection of certain types of risk.

Risks involving high amounts of insured capital or serious situations are analysed previously and their acceptance is strictly dependent on and supported by the reinsurance area.

The company has based its reinsurance policy on the existence of proportional, non-proportional and facultative reinsurance treaties, and other types of reinsurance that may be necessary to obtain adequate reinsurance protection for accepted risks.

Reinsurance cover for the principal property insurance products, as well as respective retention, is based on the ratio between portfolio structure in terms of insured capital and respective premium volume for each product and on the statistical monitoring of profitability and retention/premiums ratio at the end of the year or cycle and the company's financial capacity to absorb frequent claims.

In determining retention per event, the fact that catastrophes do not occur frequently is taken into account. Retention reflects what is technically expected in terms of the impact of the same catastrophe on the company's capital and its absorption over a defined period, using a conservative scenario of a return period of 500 years, which is unusual with respect to markets subject to catastrophic risks.

As mentioned, risk retention is adapted to existing portfolios and is based on negotiated capacity and balance between premium ceding operations and that capacity.

As regards Fire and other risks, Engineering and Marine insurance, the companies operate with proportional treaties.

Mass insurance risks (motor, personal and labour accident) are covered by an Excess of Loss treaty, which is more adequate to these types of risk and portfolios and to the company's financial capacity. The statistical evolution of claims and bids received for the different levels that this may have are taken into account in defining this priority.

The General third party liability product is also protected by an Excess of Loss reinsurance treaty.

The "Maximum cumulative risk" on retentions is protected by adequate Excess of Loss treaties for each situation.

The accumulations resulting from "Coverage of Earthquake and Natural Risk Phenomena", classified as "catastrophic" in terms of retentions, are reinsured using Excess of Loss treaties, their retention being determined by the company's financial capacity.

The selection criteria for reinsurers is based on their reliability and financial solvency, ability to provide services and monitoring of their performance in terms of payments/collections, ratings attributed by international rating agencies also being a determining factor.

43.5. ASSET AND LIABILITY MANAGEMENT (ALM) TECHNIQUES USED BY THE COMPANY

The company functions differently depending on the type of product in question.

ASSET AND LIABILITY ADEQUACY PROCEDURES

Immunised Products

These are typically products with a fixed rate, defined at inception, that do not entitle the policyholders any type of profit-sharing. These products are covered by investments with similar maturity and payment dates so as to obtain a return on the investments that covers the company's margin and contracted interest payable to the clients.

Temporary mismatches may occur between assets and liabilities, usually due to early redemptions. For this reason the investment policy is restricted to highly liquid investments in "investment grade" rated securities admitted to listing on OECD markets.

Profit sharing products with guaranteed principal and income

The composition of the investment portfolio of these products depends of the applicable management strategy and definition of the individual product benchmarks.

The benchmarks are based on market interest rates, liability maturity and guaranteed return for clients. To minimise risk as the maturity of liabilities approaches, the relative weight of the investment in variable yield securities is gradually reduced and replaced by investment in fixed return securities.

A diversity of relevant information is considered for projecting future cash flows, namely that relating to current contracts, contract maturity dates, current liabilities capitalised by profit participation and guaranteed income rate.

Cash flows on investments in fixed income or fixed rate securities are projected using the assets rate or scenarios, in accordance the yield curve, depending on which is expected to be more in line with the expected future reality. Cash flow projections are not performed for equity securities, their current market value being used instead.

POLICY FOR ALLOCATING INVESTMENTS TO PRODUCTS

In the case of products with profit sharing and unit-linked products in which the investment risk is borne by the policyholder, the respective investment portfolios are placed in autonomous funds. An autonomous fund is managed for each product, with the purpose of ensuring independence of the respective portfolios and avoiding contamination resulting from placing the investments covering different products in a single portfolio.

Products without profit-sharing are recorded in globally managed portfolios as the performance of these portfolios does not affect income payable to the clients. However, despite the existence of greater management flexibility, a prudent approach of matching assets and liabilities has been adopted.

Assets are allocated to portfolios based on their market value, especially in the case of portfolios in which the policyholders are entitled to a share of its results. An autonomous fund associated with each portfolio is also set up in these cases.

For each type of asset, maximum exposure limits are also defined.

Type of asset	Maximum limit (% of global amount of the portfolio)
Fixed income - long rates	70%
Sovereign	70%
Corporate	50%
Fixed income - short rates	100%
Absolute return	2%
Variable income	30%
Variable income (net)	6%
(Private equity and other)	(20% of investment in variable income)
Property	40%

In addition to the restrictions imposed under current legislation, the Companies' portfolio management also takes the following points into consideration:

I. The maximum exposure on securities which have not been admitted to trading on the stock exchange on other regulated markets of European Union member states, or in markets in OECD countries legally defined as equivalent, amounts to 15% of the total portfolio value and must always be expressly approved by the Board of Directors;

II. Currency investments must be consistent with the respective liabilities in at least 95%;

III. Derivatives, Repos and Security Lending Operations - Derivatives may be used for hedging, trading, speculation or decreasing investment costs, in accordance with the legislation in force.

Repos and security lending operations are permitted under the conditions defined by current legislation, provided that they do not compromise the allocation limits defined for each of the respective asset classes. These operations require specific approval although general approval may be given for market derivatives.

Derivatives risk assessment models:
There is a generic model for assessing expected return/risk based on the composition of the asset classes. The expected portfolio returns are subject to a sensitivity analysis based on the volatility of their assets. This type of assessment is used for asset allocation decisions, in an endeavour to set up risk controlled portfolios to optimise return within the current market environment.

Risk assessment is performed internally by the Investment Department with the involvement, whenever necessary, of the Caixa's Risk Management Department. Various risks are monitored, namely:

• market risk;
• interest rate risk;
• credit risk by issuer and financial group;
• liquidity risk.

IV. Investment on fixed income assets
Bonds eligible for acquisition must comply with the following matrix which incorporates both residual term to credit quality. No investment should be made in assets with a rating lower than BBB- or equivalent.

Retention assets	Corporate Debt	Sovereign Debt (*)	Limit per issuer
Up to 1 year	BBB	BBB-	1%
1 - 5 years	A-	A-	3%
5 -15 years	AA-	A+	6%
15 -30 years	Non authorised	A+	6%
More than 30 years	Non authorised	AAA	6%

Active management	Rating	Limit per issue	Limit per issuer
0 - 5 years	BBB-	1%	1%
5 - 10 years	BBB-	0,5%	
0 - 5 years	A-	3%	3%
5 - 15 years	A-	2%	
0 - 5 years	AA-	5%	5%
5 - 20 years	AA-	3%	
0 - 5 years	AAA	6%	6%
5 - 30 years	AAA	3%	

(*) there are no rating limits for the sovereign debt of the Eurozone countries.

Investment in other unspecified classes of assets must be specifically approved by the Board of Directors.

Current regulations also impose limitations on investments.

43.6. LIFE INSURANCE

There are three major types of life insurance contracts that fall within the scope of IFRS 4, in which the nature of the risk covered is as follows:

RISK PRODUCTS

The greatest risk on these products is mortality, although a large number of contracts also cover disability risk. A significant part of these risks is transferred to reinsurance companies.

Profit-sharing is typically based on the following type of technical/financial account:

(Premiums + Income - Claims - Management charges - Change in mathematical provision - Any existing negative balance from the preceding year) x Profit-sharing coefficient

The discretionary nature of such profit sharing is associated with the use of the Fund for Future Payments to determine the income and the profit-sharing coefficient, as only minimums are defined in profit-sharing schemes.

ANNUITY PRODUCTS

The greatest risk on these products is longevity.

Profit-sharing is typically based on the following type of technical/financial account:

(Premiums + Income - Claims - Management charges - Change in mathematical provision - Any existing negative balance from the preceding year) x Percentage of profit - sharing

The discretionary nature of such profit sharing is associated with the use of the Fund for Future Payments to determine the income and profit-sharing coefficient, as only minimums are defined in profit-sharing schemes.

CAPITALISATION PRODUCTS

Interest risk rate is the principal risk factor in these products.

Profit-sharing contracts only are covered by IFRS 4 and so income allocated to Policyholders has a fixed component and a variable component that depends on the profitability of a specific portfolio of assets partly dependent on the company's discretion.

Profit-sharing is typically based on the following type of technical/financial account:

(Percentage of income - Technical income - Management charges - Any existing negative balance from the preceding year) x Percentage of profit-sharing

The discretionary nature of such profit sharing is associated with the use of the Fund for Future Payments to determine income, profit-sharing coefficient, percentage of income and management charges, as only minimums are defined in profit-sharing schemes.

The following table presents a forecast of cash inflows and outflows for each of these product types (PS - profit sharing), over the next three years.

FIDELIDADE MUNDIAL

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2008	127 621	70 747	-	3 214	36 415	650 349
2009	63 665	37 765	-	3 173	33 111	690 542
2010	56 455	35 133	-	3 128	30 429	661 890

IMPÉRIO BONANÇA

Year	Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow
2008	-	11 322	33 350	107 825
2009	-	10 891	30 136	93 523
2010	-	10 479	27 632	78 230

The following table shows the change in these cash inflows and outflows resulting from a 5% increase in expected early redemptions.

FIDELIDADE MUNDIAL

Year	Risk		Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow
2008	124 535	69 133	-	3 214	36 083	732 440
2009	59 020	35 117	-	3 173	32 215	717 139
2010	49 647	31 061	-	3 128	29 166	659 701

IMPÉRIO BONANÇA

Year	Annuities		Capitalisation with PS	
	Inflow	Outflow	Inflow	Outflow
2008	-	11 322	32 572	133 749
2009	-	10 891	27 890	110 856
2010	-	10 479	24 242	89 522

The following table shows the estimated change in liabilities recorded in the balance sheet at 31 December 2007, as a result of changes in some of the assumptions used.

FIDELIDADE MUNDIAL

Assumption	Change in assumption	Change in liability
Mortality rate	+ 25%(*)	3 631
Asset yield rate	+ 0.5%	8 586
Inflation rate	+ 1%	114 293
Redemption rate	+ 5%	(217 446)

(*) In terms of Annuities, the change of the mortality rate was negative.

IMPÉRIO BONANÇA

Assumption	Change in assumption	Change in liability
Mortality rate	+ 25%(*)	318
Asset yield rate	+ 0.5%	-
Inflation rate	+ 1%	3
Redemption rate	+ 5%	-

(*) In terms of Annuities, the change of the mortality rate was negative.

43.7. INTEREST RATE RISK

Interest rate risk management policy is based on a twofold approach. In the case of immunised portfolios and fixed-rate capitalisation insurance, coverage is adjusted to the liabilities assumed. In this case, the cash flow profile of the investment in assets and the outflow of liabilities on maturity, are matched. There is practically no active management of interest rate risk during the product's life.

Interest rate risk on benchmark management model portfolios is managed actively in accordance with target exposure levels, defined by benchmarks, using tactical underweight/overweight management based on the expectation of changes on the curve structure, in order to optimise the return on assets.

The following table shows that the exposure level to longer periods in quantitative terms is not significant.

Maturity Risk	Amount	Weight	Mod Dur
Fixed income	9 316 255	100%	5.2
Fixed-rate bonds	6 376 629	68.4%	5.6
Maturity 1 - 3 years	2 461 779	26.4%	2.6
Maturity 4 - 5 years	1 135 567	12.2%	4.4
Maturity 6 - 7 years	1 336 541	14.3%	6.3
Maturity 8 - 10 years	420 391	4.5%	7.6
Maturity 11 - 19 years	505 932	5.4%	9.5
Maturity 20 - 29 years	515 656	5.5%	14.8
Maturity of more than 30 years	765	0%	17.4
Variable-rate bonds	1 870 585	20.1%	3.7
Inflation-linked bonds	187 289	2%	4.5
Perpetual (fixed rate)	17 673	0.2%	13.2
Non-performing	0	0%	
Bonds with maturity < 1 year	862 790	9.3%	0.5
Treasury bills	1 288	0%	0.2

For the purpose of risk monitoring, companies also use the services of CGD's risk control unit, which publishes its internal indicators.

This risk is also being monitored by supervisory bodies, a specific stress-test having been made on the asset portfolio during 2006 to quantify the impact of adverse shocks.

The use of derivatives for risk management purposes is currently limited to the occasional use of interest rate swaps in portfolios to reduce interest rate risk or in cases in which this instrument has been considered more efficient than the direct use of assets.

At 31 December 2007 Caixa Seguros had a portfolio of interest rate swap contracts to hedge financial risks on fixed-rate life insurance products as follows:

Notional value	Currency	Linked products	Maturity	Rate granted	Rate taken
10 000 000	EUR	Mais Valor 2004 - 1st Ser	2009	EUR6M+0.875%	4.55%
3 100 000	EUR	Mais Valor 2004 - 1st Ser	2009	EUR6M+0.875%	4.50%
13 293 000	EUR	Mais Valor 2004 -2nd Ser	2009	EUR6M+0.875%	EUR6M+0.875%
14 746 348	EUR	Reforma PPR/E MAIS	2012	5.4%	5.21%
5 200 000	EUR	Vantagem Dupla 2003	2013	EUR6M+0.45%	4.67%
4 000 000	EUR	Vantagem Dupla 2003	2013	EUR6M+0.45%	4.71%
100 000	EUR	Vantagem Dupla 2003	2013	EUR6M+0.45%	4.25%
20 000 000	EUR	Cx Seg 4.5%	2010	8.02%	7.38%
6 000 000	EUR	Cx Seg 4.25%	2008	6.85%	6.41%
5 000 000	EUR	Cx Seg 4.4%	2009	5.79%	5.33%

Risk management/counterparty analysis policy is based essentially on the selection table at the time the asset is purchased, disclosed in the "Asset separation requirements" item, designed to protect the policyholders through restrictions in the use of the company's assets. The risk is, however, monitored continuously by analysing international rating agencies' opinions/outlooks in order to prevent a downgrade of the rating of the securities held. On the other hand, the definition of internal limits by counterparty, not authorising the accumulation of risk, ensures good risk level dilution over time.

The following table describes the most significant exposure by counterparty risk which total 75% of the portfolio.

Assets for counterparty risk	Accumulated Capital	%
Total	12 312 230	100.00%
CGD Group	1 623 745	13 20%
State	3 026 846	24.60%
Eurozone	2 974 268	24.20%
Non - Eurozone	52 577	0.40%
Public entities	515 109	4.20%
BSCH Group	321 089	2.60%
Vehicles	204 411	1.70%
BBVA Group	175 065	1.40%
BCP Group	162 172	1.30%
General Electric	136 822	1.10%
Intesa Sanpaolo	126 751	1.00%
Fortis	122 076	1.00%

...Continued

Assets for counterparty risk	Accumulated Capital	%
Nationwide Building Society Group	121 069	1.00%
SNS Bank Group	120 563	1.00%
Espirito Santo	119 926	1.00%
Unicredito	118 467	1.00%
DNB NORBANK Group	112 458	0.90%
Supranational entities	110 266	0.90%
ING	106 720	0.90%
AngloIrish Bank Group	102 579	0.80%
Carrefour Group	101 954	0.80%
BNP Paribas Group	97 478	0.80%
RBS Group	90 777	0.70%
Citigroup	88 396	0.70%
France Telecom Group	88 253	0.70%
Portugal Telecom Group	85 727	0.70%
Caja Madrid	84 416	0.70%
BMW	84 079	0.70%
HBOS	82 605	0.70%
Dexia	80 261	0.70%
USB	68 429	0.60%
Deutsche Telekom	68 402	0.60%

...Continued

Assets for counterparty risk	Accumulated Capital	%
Hypo Real estate Holding	67 844	0.60%
Iberdrola	67 485	0.50%
Australia & New Zealand banking	65 417	0.50%
Danske Bank	60 120	0.50%
Barclays	60 117	0.50%
Deutsche Bank	60 056	0.50%
Volkswagen	59 765	0.50%
Société Générale	54 453	0.40%
SEB - Skandinaviska Enskilda Banken	54 016	0.40%
EFG Hellas	50 215	0.40%
Caja de Ahorros de Valencia	49 739	0.40%
Total	49 025	0.40%
Allied Irish Banks Group	48 825	0.40%
Natixis	48 558	0.40%
EDP	48 439	0.40%
Sabadell	46 087	0.40%
Total sample	9 237 072	75%

44. CAPITAL MANAGEMENT

Capital management objectives, in Caixa Geral de Depósitos, are in line with the following general principles:

• To comply with the legal requirements imposed upon CGD by the supervisory authorities i.e. the Bank of Portugal and the National Council of Financial Supervisors;

• To generate an adequate level of return for the bank, creating value for its shareholder and return on capital employed;

• To sustain the development of operations that CGD is legally authorised to perform, maintaining a solid capital structure, capable of providing for the growth in operations and respective risks.

To achieve these objectives, Caixa Geral de Depósitos plans its short and medium term capital requirements to finance its operations, particularly using its own and third party resources. Based on the sustained growth of its lending operations, other sources of finance primarily comprise the issue of preference shares for increasing basis own funds and the issue of subordinated debt comprising complementary own funds, subject to certain limits.
Current regulatory requirements are based on the "RGICSF" (General Credit Institutions and Financial Companies Regime), approved by Decree Law 298/92 of 31 December, in accordance with the wording of Decree Law 201/2002 of 26 September, which is central to Portuguese prudential regulations and which, to a large extent, reflects Community directives relating to the financial system. The referred to "RGICSF" covers several regulatory domains influencing capital management, of which reference should be made to:

• The requirements for credit institutions to maintain a minimum amount of EUR 17.5 million in share capital;

• The requirement for own funds never to be less than the minimum share capital and for at least 10% of each year's net profit to be appropriated to legal reserves up to the amount of the share capital;

• The application of instruments of a preventive nature, such as the requirement for a minimum "solvency ratio" of 8%, which, in practice, comprises the need for credit institutions to appropriate certain amounts of capital to provide for any unexpected losses;

• The imposition of limits on risk concentration on a single or group of customers, based on the introduction of percentages indexed to the amount of own funds, which, in consolidated terms, are around 20% for the Group itself and 25% for others. This measure was designed to favour portfolio diversification, owing to the risk of "contamination" which may exist within a given group, in the event of any default by one or more entities belonging to the said group;

• Investment limits in other companies - other than credit institutions or insurance sector companies - which if considered individually should not exceed 15% of the investing institution's own funds and considering in total should not exceed 60% of the said funds.

In addition to these requirements, there are other prudential rules to which the banks are subject and which, in conjunction with those already referred to, should be understood as an important complement to prudent management by institutions and which should, essentially, be based on internal assessment and control dispositions established by them, taking into account responsibilities to shareholders, depositors and other creditors.

Most of the requirements and prudential limits are based on the own funds concept, which comprises the minimum amount of regulatory capital imposed by the regulator. Its regular, mandatory calculation was enacted, in 1992, by the Bank of Portugal's publication of Official Notice 12/92 of 22 December. This notice, in addition to the solvency ratio rule (Official Notice 1/93 of 19 May), derives from the approval of the first Basel Agreement, in 1988 and was complemented in 1996 by the Bank of Portugal's Official Notice 7/96 which, in addition to credit risk, added capital requirements for market and foreign exchange risks. This "Basel I agreement, was replaced on 1 January 2008, by the "Basel II Capital Agreement". Reference should also be made to the fact that the insurance sector was included in the consolidation perimeter for prudential purposes on the basis of the equity accounting method.

For the purpose of analysing and fulfilling the legal requirements imposed by the banking supervisory authorities, Caixa Geral de Depósitos has its own "Prudential Information" department which works in collaboration with various internal departments, particularly "Credit Risk" management area, in addition to the different entities comprising the Group.

The following table provides information on CGD Group's regulatory capital at 31 December 2006 and 2007. During (and prior to) the said years, the entities included in CGD's consolidation perimeter complied separately with the legal imperatives binding upon each of them, both in Portugal as in the respective countries in which they are based. Such entities included Caixa Banco de Investimento and Caixa Leasing e Factoring-IFIC, in Portugal and Banco Caixa Geral (Spain), BNU Macau (Macau) and Mercantile Bank (South Africa) abroad.

(EUR million)

	31.12.2006	31.12.2007
A - BASIS OWN FUNDS (TIER I)	3 878	4 108
Share capital	2 950	3 100
Reserves and retained earnings	141	274
Net income for year	508	550
Minority shareholders' interests	642	707
Impacts of the adoption of IAS (transitional regime)	254	180
Deduction to basis own funds	(617)	(702)
B - COMPLEMENTARY OWN FUNDS (TIER II)	2 285	2 786
Subordinated liabilities with unspecified maturity	220	220
Subordinated liabilities with specified maturity	1 476	2 054
Revaluation reserves	585	510
Other	4	2
C - DEDUCTIONS TO TOTAL BASIS OWN FUNDS	(644)	(720)
Investments in insurance companies	(494)	(666)
Other deductions	(150)	(54)
D - TOTAL ELIGIBLE OWN FUNDS (A+B+C)	5 520	6 175
E - WEIGHTED RISK POSITIONS	52 521	61 015

RATIOS	31.12.2006	31.12.2007
TIER I (A/E)	7.4%	6.7%
CORE TIER I	6.2%	5.8%
TIER II (B/E)	4.4%	4.6%
DEDUCTIONS (C/E)	-1.2%	-1.2%
SOLVENCY RATIO (D/E)	10.5%	10.1%

The above table shows that the final amount of own funds is based on the sum of 3 major aggregates, whose respective amounts differ in several aspects from those recognised in the balance sheet and which translate the regulator's application of prudential filters, i.e.:

(i) BASIS OWN FUNDS OR TIER I which comprise the bank's more stable capital. The principal components and amounts considered in own funds are:

• Share capital, reserves (excluding revaluation reserves), minority interests and retained earnings, which correspond, in full, to the prudential perimeter's balance accounting values;

• Net income for the year, which is included in own funds, net of dividends payable to the state. The percentage considered in terms of regulatory capital, in 2007, was around 65%;

• Transition impacts, comprising the costs of employee benefits on the introduction of the IAS (Healthcare Plan and other health-related costs) and whose deductions from own funds were deferred for 5 or 7 years;

• Deductions from basis own funds, comprising various account headings, such as correction factors, whose recognition was considered necessary by the regulator, based on a prudential approach. These include contributions to pension funds still not recognised as a cost for the year, intangible assets, negative revaluation reserves, positive revaluation differences resulting from the application of the equity accounting method and deferred tax assets exceeding 10% of basis own funds.

(ii) COMPLEMENTARY OWN FUNDS OR TIER II essentially comprise positive revaluation reserves on some assets and subordinated liabilities subject to the Bank of Portugal's prior approval. The amount of such funds cannot exceed the amount of basis own funds and is broken down, as follows:

• Subordinated debt, of which debt with a fixed maturity date is considered in the Lower TIER II segment, only up to a limit of 50% of basis own funds as opposed to debt with an indeterminate maturity date which is fully classified in the Upper TIER II segment;

• Only 45% of the amount of the positive revaluation reserves, included in complementary own funds.

(iii) DEDUCTIONS FROM OWN FUNDS refer to a series of deductions resulting from regulatory impositions, i.e.:

• The amounts of investments in credit institutions and insurance sector companies. In the former case, investments of 10% or more are deducted in full whereas investments of less than 10% will only be deductible in respect of the part by which the aggregate amount of the said investment exceeds 10% of the sum of basis and complementary own funds. In the case of insurance companies, the deductible amount may benefit from the surplus solvency margin determined for the insurance sector, making it possible to decrease the deduction from own funds;

• Amounts related with property, for the repayment of loans made by CGD, in the institution's possession for more than four years;

• Any amounts exceeding the limits established for the purposes of major risks which, in the case of consolidated prudential elements, comprise 20% of own funds for exposure to Caixa Group companies and 25% for exposure to other groups;

• Any excess of qualified investment (of more than 5%) in non-financial or non-insurance companies, whose separate amount exceeds 15% of own funds or the total amount of such investments exceeds 60% of own funds..

In terms of capital requirements under Basel I (in force up until 31.12.2007), weighted assets are ranked by 4 risk factors (0%, 20%, 50% and 100%), in accordance with each type of asset and each counterparty, in addition to any guarantees. The same treatment is used for off-balance sheet positions of guarantees given and potential commitments assumed.

Information on consolidated own funds must be sent to the Bank of Portugal every six months, no later than 60 days from the date of the report. CGD, however reports internally on its consolidated own funds every quarter.

Starting 1 January 2008, credit institutions apply the New Basel Agreement Rules, which, in the case of Caixa, comprises the immediate application of the standard method for calculating credit risk requirements - those accounting for the highest proportion of the requirements to be assessed - and the basic indicator method for new requirements deriving from operating risk.

45. NOTE ADDED FOR TRANSLATION

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

Audit Reports and Opinions

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AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese - see Note 45)

(Amounts expressed in thousands of Euro - EUR thousand)

INTRODUCTION

1. Pursuant to Article 245 of the Securities Market Code (Código dos Valores Mobiliários), we present our Audit Report on the consolidated financial information included in the Directors' Report and the accompanying consolidated financial statements of Caixa Geral de Depósitos, SA and subsidiaries ("Caixa" or "CGD") for the year ended 31 December 2007, which comprise the consolidated balance sheet as at 31 December 2007, that reflects a total of EUR 103 553 764 thousand and total equity of EUR 5 541 096 thousand, including net income attributable to the shareholder of CGD of EUR 856 311 thousand, the consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and the corresponding notes.

RESPONSIBILITIES

2. The Board of Directors of Caixa is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with the applicable accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) adopting adequate accounting policies and criteria and maintaining appropriate systems of internal control; and (iv) informing any significant facts that have influenced the operations of the companies included in the consolidation, their financial position or results of operations.

3. Our responsibility is to examine the financial information contained in the documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.

SCOPE

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Our examination included verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by Caixa's Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used, application of the equity method and verifying that the financial statements of the companies included in the consolidation were adequately examined, assessing the adequacy of the accounting principles used, their uniform application and their disclosure considering the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the consolidated financial statements, and verifying that, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

OPINION

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above present fairly, in all material respects, the consolidated financial position of Caixa Geral de Depósitos, SA and its subsidiaries as at 31 December 2007, the consolidated results of their operations and their consolidated cash flows for the year then ended in conformity with the International Financial Reporting Standards adopted by the European Union and the information included therein is complete, true, up-to-date, clear, objective and licit in accordance with the definitions included in the standards referred to in paragraph 4 above.

Lisbon, 3 April 2008

Deloitte & Associados, SROC, SA
Represented by João Carlos Henriques Gomes Ferreira

STATUTORY AUDIT CERTIFICATE

INTRODUCTION

1. We have examined the financial statements of CAIXA GERAL DE DEPÓSITOS, SA comprising its balance sheet, at 31 December 2007 (showing a total balance sheet value of EUR 90 052 834 thousand and total shareholders' equity of EUR 4 933 239 thousand, including net income of EUR 666 137 thousand), income statement, cash flow statement and statement of changes to shareholders' equity for the year then ended and corresponding notes to the financial statements.

RESPONSIBILITIES

2. It is the responsibility of the board of directors to prepare financial statements with the objective of providing a true and appropriate description of the company's financial position and the results of its operations, as well as to use adequate accounting criteria and policies and maintain appropriate internal control systems.

3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

SCOPE

4. Our examination was performed in accordance with the Revision/Audit Technical Standards and Guidelines issued by the Ordem dos Revisores Oficiais de Contas (Order of Statutory Auditors) which require that the examination be planned and performed with the aim of obtaining an acceptable degree of assurance as to whether the financial statements are free from any materially relevant distortions. Our examination therefore included:

• verification of samples of supporting documents for the amounts and disclosures set out in the financial statements and an assessment of estimates, based on judgements and criteria defined by the board of directors and used for the preparation thereof;

• an assessment of whether the accounting policies used and disclosure thereof are adequate, based on the circumstances;

• verification of the applicability of the going-concern principle; and

• an assessment of whether the global presentation of the financial statements, is adequate.

5. Our examination also included the verification of concordance between the financial information contained in the board of directors' report and the financial statements.

6. We consider that our examination has provided us with an acceptable basis upon which to base our opinion.

OPINION

7. In our opinion, the referred to financial statements, provide a true and appropriate description, in all materially relevant aspects, of the financial position of CAIXA GERAL DE DEPÓSITOS, SA at 31 December 2007, comprising the results of its operations and cash flows for the year then ended, in conformity with the Adjusted Accounting Standards issued by the Bank of Portugal.

Lisbon, 3 April 2008

Oliveira Rego & Associados
Sociedade de Revisores Oficiais de Contas (Statutory Auditors)
Represented by Manuel de Oliveira Rego (partner)

STATUTORY AUDIT CERTIFICATE ON THE CONSOLIDATED ACCOUNTS

INTRODUCTION

1. We have examined the consolidated financial statements of CAIXA GERAL DE DEPÓSITOS, SA comprising its consolidated balance sheet, at 31 December 2007 (showing a total balance sheet value of EUR 103 553 764 thousand and total shareholders' equity of EUR 5 541 096 thousand, including net income of EUR 856 311 thousand), consolidated income statement, consolidated cash flow statement and consolidated statement of changes to shareholders' equity for the year then ended and corresponding notes to the financial statements.

RESPONSIBILITIES

2. The bank's board of directors is responsible for preparing the consolidated financial statements with a view to presenting a true and appropriate description of the financial position of the companies included in the consolidation, the consolidated income generated by their operations and their consolidated cash flows, in addition to using adequate accounting policies and criteria and maintaining appropriate internal control systems.

3. It is our responsibility to express a professional, independent opinion thereon, based on our examination of the said financial statements.

SCOPE

4. Our examination was performed in accordance with the Revision/Audit Technical Standards and Guidelines issued by the Ordem dos Revisores Oficiais de Contas (Order of Statutory Auditors) which require that the examination be planned and performed with the aim of obtaining an acceptable degree of assurance as to whether the consolidated financial statements are free from any materially relevant distortions. Our examination therefore included:

• verification of whether the financial statements of the companies included in the consolidation have been appropriately examined and, for significant cases in which this is not so, verification of samples of the supporting documents upon which the amounts and information disclosed in the financial statements are based and an assessment of estimates based on judgements and criteria defined by the bank's board of directors and used for the preparation thereof;

• verification of the consolidation operations and application of the equity accounting method;

• an assessment of whether the accounting policies used and disclosure thereof are adequate, based on the circumstances;

• verification of the applicability of the going-concern principle; and

• an assessment of whether the global presentation of the consolidated financial statements, is adequate.

5. We consider that our examination has provided us with an acceptable basis upon which to base our opinion.

OPINION

6. In our opinion, the referred to consolidated financial statements provide a true and appropriate description of the consolidated financial situation of CAIXA GERAL DE DEPÓSITOS, SA at 31 December 2007, in all materially relevant aspects and the consolidated results of its operations and consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards (IFRS).

EMPHASIS OF MATTERS

7. In terms of Caixa Geral de Depósitos' consolidation perimeter, our company performs statutory audit functions on the Caixa Leasing e Factoring - Instituição Financeira de Crédito SA, Caixagest Técnicas de Gestão de Fundos, SA, Culturgest - Gestão de Espaços Culturais, SA, Caixanet - Telemática e Comunicações, SA and Credip - Instituição Financeira de Crédito, SA companies and has used the information supplied by the inspectors/auditors of the other companies included in the said consolidation perimeter, to form the opinion we have expressed in this document.

Lisbon, 3 April 2008

Oliveira Rego & Associados
Sociedade de Revisores Oficiais de Contas (Statutory Auditors)
Represented by Manuel de Oliveira Rego (partner)

REPORT AND OPINION OF AUDIT COMMITTEE

Statement to Shareholders

1. Under articles 420 and 508-D of the Commercial Companies Code, the audit committee is responsible for producing a report on its inspection and issuing an opinion on the separate and consolidated accounting documents of CAIXA GERAL DE DEPÓSITOS, SA, (CGD) for the year ended 31 December 2007.

2. Following the entry into force of Decree Law 106/2007 of 03 April, altering CGD's articles of association, CGD adopted an administration and inspection structure comprising a board of directors and audit committee, as provided for in sub-paragraph a) of no. 1 of article 278 of the Commercial Companies Code, with inspection responsibilities being delegated to an audit committee and a statutory auditor or statutory audit company, other than a member of the said body, as set out in sub-paragraph b) of no. 1 of article 413 of the Commercial Companies Code.

3. Under the dispositions of no. 3 of article 421 of the Commercial Companies Code, the audit committee decided to engage the services of a statutory audit company, in its capacity as a technical specialist, to assist it in the performance of its functions.

4. The audit committee has continuously monitored the evolution of the company's operations and inspected the regularity of its accounts and respective documentation. Under the terms of its competencies, the committee has ascertained that the law and CGD's articles of association have been complied with and has issued the quarterly report referred to in no. 2 of article 6 of Decree Law 287/93 of 20 August, which was sent to the offices of the Ministers of State and Finance and Secretary of State for the Treasury and Finance; having duly informed the president of CGD's board of directors.

In performing its works, the audit committee is most pleased to note that it has always been provided with every assistance by the board of directors and the company's various departments when requesting information necessary for performing its functions.

5. The audit committee has taken note of the "Good Governance Report" which is a part of CGD's annual report, having noted that the said report complies with the principles relating to state-owned companies on the disclosure of information, as set out in the annex to Council of Ministers resolution 49/2007 of 28 March. The definition of sustainability strategies in the economic, social and environmental domain, provided for in the principles relating to state-owned companies is dealt with separately in another chapter of the annual report referred to as the "Sustainability Report".

6. The audit committee has taken note of the reports on the interim financial statements, issued by the statutory auditor, for the purposes of inclusion in own funds, the provisional positive results determined monthly, in accordance with Official Notice 12/92 of 22 December and circular letter 17/DSB/1995 of 07 March, both issued by the Bank of Portugal.

7. In terms of the board of directors report for the Bank of Portugal on CGD's internal control system (separate and group), for 2006, the audit committee has obtained and analysed the documents on CGD's internal control system, issued by the statutory auditor on 28 June 2007.

In general terms, the statutory auditor considers that CGD's internal control environment (separate and group), including the environment underlying the "process for the production and disclosure of financial information" (separate and group), is in line with the dimension, nature and risk attached to operations and is therefore unaware of anything which could lead it to conclude that the control procedures under analysis, in the areas referred to in the documents annexed to the referred to opinions, do not reasonably comply, in all materially relevant aspects, with the objectives described in the Bank of Portugal's Official Notice no. 3/2006.

The audit committee will continue to monitor the situation in technical terms in conjunction with the statutory auditor, under the terms of the issue of opinions on the internal control system (separate and consolidated) for 2007, to be issued by 30 June 2008.

8. In terms of decisions made and/or implemented last year, the audit committee wishes to make special reference to the following situations:

(I) At the general meeting of 10 April 2007, a resolution was passed approving the transfer of EUR 107.9 million from the EUR 539.6 million in net income for 2006, from CGD's separate operations, in accordance with sub-paragraph a) of no. 1 of article 26 of the company's articles of association in addition to EUR 54.2 million to retained earnings for covering losses, the payment of EUR 260 million in dividends to the state and the remaining amount of EUR 117.5 million to free reserves.

A proposal for the payment of an amount of up to EUR 35.1 million to CGD employees and members of the board of directors under the profit-sharing scheme was also approved at the same general meeting.

(II) The formation of Credip - Instituição Financeira de Crédito, SA, in April 2007 with a share capital of EUR 10 million, subscribed for and paid up in full, at par, by CGD (80%) and Parpública - Participações Públicas, SA (20%), respectively. This company's operations will particularly focus on financing the construction of public infrastructures.

(III) CGD acquired 30 575 090 PT Multimédia shares for a global amount of EUR 370.3 million from Barclays Bank, in May 2007, in an OTC transaction. 3 500 000 PT Multimédia shares for a global amount of EUR 42 million were alienated in July 2007, realising capital gains of EUR 1.3 million. PT Multimédia changed its name to ZON - Serviços de Telecomunicações e Multimédia, SGPS, SA in January 2008.

(IV) Capital gains of EUR 52.7 million and EUR 175.6 million were made, on the acquisition and alienation of BCP and EDP shares, respectively.

(V) The potential capital gains determined on available for sale financial assets measured at fair value (shareholders' equity instruments) and recognised in shareholders' equity (revaluation reserves), were down EUR 108.1 million. Special reference should be made to the fall in EDP and BCP share prices.

(VI)A capital increase, paid for in cash, was made in December 2007, in Fundo de Capital de Risco Grupo CGD - Caixa Capital ("Fundo") for the amount of EUR 109.8 million, increasing the company's share capital from EUR 64.8 million to EUR 174.6 million, through the issue of 1 960 investment units with a unit value of EUR 56 023.03 euros. The referred to operation gave CGD 96.87% of the Fund's capital.

(VII) CGD alienated its investment in Cimpor for EUR 81.3 million, in second half 2007, realising capital gains of EUR 16.7 million.

(VIII) CGD's board of directors approved a "memorandum of understanding" on the alienation of CGD Group's 80% investment in Compal - Companhia Produtora de Conservas Alimentares, SA (Compal) to Sumolis - Companhia Industrial de Frutas e Bebidas, SA (Sumolis) in August 2007. The investment in Compal was reclassified, at 31 December, to non-current assets held for sale, under IFRS 5, following the agreement for the alienation of the referred to investment, entered into between CGD Group and Sumolis in first quarter 2008.

(IX) The formation of Sofid - Sociedade para o Financiamento do Desenvolvimento, Instituição Financeira de Crédito, SA, in October 2007, with a share capital of EUR 10 million. CGD subscribed for 1 000 000 shares comprising 10% of its share capital.

(X) The audit committee has been monitoring the effects of the instability in financial markets, deriving from the US sub-prime crisis. CGD lost around EUR 86 million, in 2007 on its exposure to the US market.

(XI) Start-up of the Spain branch, geared to supporting specific Group operations in the Spanish market.

(XII) The EUR 30 million in partners' loans to Locarent - Companhia Portuguesa de Aluguer de Viaturas, SA, and conversion of partners' loans into accessory capital payments of EUR 1.5 million.

(XIII) The payment of the third and last tranche, of EUR 82.5 million, for the share capital increase in Banco Caixa Geral, SA (Spain), in 2005 (EUR 275 million). CGD Group had an effective holding of 99.75% in the bank.

(XIV) The acquisition of 9% of the share capital of Banco Comercial e Investimento e Fomento, SARL, giving CGD a 51% holding in the Mozambique bank's share capital.

(XV) The EUR 1.3 million increase in the share capital of Wolfpart, SGPS, SA, comprising the issue of 250 000 new shares, fully subscribed for and paid up by CGD, with the aim of acquiring 25% of the capital of the Torre Ocidente, Imobiliária, SA and Torre Oriente, Imobiliária, SA companies, in addition to providing for the company's treasury needs.

(XVI) CGD's acquisition of a 10% stake in Grupo USP Hospitales through Caixa Seguros with USP Group's simultaneous acquisition of a 25% stake in HPP - Hospitais Privados de Portugal, SGPS (HPP), also owned by Caixa Seguros, subscribing for an increase in the share capital of HPP, for the amount of EUR 1.8 million.

(XVII) Work continued on reorganising CGD Group's presence in the WEB area, with Imoportal.com - Multimédia, SA having been assimilated by Caixaweb - Serviços Técnicos e de Consultoria, SA, involving a name change to Caixatec - Tecnologias de Comunicação, SA.

(XVIII) The audit committee has taken note of the committed effort to recover the credit portfolio of the Timor branch and corresponding limitation on the granting of new loans, owing to the political and social instability which continues to have a negative effect on the territory.

(XIX) Issue of EUR 3.4 billion in covered bonds under a programme for the issue of a maximum amount of EUR 15 billion, for a total amount of EUR 5.4 billion, at 31 December 2007.

(XX) In accordance with an actuarial study carried out at 31 December 2007, retirements and survivors' pensions liabilities totalled EUR 1.1 billion and have been fully funded. CGD's contributions to the pension fund in 2007 totalled EUR 99.3 million (EUR 38.3 million in extraordinary contributions).

(XXI) Healthcare liabilities (EUR 443.9 million) and death grants prior to normal retirement age (EUR 2.1 million), determined on the basis of the actuarial study carried out at 31 December 2007, have been fully provisioned. Liabilities of EUR 5.2 million comprising the impact of the transition to "non-working" status of workers with whom CGD has entered into work termination agreements have also been provisioned.

(XXII) CGD quantifies the financial provisions required for the potential risk on its credit portfolio, in accordance with Bank of Portugal guidelines, every six months. The audit committee has taken note of the reports issued by CGD's Risk Management Division and the external auditors on this subject, in 2007, which have been sent to the Bank of Portugal.

(XXIII) The process for the formation of the Fundação Caixa Geral de Depósitos - Culturgest in replacement of Culturgest - Gestão de Espaços Culturais, SA for cultural promotion activities, was formalised in January 2008. The amount of EUR 3.5 million, paid to Culturgest in 2007, was recognised as non-interest bearing partners' loans, without any repayment period having been defined, with impairment having been recognised on the said amount, in light of the amount of the subsidiary's shareholders' equity.

(XXIV) Following the December 2007 notification, CGD paid an amount of EUR 145.4 million in additional settlements of tax and respective arrears of interest associated with the capital gains realised on the alienation of the holding in Banco Itaú in 2000, 2001 and 2003, using the amount of the already existing provision of EUR 120.3 million.

(XXV) The Portuguese state, as CGD's sole shareholder, subscribed for and fully realised, at par, the increase of EUR 150 million in share capital, at 31 December 2007, in an issue of 30 million new nominative shares of EUR 5 each, approved on the same date by a Unanimous Resolution set out in Writing, taken under no. 1 of article 54 of the Commercial Companies Code.

9. Reference should be made to the following indicators, characterising the company's separate accounts for the year:

(I) Net assets were EUR 8.2 billion up over the preceding year, to EUR 90.1 billion. The major contributory factors were the EUR 6.9 billion growth in loans and advances to customers of which special reference should be made to the increase in lending to companies, mortgage loans and growth in commercial paper issues and the EUR 2.2 billion increase in available for sale financial assets, particularly investment in debt instruments issued by non-resident entities.

(II) The growth in liabilities particularly derived from the increase of EUR 3.7 billion in resources taken from other credit institutions and EUR 5.2 billion in debt securities, particularly the EUR 3.4 billion issue of covered bonds.

(III) Shareholders' equity was up EUR 396.6 million, essentially influenced by the EUR 150 million increase in share capital and EUR 666.1 million in net income for the year. Movements attenuating the above referred effect particularly included the decrease in fair value reserves, owing to the depreciation of available for sale financial assets (EUR 105.2 million) and payment of EUR 260 million in dividends to the state shareholder.

(IV) There was a significant 2.5% increase in the solvency ratio, calculated under Bank of Portugal rules, to an end of year figure of 11.4%. The increase essentially derived from: i) the faculty brought in under the Bank of Portugal's Official Notice 4/2007 of 18 April which was exploited by CGD, in not deducting the investments held in credit institutions, financial institutions, insurance companies, reinsurance companies and holding companies in the insurance sector, from CGD's separate own funds, as provided for in nos. 9 and 9-D of the Bank of Portugal's Official Notice 12/92, ii) the EUR 150 million increase in share capital; and iii) the issue of EUR 961.6 million in subordinated Lower TIER I debt.

(V) Net operating income was up by EUR 129.1 million over 2006 to EUR 2.2 billion, essentially deriving from the EUR 162.1 million increase in net interest income, owing to the sharper growth in interest from loans and advances to customers on mortgage loans and lending to companies, as opposed to the interest on customer resources, other credit institutions' term deposits and interest from covered bonds.

(VI) The cost: income ratio was brought down from 51% to 50% during the year.

(VII) Net income was up 23.5% over the preceding year to EUR 666.1 million against EUR 539.6 million in 2006.

10. Reference should be made to the following indicators in respect of CGD's consolidated accounts for the year:

(I) There was a EUR 7.3 billion increase in the Group's net assets over the preceding year to EUR 103.6 billion, essentially deriving from the EUR 9.6 billion increase in loans and advances to customers and EUR 2.9 billion increase in available for sale financial assets offset by decreases of EUR 3.7 billion and EUR 1.0 billion, in loans and advances to credit institutions and financial assets at fair value through profit or loss, respectively.

(II) The increase in loans and advances to customers was fuelled by the growth in internal loans (particularly to the corporate and mortgage lending segments) and in other credits and amounts to be received (growth in issues of commercial paper).

(III) The liabilities side witnessed a significant increase of EUR 3.3 billion in the credit institutions' and central banks' resources account heading, essentially deriving from the increase in term deposits in credit institutions abroad and debt securities (EUR 2.9 billion) account heading, particularly the issue of covered bonds during the year.

(IV) Shareholders' equity was up EUR 527.4 million, essentially on account of the EUR 150 million share capital increase and EUR 856.3 million in net income for the year. The movements attenuating the above referred to effect particularly included the decrease in fair value revaluation reserves on available for sale financial assets (EUR 275.2 million) and the payment of EUR 260 million in dividends to the state shareholder.

(V) There was a significant decrease of 0.4% in the consolidated solvency ratio, calculated under Bank of Portugal rules, to an end of year figure of 10.1%. The decrease is essentially justified by the high growth of 16.2% in weighted risk positions in comparison to eligible own funds (up 11.9%).

(VI) The 5.5% increase of EUR 165.1 million in net operating income from banking and insurance to EUR 3.1 billion, derived from the EUR 202.1 million growth in net operating income from financial activity and EUR 37 million decrease in technical income from insurance operations, essentially deriving from the decrease in gross premiums written in the life insurance segment by Caixa Seguros. The increase in net operating income from financial operations derives from the EUR 254.1 million increase in net interest income from equity instruments and EUR 30.2 million increase in income from services and commissions, as opposed to income from financial operations and other operating income with decreases of EUR 46.3 million and EUR 35.8 million, respectively.

(VII) The cost: income ratio was brought down, during the year, from 56.2% to 55.1%.

(VIII) Net income was up 16.7% to EUR 856.3 million as opposed to the amount of EUR 733.8 million in 2006.

11. CGD continued to implement its internal reorganisation process in the risk control area in several segments, in 2007, on the basis of "Projecto ROCI - Risco Operacional e Controlo Interno" ("operating and internal control risk project"). The programme was implemented to provide CGD with the necessary competencies to manage operating risk, optimising the use of shareholders' equity, complying with regulatory requirements and improving the internal control system, keeping pace with best international practice in this area. The audit committee, in conjunction with the statutory audit company, will continue to monitor this process, pursuant to the work being performed on the internal control system in 2007.

12. In the period following the year end closure of the accounts and under the terms of the functions provided for in the Commercial Companies Code, the audit committee has analysed the separate and consolidated annual report submitted by the board of directors and has inspected the process for the preparation and disclosure of financial information.

13. The audit committee has examined the contents of the statutory audit certificate issued on the separate and consolidated accounts by the statutory auditor and the audit report on the separate and consolidated accounts issued by the external auditor under the terms of article 245 of the Securities Market Code.

14. OPINION:

Taking all of the above into consideration, it is the audit committee's opinion that the general meeting should:

a) approve the board of directors' presentation of CGD's separate and consolidated management report and accounts for 2007;

b) consider the proposal for the appropriation of net income which is an integral part of the management report;

c) undertake a general assessment of the company's management and inspection, drawing the conclusions referred to in article 455 of the Commercial Companies Code.

Lisbon, 3 April 2008

AUDIT COMMITTEE
Eduardo Manuel Hintze da Paz Ferreira
(President)

Maria Rosa Tobias Sá
(Member)

José Emílio Coutinho Garrido Castel-Branco
(Member)

EXCERPT FROM APPROVAL MINUTE

The following text is an excerpt from no. 1/08 of the minutes of CGD's general meeting of 17 April 2008, issuing a resolution on CGD, SA's annual report for 2007 and the proposal for the appropriation of net income, as transcribed below:

"[...] the state's representative was invited to address the meeting, having voted in favour of the approval of the annual management report for 2007, on the company's separate and consolidated accounts, taking note of the emphasis of matters expressed in the statutory audit certificate.

The meeting then went on to discuss the second item on the agenda, with the board of directors having proposed the following appropriation of net income:

'Pursuant to the terms of article 376 of the Commercial Companies Code and article 26 of the bank's articles of association, approved under Decree Law 287/93 of 20 August, the following appropriation of CGD's separate net income for the year of EUR 666 136 906 is hereby proposed:

1. 20% for the legal reserve (EUR 133 227 381);
2. EUR 55 044 218 to retained earnings;
3. EUR 300 000 000 to dividends;
4. EUR 177 865 307 to free reserves.'

Put up to the vote, the state's representative cast his vote in favour of the appropriation of net income for 2007, after having listened to the board of directors and in line with the respective consensus, as set out below:

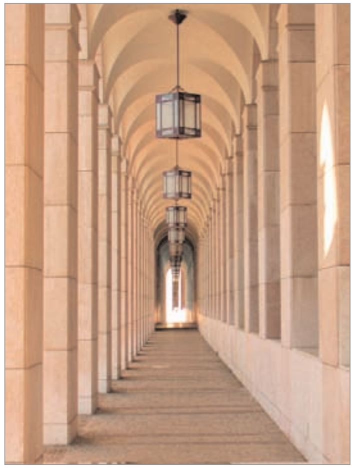
Legal reserve - EUR 133 227 381 - 20%;
Retained earnings - EUR 55 044 218 - 8.26%;
Dividends - EUR 340 000 000 - 51.04%;
Free reserves - EUR 137 865 307 - 20.70%.

[...]

The meeting then went on to discuss item four on the agenda, on which the state's representative expressed the state's vote of confidence in the board of directors, audit committee, statutory auditors and each of their members, having expressed his praise and recognition of the commitment and dedication evidenced in the performance of their activities on CGD's behalf, extensive to the outgoing members of the said bodies."

Good Governance Report

INDEX



1. CORPORATE MISSION, OBJECTIVES AND POLICIES

MISSION

To provide customers with high levels of service and reinforce CGD's benchmark status in the domestic financial system, on the basis of competitiveness, high ethical standards and financial strength, providing its shareholder with an adequate return and ensuring worker satisfaction.

PRINCIPAL STRATEGIC OBJECTIVES

CGD Group should endeavour to consolidate into a Portuguese financial system structuring group, differentiated by the major relevance and responsibility of its contribution to:

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

CGD, as the market leader, should endeavour to achieve a balanced evolution between levels of return, growth and financial strength, always pursuant to a prudent risk management framework.

Taking CGD Group's market position and the expected changes to the external economic circumstances, over the next 3 years into account, six strategic activity development axes have been selected.

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

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

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

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

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

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

2. INTERNAL AND EXTERNAL REGULATIONS GOVERNING THE COMPANY

CGD is bound by its articles of association, which were last altered on 03 April 2007, with the publication of Decree Law 106/2007, under which adjustments were made to the adequacy of the company's governance model, in line with the framework established by the Commercial Company's Code, in the revision which was published in Decree Law 76-A/2006 of 29 March.

CGD is also governed by all of the legal rules on public limited liability companies, as set out in the Commercial Company's Code and those deriving from its status as a state-owned company of which special reference should be made to Council of Ministers' Resolution 49/2007 of 28 March approving good governance principles for companies in the state's business sector and Decree Law 300/2007 of 23 August, under which the legal regime of such companies was altered.

In general terms, CGD's activity is subject to European and domestic legislation, of which special reference should be made to the "RGICSF" (General Credit Institutions and Financial Companies Regime), approved by Decree Law 298/92 of 31 December which was altered on several occasions, the Securities Code, to which relevant alterations were made in 2007 by the publication of Decree Law 357-A/2007 of 31 October, transposing European Parliament and the Council Directive 2004/39/CE of 21 April 2004 on the "Markets in Financial Instruments Directive (MiFID)" and its respective executory regulations and all regulations issued by the Bank of Portugal and the Securities Market Commission, into domestic legislation.

CGD has published an Internal Standards System on its intranet. The system is binding upon all workers and encompasses the most relevant aspects of the company's operation and the performance of its activity. It also establishes the rules and competencies on production, management, support facilities, disclosures and access to regulations on the bank's organic structure, employee policy, characteristics of products and services and procedures or relevant information.

In addition to a complaints book, lawfully required under the terms of Decree Law 156/2005 of 15 September, CGD pays particular attention to its customers' complaints and suggestions, which can be submitted at any branch office or via the *Caixadirecta Telefone* service, or the customer area at www.cgd.pt. The rules for managing and processing complaints are defined by internal orders and instructions.

CGD's financial intermediation operations are governed by the "Internal Regulations on CGD's Financial Intermediation" referred to as "RIAIF" and approved by the Market Securities Commission. These regulations define the fundamental principles and procedures governing the bank's activities in this business area and for which it is registered with the supervisory authority. They are binding upon all members of the bank's statutory bodies and workers engaged in this area, even if only on an occasional basis.

3. RELEVANT TRANSACTIONS WITH RELATED ENTITIES

Entities related with Caixa are all companies controlled by CGD Group, associated companies, Caixa's management bodies and other entities controlled by the Portuguese state.

CGD's financial statements, at 31 December 2007, include the following balances and transactions with related entities, excluding management bodies:

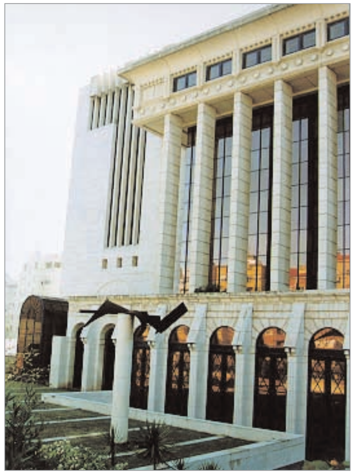
	2007			
	Portuguese State (Treasury)	Other Portuguese State entities	Associates	Other CGD Group companies
Assets:				
Loans and advances to credit institutions	-	-	-	9 161 327
Securities and trading derivatives	413 912	-	1 500	237 939
Loans and advances to customers	-	33 975	780 435	14 269
Other assets	13 274	23 132	122 211	615 568
Liabilities:				
Customer resources	1 991	2 232 896	11 614	902 300
Debt securities	-	-	-	774 317
Subordinated liabilities	-	-	-	1 072 961
Other liabilities	61	-	104	93 516

...Continued

	2007			
	Portuguese State (Treasury)	Other Portuguese State entities	Associates	Other CGD Group companies
Guarantees given	45 240	144 681	17 320	49 212
Income:				
Interest and similar income	21 732	888	57 082	1 236 991
Gains from financial operations	129	-	-	5 260 472
Income from services rendered and commissions	-	-	302	61 116
Other operating income	-	-	106	49 897
Costs:				
Interest and similar costs	1 250	47 409	557	1 236 991
Losses from financial operations	854	-	-	5 288 488
Commissions	-	-	-	3 970
Other operating costs	-	-	640	539

The amounts set out in the table, except for those relating to other CGD Group companies, refer to Caixa's separate activity.

Transactions with related entities are generally made on the basis of market values on the respective dates.



4. OTHER TRANSACTIONS

PROCEDURES USED FOR THE ACQUISITION OF GOODS AND SERVICES

• Market enquiries - three suppliers per product are normally consulted.
• Selection of suppliers - based on a comparison between the proposals received.
• Authorisation of expenditure - in accordance with the delegation of competencies.
• Contracts with goods suppliers/service providers - in writing: exchange of correspondence or formal contract.

TRANSACTIONS WHICH HAVE NOT BEEN REALISED UNDER MARKET CONDITIONS

Contracts usually entered into with CGD Group companies, without consulting the market:

• Valuables transport - ESEGUR;
• Leasing - Caixa Leasing e Factoring;
• Insurance - Companhia de Seguros Fidelidade Mundial;
• Vehicle renting - LOCARENT;
• Property rentals - Companhia de Seguros Fidelidade Mundial and Fidelidade Mundial SGII.

LIST OF SUPPLIERS REPRESENTING MORE THAN 5% OF EXTERNAL SUPPLIES AND SERVICES

• ESEGUR - Empresa de Segurança, SA
• Companhia IBM Portuguesa, SA

5. INDICATION OF GOVERNANCE MODEL AND IDENTIFICATION OF MEMBERS OF THE BOARD OF DIRECTORS AND INSPECTION BODIES

Up until April 2007, CGD's statutory bodies were its general meeting, board of directors and sole inspector, with the following composition:

General Meeting
Chairman: vacant
Deputy-Chairman: vacant
Secretary: João Manuel Travassos Dias Garcia

CGD did not have a chairman of the general meeting, in 2006. CGD's deputy-chairman, José Manuel Simões Correia, resigned from office, in a letter dated 04 July 2006.

Board of Directors
Chairman: Carlos Jorge Ramalho dos Santos Ferreira
Deputy-Chairman: António Manuel Maldonado Gonelha
Board Members: José Joaquim Berberan e Santos Ramalho; Vítor Manuel Lopes Fernandes; Maria Celeste Ferreira Lopes Cardona; Norberto Emílio Sequeira da Rosa; Armando António Martins Vara e Francisco Manuel Marques Bandeira.

Sole Inspector
Oliveira Rego & Associados, SROC, represented by Manuel de Oliveira Rego
Deputising - Álvaro, Falcão & Associados, SROC

External Auditor
Deloitte & Associados, SROC

Articles 8, 17 and 23 of CGD's articles of association were altered in 2007 in accordance with the wording of Decree Law 106/2007 of 3 April with, in conformity, the company's adopted governance model having substituted the sole inspector by an audit committee, whose members were elected at the general meeting of 17 April 2007. The composition of CGD's statutory bodies, between the said date and end 2007 was, therefore, as follows:

General Meeting
Chairman: Manuel Carlos Lopes Porto
Deputy-Chairman: Daniel Proença de Carvalho
Secretary: José Lourenço Soares

Board of Directors
Chairman: Carlos Jorge Ramalho dos Santos Ferreira
Deputy-Chairman: António Manuel Maldonado Gonelha
Board Members : José Joaquim Berberan e Santos Ramalho; Vítor Manuel Lopes Fernandes; Maria Celeste Ferreira Lopes Cardona; Norberto Emílio Sequeira da Rosa; Armando António Martins Vara e Francisco Manuel Marques Bandeira.

Audit Committee
Chairman: Eduardo Manuel Hintze da Paz Ferreira
Members: José Emílio Garrido Coutinho Castel-Branco e Maria Rosa Tobias Sá
Deputising: José Clemente Gomes e Ana Maria Ratel Barroso Reis Boto

Statutory Auditor
Oliveira Rego & Associados, SROC, represented by Manuel de Oliveira Rego
Deputising: Álvaro, Falcão & Associados, SROC

External Auditor
Deloitte & Associados, SROC

6. REMUNERATION OF MEMBERS OF STATUTORY BODIES

The information is set out in the annex to this report.

REMUNERATION OF STATUTORY AUDITORS

(EUR)

	Statutory audit services [a][b]	Other services [b]
Oliveira Rego & Associados, SROC, represented by Manuel de Oliveira Rego (partner)	153 806.27	38 988.31

(a) Does not include the costs of statutory audits on subsidiaries and branches.
(b) Inclusive of VAT.

REMUNERATION OF EXTERNAL AUDITOR

(EUR)

	External audit services [a] [b]	Various studies and opinions [b]	Other specialised services [b]
Deloitte & Associados, SROC, SA	246 929.06	502 761.21	251 567.55

(a) Costs of statutory audits on CGD's separate and consolidated accounts.
(b) Inclusive of VAT.

7. ANALYSIS OF COMPANY'S SUSTAINABILITY IN THE ECONOMIC, SOCIAL AND ENVIRONMENTAL DOMAIN

This subject has been dealt with separately in a chapter of CGD's board of directors' report.

8. ASSESSMENT OF COMPLIANCE WITH GOOD GOVERNANCE PRINCIPLES

CGD adopted the good governance principles for the state's business sector companies, approved by Council of Ministers' Resolution 49/2007 of 28 March, having implemented several initiatives designed to achieve full compliance therewith, as set out below:

I Annual production of an activity plan to further compliance with the company's mission and objectives, in addition to a report containing information on compliance with the company's mission, objectives and policies, with a sustainability analysis in the economic, social and environmental domain and the means used to safeguard competitiveness, through research, development, innovation and the integration of new technologies in terms of production (heading II, nos. 7, 8 and 10 of Council of Ministers' Resolution).

CGD develops an annual planning process which defines the objectives to be achieved for complying with the mission entrusted to it. A monitoring system for data collection purposes has been implemented to accompany the performance of the approved activity plan and budget. Periodic performance reports are produced in various areas of activity.

The performance of activity and compliance with the defined objectives is annually assessed in the annual report of which this corporate governance report is an integral part.

The analysis of the company's sustainability in the economic, social and environmental domain is set out in a separate chapter of the annual report dealing with these issues.

II Implementation of effective equality of treatment policies and opportunities between men and women and conciliation between personal, family and professional affairs in addition to the professional career development of the company's workers (heading II, nos. 9 and 12 of Council of Ministers' Resolution).

There is no differentiation, in CGD, between recruitment of and remuneration paid to men and women, although an obvious statistical balance exists between female and male workers at 52% and 48% respectively.

CGD is scrupulous in its application of the legal and contractual rules on the protection of maternity and paternity and there is no discrimination in access to managerial positions.

In addition to in-house classroom and e-learning training, CGD has promoted and incentivised its workers' professional development by financing specialised masters and postgraduate courses.

Under the terms of CGD's current corporate labour agreement, infants' and/or study grants are provided for workers' children. CGD's Social Services also organise holiday camps in the summer holiday period.

CGD's Employees Division has a social support unit which helps to conciliate working and family life by examining situations involving social needs, personal loans, the granting of extended leave for exceptional family matters, adjustments to and the flexibility of working hours in appropriately justified cases (such as work/family conciliation) and the analysis of situations which could require transfers or professional guidance in the case of workers' personal crises (sickness, accidents, bereavements, divorces, conflicts, etc.).

III Compliance with legislation and regulations and ethically irreprehensible behaviour regarding tax affairs, money laundering, competition, consumer protection, environmental and labour issues (heading II, 11 of Council of Ministers' Resolution).

All of CGD's activity is performed in strict compliance with the law, regulatory, ethical, deontological standards and good practice. An internal control system is in place to monitor compliance.

IV Definition and disclosure of information on transparent procedures relating to the acquisition of goods and services, with the adopting of adjudication criteria geared to principles of economy and effectiveness, with a duty to disclose annual information on all transactions which have not been realised under competitive market conditions in addition to a list of suppliers representing more than 5% of external supplies and services, if this percentage is more than one million euros (heading II, no. 13 of Council of Ministers' Resolution).

CGD has transparent procedures on the acquisition of goods and services, adopting adjudication criteria geared to principles of economy and effectiveness, having the duty to disclose information on all transactions which have not been realised under competitive market conditions in its annual report, in addition to a list of suppliers representing more than 5% of external supplies and services.

V Existence and public disclosure of information on a Code of Conduct setting out and systemising the general principles applicable to all CGD workers and statutory bodies (heading II, nos. 11 and 14 the Council of Ministers' Resolution).

Information on relevant behavioural guidelines has been set out in various CGD internal regulations. The bank's code of conduct was approved in February 2008.

VI Existence of a governance model ensuring effective separation between executive management and inspection functions, with management and inspection bodies being adjusted to the company's size and complexity for ensuring the efficacy of the decision-making process and effective supervisory capacity (heading II, nos. 15 and 16 of Council of Ministers' Resolution).

Articles 8, 17 and 23 of CGD's articles of association were altered, in accordance with the wording of Decree Law 106/2007 of 3 April) with the members of the audit committee having been elected for the three year period 2007-2009, in conformity.

The board of directors has allocated areas and responsibilities among board members, in addition to appointing deputies in the events of absences.

The following is a list of delegate committees in addition to plenary meetings of the board of directors:

• Credit committee, comprising all members of the board of directors, with a minimum of 3, to which competency in credit matters has been delegated, in accordance with the appropriate delegation of competency;

• Credit committee and general credit committee comprising all members of the board of directors, with a minimum of 4, to which competency for credit matters has been delegated, in accordance with the appropriate delegation of competency;

• Marketing, communication and networks committee (CDMC), to which competency for communication, marketing, financial markets, corporate and individual customers networks and products and services has been delegated, comprising the members of the board of directors in their respective areas, with a minimum of 3;

• Employee, media and systems committee (CDPM), to which competency for procurement management, property management, organisation, staff, information and operating support systems has been delegated, comprising members of the board of directors in their respective areas, with a minimum of 3;

• Assets and liabilities management committee (ALCO), to which competence for actions and procedures designed to control the group's risks and its financial position has been delegated, comprising the chairman and deputy-chairman of the board of directors and board members responsible for the financial markets, risk management, planning, accounting, control, international, marketing, financial investments and property financing fields.

ALCO generally meets once a quarter and the other bodies once a week.

VII Annual report on the assessment of the individual performance of executive managers, in addition to a global assessment of governance structures and mechanisms in force in the company (heading II, no. 17 of Council of Ministers' Resolution).

The law attributes this function to non-executive members of boards of directors, members of the general and supervisory board who may appoint from among their number an appraisal committee for the purpose or, if no such boards exist, members of the inspection body, which is the case of CGD, whose audit committee is responsible for producing the respective assessment report on the performance of executive managers.

VIII Annual external audit of the company's accounts, with the members of the inspection body being the company's representatives for the external auditors (heading II, no. 18 of Council of Ministers' Resolution).

CGD's annual accounts are audited by an independent external auditor, Deloitte & Associados, SROC, SA, with the company's representatives of choice being the audit committee and the Accounting and Financial Information Consolidation Division, with, under the terms of no. 18 of Council of Ministers' Resolution 49/2007, responsibility for the selection and appointment of the external auditor having been given to the audit committee, which shall ensure the necessary conditions in terms of independence.

IX Existence of a control system for the protection of the company's investments and assets, which system should encompass all of the relevant risks assumed by the company (heading II, no. 19 of Council of Ministers' Resolution).

CGD's organic structure ensures the existence of separation between market operations executive functions and control of the risk arising therefrom.

Pursuant to the control and management of risks associated with its activity, CGD has defined specific policies for the management of investment and trading (financial assets) portfolios, in addition to credit, whose execution is monitored by the board of directors, credit committee and ALCO committee.

The market risk management rules established for each portfolio or business unit, include market and exposure and credit risk limits, required levels of return, types of instruments authorised and maximum permitted loss levels.

X Annual public disclosure of amount of total, variable and fixed remuneration of whatever kind earned, by each member of boards of directors and inspection bodies, including other benefits and privileges, such as health insurance, use of a vehicle and other benefits provided by the company (heading II, no. 21 of Council of Ministers' Resolution).

CGD provides information, on DGT's site and in the annex to this corporate governance report on the total variable and fixed remuneration of whatever kind earned, by each member of the boards of directors and inspection bodies.

XI Duty of each of the members of the statutory bodies to abstain from any involvement in decisions involving their own interests and the duty to notify the Inspectorate General for Finance and the other members of the statutory bodies of the existence of any important interests they may have in the company, in addition to relevant relationships with its suppliers, customers, financial institutions, or any other business partners, which may be a source of conflicts of interest (heading II, no. 22 of Council of Ministers' Resolution).

Members of the board of directors are aware of the regime of incompatibilities and impediments defined in the "Statutes for Public Sector Managers" (Decree Law 71/2007) and "Principles of Good Governance for Public Sector Companies in the Business Sector" (Council of Ministers' Resolution no. 49/2007), which establish rules preventing the cumulative exercising of functions and the obligation not to intervene in decisions in which their interests are involved. They must, accordingly, inform the Inspectorate General of Finance, in writing, of all investments and interests, directly or indirectly held in the company, in addition to information on positions, functions and professional activities they perform, with the general secretary being aware of the statements made by members of the board of directors to the Constitutional Court and Bank of Portugal.

XII Duty for the immediate, public disclosure of relevant information (heading II, no. 23 of Council of Ministers' Resolution).

CGD, as an issuer of financial instruments, has appointed a market relationships representative who shall arrange for the any information that may have a relevant effect on the company's economic and financial situation and net worth to be promptly provided, with a view to full compliance with the duty for the immediate public disclosure of relevant information. Its internet site also provides a complementary range of institutional information on the business.

XIII Public disclosure on the internet (on the Directorate General for the "corporate site"), on the mission, objectives and policies relating to the company and its subsidiary companies, degree of compliance, knowledge of relevant information, the company's historical and current financial information, in addition to the identity and information of the curricula of all members of its statutory bodies (heading III, nos. 25, 26 and 27 of Council of Ministers' Resolution).

The above referred to elements are available on DGT's "corporate site".

XIV The eventual appointment of an ombudsman, whose services shall be accessible and free of charge and who may be contacted by customers and citizens who wish to execute their right to complain, in addition to making suggestions (heading III, no. 28 of Council of Ministers' Resolution).

In CGD, in addition to the existence and availability of the complaints book, customers' and citizens' general rights to complain and make suggestions can be exercised anywhere on the commercial branch network or via the *Caixadirecta Telefone* service, or the customers' section at www.cgd.pt. The rules for the management and processing of complaints are clearly defined by in-house orders and instructions.

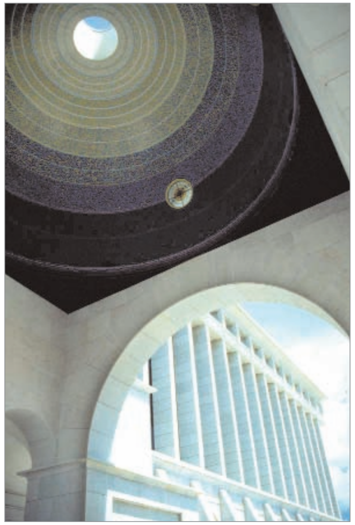
CGD pays particular attention to the management and processing of complaints, from a twofold viewpoint of improving customer services and internal control.

XV Inclusion of an item on corporate governance in management reports (heading III, no. 29 of Council of Ministers' Resolution).

This report has been produced to comply with this principle.

9. CODE OF CONDUCT

CGD approved its code of conduct in February 2008. The code sets out and systemises the general principles and rules of conduct applicable to all employees and statutory bodies for the purpose of governing the company's activity.



ANNEX

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS	REMUNERATION							
	Principal remuneration	Insurance related to deferred remuneration [1]	Accumulation of functions	Supplementary remuneration	Representation allowance	Profit sharing / Management bonuses	Telephone expenses[2]	Acquisition cost of official car by the company
BOARD OF DIRECTORS								
Chairman								
Carlos Jorge Ramalho Santos Ferreira	349 158.46	52 373.74	0.00	0.00	Grant of credit card of the company in which only the expenses, duly certified with bills and other proofs, resulting from the activity are considered at CGD's expenses. Some personal expenses paid with this card will be directly charged to the board members' accounts.	0.00	8 089.54	86 741.59
Deputy-Chairman								
António Manuel Maldonado Gonelha	296 784.74	44 517.74	0.00	0.00		0.00	2 812.63	83 908.80
Members								
José Joaquim Berberan Santos Ramalho	244 411.02	36 661.66	0.00	0.00		0.00	1 863.39	64 291.31
Vítor Manuel Lopes Fernandes	244 411.02	36 661.66	0.00	0.00		0.00	[3]	76 700.00
Maria Celeste Ferreira Lopes Cardona	244 411.02	36 661.66	0.00	0.00		0.00	2 352.29	75 041.77
Norberto Emílio Sequeira da Rosa	244 411.02	36 661.66	0.00	0.00		0.00	933.68	72 166.47
Armando António Martins Vara	244 411.02	36 661.66	0.00	0.00		0.00	4 277.19	81 834.66
Francisco Manuel Marques Bandeira	244 411.02	36 661.66	0.00	0.00		0.00	1 058.73	77 927.38
AUDIT COMMITTEE								
Chairman								
Eduardo Manuel Hintze Paz Ferreira	45 591.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Members								
José Emílio Coutinho Garrido Castel-Branco	34 193.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maria Rosa Tobias Sá	34 193.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00

COMMENTS:

(1) Insurance related to deferred remuneration approved by CGD's General Meeting of 02.11.1993, changed in the General Meeting of 31.05.2000 under the terms of article 22 of CGD Articles of Association under the name of Additional Retirement Plan. The corresponding amount is paid monthly, being subject to Income Tax at the normal rate.
(2) Refers to data and mobile communications.
(3) Cost charged to Fidelidade Mundial.
(4) The amounts received and paid outside the Group are deducted in the salary receipt issued by CGD. Accordingly, the respective salary is presented in this table as CGD's board member.

...Continued

(EUR)

OTHER BENEFITS AND GRANTS				CHARGES WITH SOCIAL CARE			ADDITIONAL INFORMATION				
Amount of fuel spend with official car	Luncheon allowance	Duty travel allowance	Other (School subsidy)	Social security charge	Healthcare insurance	Life insurance	Option for prior salary (Y/N)	Social Security Regime	Option for acquisition of official car (Y/N)	Usufruct of function-related house (Y/N)	Performance of duties remunerated outside the Group (Y/N)
2 973.07	2 539.80	0.00	0.00	14 203.56			N	Social Security	N	N	N
3 797.09	2 550.00	0.00	0.00	10 226.58	There are no individual insurances. Only a personal accident insurance when in duty travel (an insurance policy for all employees covering also the board members)		N	Social Security	N	N	N
2 502.19	2 315.40	3 262.06	366.30	44 898.28			N	CGA/Pensions Fund	N	N	N
3 763.64	2 346.00	335.40	522.40	14 203.56			N	Social Security	N	N	N
3 387.67	2 356.20	2 850.90	0.00	44 898.28			N	CGA/Pensions Fund	N	N	N
2 673.22	2 478.60	335.40	0.00	36 121.68			N	B. of Portugal's Pens.Fund	N	N	N
3 133.50	2 254.20	2 716.70	0.00	19 559.04			N	CGA/Pensions Fund	N	N	Y [4]
6 119.74	2 295.00	1 006.20	0.00	22 657.74			N	CGA/Pensions Fund	N	N	N
0.00	0.00	0.00	0.00	9 324.85	0.00	0.00		Social Security			
0.00	0.00	0.00	0.00	7 266.08	0.00	0.00		Social Security			
0.00	0.00	0.00	0.00	7 266.08	0.00	0.00		Social Security			

Social Responsibility Report

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SOCIAL RESPONSIBILITY IN CGD

Caixa considers social responsibility to be a permanent commitment, involving workers, customers and community alike and encompassing the broadest operating areas, ranging from solidarity to education and the environment, in addition to sport and culture.

The year 2007 witnessed the start-up of CGD's strategic Caixa Carbon Zero 2010 programme, designed to help reduce the environmental impact of its operations, in an approach based on sustainable development, while endeavouring to persuade its workers, customers and society in general to adopt good practice.

It forms a part of Caixa Geral de Depósitos' social responsibility sphere, in which a particularly relevant role is played by the strategic environmental and educational areas, in terms of environmental awareness and financial literacy, which, together with solidarity, comprise its priority intervention areas.

In line with its historical tradition, Caixa provides ongoing, committed support to the community's social, cultural and sports-related activities, providing for society's real needs and meeting its expectations.

Caixa's approach in terms of its workers, is based on the promotion of a safe, healthy working environment, communication between all, lifetime learning, inclusion and equal opportunity.

Its customer relationships are also based on rigour, trust and transparency, managed ethically in due respect for privacy. Caixa always provides an excellent service which proactively integrates best financial sector practice.

Caixa promotes value of ethics and competency in its relationships with stakeholders.

OUR VALUES

The Caixa Geral de Depósitos brand incorporates rigour and transparency. It is committed to long term relationships, incrementing the value of knowledge, structuring teams of workers who, in their performance of such services, guarantee growth and create value for CGD, its customers and society in the conviction that a transparent, ethical, efficient financial system is a *sine qua non* for Portugal's economic and social development.

OUR BRAND

Caixa Geral de Depósitos is one of Portugal's strongest brands. As a financial market reference, it symbolises an unparalleled reputation for trust, strength and quality. It is recognised as an ambitious, robust brand with major communicational attributes and socially acceptable deportment whose language enables it to compete in any situation.

BUSINESS ETHICS

We constantly seek perfection in matters relating to our products, services and procedures, adjusting them to social reality and investing in sustainable relationships with all stakeholders.

Caixa has adopted the European Commission's recommendations on the European Voluntary Mortgage Code (since 2002), for providing objective, clear and comparable information, on the media available at its disposal (branches, site, telephone banking) and enabling customers to make informed choices.

Caixa is a member of ICAP - Instituto Civil da Autodisciplina da Publicidade (Institute for Advertising Self-Discipline) whose code of conduct establishes, as an objective, the promotion of and respect for the ethics and deontology of advertising.

The underlying principle is that advertising should be legal, transparent, honest and true (i.e. not misleading) and socially responsible to consumers and society. It should comply with the rules of fair competition. Such practices aim to win consumers' trust and confidence.

WORKERS

Caixa's commitment to its workers, is based on its provision of a safe, healthy working environment, communication between all, lifetime learning, inclusion and equal opportunity, naturally translating not only into productivity but also the motivation and satisfaction of workers and their families.

CGD favours in-house communication as a fundamental supporting element for workers and its business, as an instrument of motivation and a vehicle for the provision of information and the consolidation of its culture and values.

In 2007, as in former years, the intranet has demonstrated its potential as a powerful instrument in obtaining feedback from the most diverse operating areas.

The in-house *Caixa em Revista* magazine, furthered its role in the promotion of the company's culture, in establishing links between Caixa and both active and retired employees, within Caixa Geral de Depósitos Group.

Special reference should be made to the development of the following projects in 2007:

CAIXA DE IDEIAS (ideas and suggestions)

This competition had a mobilising effect on workers who submitted 1 736 ideas, encompassing products, processes and deportment, many of which were interesting and innovative and several of which have already been implemented.

Internal communications media were used to promote this strategic programme for CGD's domestic retail business.

Recruitment and selection processes fully comply with good practice, with the internet having evidenced its role as the principal channel for information on opportunities and e-recruitment. The fact that internal recruitment is preferred for more qualified or senior positions, provides CGD employees with greater career advancement opportunities.

The distribution of staff by gender is in the region of 50.5% for women and 49.5% for men. Recent recruitments include employees from Portuguese speaking African countries (70), Europe (11), Latin America (5) and Asia (3). CGD currently employs 72 men and 71 women with physical handicaps.

As a company's fundamental assets are its employees and as knowledge is the driving force behind any society, support given to employees' self-training initiatives for the purpose of acquiring new or refreshing old competencies, better access to opportunities and learning instruments, in time and space, are indissoluble from CGD's human resources policy.

- Continued support under specialised personal development programmes for employees' higher educational level training, by fully or partly funding the costs of postgraduate courses, masters, advanced and specialised courses.

- Encouragement to learn languages or retain linguistic competency, through the creation of a personalised, ongoing, multilayered learning system, with access to certification processes.

- The creation of technical and technological conditions for access to CGD's e-learning courses platform outside the workplace, starting with a trial group in 2007 and already involving a total of 2 500 employees.

We actively promote on-the-job training programmes for young students from different educational levels, with a view to the completion of their courses, in addition to recent graduates who require their first experience of the labour market to improve their future employment potential. 350 on-the-job training placements were organised in 2007. On the basis of the social reality in the higher educational spheres, 62% were for women and 38% for men.

The *Caixapessoal* employee portal was launched at end 2007 to simplify and automate a series of current WEB-based management operations, in addition to improving proximity and personal ties between employees and the company's human resources areas during the course of their professional careers.

In addition to access to a wide range of organised, interrelated information in the human resources sphere, *Caixapessoal* permits direct interaction between employees and the Employees Division, via a wide range of online services (e.g. beginning with wage slips and up to the submission of annual IRS income tax returns), the submission of issues, suggestions, and requests for information (helpdesk), as well as the creation of communities for sharing knowledge and exchanging opinions on professional experiences.

Reference should also be made to e-learning training facilities which enable employees to access the platform either from the workplace or from home via Caixa's extranet.

The *Caixapessoal* service also includes an email address for messages between employees and DPE. This is particularly useful for the "just-in-time" sending of relevant and/or critical information, in addition to such training items as videos and tutorials on subjects of relevance to CGD's business.

As part of the relational management with employees and with the objective of facilitating access to information technologies, various agreements have been entered into with companies in the sector, providing highly favourable access to software, hardware and telecommunications, frequently updated to satisfy enhanced dynamic market patterns.

Conditions designed to increase the flexibility of and facilitate the whole of the process relating to the referred to operations were also created, on the basis of free loans subject to minimum formalities *(Projecto Navegar)*.

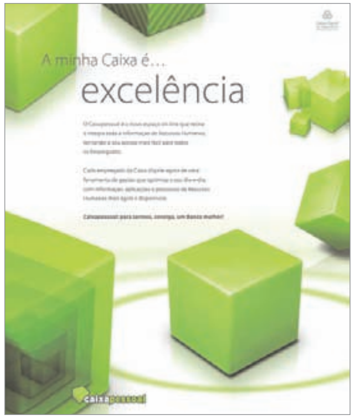
Together with regular, systematic support to all workers, including, at the time of recruitment, CGD's Medicine in the Workplace, Caixa developed a vast range of initiatives, in 2007. In addition to the 7 485 medical examinations, the following campaigns were organised:

- Quit smoking consultations
- Prevention of colon/rectum cancer
- Prevention of cardiovascular disease
- Nutritional Advice
- Breast examinations

This is an involvement-based health promotion culture which is a crucial investment for the future of any company. This fundamental principle has led to the creation and development of a European healthy companies network in the form of **"ENTERPRISE FOR HEALTH (EfH)"** of which CGD is a founding member.

EfH was founded in 2000. It is currently made up of 22 major European enterprises from 11 European countries and diverse business areas, united in a singular objective: to safeguard long-term competitiveness and the cost/benefit of their organisations which can only be achieved with a motivated, effective workforce committed to objectives.

Medicine in the Workplace was involved in various meetings in this area, in 2007, the last of which took place in Lisbon, in September 2007, with CGD support, on "Leadership and Health".



As in past years, Caixa provided all workers with the possibility of receiving flu jabs free of charge.

Whenever medical tests and/or workers' contacts with their line managers evidence the existence of unusual situations related with their professional activity, caused by internal or external agents, all such situations are given personal attention.

Caixa's social support unit continued to further its actions related with workers in systematic conjunction with the management, medicine in the workplace and security areas, with the aim of contributing towards wellbeing and quality of life in such areas as:

- Conciliation between work and family
- Transfer processes involving social considerations;
- Monitoring of sickness and the search for adequate solutions in the case of major illness, in terms of support for resuming activity;
- Precarious socioeconomic situations and indebtedness, on the basis of personal loans to employees, on exceptional terms;
- Crises (psychological, reactions to losses, conflicts, support for bereavement and accompaniment of the family of deceased employees);
- Support during retirement, providing advisory services and promoting the continuation of active lifestyles for the prevention of social exclusion, in conjunction with associations of retired employees and internal and external volunteer groups.

This area also develops an integrated prevention programme in addiction fields, establishing treatment protocols with accredited institutions and supporting the reintegration of recovering workers.

After its first ten years of activity, CGD's *Séniamor* volunteer group, which aims to support more isolated, fragile colleagues, is now expanding its activity to Porto. There are currently around 50 volunteers in the 2 cities.

CGD, as a business community, has also paid special attention to and supported the initiatives of retirees' associations. ANAC - Associação Nacional dos Aposentados (CGD retirees association), created in 1985, currently has 2 300 active members out of more than 5 000 CGD retirees. AEBNU - Associação dos Antigos Empregados do BNU (BNU retirees association), created in 1990, has around 3 000 active members. Both are members of the European Grouping of Retirees of Savings Banks, Banks and Similar Institutions.

With the objective of guaranteeing the best working conditions, CGD continued to further a prevention and safety policy based on permanent monitoring in areas such as accessibility, workstation ergonomics, heating, air quality, lighting and noise levels and promoting awareness of safety by incentivising workers to adopt preventive attitudes.

Reference should be made to the following initiatives in 2007:

- Emergency simulations in buildings to familiarise users (employees, outsourced staff and visitors) with safety procedures;
- Specific training for workers who volunteer as members of first aid teams.

CGD's Social Services play a relevant role in their permanent support to active or retired workers and their families, in the health, social assistance, cultural/recreational and sport as well as other areas.

In the health sphere, this involves the provision of out-patient clinical care, via its 8 medical units, located in various areas of Portugal, all of which have been computerised, and the co-payment of services provided by externally contracted bodies together with the granting and management of subsidies to persons suffering from disabilities, children and young handicapped persons.

In the domains of culture and sport, Caixa's Cultural, Sport and Leisure Time Centre encourages activities which contribute to the physical and psychological well-being of CGD workers and their families, totalling more than 11 500 between the ages of 1 and 97. It also organises holiday camps and centres in Portugal and abroad and Christmas parties for younger people.

CUSTOMERS

Caixa Geral de Depósitos adopts a commitment of rigour, trust and transparency in terms of customer relationships, managing such relationships ethically and in due respect for privacy. It is also committed to the ongoing provision of a service of excellence, proactively embracing the best financial sector trends with the permanent objective of providing CGD customers with the best service.

It continued to reinforce its presence over the whole of national territory, in 2007, by opening new branches, in a close relationship of proximity with customers and the community, providing the best services and products and actively participating in regional and national development terms.

Caixa has, at the same time, reinforced its contacts with customers through its specially created **"Espaço Cliente"**, (customer site).

Customer feedback is a major incentive and a good departure point for adjusting, innovating and improving the quality of service provided.

The relationship between CGD and www.cgd.pt site users was also intensified, in 2007, with a 30% increase (to 750 000 unique visitors per month). **CGD Mobile**, in providing access to CGD's site via mobile phone, makes it increasingly easier to contact Caixa, at any time and place.

Caixa, on the basis of its "Caixa Carbon Zero 2010" programme, has endeavoured to develop various initiatives, either on its own account, or in association with third parties, for a better environment.

Caixa has introduced an innovative benefit for all customers opting for the purchase of less polluting vehicles under its SOLUÇÃO AUTOMÓVEL (automobile solution) integrated vehicles acquisition or leasing package.

This measure is part of a comprehensive policy of growing concern over matters of environmental protection. It comprises exemption from commissions (assessment) on all products, whenever the vehicles financed comply with the CO_2 levels indicated by the European Union (up to 140 grammes per kilometre).

In partnership with EDP's **MyEnergy** project, Caixa has introduced a collection of finance solutions for solar panel installations, with special terms for CGD customers: finance of up to 100% of the cost subject to a minimum limit of EUR 5 000, longer finance periods and payment holidays, no assessment fee, 50% reduction in contract fees and attractive interest rates.

In consideration of the fact that human capital is a strategic factor for Portugal's development and competitiveness, Caixa Geral de Depósitos continues to provide consistent support to higher academic training and for students in higher education in general.

Innovation and employability were Caixa's guiding factors, in 2007. In this context and while reinforcing support for the activities of higher education establishments, comprising financial cooperation agreements, it expanded the range of solutions for access to higher education, integrating the agreement with the Portuguese government for the supply of a new line of credit with mutual guarantees.

Its conception not only involves the principle of universality, as it dispenses students from providing guarantees as long as pre-defined access conditions are met, in addition to providing a mechanism for rewarding merit, in alignment with other CGD solutions which are essentially used to promote opportunities and create value.

A more dynamic approach was taken in terms of the higher number of agreements and protocols entered into with organisations in the higher educational sector. These provide special terms for banking and financial products and services to the university population, in conjunction with the issue of the *Caixa Universidade Politécnico* card.

The total encompasses around 120 protocols of cooperation with universities and polytechnics nationwide, allowing Caixa, in providing its products on preferential terms, to support 84% of students in higher education - 331 000 - representing 22 of the 26 largest universities in Portugal. Caixa has also furthered a consistent support policy for such institutions, via its award of prizes for academic merit and scientific research to students and teaching staff, as well as grants.

COMMUNITY

CULTURE

In line with Caixa's historical tradition, our commitment to the community is based on a continuous committed support to social, cultural and sports activities providing for the real needs and expectations of society. Our "genetic make-up" involves playing an active role in the community, as a social partner whose role is not only restricted and much less exclusively so, to the creation of economic value but rather focuses on the creation of global value for all interested parties having a relationship with a Caixa.

As part of its tradition of sponsorship in the cultural activities domain, Caixa has an unrivalled level of participation in the widest range of communities and locations for the promotion of music, literature, the plastic arts and the Portuguese language, both in Portugal and the rest of the world.

The "Orchestras" project, initiated in 2001, in collaboration with AMEC (Lisbon Metropolitan Orchestra), Northern Cultural Association/Northern Orchestra and the Orchestra of the Algarve, with the Classical Orchestra of Central Portugal and Os Violinhos, has been responsible for more than 120 nationwide CGD concerts.

Concerts were given in Sintra, Tavira, Braga, Figueira da Foz, Beja, Moita, Aveiro, Estremoz, Lisbon, Évora, Coimbra, Sines, Lagoa, Covilhã, Portimão, Montemor-o-Novo and Santarém in 2007.

Reference should also be made to the first International Portuguese Guitar Meetings held in October in Coimbra.

CGD also sponsored:

- The annual activity of the Lisbon Metropolitan Orchestra (since 2001); Orchestra of the Algarve (since 2005) and the Classical Orchestra of Central Portugal (since 2006);
- Os Violinhos - sponsorship of Paganini Cycle concerts;
- Porto Stock Exchange Building Music Festival (since 1997);
- Cistermúsica - Alcobaça Music Festival (since 1996);
- Leiria Music Festival (since 1992);
- Sponsorship of the Lagos Music Academy Annual Concerts Cycle (since 2000);
- Sintra Festival - Music and Dance (since 1995);
- International Póvoa Varzim Festival (since 1996);
- Guimarães Jazz Festival (since 1998);
- Gala in Commemoration of the 50th Anniversary of the Vianna da Motta Foundation;
- André Sardet Acoustic Tour;
- 'Mariza "Places with History" concerts cycle;
- Tour by The Gift - "Easy to Understand", in Portugal and Spain;
- European Song Contest for the Handicapped;

• Summer Festivals 2007;
• LUX Jazz Sessions.

Support for contemporary art comprised the following regular sponsorships:

• Serralves Foundation - Pluriannual exhibition support (since 2001);
• Latin Union Plastic Arts Prize (co-sponsored by the Calouste Gulbenkian Foundation, since 1992);
• Júlio Pomar Foundation (since 2005);
• Salvador Dalí exhibition, Porto;
• 'Los Ultimos Paisajes' Van Gogh exhibition in the Fundacíon Colección Thyssen-Bornemiza, Madrid;
• Exhibition "Encompassing the Globe - Portugal and the World in the 16th Century, Smithsonian/Freer & Sacker Galleries.

OTHER IMPORTANT SPONSORSHIPS IN 2007

• New Seven Wonders of the World;
• 'The Human Body as Never Seen Before ...' exhibition;
• D. Diniz literary prize from the Casa de Mateus Foundation (since 1990);
• Vida Literária prize from the Portuguese Writers' Association (since 1993);
• Participation in Lisbon and Porto book fairs;
• Annual Clube de Jornalistas activities, including Gazeta de Jornalismo prizes and RTP2's Clube de Jornalistas programme;
• Portuguese Press Club/ RTP2's Clube de Jornalistas programme;
• Cultural events in Brazil under the aegis of the Portuguese presidency of the EU;
• Requalification work on the Porto Stock Exchange Building;
• Informatics Olympics 2007;
• CAIXAMAT in partnership with the University of Aveiro.

The mediatheque has been active at CGD headquarters for 13 years as a benchmark operation in terms of access to information and knowledge, particularly in technical areas associated with financial activity. Its target public is CGD Group employees as well as the general public and the academic community and universities.

The network is operational in Mozambique (Maputo and Beira), East Timor (Díli), S. Tomé e Príncipe and Cape Verde (Praia and Mindelo).

CULTURGEST was created in 1992 for the organisation of contemporary programmes in all artistic disciplines. It continued to be one of the most relevant instruments for CGD's intervention in the cultural domain, in 2007, for the benefit of the Portuguese public and national and foreign creators and performers.

Thirteen exhibitions were organised in Culturgest-managed areas in Lisbon and the Porto Gallery, attended by a total number of 29 953 visitors.

Culturgest programmed and produced four exhibitions in the "Chiado 8" exhibition area, one of which was referred to in the critical reviews for the year on the list of best exhibitions. There was a total number of 9 060 visitors to these exhibitions.

The Education Department organised 510 visits to the exhibitions, targeted at various age levels and particularly pupils of school age. 40 workshops were also provided to young people in the holiday period, 37 workshops for young people outside the holiday period and 8 adults. The Education Department was responsible for the visits of 1 230 young people to events. A total number of around 9 113 persons, the overwhelming majority of whom young people, benefited from the services of Culturgest's Education Department.

The year 2007 schedule, included 129 performances of 52 different national and international events comprising theatre, dance and music and 117 cinema sessions (including the Doclisboa Festival), in addition to 65 conferences and other initiatives attended by a total number of 55 392 persons.

Culturgest was visited by 85 346 people during the course of these events with an average attendance rate of 77%.

Theatre particularly included: *Gatz*, by the American Company Elevator Repair Service, which many critics considered to be the best theatre event of the 2007 in Portugal. National production to be premiered in Culturgest includes Duas Metades by Patrícia Portela and Tiago Rodrigues.

Dance events included: the Meg Stuart and Philipp Gehmacher duo, in the cycle dedicated to the ballerina and choreographer by CCB, Teatro Camões and Culturgest.

In the case of Portuguese dance, Culturgest co-produced, rehearsed and premiered *Caruma* by Madalena Victorino, unanimously considered by critics to be the best dance event in 2007.

This year saw the organisation of a "Sons of Abraham" cycle comprising various types of music concerts of popular or erudite origin, inspired by themes of one or several monotheistic religions laying claim to the ascendance of the patriarch (Judaism, Christianity in its various expressions, Islamism), completed by a conference series given by the followers of such religions who were asked to talk about the reasons for their faith.

These concertos included, *inter alia*, the American group Klezmatics (klezmer music), the Sardinia choir conducted by Jean-Paul Poletti (traditional catholic music), the Sirin (orthodox Russian music) choir) and the Ibn Harabi (Sufi music) ensemble.

Erudite music also included two operas by Portuguese composers José Júlio Lopes and Nuno Corte-Real in a co-production with the Teatro Nacional de São Carlos. Jazz events included the presence of the Charles Lloyd quartet (considered by several critics to be the best concert of the year), and the Portuguese Carlos Barreto (sextet).

In addition to the *Doclisboa* documentary cinema festival, there were a further 3 cycles on various themes, in addition to the customary projection of prize-winning films at the *Cinanima* festival.

In terms of CGD's historical heritage, the processing of documentation is an ongoing project based on international standards, for standardising the description and permitting research on and the recovery of information from anywhere using a simple computer.

All of the documentation relating to public sector credit was processed by CGD's Historical Archives, in 2007. The fact that Caixa, since its inception, has been the principal financier of all major domestic projects, in particular those sponsored by central and local government, indicates the importance of this documentary collection in terms of the historical evolution of economic and social Portugal of the 20th century.

Work also continued to be performed on processing the documentation existing in the Historical Archives of the former BNU. Reference should be made to the completion of the inventorying of the documentation on the Inspectorate-General for Overseas service which superintended BNU's activity in Angola, Cape Verde, Guinea, India, Macau, Mozambique, S. Tomé e Príncipe and Timor the Inspection of the mainland and islands, Government Commissariat and Personnel Archives.

All of the above documentation bears valuable witness, of fundamental interest to the study of the history of Portugal, her former overseas colonies and other territories in Africa and the East in which BNU operated.

Starting 2007, Caixa's provided its www.cgd.pt site with a link containing information on various components: Historical Archive, Museological Section and Collecting Activities. It was also the place of choice as a prime research centre used by researchers engaged on the preparation of the publication of the 2nd volume of the History of CGD (1910-1974) under the coordination of Pedro Lains.

Reference should be made to our support to the plastic artist, André Guedes, who created a work mirroring the activity of the Sapadores Historical Archives, with which the artist won the Latin Union prize in 2007.

Processing activities in the Overseas Library were carried out in cooperation with the Portugal Africa Foundation. We have, in conjunction with this foundation and CESA (Africa Studies and Development Centre)/Higher Institute of Economics and Management and University of Aveiro, continued to participate in the "Memory of Africa Project" for the creation of a virtual/digital library - Memory of Africa - compiling the bibliographical references existing in archives and libraries on the theme of development and cooperation with Portuguese speaking Africa, in addition to displaying rare or unique works online.

Organisational work continued to be performed on CGD's Museological Nucleus, with the collection, as a whole, being housed in Sapadores.

SOLIDARITY

Solidarity is Caixa's indissoluble trademark. During the course of its history CGD has always succeeded in promoting the best practice in providing solutions to the problems and challenges facing Portuguese society at different times and situations, as an ever-present force.

In the solidarity domain, Caixa continued to support the Associação Entrajuda (self-help association) in terms of its volunteer pool and support for the training of directors and workers of social solidarity institutions and the Volunteers Pool project (www.bolsadovoluntariado) which already has 5 512 registered volunteers, 459 institutional enrolments and 260 institutions, with needs in terms of products, registered with the products pool.

Entrajuda is an innovative association which was founded in 2004, with the objective of providing support to social solidarity institutions and organising the best service to its users, providing support to social solidarity institutions in the Lisbon area, through the services of its volunteers, in the spheres of organisation and planning, institutional relationships, information systems and technologies, financial area, human resources, legal area and management control.

CGD has participated in this project since day one, in a partnership involving financial support and voluntary labour offered by workers and retirees.

Created in line with CGD's social responsibility sphere and in association with the Caixa Fã card, the objective of the Caixa Fã fund is to finance structuring projects in this operating area over the whole of the country, realised by entities of recognised merit, credibility and competence.

The **Caixa Fã** fund is hosted on www.cgd.pt. It is funded by a part of the revenues generated by the Caixa Fã card and by individual donations to solidarity accounts which have been explicitly opened for the purpose in question by project promoters.

Support was also provided to a series of institutions in the solidarity sphere, in areas such as social solidarity, health, integration of the handicapped, support for the needy and for catastrophic events, either in the form of donations or comprising items of equipment. Reference should be made to CADIN - Centro de Apoio ao Desenvolvimento Infantil, Associação Portuguesa Contra a Leucemia, ABRAÇO and the Casa dos Pobres de Coimbra.

Continuity was also given to meeting the needs of society's poorer segments, provided by several entities operating in the welfare field, including:

- Federation of Food Banks against Hunger
- Portuguese Red Cross
- Renascer Foundation
- Aboim Ascensão Shelter
- Movimento ao Serviço da Vida
- Businesspeople for Social Inclusion

In the accessibilities domain, reference should be made to the Integra 21 initiative. For a period of around two weeks, a blind person tested the accessibility level of diverse national sites, measuring their degree of info-exclusion, with CGD support. This enabled the Caixa Directa online service to comply with all of the accessibility rules established by W3C, World Wide Web Consortium.

Mobility included the acquisition of various vehicles for Food Banks against Hunger (S. Miguel - Azores) and the Portuguese League for the Physically Handicapped, in this latter case for the transport of young people.

The **CGD Blood Donors Group** was born from the solidarity of a number of CGD workers, with the objective of saving lives. With around 5 000 registered donors and with nationwide regional hubs, it is the largest group associated with a financial institution and one of the largest nationwide.

In the struggle against social and economic exclusion, CGD has been multiplying its efforts to create the conditions for micro-credit applications to support the creation of self employment and small businesses.

2007 was consolidation year for CGD's micro-credit products resulting from agreements entered into in 2005 with the JRS - Serviço Jesuíta aos Refugiados (Jesuit Refugee Service) and ANDC - Associação Nacional de Direito ao Crédito (National Association for the Right to Credit), with a significant increase in demand from potential beneficiaries of such finance.

SPORT

Caixa also encourages and promotes good sporting relationships, collective thinking, leadership, passion, competency, proximity, competitiveness, a healthy lifestyle and sense of national pride.

Through *Caixa Fã*, sport in 2007 was singled out as an area which united Caixa workers, their families and the national community, in different sports disciplines and locations.

This was the case with the various qualification rounds for the World Rugby Championship in France in which *Caixa Fã* fans filled the stadiums and gave their team enthusiastic support. It was also the case with the national basketball team, in wheelchairs.

Caixa's support has also been fundamental in amateur sports, support for training and development of sports facilities.

Reference should be made to CGD's cooperation with the various federations involved, particularly the Portuguese Athletics Federation, Portuguese Judo Federation and Portuguese Rugby Federation and associations such as the Coimbra Academic Association in terms of sports disciplines and the National Sailing Association particularly targeted at disabled sailing. Owing to the importance of the role they play in terms of supporting sport in the communities in which they operate nationwide, Caixa has been assisting the development of football training activities in Sporting Clube de Portugal and Futebol Clube do Porto, while also providing support to the Caixa Futebol Campus and Sport Lisboa e Benfica training centres.

In terms of promoting a healthy lifestyle, special reference should be made to our support to the Lisbon and Porto "Bike Tours" with the objective of encouraging family-type sports activities.

EDUCATION

Considering education's major impact on the development of citizens and the country, Caixa has adopted a pioneering, innovative, permanent approach to education during the course of its history. This involves the most diverse areas and the whole of the population, ranging from the youngest members and including university students, promoting integration into working life and lifelong learning, in the quest for a more prosperous and happier knowledge-based society.

Taking the importance of the younger segments in the educational domain into account, Caixa sponsored a series of initiatives for younger people, in 2007, in which financial literacy and the environment are particularly relevant.

Reference should be made to CGD's innovative "savings cycle" micro-site for primary education pupils under the Caixa Carbon Zero strategic programme.

This initiative as part of the commemorations of World Savings Day on 31 October, comprises an innovative form of associating the concept of saving natural resources (i.e. the environment) with the classical savings concept (i.e. economic).

In terms of environmental awareness reference should be made to the support given to the Portuguese edition, for young people, of Al Gore's book *An Inconvenient Truth*, which was launched at the Lisbon Book Fair on World Environment Day, on 05 June. Books were given to young visitors, who were present at the work's presentation session.

The Caixamat roadshow was organised for the second year running in the education area, in the struggle against financial illiteracy. The roadshow was targeted at schools from the north to the south of the country, for students in the 7-17 age range. From February to June the Caixamat truck visited 24 municipalities on mainland Portugal, on the theme "Mathematics is Everywhere". To reinforce the message the project included talks on mathematics, for primary and secondary education students. This Caixa initiative, in partnership with the University of Aveiro received more than 30 000 visitors, in 2007.

Caixa also supported the national Education Project for Entrepreneurship, which is a Portuguese Ministry of Education project with the aim of including the promotion and development of an entrepreneurial attitude and culture in the new generations in the Educational Project for Primary Schools as a means of better preparation for the future.

Also in the domain of entrepreneurship, Caixa formed an association with ISCTE and RTP 2, for the promotion of the Audax - Negócios à Prova (business skills) television competition programme, for young entrepreneurs designed to incentivise the creation of innovative companies.

ENVIRONMENT

Considering the importance of the environment and the need to preserve our planet, CGD's strategy for climate change aims to contribute towards a reduction in the environmental effects of its activities while endeavouring to persuade its workers, customers, suppliers and society in general to adopt good practice.

Climate change comprises one of the greatest challenges of the 21st century. Caixa aims to be a part of the solution in leading the response to the demands of a low carbon economy. The Caixa Carbon Zero 2010 programme, which was introduced in 2007, materialises CGD's strategy for climate change, under which various initiatives are in progress.

CGD's strategy for climate change, establishing the objectives, scope and strategic aspects of its respective performance, was defined in the first quarter. This period was also characterised by the inception and development of the works for producing information on and the management of greenhouse or carbon gases resulting from Caixa's own activities.

One of Caixa Carbon Zero 2010's areas involves the profiling of carbon emissions resulting from Caixa's activities and the respective regular monitoring thereof.

In addition to comprising a vehicle for communication and transparency, this information is essential for supporting the definition of internal goals for the reduction of emissions and assessment of the performance of the measures implemented, such as energy efficiency measures in buildings and the introduction of renewable energies.

Work began, in second half 2007, on the preparation of the inventory of greenhouse gas emissions from CGD's activities in the banking sector, in Portugal, complying with the requirements of "The Greenhouse Gas Protocol" methodology developed by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), which is the most used international standard for the production of corporate greenhouse gas inventories. Under the terms of this inventory, Caixa records the direct and indirect emissions associated with its operations, including the energy consumed by its premises and its own vehicle fleet, official travel and waste processing.

CGD began work on an energy efficiency and use of renewable energies programme in its buildings, in 2005, with the objective of rationalising consumptions and reducing operating costs and greenhouse gas emissions.

The first stage was centred on the production of energy audits and diagnostics and the identification of savings opportunities in the major buildings. These measures also continued to be implemented, in 2007, with interventions geared to acclimatisation and lighting systems. The measures implemented, in 2007, represent estimated global annual savings of 1 GWh.

Consumption management systems were also implemented in CGD's major buildings, permitting CGD to monitor and quantify with precision the energy savings resulting from the changes made. CGD's headquarters building, owing to its size and services available, is particularly important in terms of the quest for solutions for the need to rationalise energy consumption.

Work began, in 2007, on studies for updating the building's Centralised Technical Management and Energy System, in technological terms, integrating it with the Consumption Management System and therefore making it possible to improve the installation's energy efficiency. The measures implemented in CGD headquarters as a whole represented savings of 0.8 GWh over 2006.

1 600 m^2 of solar panels were installed on CGD's headquarters' roof. This is Portugal's largest solar panel installation and had been around 80% completed in December. The energy produced will be used for water heating applications for acclimatisation systems and sanitary installations and will achieve annual energy savings of more than 1 GWh.

A detailed energy production monitoring system is also being installed. The system will make it possible to analyse the performance of the installation for latter expansion to other CGD buildings with solar power potential.

New rules were defined for the acquisition of vehicles, incorporating CO_2 emissions levels as a selection criteria and giving preference to hybrid vehicles. These measures permit the medium term reduction of greenhouse gas emissions associated with the use of CGD's own fleet. The measures will, over the short term, be complemented by others relating to the increased use of videoconferencing and encouraging modal transfers on official travel - as part of an integrated mobility programme.

Work continued to be performed on the programme for rationalising the use of writing paper and printing, which began in 2002. This involves, *inter alia*, the substitution of paper forms by digital templates, the monitoring and provision of information to CGD structures on the respective *per capita* use and reduction in the weight of the paper used for photocopying.
In terms of its waste policy, CGD implemented a national system for the collection and recycling of paper/board and remains of bank cards, including all banking operations on mainland Portugal.

Computer equipment, in addition to photocopiers and faxes, are currently rented from companies which provide a guarantee of correct disposal at the end of their respective life cycles.

Discontinued computer material still owned by CGD, which is too obsolete or worn and therefore unsuitable for donation are delivered to a licensed electrical and electronic equipment waste management operator, who is responsible for the respective recycling process.

An offset programme was devised to make up for the emissions deriving from unavoidable activities. The programme consists of financing projects that retain or avoid the production of their carbon equivalent. The investment will be made in projects of high technical quality which guarantee undisputable environmental and social benefits.

The first stage includes support for Portuguese forestation and forest recovery projects. Forests, when adequately managed, operate as carbon sinks, reduce concentrations of atmospheric CO_2 and make a positive contribution to the battle against climate change.

On the basis of its Personal Credit - Renewable Energies plan, Caixa provides a finance solution with very special terms, for customers interested in installing solar panels, support equipment or connections to existing items of equipment.

A series of new products, designed for support and finance in the renewable energies area, is also being developed, with the objective of assisting Caixa's customers to adopt technological solutions for reducing emissions.

Caixa has also developed a broad range of initiatives designed to promote environmental awareness, involving all stakeholders and society in general. They particularly include the following:

| CONFERENCE - *AN INCONVENIENT TRUTH* - AL GORE - LISBON, FEBRUARY 2007

| BOOK - PUBLICATION OF *AN INCONVENIENT TRUTH*, BY AL GORE

| *PLANETA AGRADECE*, the brand name of Caixa's editorial contents used as the foundation for a series of RTP 1 television programmes and a daily TSF radio programme between May and August 2007, and the http://oplanetaagradece.blogs.sapo.pt blog which adopts a simplified approach to environmental area issues.

| CGD'S SAVINGS CYCLE, is an initiative geared to infants in the 1st and 2nd primary education cycle with the objective of demonstrating the interrelationship between the saving of environmental resources and the saving of economic resources.

FURNITURE DESIGN COMPETITION USING RECYCLED MATERIALS, with the aim of contributing towards the preservation of natural resources through the promotion and use of alternatives for design and production using recycled materials, associated with the "Remade in Portugal" project for students in higher education in the design and architectural fields. This initiative recorded a total number of 111 applications with the participation of universities from the whole of the country.

| CAIXA FOREST is the designation of a series of Caixa initiatives designed to contribute to the creation of a new forest in Portugal, comprising the active and sustainable management of native species, including support for forestry projects and the recovery of zones damaged by fire, in the form of Caixa Carbon Zero Forest and Environmental Awareness actions.

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