



CAIXA GERAL DE DEPÓSITOS FINANCE
(incorporated with limited liability in the Cayman Islands)

CAIXA GERAL DE DEPÓSITOS, S.A.,
(incorporated with limited liability in Portugal)

acting through its Madeira branch (Sucursal Financeira Exterior)

CAIXA GERAL DE DEPÓSITOS, S.A.,
(incorporated with limited liability in Portugal)

acting through its France branch

CAIXA GERAL DE DEPÓSITOS, S.A.
(incorporated with limited liability in Portugal)

€15,000,000,000 Euro Medium Term Note Programme
Guaranteed (in the case of Notes issued by
CAIXA GERAL DE DEPÓSITOS FINANCE) by
CAIXA GERAL DE DEPÓSITOS, S.A.,
acting through its France branch

This document (the “Prospectus”) is issued to update, amend and restate, and supersedes, the prospectus of Caixa Geral de Depósitos Finance (“CGDF”), Caixa Geral de Depósitos, S.A., acting through its Madeira branch (“CGDM”), Caixa Geral de Depósitos, S.A., acting through its France branch (“CGDFB”) and Caixa Geral de Depósitos, S.A. (“CGD”) dated 15 June 2010. Each of CGD and CGDF is, in relation to Notes issued by it, an “Issuer” and, together, the “Issuers”. CGD may also issue Notes through its branches, CGDM or CGDFB.

Under the Euro Medium Term Note Programme described in this Prospectus (the “Programme”), subject to compliance with all relevant laws, regulations and directives, each of the Issuers may from time to time issue Euro Medium Term Notes guaranteed (in the case of Notes issued by CGDF) by Caixa Geral de Depósitos, S.A., acting through its France branch (in such capacity, the “Guarantor”) (the “Notes”). The aggregate nominal amount of Notes outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies).

Application has been made to the Commission de Surveillance du Secteur Financier (the “CSSF”) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, for the approval of this Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”). Application has also been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be admitted to the official list of the Luxembourg Stock Exchange (the “Official List”) and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market (the “Market”). An Issuer may request the CSSF, to provide competent authorities in host Member States within the European Economic Area (the “EEA”) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the *loi relative aux prospectus pour valeurs mobilières* (which implements the Prospectus Directive into Luxembourg law) for the purposes of submitting an application to admit the Notes to trading on Euronext Lisbon or on other regulated markets within the EEA. References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market, to Euronext Lisbon or to such other market as may be specified in the final terms. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms (as defined in “General Description of the Programme”) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

Each Series (as defined in “General Description of the Programme”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “Temporary Global Note”) or a permanent global note in bearer form (each a “Permanent Global Note”, together with the Temporary Global Note, “Global Notes”). Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the date 40 days after the later of the commencement of an offering and the relevant issue date (the “Exchange Date”), upon certification of non-U.S. beneficial ownership. Notes in registered form will be represented by registered certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. If the Global Notes are stated in the applicable Final Terms to be issued in new global note (“New Global Note” or “NGN”) form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”). Global Notes which are not issued in NGN form (“Classic Global Notes” or “CGNs”) and Certificates will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the “Common Depository”). The provisions governing the exchange of interests in Global Notes for other Global Notes or definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”. In addition, CGD may issue Notes represented in book entry form (*forma escritural*) either in bearer (*ao portador*) or in registered form (*nominativas*) that will be integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as management entity of the Portuguese Centralised System, *Central de Valores Mobiliários* (“Interbolsa”) and either publicly offered in Portugal (“Publicly Offered Book Entry Notes”) or not publicly offered (“Non Publicly Offered Book Entry Notes” and, together with the Publicly Offered Book Entry Notes, the “Book Entry Notes”).

Notes of each Tranche of each Series to be issued in registered form (“Registered Notes” comprising a “Registered Series”) and which are sold in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act of 1933 as amended (the “Securities Act”), will initially be represented by interests in a definitive global unrestricted Registered Certificate (each an “Unrestricted Global Certificate”), without interest coupons, which will be deposited with a nominee for, and registered in the name of the Common Depository on its issue date. Beneficial interests in an Unrestricted Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear or Clearstream, Luxembourg. Notes of each Tranche of each Registered Series sold in the United States to a qualified institutional buyer within the meaning of Rule 144A under the Securities Act (“Rule 144A”), as referred to in, and subject to the transfer restrictions described in “Subscription and Sale” and “Transfer Restrictions”, will initially be represented by a definitive global restricted Registered Certificate (each a “Restricted Global Certificate” and together with any Unrestricted Global Certificates, the “Global Certificates”), without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”) on its issue date. Beneficial interests in an Unrestricted Global Certificate and a Restricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including depositories for Clearstream, Luxembourg and Euroclear. See “Clearing and Settlement”. Individual definitive Registered Notes will only be available in certain limited circumstances as described herein.

Tranches of Notes (as defined in “General Description of the Programme”) issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such ratings will be indicated in the applicable Final Terms and such ratings will not necessarily be the same as the ratings assigned to the Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the “CRA Regulation”) will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes.

Arranger

BofA Merrill Lynch

Dealers

Bankia
BNP PARIBAS
Caixa-Banco de Investimento
Commerzbank
Mitsubishi UFJ Securities International plc
NATIXIS
The Royal Bank of Scotland

BayernLB
BofA Merrill Lynch
Caixa Geral de Depósitos, S.A.
Deutsche Bank
Morgan Stanley
Nomura
UBS Investment Bank

UniCredit Bank

The date of this Prospectus is 21 June 2011

In respect of each Issuer and the Guarantor, this Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) and for the purpose of giving information with regard to the Issuers and the Guarantor and their subsidiaries and affiliates taken as a whole (each a “Subsidiary” and together with the Issuers and the Guarantor, the “CGD Group” or the “Group”) and the Notes which, according to the particular nature of each Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer and the Guarantor.

Each of the Issuers and the Guarantor (the “Responsible Persons”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of each Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Programme provides that Notes may, after notification in accordance with Article 18 of the Prospectus Directive, be admitted to trading on Eurolist by Euronext Lisbon and/or publicly offered in Portugal.

This Prospectus has been prepared on the basis that, except to the extent the above paragraph applies or sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above or the above paragraph may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes, and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer, the Guarantor, the Arranger (as defined in “General Description of the Programme”) or any of the Dealers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of any Issuer or of the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by each Issuer, the Guarantor, the Arranger and the Dealers to inform themselves about and to observe any such restriction.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of any Issuer, the Guarantor, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, neither the Arranger nor any of the Dealers accepts any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with any Issuer or the Guarantor, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor any of the Dealers undertakes to review the financial condition or affairs of any Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or any of the Dealers.

In connection with the issue of any Tranche (as defined in “General Description of the Programme”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)).

THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES TO “QUALIFIED INSTITUTIONAL BUYERS” IN RELIANCE ON RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND DISTRIBUTION OF THIS PROSPECTUS SEE “SUBSCRIPTION AND SALE” AND “TRANSFER RESTRICTIONS”. THIS PROSPECTUS HAS BEEN PREPARED BY THE ISSUERS FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES AND FOR THE LISTING OF NOTES ON THE LUXEMBOURG STOCK EXCHANGE.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “EUR”, “Euro” and “euro” are to the lawful currency of the member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended, to “U.S.\$”, “\$” and “U.S. dollars” are to United States dollars, to “£”, “sterling” and “pounds sterling” are to the lawful currency of the United Kingdom, to “ZAR” are to the lawful currency of South Africa, to “MZM” and “metical” are to the lawful currency of Mozambique, to “pataca” are to the lawful currency of the Macau Special Administrative Region in the People’s Republic of China and to “CVE” are to the lawful currency of Cape Verde.

TABLE OF CONTENTS

Summary.....	6	Description of Caixa Geral de Depósitos, S.A., Madeira Branch (Sucursal Financeira Exterior)	162
Risk Factors	12		
Documents Incorporated by Reference.....	20	Description of Caixa Geral de Depósitos, France Branch	163
General Description of the Programme	23	The Portuguese Banking System	164
Terms and Conditions of the Notes (other than Publicly Offered Book Entry Notes) .	32	Taxation.....	167
Summary of Provisions Relating to the Notes Cleared Through Euroclear of Clearstream while in Global Form.....	63	Clearing and Settlement	192
Terms and Conditions of the Publicly Offered Book Entry Notes	68	Subscription and Sale	196
Book Entry Notes held through Interbolsa ...	94	Transfer Restrictions	201
Use of Proceeds	96	Form of Final Terms.....	202
Description of the CGD Group	97	General Information.....	216
Description of Caixa Geral de Depósitos Finance	160	Schedule 1	219
		Schedule 2 Part A.....	220
		Schedule 2 Part B	223

SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an “EEA State”), no civil liability will attach to the Responsible Person(s) in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

1 The Issuers

Caixa Geral de Depósitos, S.A. (“CGD”)

Caixa Geral de Depósitos was created as a state bank by legislative charter in 1876 with the main functions of collecting and administering legally required or judicially ordered deposits and issuing and managing government debt. It gradually expanded its operations to become a savings and investment bank. CGD was transformed into a public capital corporation (“*sociedade anónima de capitais exclusivamente públicos*”) by Decree-Law no. 287/93 of 20 August 1993, when its name was changed to Caixa Geral de Depósitos, S.A. Presently it operates as a full service bank and is subject to the legislation applicable to Portuguese financial institutions. CGD is wholly owned by the Portuguese State.

CGD offers specialised financial services, providing customers with a full service international group. CGD enjoys an integrated presence in the following areas: investment banking, brokerage services and venture capital, property, insurance, asset management, specialised credit, e-commerce and cultural activities.

CGD together with its subsidiaries (the “CGD Group”) remained the banking sector leader in Portugal in 2010 in terms of segments and key products with a reinforcement of its market share in several sectors (Source: Bank of Portugal Monetary and Financial Statistics). This is evidenced in its market share, notably the individual customer segment, both in terms of deposits and mortgages.

CGD was classified as the 109th largest banking institution worldwide by assets, having risen to the 113th position by shareholders’ equity, in 2010 (Source: “Top 1000 World 2010 Banks” rankings, published by the Banker magazine).

In 2010, the brand “Caixa Geral de Depósitos” was considered the most valuable Portuguese brand (Source: Banking Brand Finance 500), and its value was estimated at €1 billion.

Through its network of 1,332 branches (as at 31 December 2010), 463 of which are located outside Portugal, CGD continues to focus on developing its client base offering banking services to the largest number of customers in Portugal. The development of cross-selling of group company products through its branch network continues to be one of the main objectives of the CGD Group.

The CGD Group has expanded into foreign markets, principally in Spain and in markets with historical or linguistic ties to Portugal. It has presences in Spain, France, Madeira, the United Kingdom, Switzerland, Luxembourg, Germany, India, China, Macao, Angola, Mozambique, Cape Verde, South Africa, Sao Tome and Principe, Venezuela, Mexico, the Cayman Islands, the United States, Brazil and East Timor.

Caixa Geral de Depósitos Finance (“CGDF”)

CGDF, with its head office in the Cayman Islands, was incorporated in 1999 and has an issued share capital of U.S.\$1,000, fully subscribed for and paid up by CGD.

2 Branches of CGD

Caixa Geral de Depósitos, acting through its France branch (“CGDFB”)

CGD set up its France branch in 1974. In 2001 the CGD Group completed its restructuring process for its French operations pursuant to which Banque Franco Portugaise was merged into Caixa Geral de Depósitos and its assets absorbed by the French branch of CGD. The two institutions were officially merged on 26 October 2003.

CGDFB is mainly focused on the domestic Portuguese and French customer market, as well as on fostering the development of cross-border transactions between French and Portuguese companies. Historically, it has played an important role in giving Portuguese corporates access to the Euromarket and in raising foreign exchange funding for medium-sized companies engaged in trade-related activities.

Caixa Geral de Depósitos, acting through its Madeira branch (“CGDM”)

CGDM was opened in 1990. Its business developed in close connection with CGD’s worldwide network. The branch’s main activities include deposit and investment accounts for Portuguese nationals living abroad and services for corporates, namely non-resident companies and subsidiaries of Portuguese corporates abroad.

3 Notes to be issued under the Programme

Programme Amount

Up to €15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.

Currencies

Subject to compliance with relevant laws, Notes may be issued in any currency agreed between the relevant Issuer, the Guarantor (where the Issuer is CGDF) and the relevant Dealers (except that Notes held through Interbolsa can only be issued in euros or such other currencies accepted by Interbolsa for registration and clearing).

Form of Notes

The Notes may be issued in bearer form, in bearer form exchangeable for Registered Notes or in registered form only. Bearer global notes may be issued in NGN or CGN form. Notes issued by CGD may also be issued in dematerialised book entry form (*forma escritural*) either in bearer (*ao portador*) or in registered (*nominativas*) form.

Fixed Rate Notes

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating International Swaps and Derivatives Association definitions; or
- (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes

Payments in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms (except that Notes held through Interbolsa can only be issued in euros or in such other currencies as Interbolsa accepts for registration).

Index Linked Notes

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

Interest Periods and Interest Rates

The length of interest periods and the applicable interest rate may vary from time to time. Notes may have a maximum or minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.

Denominations of Notes

Notes will be issued in such denominations as may be agreed between the relevant Issuer, the Guarantor (where the Issuer is CGDF) and the relevant Dealer, save that in respect of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €1,000 (or its equivalent in other currencies).

Unless otherwise permitted, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue would otherwise constitute a contravention of section 19 of the Financial Securities and Markets Act 2000 will have a minimum denomination of £100,000. Notes sold in reliance on Rule 144A will be in minimum denominations of U.S. \$100,000 and integral multiples of U.S. \$1,000 in excess thereof, in each case subject to compliance with all legal and/or regulatory requirements must have a minimum redemption amount of £100,000. Any early redemption of a Subordinated Note will be subject to the prior consent of the Bank of Portugal.

Other Notes

Terms applicable to high interest Notes, low interest Notes, step-up Notes, Step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the relevant Issuer, the Guarantor (where the Issuer is CGDF), the Trustee (in the case of Notes other than Book Entry Notes) and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and the supplement to the Prospectus.

Cash Bonds (*obrigações de caixa*)

Notes may qualify as cash bonds (*obrigações de caixa*) under the terms of Decree-Law 408/91 of 17 October 1991 (as amended), provided that certain requirements set out therein are met, including that (i) such Notes have a maturity of not less than two years, (ii) the relevant Issuer is not entitled to acquire such Notes before two years have elapsed since the relevant Issue Date and (iii) the Noteholders may not choose to redeem such Notes before one year has elapsed since the relevant Issue Date.

Negative Pledge

Applicable to Senior Notes only. See “Terms and Conditions of the Notes – Negative Pledge”.

Withholding Tax

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Cayman Islands (in the case of Notes issued by CGDF), the Republic of France (“France”) (in the case of Notes issued by CGDFB) and the Republic of Portugal

(“Portugal”), including Madeira, (in the case of Notes issued by CGD, CGDFB or CGDM) as the case may be, subject to customary exceptions, as described in “Terms and Conditions of the Notes – Taxation” and “Taxation – Portugal”. At present, payments of interest and other revenues to be made by CGD and by CGDM directly to non-resident entities of Portugal would be subject to Portuguese withholding tax at a rate of 21.5 per cent. or, if applicable, to reduced withholding tax rates of up to 15 per cent., pursuant to tax treaties signed by Portugal, unless in respect of Notes held through Interbolsa and Notes issued by CGDM, certain procedures and certification requirements are complied with. All payments of interest and other investment income arising from Notes (in case of Notes issued by CGD) made to individuals resident for tax purposes in Portugal will be subject to withholding tax at a rate of 21.5 per cent. In this case, the Portuguese resident individual, unless if deriving such income in the capacity of an entrepreneur with organised accounts, may choose to declare such income in his or her tax return, together with the remaining items of income derived. If such election is made, the said income will be subject to personal income tax according to the relevant tax brackets, up to 46.5 per cent., and the domestic withholding tax will constitute a payment on account of such final personal income tax liability.

All payments of interest and other investment income arising from Notes (in case of Notes issued by CGD) paid to legal persons resident for tax purposes in Portugal and to non-resident legal persons with a permanent establishment in Portugal to which the income is attributable are subject to withholding tax at a rate of 21.5 per cent. (with the exception of entities that benefit from a waiver of Portuguese withholding tax or from Portuguese income tax exemptions), which is deemed a payment on account of the final tax due. See “Taxation – Portugal”.

Status of the Senior Notes

The Senior Notes and the relative Receipts and Coupons (if any) will constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the relevant Issuer, save for those that have been accorded preferential rights by law.

Status of the Subordinated Notes

The Dated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM and the Receipts and Coupons (if any) will constitute direct, unsecured and subordinated obligations of CGDF, CGD, CGDFB or, as the case may be, CGDM, will rank *pari passu* among themselves and, without prejudice to the foregoing, the Dated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM and the relative Receipts and Coupons (if any) will, in the event of the bankruptcy or the winding-up of CGDF, CGD, CGDFB or CGDM, as the case may be (to the extent permitted by Portuguese law), be subordinated in right of payment in the manner provided in the Trust Deed relating to the Notes between the Issuers and the Trustee dated 15 June 2010 (the “Trust Deed”) or, in the case of Non Publicly Offered Book Entry Notes, the deed poll given by CGD in favour of the holders of Non Publicly Offered Book Entry Notes dated 15 June 2010 (the “Instrument”) or, in the case of Publicly Offered Book Entry Notes, as set out in the terms and conditions of the Publicly Offered Book Entry Notes, to the claims of all unsubordinated creditors of CGDF, CGD, CGDFB or CGDM, as the case may be, including claims of depositors (in the case of CGD, CGDFB and CGDM) and will rank, in the event of the winding-up of CGDF, CGD, CGDFB or CGDM, at least *pari passu* in right of payment with all other Subordinated Indebtedness, present and future, of CGDF, CGD, CGDFB or, as the case may be, CGDM.

The Undated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM and the Coupons and Talons (if any) will constitute direct, unsecured and subordinated obligations of CGDF, CGD, CGDFB or, as the case may be, CGDM, will rank *pari passu* among themselves and, without prejudice to the foregoing, the Undated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM will, in the event of bankruptcy or the winding-up of CGDF, CGD, CGDFB or CGDM, as the case may be, to the extent permitted by Portuguese law, be subordinated in right of payment in the manner provided in the Trust Deed or, in the case of Non Publicly Offered Book Entry Notes, the Instrument or, in the case of Publicly Offered Book Entry Notes, as set out in the terms and

conditions of the Publicly Offered Book Entry Notes, to the claims of all Senior Creditors of CGDF, CGD, CGDFB or CGDM, as the case may be, in accordance with the provisions of the Trust Deed.

Listing and Admission to Trading

Application has been made for the Notes to be admitted to trading on the Market and to be listed on the Official List of the Luxembourg Stock Exchange. The Programme provides that Notes may also or only be listed on Eurolist by Euronext Lisbon. A series of Notes may be listed on such other stock exchanges as specified in the relevant Final Terms.

Governing Law

English law, save that Conditions 3(b) and (c) and (d)(ii) and (iii) (with respect to Non Publicly Offered Book Entry Notes), Clauses 3.2, 3.3 and 6.9.2 to 6.9.8 of the Trust Deed and Clause 5 of the Instrument as well as the form and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, will be governed by and construed in accordance with Portuguese law. The Publicly Offered Book Entry Notes will be governed by Portuguese law only.

Selling Restrictions

United States, European Economic Area, United Kingdom, the Cayman Islands, France, Portugal, the Netherlands and Japan. See “Subscription and Sale”.

4 Risk Factors

There are certain factors which may affect the Issuers’ ability to fulfil their obligations under the Notes issued under the Programme.

Risks factors relating to CGD’s business

As a result of their business activities, the Issuers are exposed to a variety of risks, the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to control these risks may result in a material adverse effect on the Issuers’ financial condition and results of operations.

- *Economic Activity in Portugal* – The Issuers’ business activities are dependent on the level of banking, finance and financial services required by their customers.
- *Credit Risk* – Risk arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Issuers’ businesses.
- *Market Risk* – The most significant market risks the Issuers face are interest rate, foreign exchange and bond and equity price risks.
- *Operational Risk* – The Issuers’ businesses depend on their ability to process a very large number of transactions efficiently and accurately and there is the risk of losses due to inadequate or faulty internal processes, or due to external events.
- *Infrastructure Risk* – The Issuers face the risk that their computer or telecommunication systems may fail. Given the high volume of transactions processed by the Issuers on a daily basis, certain errors may be repeated or compounded.
- *Liquidity Risk* – The inability of the Issuers to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on their ability to meet their obligations when they fall due.
- *Impact of Regulatory Changes* – Changes in supervision and regulation could materially affect the Issuers’ businesses, the products and services offered or the value of their assets.
- *The Issuers and the Guarantor are subject to capital requirements* – The Issuers and the Guarantor are subject to capital adequacy guidelines. The Issuers’ or the Guarantor’s failure to maintain their ratios may result in administrative actions or sanctions.

Risk factors relating to the Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain of those features:

- *Notes subject to optional redemption by the Issuer* – An optional redemption feature is likely to limit the market value of Notes.
- *Index Linked Notes and Dual Currency Notes* – The market price of such Notes may be volatile; they may receive no interest; the amount of principal payable at redemption may be less than the nominal of such Notes or even zero; a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or which contains some other leverage factor; the effect of changes in the Relevant Factor on principal or interest payable may be magnified and the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations.
- *Partly-paid Notes* – For Notes where the issue price is payable in more than one instalment, failure to pay any subsequent instalment when due could result in an investor losing all of its investment.
- *Variable rate Notes with a multiplier or other leverage factor* – Such Notes can be volatile investments, especially if they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features.
- *Inverse Floating Rate Notes* – The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate.
- *Fixed/Floating Rate Notes* – Such Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate.
- *Notes issued at a substantial discount or premium* – Such Notes tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.
- *The relevant Issuer's obligations under Subordinated Notes are subordinated* – In the event of bankruptcy or winding-up of the relevant Issuer, the relevant Noteholders' claims shall be subordinated in right of payment to the claims of all unsubordinated creditors of the relevant Issuer.
- *Risks related to withholding tax* – In the event the relevant conditions set out in the Portuguese domestic exemption regimes are not fulfilled, then a withholding tax liability will arise in relation to issues made by CGD or through CGDM.
- *Risks related to procedures for collection of Noteholders' details* – Failure to comply with the procedures and certification requirements set out in the Portuguese domestic exemption regimes may trigger a withholding tax liability in relation to issues made by CGD and through CGDM.

There are certain risks relating to the Notes generally, such as modification, waivers and substitution, the EU Savings Directive and changes of law.

Risk related to the market generally

General market risks include the secondary market generally, exchange rate risks and exchange controls, interest rate risks and legal restrictions on certain investments.

See “Risk Factors” for further details.

RISK FACTORS

The Issuers believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuers believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuers may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuers do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus or incorporated by reference herein and reach their own views prior to making any investment decision.

Risk factors relating to the Group's business

As a result of the Group's business activities, the Group is exposed to a variety of risks, the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to control these risks may result in a material adverse effect on the Group's financial condition and results of operations.

Economic activity in Portugal

The Group's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, the state of the economy and market interest rates at the time. As the Group currently conducts the majority of its business in Portugal, its performance is influenced by the level and cyclical nature of business activity in Portugal, which is in turn affected by both domestic and international economic and political events. A weakening in the Portuguese economy may have a material effect on the Group's financial condition and results of operations.

CGD's performance is subject to substantial competitive pressures that could adversely affect its operating results

There is a substantial competition for the types of banking and other products and services that CGD, together with its consolidated subsidiaries (the "CGD Group"), provides in Portugal and in other countries where it conducts its business. Such competition is affected by consumer demand, technological changes, impact of consolidation, regulatory actions and other factors. CGD expects competition to intensify as continued merger activity in the financial industry produces larger, better-capitalised companies that are capable of offering a wider array of products and services, and at competitive prices. In addition, competition has increased further with the emergence of non-traditional distribution channels, such as internet and telephone banking. If CGD Group is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities.

Credit risk

Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in Portuguese or global economic conditions, or arising from system risks in financial systems, could affect the recoverability and value of the Group's assets and require an increase in the Group's provision for bad and doubtful debts and other provisions, and accordingly would have a material adverse effect on the Group's financial condition and results of operations.

Market risk

The most significant market risks the Group faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in exchange rates affect the value

of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios. The Group has implemented risk management methods to mitigate and control these and other market risks to which the Group is exposed and exposures are constantly measured and monitored. However, it is difficult to predict changes in economic or market conditions with accuracy and to anticipate the effects that such changes could have on the Group's financial condition and results of operations.

Infrastructure risk

The Issuer faces the risk that computer or telecommunications systems could fail, despite its efforts to maintain these systems in good working order. Given the high volume of transactions the Issuer processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures of the Issuer's internal processes, employees or systems, including any of the Issuer's financial, accounting or other data processing systems, could lead to financial loss and damage to the Issuer's reputation. In addition, despite the contingency plans the Issuer has in place, the Issuer's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its operations and the communities in which it does business.

Operational risk

The Group's businesses are dependent on their ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of external systems, for example those of the Group's suppliers or counterparties. Although the Group has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in controlling each of the operational risks.

Liquidity risk

The inability of a bank to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on its ability to meet its obligations when they fall due.

Impact of regulatory changes

The Group is subject to financial services laws, regulations, administrative actions and policies in each location that it operates. Changes in supervision and regulation, in particular in Portugal, could materially affect the Group's businesses, the products and services offered or the value of its assets. Although the Group works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group.

The Issuers and the Guarantor are subject to capital requirements that could limit their operations

The Issuers and the Guarantor are subject to capital adequacy guidelines adopted by the Bank of Portugal for a bank, which provide for a minimum ratio of total capital to risk-adjusted assets both on a consolidated basis and on a solo-consolidated basis, expressed as a percentage. Until 31 December 2011 the total minimum capital (8 per cent.) must be maintained in the form of Core Tier 1 Capital. The Issuers' or the Guarantor's failure to maintain their ratios may result in administrative actions or sanctions against them which may impact the Issuers' or the Guarantor's ability to fulfil its obligations under the Notes.

Risk factors relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes issued under the Programme may be complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. Prospective investors in the Notes should verify at all times the credit ratings of CGD and the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain of those features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The relevant Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or to other factors (each a "Relevant Factor"). In addition, the relevant Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;

- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The relevant Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment when due could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The relevant Issuer's obligations under Subordinated Notes are subordinated

The relevant Issuer's obligations under Dated Subordinated Notes will be unsecured and subordinated. In the event of the bankruptcy or winding-up of the relevant Issuer, the relevant Noteholders' claims shall be subordinated in right of payment to the claims of all unsubordinated

creditors of the relevant Issuer. Accordingly, no payments of amounts due under the Dated Subordinated Notes will be made to the Noteholders in the event of bankruptcy or winding-up of the relevant Issuer (to the extent permitted by Portuguese law, as the case may be) except where all sums due from the relevant Issuer in respect of the claims of all unsubordinated creditors of the relevant Issuer are paid in full, as more fully described in Condition 3(b).

The relevant Issuer's obligations under Undated Subordinated Notes will be unsecured and subordinated, to the extent permitted by Portuguese law, to the claims of Senior Creditors (as defined in Condition 3(c)). Payments of principal and interest in respect of Undated Subordinated Notes are conditional upon the relevant Issuer being solvent (as described in Condition 3(c)) at the time of payment by the relevant Issuer and in that no such payment shall be made except to the extent that the relevant Issuer could make such payment and still be solvent immediately thereafter.

Risks related to withholding tax

Under Portuguese law, income derived from the Book Entry Notes integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“Interbolsa”), as management entity of the Portuguese Centralised System (*Central de Valores Mobiliários*), held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime which was approved by Decree-Law 193/2005 of 7 November, as amended, (“Decree-Law 193/2005”) and in force as from 1 January 2006, may benefit from an up-front withholding tax exemption, provided that certain procedures and certification requirements are complied with (see “Taxation – Portugal” for these procedures and certification requirements). In order to benefit from this regime it is mandatory that the Book Entry Notes are integrated in and held through Interbolsa. Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding rate of 21.5 per cent. or, if applicable, in reduced withholding tax rates of up to 15 per cent., pursuant to tax treaties signed by Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with (see “Taxation – Portugal”).

Additionally, under Portuguese law, income derived from the Notes issued by CGDM held by non-resident investors (both individual and corporate) may benefit from an up-front withholding tax exemption, provided that certain certification requirements are complied with (see “Taxation – Portugal”). Failure to comply with these certifications will result in the application of the Portuguese domestic withholding rate of 21.5 per cent., or if applicable, in reduced withholding tax rates of up to 15 per cent., pursuant to tax treaties signed by Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with (see “Taxation – Portugal”).

Risks related to procedures for collection of Noteholders' details

It is expected that the direct registering entities (*entidades registadoras directas*), the participants and the clearing systems will follow certain procedures to facilitate the collection from the effective beneficiaries of the Notes (“Noteholders”) of the information referred to in “Risks related to withholding tax” above required to comply with the procedures and certifications required by Decree-Law 193/2005. Under Decree-Law 193/2005, the obligation of collecting from the Noteholders proof of their non-Portuguese resident status and of the accomplishment with the other requirements for the exemption rests with the direct registering entities (*entidades registadoras directas*), the participants and the entities managing the international clearing systems. A summary of those procedures is set out in “Taxation – Portugal”. Such procedures and certifications may be revised from time to time in accordance with applicable Portuguese laws and regulations, further clarification from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems. While the Notes are registered by Interbolsa, Noteholders must rely on and comply with such procedures in order to receive payments under the Notes free of any withholding, if applicable. Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes. None of the Issuer, the Arranger, the Dealers, the paying agents and the direct registering entities (*entidades registadoras directas*), or the clearing systems, their management entities or participants, assume any responsibility therefor.

Non-resident investors (both individual and corporate) holding Notes issued by CGDM must comply with certain certifications to benefit from an up-front withholding tax exemption (see “Taxation – Portugal). Such certifications may be revised from time to time in accordance with applicable Portuguese laws and regulations and further clarification from the Portuguese tax authorities regarding such laws. None of the Issuer, the Arranger, the Dealers, the paying agents, the direct registering entities (*entidades registadoras directas*), the clearing systems, their management entities or participants, assume any responsibility therefor.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes (other than the Book Entry Notes) also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification of (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Conditions or of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. The Trustee may also agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of the relevant Issuer’s successor in business or any subsidiary of CGD in place of the Issuer, or of any previous substituted company, as principal debtor under any Notes, in the circumstances described in Condition 11(c) of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), each Member State is required to provide to the tax authorities of other Member States details of payments of interest (and other similar income) paid by a person within its jurisdiction to an individual or to certain other persons resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

Investors should note that the European Commission has announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments may, *inter alia*, amend or extend the scope of the Directive as described above.

If a payment to an individual were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the EU Savings Directive or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to such EU Savings Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer will be required at all times, as provided in Condition 7(e) of the Notes, to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Change of law

The Terms and Conditions of the Notes (other than Publicly Offered Book Entry Notes) are governed by English law (except Conditions 3(b) and 3(c), which are governed by Portuguese law), save that, with respect to Non Publicly Offered Book Entry Notes only, the form (*representação formal*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by Portuguese law, in effect as at the date of issue of the relevant Notes. Publicly Offered Book Entry Notes are governed by Portuguese law. No assurance can be given as to the impact of any possible judicial decision or change to English law or Portuguese law or administrative practice in either of those jurisdictions after the date of issue of the relevant Notes.

CGDFB may be subject to local insolvency legislation

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008 which came into force on 15 February 2009, holders of debt securities are automatically grouped into a single assembly of holders (the “Assembly”) in case of the opening in France of a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by CGDFB (including the Notes), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to CGDFB and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the Meetings of the Noteholders described in this Prospectus and in the Trust Deed will not be applicable in these circumstances.

Foreign Account Tax Compliance Act of 2009 (“FATCA”)

The Issuers may be subject to U.S. withholding tax if they fail to enter into an agreement with the IRS to report certain information about the holders of the Notes or a holder of the Notes may become subject to U.S. withholding if it fails to provide requested information to the relevant Issuer.

The Hiring Incentives to Restore Employment Act, which was enacted in early 2010 and contains provisions from the former Foreign Account Tax Compliance Act of 2009, imposes a 30% withholding tax on certain payments made on or after January 1, 2013 to certain non-US financial institutions (including entities such as the Issuers) who do not enter into and comply with an agreement with the IRS to provide certain information on the holders of its debt or equity (other than debt or equity interests that are regularly traded on an established securities market).

The relevant rules have not yet been fully developed and the future application of FATCA to the Issuers and the holders of Notes is uncertain and the Issuers have not decided whether they will enter into an agreement with the IRS. If the relevant Issuer determines that it must comply with FATCA in order to receive certain payments free of U.S. withholding tax, holders may be required to provide certain information or be subject to withholding on certain payments made to them. If a holder does not provide the necessary information and is subject to withholding there will be no “gross up” (or any other additional amount) payable by way of compensation to the holder for the deducted amount. See “*Certain Tax Considerations—United States Taxation—FATCA Withholding.*”

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN

TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continued at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the relevant Issuer. The Issuers cannot predict which of those circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Legal considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited annual financial statements of each Issuer and the Guarantor for the financial years ended 31 December 2009 and 2010 together, in each case, with the audit report thereon and the unaudited consolidated financial statements of CGD for the three months ended 31 March 2011, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the CSSF. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any information not listed in the cross-reference table below but included in the documents incorporated by reference is given for information purposes only.

In addition, such documents will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The information incorporated by reference above is available as follows:

Information incorporated by reference	Reference
Caixa Geral de Depósitos, S.A. audited annual consolidated and non-consolidated financial statements for the year ended 31 December 2009	2009 Annual Report (“2009 AR”) pages 122-317
Non-consolidated Balance Sheet	2009 AR page 122
Non-consolidated Income Statement	2009 AR page 124
Non-consolidated Statement of Comprehensive Income	2009 AR page 125
Non-consolidated Cash Flow Statement	2009 AR page 126
Non-consolidated Statement of Changes in Shareholders’ Equity	2009 AR page 128
Consolidated Balance Sheet	2009 AR page 130
Consolidated Income Statement	2009 AR page 132
Consolidated Statement of Comprehensive Income	2009 AR page 133
Consolidated Cash Flow Statement	2009 AR page 134
Consolidated Statement of Changes in Shareholders’ Equity	2009 AR page 136
Notes to the Consolidated Financial Statements	2009 AR pages 140-302
Audit Reports and Opinions on the Consolidated Financial Statements	2009 AR pages 312-317
Caixa Geral de Depósitos, S.A. audited annual consolidated and non-consolidated financial statements for the year ended 31 December 2010	2010 Annual Report (“2010 AR”) pages 168-388
Non-consolidated Balance Sheet	2010 AR page 169
Non-consolidated Income Statement	2010 AR page 170
Non-consolidated Statement of Comprehensive Income	2010 AR page 171
Non-consolidated Cash Flow Statement	2010 AR page 172
Non-consolidated Statement of Changes in Shareholders’ Equity	2010 AR page 173
Consolidated Balance Sheet	2010 AR page 174
Consolidated Income Statement	2010 AR page 175
Consolidated Statement of Comprehensive Income	2010 AR page 176
Consolidated Cash Flow Statement	2010 AR page 177
Consolidated Statement of Changes in Shareholders’ Equity	2010 AR page 178
Notes to the Consolidated Financial Statements	2010 AR pages 180-369
Audit Reports and Opinions on the Consolidated Financial Statements	2010 AR pages 375-388

Information incorporated by reference	Reference
Caixa Geral de Depósitos, S.A. unaudited consolidated financial statements for the three months ended 31 March 2011	31 March 2011 Unaudited Financial Statements (“Q1 CGD FS”)
Consolidated Balance Sheet	Q1 CGD FS page 29
Consolidated Income Statement	Q1 CGD FS page 30
Caixa Geral de Depósitos Finance audited annual financial statements for the financial year ended 31 December 2009	2009 Financial Statements (“2009 CGDF”) pages 2-17
Income Statement	2009 CGDF (third page)
Balance Sheet	2009 CGDF (fourth page)
Cash Flow Statement	2009 CGDF (fifth page)
Statement of Changes in Shareholder’s Equity	2009 CGDF (sixth page)
Notes to the Financial Statements	2009 CGDF (seventh page, recorded as page 1)
Audit Report	2009 CGDF (second page)
Caixa Geral de Depósitos Finance audited annual financial statements for the financial year ended 31 December 2010	2010 Financial Statements (“2010 CGDF”) pages 2-16
Income Statement	2010 CGDF (fourth page)
Balance Sheet	2010 CGDF (third page)
Cash Flow Statement	2010 CGDF (sixth page)
Statement of Changes in Shareholder’s Equity	2010 CGDF (fifth page)
Notes to the Financial Statements	2010 CGDF (seventh page, recorded as page 1)
Audit Report	2010 CGDF (second page)

Investors are advised that the consolidated financial statements for the three months ended 31 March 2011 for CGD (including information from such financial statements which has been reproduced in this Prospectus) have not been audited and have not been reviewed by auditors.

PROSPECTUS SUPPLEMENT

Each of the Issuers and the Guarantor has given an undertaking to the Arranger, the Dealers and the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of each Issuer and the Guarantor, and the rights attaching to the Notes, the relevant Issuer shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to the Arranger and each Dealer such number of copies of such supplement hereto as the Arranger or such Dealer may reasonably request.

Copies of such supplement to this Prospectus or replacement Prospectus will be available free of charge at the specified office from time to time of the Paying Agent in Luxembourg.

AVAILABLE INFORMATION

Each Issuer has agreed that, for so long as any of the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information specified in Rule 144A(d)(4) under the Securities Act. In addition, each of the Issuers will furnish the Trustee with copies of its published audited annual accounts and unaudited semi-annual accounts, in each case prepared in accordance with generally accepted accounting principles in the relevant jurisdiction.

FORWARD-LOOKING STATEMENTS

This Prospectus includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding CGD’s financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to CGD’s products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CGD, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding CGD’s present and future business strategies and the environment in which CGD will operate in the future. The important factors that could cause CGD’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the economic situation in Portugal and in the other jurisdictions in which CGD and the CGD Group operate. These forward-looking statements speak only as at the date of this Prospectus. CGD expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in CGD’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Prospectus. Words or expressions defined or used in “Terms and Conditions of the Notes”, which includes the provisions of the relevant Final Terms, shall have the same meaning herein.

Issuers	<p>Caixa Geral de Depósitos Finance (“CGDF”) Caixa Geral de Depósitos, S.A. (“CGD”) CGD may also issue Notes through its branches, Caixa Geral de Depósitos, S.A., acting through its Madeira branch (Sucursal Financeira Exterior) (“CGDM”) and Caixa Geral de Depósitos, S.A., acting through its France branch (“CGDFB”)</p> <p>As at the date of this Prospectus, CGD will not issue Syndicated Notes itself until (i) an appropriate resolution has been passed by its Board of Directors and (ii) the Dealers have been provided with a legal opinion from CGD’s external legal advisers in Portugal. For non-syndicated issues, see “General Information” below.</p>
Guarantor	<p>Caixa Geral de Depósitos, S.A., acting through its France branch (in such capacity, the “Guarantor”) in respect of Notes issued by CGDF.</p>
Description	<p>Euro Medium Term Note Programme.</p>
Size	<p>Up to €15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.</p>
Arranger	<p>Merrill Lynch International</p>
Dealers	<p>Bankia S.A. Bayerische Landesbank BNP PARIBAS Caixa-Banco de Investimento, S.A. Caixa Geral de Depósitos, S.A. Commerzbank Aktiengesellschaft Deutsche Bank AG, London Branch Merrill Lynch International Mitsubishi UFJ Securities International plc Morgan Stanley & Co. International plc NATIXIS Nomura International plc The Royal Bank of Scotland plc UBS Limited UniCredit Bank AG</p> <p>The Issuers may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as Dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Trustee	<p>Citicorp Trustee Company Limited</p>

Portuguese Paying Agent

Citibank International plc, Sucursal em Portugal

Issuing and Paying Agent, Registrar, Transfer Agent, Exchange Agent and Calculation Agent

Citibank, N.A.

Method of Issue

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms document (the “Final Terms”).

Issue Price

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes

The Notes (other than Book Entry Notes) may be issued in bearer form (“Bearer Notes”, which expression includes Notes which are specified to be Exchangeable Bearer Notes), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only. Each Tranche of Bearer Notes will initially be represented by either a Temporary Global Note or a Permanent Global Note which will be deposited (a) in the case of Notes issued in NGN form, on or prior to the original issue date to a Common Safekeeper for Euroclear and Clearstream, Luxembourg or (b) in the case of Notes issued in CGN form, on the Issue Date, with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or (c) in the case of a Tranche intended to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg or delivered outside a clearing system, as agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by CGDF), the Trustee, the Issuing and Paying Agent, Paying Agent, any other agents and the relevant Dealer(s). No interest will be payable in respect of a Temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form”. Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if so stated in the relevant Final Terms, for Definitive Notes but, if the D Rules (as defined below under “Selling Restrictions”) apply to such Tranche, only after the date falling 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership, or (in the case of Exchangeable Bearer Notes) for Registered Notes (as described below). Interests in Permanent Global Notes will be exchangeable for Definitive Notes in bearer form or (in the case of Exchangeable Bearer Notes) for Registered Notes in the limited circumstances described under “Summary of Provisions Relating to the Notes while in Global Form”.

Registered Notes of each Tranche of a Series which are sold in an “offshore transaction” within the meaning of Regulation S (“Unrestricted Notes”) will initially be represented by interests in an Unrestricted Global Certificate, without interest coupons, deposited with a nominee for, and registered in the name of a common depositary of, Clearstream, Luxembourg and Euroclear on its Issue Date. Registered Notes of such Tranche sold in the United States to qualified institutional buyers pursuant to Rule 144A (“Restricted Notes”) will initially be represented by a Restricted Global Certificate, without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date. Any Restricted Global Certificate and any individual Definitive Restricted Notes will bear a legend applicable to purchasers who purchase the Registered Notes as described under “Transfer Restrictions”.

In addition, CGD may issue Book Entry Notes that will be integrated in and held through Interbolsa, if so specified in the relevant Final Terms. The terms and conditions of each series of Book Entry Notes shall be the terms and conditions set out in this Prospectus, as supplemented, as necessary by a supplement to this Prospectus, and/or the relevant Final Terms. The Non Publicly Offered Book Entry Notes are constituted by a deed poll given by CGD in favour of holders of Non Publicly Offered Book Entry Notes dated 15 June 2010 (the “Instrument”).

Clearing Systems

Clearstream, Luxembourg and Euroclear for Bearer Notes, Clearstream, Luxembourg, Euroclear and DTC for Registered Notes and Interbolsa, Clearstream Luxembourg and Euroclear for Book Entry Notes. In relation to any Tranches, Notes may be cleared through such other clearing system as may be agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by CGDF), the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Initial Delivery of Notes other than Book Entry Notes

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes issued in NGN form will be delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes issued in CGN form will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, the Unrestricted Global Certificate representing Unrestricted Notes will be deposited with a common depositary for Clearstream, Luxembourg and Euroclear and the Restricted Global Certificate representing Restricted Notes will be deposited with a custodian for DTC. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by CGDF) and the relevant Dealers except Book Entry Notes, which may only be issued in euros or such other currencies accepted by Interbolsa for registration and clearing.
Redenomination	The applicable Final Terms may provide that certain Notes may be redenominated in euro. If so, the wording of the redenomination clause will be set out in full in the applicable Final Terms.
Maturities	<p>Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer and the Guarantor (in the case of Notes issued by CGDF) or the relevant Specified Currency. At the date of this Prospectus, the minimum maturity of all Notes is one month except in the case of Subordinated Notes, where the minimum maturity is five years and one day.</p> <p>Book Entry Notes shall not be issued with maturity of less than one year.</p>
Denomination	<p>Notes (including Book Entry Notes) will be issued in such denominations as may be agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by CGDF) and the relevant Dealer and as indicated in the applicable Final Terms, save that, in respect of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be Euro 1,000 (or its equivalent in other currencies).</p> <p>Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue would otherwise constitute a contravention of section 19 of the Financial Securities and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof, in each case subject to compliance with all legal and/ or regulatory requirements applicable to the Specified Currency.</p>
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <p>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the</p>

	<p>2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or</p> <p>(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Final Terms.</p>
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). Any early redemption of a Subordinated Note will be subject to the prior consent of the Bank of Portugal.
Redemption by Instalments	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the relevant Issuer, the Guarantor (in the case of Notes issued by CGDF), the Trustee (in the case of Notes other than Book Entry Notes) and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and supplement to the Prospectus.
Cash Bonds	Notes may qualify as cash bonds (<i>obrigações de caixa</i>) under the terms of Decree Law No. 408/91 of 17 October 1991 (as amended), provided that certain requirements set out therein are met, including that (i) such Notes have a maturity of not less than two years, (ii) the relevant Issuer is not entitled to acquire such Notes before two years have elapsed since the relevant Issue

Optional Redemption	<p>Date and (iii) the Noteholders may not choose to redeem such Notes before one year has elapsed since the relevant Issue Date.</p> <p>The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and, if so, the terms applicable to such redemption, although this will not apply in any event to Dated and Undated Subordinated Notes.</p>
Substitution	<p>The Trustee, the relevant Issuer and the Guarantor (in the case of Notes issued by CGDF) are permitted to agree to the substitution in place of the relevant Issuer (or any previous substitute) as principal debtor in respect of the Notes (other than Publicly Offered Book Entry Notes) of either the Guarantor (in the case of Notes issued by CGDF) or any other wholly-owned Subsidiary of CGD, subject to the fulfilment of certain conditions, as more fully set out in Condition 11(c) and the Trust Deed.</p>
Status of the Senior Notes	<p>The Senior Notes and the relative Receipts and Coupons (if any) will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the relevant Issuer and will rank <i>pari passu</i> among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the relevant Issuer, save for those that have been accorded by law preferential rights.</p>
Status of the Dated Subordinated Notes	<p>The Dated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM and the relative Receipts and Coupons (if any) will constitute direct, unsecured and subordinated obligations of CGDF, CGD, CGDFB or, as the case may be, CGDM, will rank <i>pari passu</i> among themselves and, without prejudice to the foregoing, the Dated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM and the relative Receipts and Coupons (if any) will, in the event of the bankruptcy or the winding-up of CGDF, CGD, CGDFB or CGDM, as the case may be, (to the extent permitted by Portuguese law) be subordinated in right of payment in the manner provided in the Trust Deed or, in the case of Non Publicly Offered Book Entry Notes, the Instrument or, in the case of Publicly Offered Book Entry Notes, as set out in the terms and conditions of the Publicly Offered Book Entry Notes to the claims of all unsubordinated creditors of CGDF, CGD, CGDFB or CGDM, as the case may be, including claims of depositors (in the case of CGD, CGDFB and CGDM) and will rank, in the event of the winding-up of CGDF, CGD, CGDFB or CGDM, at least <i>pari passu</i> in right of payment with all other Subordinated Indebtedness (as defined in Condition 3(b)), present and future of CGDF, CGD, CGDFB or, as the case may be, CGDM.</p>
Status of the Undated Subordinated Notes	<p>The Undated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM and the relative Coupons and Talons (if any) will constitute direct, unsecured and subordinated obligations of CGDF, CGD, CGDFB or, as the case may be, CGDM, will rank <i>pari passu</i> among themselves and, without prejudice to the foregoing, the Undated Subordinated Notes issued by CGDF, CGD, CGDFB or CGDM will, in the event of</p>

bankruptcy or the winding-up of CGDF, CGD, CGDFB or CGDM, as the case may be, (to the extent permitted by Portuguese law) be subordinated in right of payment in the manner provided in the Trust Deed or, in the case of Non Publicly Offered Book Entry Notes, the Instrument or, in the case of Publicly Offered Book Entry Notes, as set out in the terms and conditions of the Publicly Offered Book Entry Notes to the claims of all Senior Creditors (as defined in Condition 3(c)) of CGDF, CGD, CGDFB or CGDM, as the case may be.

In order to allow CGDF and the Guarantor to continue their business activities, any amounts which, but for the provisions of Condition 5(m) or, as the case may be, the insolvency of CGDF or the Guarantor, would be payable as interest or principal on the Undated Subordinated Notes (or the corresponding amounts the Guarantor is required to make available to CGDF under the Guarantee) will be available to meet the losses of CGDF (or the Guarantor, as the case may be).

In order to allow CGD, CGDFB and CGDM to continue their business activities, any amounts which, but for the provisions of Condition 5(m) or, as the case may be, the insolvency of CGD, CGDFB or CGDM, as the case may be, would be payable as interest or principal on the Undated Subordinated Notes will be available to meet the losses of CGD, CGDFB or CGDM, as the case may be.

Status of the Guarantee

The payment of the principal of, and interest on, the Notes issued by CGDF will be unconditionally and irrevocably guaranteed (the “Guarantee”) by the Guarantor in the Trust Deed. The obligations of the Guarantor under such Guarantee will constitute:

- (1) in the case of Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Guarantor and will rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, save for those that have been accorded by law preferential rights;
- (2) in the case of Dated Subordinated Notes, direct, unsecured and subordinated obligations of the Guarantor but, in the event of the winding-up of the Guarantor (to the extent permitted by Portuguese law), subordinated in right of payment in the manner provided in the Trust Deed to the claims of all unsubordinated creditors of the Guarantor but in priority to the claims of the holders of Undated Subordinated Notes; and
- (3) in the case of Undated Subordinated Notes, direct, unsecured and subordinated obligations of the Guarantor but, as further described in Condition 3(c), subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors of the Guarantor.

Negative Pledge	Applicable to Senior Notes only. See “Terms and Conditions of the Notes – Negative Pledge”.
Cross Default	Applicable to Senior Notes only. See “Terms and Conditions of the Notes – Events of Default”.
Limited Rights of Acceleration	The Trustee’s rights to accelerate Subordinated Notes (other than Publicly Offered Book Entry Notes) are limited to non-payment, winding-up or, in the case of CGDF, termination of the Guarantee only. See “Terms and Conditions of the Notes – Events of Default”.
Early Redemption	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes – Redemption, Purchase and Options”.
Withholding Tax	<p>All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Cayman Islands (in the case of CGDF), France (in the case of Notes issued by CGDFB) and Portugal, including Madeira, (in the case of CGD, CGDM or CGDFB) as the case may be, subject to customary exceptions, all as described in “Terms and Conditions of the Notes – Taxation” and “Taxation – Portugal”. At present, payments of interest and other revenues to be made by CGD and CGDM directly to non-resident entities of Portugal would be subject to Portuguese withholding tax at a rate of 21.5 per cent., or, if applicable, to reduced withholding tax rates of up to 15 per cent., pursuant to the general rules and to tax treaties signed by Portugal, except in case of Book Entry Notes and Notes issued by CGDM assuming certain procedures and certification requirements are complied with. All payments of interest and other investment income arising from Notes (in case of Notes issued by CGD) made to individuals resident for tax purposes in Portugal will be subject to withholding tax at a rate of 21.5 per cent. In this case, the Portuguese resident individual, unless if deriving such income in the capacity of an entrepreneur with organised accounts, may choose to declare such income in his or her tax return, together with the remaining items of income derived. If such election is made, the said income will be subject to personal income tax according to the relevant tax brackets, up to 46.5 per cent. and the domestic withholding tax will constitute a payment on account of such final personal income tax liability.</p> <p>All payments of interest and other investment income arising from Notes (in case of Notes issued by CGD) paid to legal persons resident for tax purposes in Portugal and to non resident legal persons with a permanent establishment in Portugal to which the income is attributable are subject to withholding tax at a rate of 21.5 per cent. (with the exception of entities that benefit from a waiver of Portuguese withholding tax or from Portuguese income tax exemptions), which is deemed a payment on account of the final tax due. (See “Taxation – Portugal”).</p>
Governing Law	English, save that Conditions 3(b) and (c) and d(ii) and (iii), Clauses 3.2, 3.3 and 6.9.2 to 6.9.8 of the Trust Deed and Clause 5 of the Instrument will be governed by and construed in accordance with Portuguese law and save that, with respect to Non Publicly Offered Book Entry Notes only, the form (<i>representação formal</i>), and transfer of the Notes, the creation

Listing and Admission to Trading

of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, are governed by, and shall be construed in accordance with, Portuguese law. Publicly Offered Book Entry Notes are governed by Portuguese law only.

Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be listed and admitted to the Official List and to be admitted to trading on the Market or on Eurolist by Euronext Lisbon or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Selling Restrictions

United States, Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), United Kingdom, the Cayman Islands, France, Portugal, the Netherlands and Japan. See “Subscription and Sale”.

Each Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms states that Bearer Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Transfer Restrictions

There are restrictions on the transfer of Notes sold pursuant to Rule 144A under the Securities Act. See “Terms and Conditions of the Notes” and “Transfer Restrictions”.

TERMS AND CONDITIONS OF THE NOTES (OTHER THAN PUBLICLY OFFERED BOOK ENTRY NOTES)

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or in book entry form (other than Publicly Offered Book Entry Notes), representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme and include, for the avoidance of doubt, Non Publicly Offered Book Entry Notes but not Publicly Offered Book Entry Notes.

The Notes (other than Notes in book entry form) are constituted by an amended and restated trust deed dated 15 June 2010 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between the Issuer, the other issuers named in it, the Guarantor and Citicorp Trustee Company Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. Notes in book entry form not publicly offered in Portugal (“Non Publicly Offered Book Entry Notes”) are constituted by registration in the Interbolsa book-entry system and governed by these conditions and a deed poll given by the Issuer in favour of the holders of Non Publicly Offered Book Entry Notes dated 15 June 2010 (the “Instrument”). An amended and restated agency agreement dated 2 April 2009 (as amended or supplemented as at the Issue Date, the “Agency Agreement”) has been entered into in relation to the Notes (including Publicly Offered Book Entry Notes) between the Issuer, the other issuers named in it, the Guarantor, the Trustee, Citibank, N.A. as initial issuing and paying agent, registrar, transfer agent, exchange agent and calculation agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents, the exchange agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar), the “Exchange Agent” and the “Calculation Agent(s)”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Agency & Trust, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Paying Agents and the Transfer Agents. In the case of Book Entry Notes, Citibank International plc, Sucursal em Portugal will be the paying agent in Portugal (the “Portuguese Paying Agent”).

The Noteholders, the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed or, in the case of holders of Non Publicly Offered Book Entry Notes, the Instrument and those provisions of the Trust Deed applicable to them, and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

(a) Notes issued by Caixa Geral Depósitos Finance and Caixa Geral de Depósitos, S.A. acting through its Madeira branch or its France branch

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”) or in bearer form

exchangeable for Registered Notes (“Exchangeable Bearer Notes”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be Euro 1,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denominations as the lowest denomination of Exchangeable Bearer Notes.

Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof.

This Note is a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note (together “Subordinated Notes”), as indicated in the applicable Final Terms.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” for the purposes of the Global Notes or bearer Notes issued in definitive form means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

(b) Notes issued by Caixa Geral de Depósitos, S.A.

The Notes are issued in dematerialised book-entry (*forma escritural*) either in bearer (*ao portador*) or in registered (*nominativas*) form in the specified denomination provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Union or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €1,000 as indicated in the applicable Final Terms.

The Notes will be registered by Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“Interbolsa”) as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) (“CVM”).

Each person shown in the individual securities accounts held with an affiliated member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount

of Notes recorded. One or more certificates in relation to the Notes (each a “Certificate”) will be delivered to the relevant Noteholder by the financial intermediary with which the relevant Notes are held in a securities account in respect of its registered holding of Notes upon the request by the relevant Noteholder and in accordance with that financial intermediary’s procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

Title to the Notes passes upon registration in the relevant individual securities accounts held with an affiliated member of Interbolsa. Any Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

This Note is a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note (together “Subordinated Notes”), as indicated in the applicable Final Terms.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

In these Conditions, “Noteholder” for the purposes of Notes in book entry form and (in relation to a Note) “holder” means the person in whose name a Note is registered in the relevant individual securities accounts held with an affiliated member of Interbolsa and has not been publicly offered in Portugal.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of

the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Status [and Guarantee]⁽¹⁾

(a) Status of Senior Notes

The Senior Notes and the relative Receipts (if any) and Coupons (if any) are direct, unconditional, unsecured (subject to the provisions of Condition 4) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, save for those that have been accorded by law preferential rights.

(b) Status of Dated Subordinated Notes

The Dated Subordinated Notes and the relative Receipts (if any) and Coupons (if any) are direct and unsecured obligations of the Issuer subordinated as provided below and rank and will rank *pari passu* among themselves.

The claims of the holders of the Dated Subordinated Notes and the relative Receipts (if any) and Coupons (if any) against the Issuer in respect of payments pursuant to the Dated Subordinated Notes and the relative Receipts and Coupons will, in the event of the bankruptcy or winding-up of

the Issuer, (to the extent permitted by Portuguese law) be subordinated in right of payment in the manner provided in the Trust Deed or, as the case may be, in the Instrument to the claims of all unsubordinated creditors of the Issuer and will rank, in the event of the bankruptcy or winding-up of the Issuer, at least *pari passu* in right of payment with all other Subordinated Indebtedness, present and future, of the Issuer.

For the purposes of this paragraph (b), “Subordinated Indebtedness” means all indebtedness of the Issuer which is subordinated, in the event of the bankruptcy or winding-up of the Issuer, in right of payment to the claims of unsubordinated creditors of the Issuer including claims of depositors (in the case of CGD or CGDM) other than indebtedness which ranks or is expressed to rank junior to the Dated Subordinated Notes and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

(c) Status of Undated Subordinated Notes

The Undated Subordinated Notes and the relative Coupons (if any) are direct and unsecured obligations of the Issuer subordinated, to the extent permitted by Portuguese law, to the claims of Senior Creditors of the Issuer (as defined below) in that payment by the Issuer (insofar as such payment relates to payment obligations of the Issuer in respect of Undated Subordinated Notes) is conditional upon the Issuer [and the Guarantor]⁽¹⁾ being solvent (as described below) at the time of payment by the Issuer to the Noteholders and in that no such payment shall be made except to the extent that the Issuer [or the Guarantor pursuant to the provisions of the Guarantee] ⁽¹⁾ could make such payment and still be solvent immediately thereafter. For this purpose, the Issuer [or the Guarantor]⁽¹⁾ shall be considered to be solvent if both (i) it is able to pay its debts to Senior Creditors of the Issuer [or the Guarantor]⁽¹⁾ as they fall due and (ii) its Assets exceed its Liabilities (each as defined below) to Senior Creditors of the Issuer [or the Guarantor as defined in Condition 3(d)]⁽¹⁾. A report as to the solvency of the Issuer [or the Guarantor]⁽¹⁾ by two directors of the Issuer [or the Guarantor]⁽¹⁾ or, if the directors have not reported within 14 days before any payment is due, the Auditors of the Issuer [or the Guarantor as defined in Condition 3(d)]⁽¹⁾, or, if the Issuer [or the Guarantor]⁽¹⁾ is being wound up, its liquidator shall, in each case in the absence of manifest error, be treated and accepted by the Issuer[, the Guarantor]⁽¹⁾, the Trustee (in the case of Notes other than Book Entry Notes) and any holder of Undated Subordinated Notes as correct and sufficient evidence thereof.

For the purposes of this paragraph (c), “Assets” means the total consolidated gross assets of the Issuer and “Liabilities” means the total consolidated gross liabilities of the Issuer, all as shown by the latest published audited consolidated balance sheet of the Issuer but adjusted for contingencies and for subsequent events in such manner and to such extent as such directors, auditors, or liquidator, as the case may be, may determine to be appropriate.

Any amounts which might otherwise have been allocated in or toward payment of principal and interest in respect of Undated Subordinated Notes will be available to meet the losses of the Issuer.

If, otherwise than for the purpose of a reconstruction or amalgamation on terms previously approved in writing by the Trustee (in the case of Notes other than Book Entry Notes) or by an Extraordinary Resolution (as defined in the Trust Deed) or, as the case may be, the Instrument of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Issuer in Portugal, the Issuer shall, in lieu of any other payment in respect of Undated Subordinated Notes, be obliged to pay, in respect of each Undated Subordinated Note, such amounts as would have been payable if the holder thereof had, on the day preceding the commencement of such winding-up, become a holder of preference stock or shares in the capital of the Issuer forming or being part of a class having a preferential right in the winding-up over the holders of all other classes of stock or shares in the capital of the Issuer and entitled to receive in such winding-up an amount equal to the full amount payable under the Issuer in respect of such Undated Subordinated Note.

For the purpose of this paragraph (c), “Senior Creditors of the Issuer” means creditors of the Issuer (i) who are unsubordinated creditors of the Issuer; or (ii) who are subordinated creditors of the Issuer (including the holders of Dated Subordinated Notes and the Receipts and Coupons relating thereto (if any)) other than those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of the holders of the Undated Subordinated Notes and the Coupons and Talons

relating thereto (if any) (whether only in the event of a bankruptcy or winding-up of the Issuer or otherwise).

(d) [Status of the Guarantee]

The Guarantor except where otherwise stated in the applicable Final Terms, has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of the principal of, and interest on, all Notes issued by and all other amounts payable by CGDF under or pursuant to the Trust Deed (the “Guarantee”).

The obligations of the Guarantor under the Guarantee constitute:

- (i) with regard to Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 4) and unsubordinated obligations of the Guarantor and rank and will rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor save for those that have been accorded by law preferential rights (the “Senior Guarantee”);
- (ii) with regard to Dated Subordinated Notes, unsecured and subordinated obligations of the Guarantor to the extent that, in the event of the bankruptcy or winding-up of the Guarantor, and to the extent permitted by Portuguese law, payment by the Guarantor (insofar as such payment relates to payment obligations of the Issuer in respect of Dated Subordinated Notes) will be subordinated in right of payment in the manner provided in the Trust Deed to the claims of all unsubordinated creditors of the Guarantor and will rank in priority to any payments to be made to holders of Undated Subordinated Notes; and
- (iii) with regard to Undated Subordinated Notes, unsecured and subordinated, to the extent permitted by Portuguese law, to the claims of Senior Creditors of the Guarantor (as defined below) in that payment by the Guarantor (insofar as such payment relates to payment obligations of the Issuer in respect of Undated Subordinated Notes) is conditional upon the Guarantor being solvent (as described below) at the time of payment by the Guarantor to the Noteholders pursuant to the provisions of the Guarantee as set out above and in that no such payment shall be made except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For this purpose, the Guarantor shall be considered to be solvent if both (i) it is able to pay its debts to Senior Creditors of the Guarantor as they fall due and (ii) its Assets exceed its Liabilities (each as defined below) to Senior Creditors of the Guarantor. A report as to the solvency of the Guarantor by two directors of the Guarantor or, if the directors have not reported to the Issuer within 14 days before any payment is due, the Auditors of the Guarantor, or, if the Guarantor is being wound up, its liquidator shall, in each case in the absence of manifest error, be treated and accepted by the Issuer, the Guarantor, the Trustee and any holder of Undated Subordinated Notes as correct and sufficient evidence thereof.

For the purposes of this paragraph (d):

- (A) “Assets” means the total consolidated gross assets of the Guarantor and “Liabilities” means the total consolidated gross liabilities of the Guarantor, all as shown by the latest published audited consolidated balance sheet of the Guarantor but adjusted for contingencies and for subsequent events in such manner and to such extent as such directors, auditors, or liquidator, as the case may be, may determine to be appropriate; and
- (B) “Senior Creditors of the Guarantor” means creditors of the Guarantor who (x) are depositors or other unsubordinated creditors of the Guarantor or (y) are subordinated creditors of the Guarantor other than those whose claims rank *pari passu* with or junior to the claims of the Issuer against the Guarantor under the Guarantee in respect of Undated Subordinated Notes.

The obligations of the Guarantor under the Guarantee in respect of paragraphs (ii) and (iii) above constitute the “Subordinated Guarantee”.

Any amounts which might otherwise have been allocated in or toward payment of principal and interest in respect of Undated Subordinated Notes will be available to meet the losses of the Guarantor.

If, otherwise than for the purpose of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Guarantor in Portugal, the Guarantor shall, in lieu of any other payment under the Guarantee in respect of Undated Subordinated Notes, be obliged to pay, in respect of each Undated Subordinated Note, such amounts as would have been payable if the holder thereof had, on the day preceding the commencement of such winding-up, become a holder of preference stock or shares in the capital of the Guarantor forming or being part of a class having a preferential right in the winding-up over the holders of all other classes of stock or shares in the capital of the Guarantor and entitled to receive in such winding-up an amount equal to the full amount payable under the Guarantee in respect of such Undated Subordinated Note.]⁽¹⁾

(e) No Set-Off in respect of Subordinated Notes

Subject to applicable law, no holder of a Subordinated Note or a Receipt or Coupon relating thereto (if any) may exercise or claim any right of set-off in respect of any amount owed by it to the Issuer arising under or in connection with the Subordinated Notes and the Receipts and Coupons relating thereto (if any) and each holder of a Subordinated Note or a Receipt or Coupon relating thereto (if any) shall, by virtue of its subscription, purchase or holding of any such Note, Receipt or Coupon, be deemed to have waived all such rights of set-off.

4 Negative Pledge in relation to the Senior Notes

(a) Restriction

So long as any of the Senior Notes, Receipts (if any) or Coupons (if any) remain outstanding (as defined in the Trust Deed or, as the case may be, the Instrument) [neither]⁽¹⁾ the Issuer [nor the Guarantor]⁽¹⁾ nor any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Subsidiaries (as defined in Condition 10) shall create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“Security”) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer’s obligations under the Senior Notes, Receipts (if any), Coupons (if any) and the Trust Deed [or, as the case may be, the Guarantor’s obligation under the Senior Guarantee]⁽¹⁾ (A) are secured equally and rateably therewith in the same manner or to the satisfaction of the Trustee or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of the Senior Noteholders provided that nothing in this Condition 4(a) shall prevent the Issuer [or the Guarantor]⁽¹⁾ from creating or having outstanding Security on or with respect to the assets or receivables or any part thereof of the Issuer [or of the Guarantor]⁽¹⁾ which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness secured by such Security or having the benefit of such secured guarantee or indemnity is limited to the value of such assets or receivables.

(b) Relevant Debt

For the purposes of this Condition, “Relevant Debt” means any present or future (actual or contingent) indebtedness in the form of, or represented by, bonds, notes, debentures or other securities that, with the consent of the Issuer [and the Guarantor]⁽¹⁾ are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, or other recognised securities market (other than an issue which is placed in Portugal in an amount greater than 50 per cent. of its aggregate principal amount), having an original maturity of more than one year from its date of issue. For the avoidance of doubt, indebtedness, for the purpose of this definition, does not include preference shares or any other equity securities or Covered Bonds (as defined below).

“Covered Bonds” means any mortgage-backed bonds and/or covered bonds or notes (*Obrigações Hipotecárias*) issued pursuant to Decree law no. 59/2006 of 20 March (as amended) by any of the Issuers or any subsidiary thereof, the obligations of which benefit from a special creditor privilege (“*privilégio creditório especial*”) as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other eligible assets permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation.

5 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear subject, in the case of Undated Subordinated Notes, to the provisions of Condition 3(c) on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear subject, in the case of Undated Subordinated Notes, to the provisions of Condition 3(c) on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/ are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) **Rate of Interest for Index Linked Interest Notes**

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused or is not made by reason of Condition 5(m), in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(h) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes), the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such

exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”)

- (i) if “Actual/Actual” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;

- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

(vii) if “Actual/Actual-ICMA” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) Calculation Agent

The Issuer shall procure that there shall at all times be four Reference Banks and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes)) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) Undated Subordinated Notes

Interest on Undated Subordinated Notes shall accrue from day to day and shall, subject to Condition 3(c) above, be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on (but excluding) such Compulsory Interest Payment Date. On any Optional Interest Payment Date (as defined below) there may be paid

(if the Issuer so elects and gives not less than 30 days' notice of such election to the holders of Undated Subordinated Notes in accordance with Condition 16) the interest accrued in the Interest Period ending on (but excluding) such Optional Interest Payment Date (an "Accrual Period") but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose; and any interest not so paid shall, so long as the same remains unpaid, constitute "Arrears of Interest". The Issuer may at its option (after giving notice to the holders of Undated Subordinated Notes in accordance with Condition 16) at any time pay all or part of the Arrears of Interest (being, if part only, the whole of the interest accrued on all the Undated Subordinated Notes during any one or more Accrual Period(s)) but so that, in the case of any such partial payment, the interest accrued during any Accrual Period shall not be paid prior to that accrued during any earlier Accrual Period. All Arrears of Interest shall become due in full on whichever is the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of the Issuer, or, in the case of CGDF as Issuer, the Guarantor, (ii) the date set for any repayment permitted under Condition 6(c) or (d) and (iii) the commencement of winding-up of the Issuer, provided that in the case of (i), (ii) or (iii) notice shall be given to the holders of Undated Subordinated Notes in accordance with Condition 16. If notice is given by the Issuer of its intention to pay all or part of the Arrears of Interest, the Issuer shall be obliged, subject to Condition 3(c) above, to do so upon the expiry of such notice. Neither Arrears of Interest nor any interest due but unpaid shall bear interest.

For the purpose of this paragraph:

"Compulsory Interest Payment Date" means any Interest Payment Date in relation to which any dividend or other distribution has been declared, paid or made on any class of the stock or share capital of the Issuer, or in the case of CGDF as Issuer, the Guarantor in the immediately preceding interest period; and

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt (if any), in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Senior Note or Dated Subordinated Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount. Each Undated Subordinated Note is undated and accordingly has no final maturity date and is only redeemable or payable in accordance with the following provisions of this Condition or Condition 10(b).

(b) Early Redemption

(i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall (subject, in the case of Dated Subordinated Notes, to the provisions of Condition 3(b) and, in the case of Undated Subordinated Notes, to the provisions of Condition 3(c) and provided the Bank of Portugal's consent has been obtained in relation to the early redemption of either Dated or Undated Subordinated Notes) be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon, save in the case of Undated Subordinated Notes, which shall have an Early Redemption Amount equal to their nominal amount.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent thereto having been obtained from the Bank of Portugal in the case of Subordinated Notes) on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer [(or, if the Senior or Subordinated Guarantee in the case of Senior or Subordinated Notes, as the case may be, were called, the Guarantor)]⁽¹⁾ satisfies the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8(b) as a result of any change in, or amendment to, the laws or regulations of [the Cayman Islands]⁽¹⁾ [the Republic of Portugal ("Portugal")]⁽²⁾ [France]⁽⁴⁾ [Portugal]⁽³⁾ or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer [(or the Guarantor, as the case may be)]⁽¹⁾ taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer [(or the Guarantor, as the case may be)]⁽¹⁾ would be obliged to pay such additional amounts were a payment in respect of the Notes [(or the Guarantee, as the case may be)]⁽¹⁾ then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee (in the case of Notes other than Book Entry Notes) or the Portuguese Paying Agent (in the case of Non Publicly Offered Book Entry Notes) a certificate signed

by two Directors of the Issuer [(or the Guarantor, as the case may be)]⁽¹⁾ stating that the obligation referred to in (i) above cannot be avoided by the Issuer [(or the Guarantor, as the case may be)]⁽¹⁾ taking reasonable measures available to it and the Trustee or the Portuguese Paying Agent, as the case may be, shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) Redemption at the Option of the Issuer

If Call Option is specified hereon (but subject to consent thereto having been obtained from the Bank of Portugal in the case of Subordinated Notes), the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) Redemption at the Option of Noteholders

If, in relation to Senior Notes only, Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts (if any) and Coupons (if any) and unexchanged Talons (if any)) provided that no deposit of Notes will be required in respect of Non Publicly Offered Book Entry Notes with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) Purchases

The Issuer[, the Guarantor]⁽¹⁾ and any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Subsidiaries (with the consent of the Bank of Portugal in the case of Subordinated Notes) may at any time purchase Notes (provided that all unmatured Receipts (if any) and Coupons (if any) provided they comply with any applicable laws and unexchanged Talons (if any) relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) Cancellation

All Notes purchased by or on behalf of the Issuer[, the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by

surrendering each such Note together with all unmaturing Receipts (if any) and Coupons (if any) and all unexchanged Talons (if any) to the Issuing and Paying Agent or in accordance with Interbolsa regulations in case of Non Publicly Offered Book Entry Notes and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmaturing Receipts (if any) and Coupons (if any) and unexchanged Talons (if any) attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer [and the Guarantor] ⁽¹⁾ in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) Bearer Notes and Non Publicly Offered Book Entry Notes

Payments of principal and interest, including Arrears of Interest, (if any), in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

Payments in respect of the Non Publicly Offered Book Entry Notes will be made by transfer to the registered account of the Noteholder maintained by or on behalf of it with a bank that processes payments in the relevant currency, details of which appear in the records of the relevant affiliated member of Interbolsa at the close of business on the Payment Business Day (as defined below) before the due date for payment of principal and/or interest.

“Payment Business Day” means a day which (subject to Condition 8):

- (a) is or falls before the due date for payment of principal and/or interest; and
- (b) is a TARGET Settlement Day.

(b) Registered Notes

(i) Payments of Principal

Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Payments of Interest

Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth DTC business day (meaning any day on which DTC (as defined in Condition 7(b)(iv)), is open for business) before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(iii) Payment Initiation

Where payment is to be made by transfer to an account in the relevant Specified Currency, payment instructions (for value the date, or if that is not a relevant Business Day, for value the first following day which is a relevant Business Day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Paying Agent is open for business on the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent, on a day on which the Agent is open for business and on which the relevant Certificate is surrendered.

(iv) Payments Through The Depository Trust Company

Registered Notes, if so specified on them, will be issued in the form of one or more Certificates registered in the name of, or in the name of a nominee for, The Depository Trust Company (“DTC”). Payments of principal and interest in respect of Registered Notes denominated in U.S. dollars will be made in accordance with Conditions 7(b)(i), (ii) and (iii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by the Paying Agent in the relevant Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Paying Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Paying Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payment, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least twelve DTC business days prior to the relevant payment date, to receive payments in such Specified Currency. The Paying Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency.

(v) Delay in Payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(b)(iii) arrives after the due date for payment.

(vi) Payment Not Made in Full

If the amount of principal or interest which is due on any Registered Note is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest, if any, in fact paid on such Registered Note.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is not illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent initially appointed by the Issuer [and the Guarantor]⁽¹⁾ and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent act solely as agents of the Issuer [and the Guarantor]⁽¹⁾ and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer [and the Guarantor]⁽¹⁾ reserve[s]^{(2) and (5)} the right at any time with the prior written approval of the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed in each case excluding Eurolist by Euronext Lisbon, as approved by the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes), (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC or any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive and (viii) an Exchange Agent in relation to Registered Notes.

In addition, the Issuer [and the Guarantor]⁽¹⁾ shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 16.

(f) Unmatured Coupons and Receipts and unexchanged Talons

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmaturing Coupons (if any) relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon (if any) relating to such Note (whether or not attached) shall become void and no Coupon (if any) shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts (if any) relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons (if any) are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons (if any), and where any Bearer Note is presented for redemption without any unexchanged Talon (if any) relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) Other than in respect of Book Entry Notes if the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon (if any) forming part of such Coupon sheet may be surrendered at a specified office of the Paying Agents in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons (if any) that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt (if any) or Coupon (if any) is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation or in Portugal in case of Non Publicly Offered Book Entry Notes, in such jurisdictions as shall be specified as “Additional Financial Centres” hereon and: (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

(a) Payments free of withholding tax

All payments of principal and interest in respect of the Notes, the Receipts (if any) and the Coupons (if any) [or under the Senior Guarantee or the Subordinated Guarantee]⁽¹⁾ shall, subject to the conditions and limitations set out below,⁽⁴⁾ be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within [the Cayman Islands]⁽¹⁾ [Portugal]⁽²⁾ [France]⁽⁴⁾ [Portugal]⁽³⁾ or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Payments of interest and other types of remuneration on the Notes and the Coupons will be made without withholding or deduction for or on account of taxes imposed or levied by or on behalf of the Republic of Portugal where the relevant proof of non-residence status has been provided by the Noteholders and Couponholders to the Issuer (in case of Notes issued by CGD through CGDM) or to the direct registration entity (in case of Notes issued directly by CGD) prior to the Relevant Date. Where no such relevant proof of non-residence status is provided in the terms below by Noteholders or Couponholders, payments of interest and other types of remuneration to such Noteholders or Couponholders will, as set out below, be made subject to deduction of withholding tax by or on behalf of the Republic of Portugal.

All payments of principal, interest and other revenues by CGDFB in respect of Notes issued by CGDFB shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.⁽⁴⁾

(b) Additional Amounts

If applicable law should require that payments of principal or interest in respect of the Notes, the Receipts and the Coupons or payments under the Guarantee, be subject to deduction or withholding in respect of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or within [the Cayman Islands]⁽¹⁾, [Portugal]⁽²⁾, [France]⁽⁴⁾, [Portugal]⁽³⁾ or any political subdivision or any authority therein or thereof having power to tax, the Issuer [or, as the case may be, the Guarantor]⁽¹⁾ shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) Other connection

To, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with [the Cayman Islands]⁽¹⁾ [Portugal]⁽²⁾ [France]⁽⁴⁾ [Portugal]⁽³⁾ other than the mere holding of the Note, Receipt or Coupon; or

(ii) Lawful avoidance of withholding

(aa) To, or to a third party on behalf of, the effective beneficiary of the Notes in respect of whom the information and documentation (which may include certificates) required in order to comply with Decree-Law 193/2005 of 7 November, and any implementing legislation, is not received before the Relevant Date; or

(bb) To, or to a third party on behalf of, the effective beneficiary of the Notes of whom the information and documentation required in order to comply with Madeira Free Trade Zone tax regime, and any implementing legislation, is not received before the Relevant Date; or

(cc) To, or to a third party on behalf of, the effective beneficiary of the Notes (i) in respect of whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received before the Relevant Date, and (ii) who is resident in one of the contracting states; or

(dd) To, or to a third party on behalf of, the effective beneficiary of the Notes resident in a tax haven jurisdiction as defined in Order No. 150/2004, of 13 February 2004 (Portaria do Ministro das Finanças e da Administração Pública nº 150/2004), as amended from time to time, issued by the Portuguese Minister of Finance and Public Administration, with the exception of central banks and governmental agencies of those blacklisted jurisdictions, or a non-resident legal entity held, directly or indirectly, in more than 20 per cent. by entities resident in the Republic of Portugal; or

(ee) To, or to a third party on behalf of (i) a effective beneficiary of the Notes who is a Portuguese resident legal entity subject to Portuguese corporation tax with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portugal acting with respect to the holding of the Notes through a permanent establishment in Portugal; or

(iii) *Presentation more than 30 days after the Relevant Date*

Presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

(iv) *Payment to individuals*

Where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(v) *Payment by another Paying Agent*

(Except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or

(vi) *Supply of Information*

Each holder of Notes shall be responsible for supplying, in a reasonable and timely manner, any information as may be required in a reasonable and timely manner in order to comply with the identification and reporting obligations imposed on it by European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive; or

(vii) *Portugal*

If the Conditions so provide.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

(c) [Interpretation:

- (i) “Residency Information” means the confirmation that must be made by the relevant Noteholder and Couponholder, as the case may be, substantially in the terms set forth in the “Taxation” section below.
- (ii) “Statement of non-Portuguese Beneficial Ownership” means the document issued by the Noteholder or Couponholder substantially in the terms set forth in the “Taxation” section below and signed by each Noteholder or Couponholder (as the case may be) pursuant to Article 119 of the Código do Imposto sobre o Rendimento das Pessoas Singulares (“CIRS”) and Circular 6/2003.]⁽²⁾

9 Prescription

Claims against the Issuer [and/or the Guarantor]⁽¹⁾ for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within twenty years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (“Events of Default”) occurs and is continuing, the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer [and the Guarantor]⁽¹⁾ that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) In the case of Senior Notes

(i) Non-Payment

Default is made for a period of ten business days or more in the payment of any principal or interest in respect of the Notes or any of them after the due date therefor; or

(ii) Breach of Other Obligations

The Issuer [or the Guarantor]⁽¹⁾ does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 20 business days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer [or the Guarantor]⁽¹⁾ by the Trustee; or

(iii) Cross-Default

(A) Any other present or future indebtedness of the Issuer [or the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries (as defined below) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or

(B) Any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or

(C) The Issuer [or the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided, in every case, that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds the higher of U.S.\$20,000,000 (or its equivalent in other currencies) or 1 per cent. of the Shareholders' Equity of CGD; or

(iv) Enforcement Proceedings

A distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer [or the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries and adequate steps to stop and remedy such situation are not taken by CGD provided that (a) the claim in such distress, attachment, execution or other legal process exceeds U.S.\$500,000 (or its equivalent in other currencies) in each case and (b) that such distress, attachment, execution or other legal process is not, in the opinion of the Trustee, vexatious or frivolous; or

(v) *Security Enforced*

Any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer [or the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and adequate steps to stop and remedy such situation are not taken by CGD; or

(vi) *Cessation of Business*

[Any of]⁽¹⁾ the Issuer [or the Guarantor]⁽¹⁾ or any Principal Subsidiary shall cease to carry on the whole or in the opinion of the Trustee substantially the whole of its business except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or

(vii) *Insolvency*

[Any of]⁽¹⁾ the Issuer [or the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer[, the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries; or

(viii) *Winding-up*

An order is made or an effective resolution passed for the winding-up or dissolution of the Issuer [or the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries, or the Issuer [or the Guarantor]⁽¹⁾ or any of [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ Principal Subsidiaries cease or through an official action of its board of directors threaten to cease to carry on all or (in the opinion of the Trustee) a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(ix) *Ownership*

The Issuer ceases to be wholly-owned and controlled by the Guarantor; or]⁽¹⁾

(x) *Authorisation and Consents*

Any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer [and the Guarantor]⁽¹⁾ lawfully to enter into, exercise [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ rights and perform and comply with [its]⁽²⁾ and ⁽⁵⁾ [their respective]⁽¹⁾ obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of [the Cayman Islands]⁽¹⁾ [Portugal]⁽²⁾⁽³⁾ [France]⁽⁴⁾ is not taken, fulfilled or done; or

(xi) *Illegality*

It is or will become unlawful for the Issuer [or the Guarantor]⁽¹⁾ to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(xii) *Analogous Events*

Any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

(xiii) *Guarantee*

The Senior Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,]⁽¹⁾

provided that except in the case of paragraphs (i) and (viii) (in the case of winding-up or dissolution), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

For the purpose of these Conditions:

“Accounts” means the most recent annual audited consolidated accounts prepared by the Issuer in accordance with generally accepted accounting principles in the jurisdiction of incorporation of the Issuer;

“Group” means CGD and its Subsidiaries;

“Principal Subsidiary” at any time shall mean, in relation to the Issuer, any Subsidiary:

- (i) whose net assets (as shown by the then most recent audited balance sheet of such Subsidiary and attributable to the Issuer) constitutes at least ten per cent. of the consolidated net assets of the Group (as shown in the then latest Accounts); or
- (ii) whose turnover (as shown by its latest audited profit and loss account of such Subsidiary and attributable to the Issuer) constitutes at least ten per cent. of the consolidated turnover of the Group (as shown in the latest Accounts),

provided that, if a Subsidiary itself has subsidiaries and produces in respect of any year an audited consolidated balance sheet of such Subsidiary and its subsidiaries, the reference above to business assets of such Subsidiary shall be construed as a reference to business assets of such Subsidiary and its consolidated subsidiaries and the reference to the then most recent audited balance sheet of such Subsidiary shall be construed as a reference to the then most recent audited consolidated balance sheet of such Subsidiary and its consolidated subsidiaries.

A report by the Auditors (as defined in the Trust Deed) of the Issuer that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

“Subsidiary” means, in relation to the relevant Issuer [or the Guarantor]⁽¹⁾, any entity whose affairs are required by law or in accordance with generally accepted accounting principles applicable in the jurisdiction of incorporation of the relevant Issuer or the Guarantor, as the case may be, to be consolidated in the consolidated accounts of the Issuer or the Guarantor, as the case may be.

“Shareholders’ Equity of CGD” means, at any relevant time, a sum equal to the aggregate of CGD’s shareholders’ equity as certified by the Auditors (as defined in the Trust Deed) of CGD by reference to the latest audited consolidated financial statements of CGD.

(b) In the case of the Subordinated Notes

[In the event of the winding-up of the Guarantor and]⁽¹⁾ if any one or more of the following events (each an “Event of Default”) shall occur:

- (i) default is made for a period of ten business days or more in the payment of any principal or interest due, in respect of Undated Subordinated Notes only, on any Compulsory Interest Payment Date, in respect of the Notes or any of them after the due date therefor or, as the case may be, after any other date upon which the payment of interest is compulsory, the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer, but may take no further action in respect of such default. Provided that, in relation to Undated Subordinated Notes only, for the avoidance of doubt, the exercise by the Issuer of its right, pursuant to Condition 5(m), not to make any payment(s) of interest in respect of Undated Subordinated Notes shall not constitute failure to make payment of interest; or

(ii) If:

- (a) otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Issuer [or the Guarantor]⁽¹⁾ [;or
- (b) except with the prior consent in writing of the Trustee or the sanction of an Extraordinary Resolution of the Noteholders, the Guarantee is terminated or any provision of the Guarantee is modified or waived in circumstances where such modification or waiver would, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders or is not enforced in a timely manner by the Issuer or is breached by the Guarantor,⁽¹⁾

the Trustee may at its discretion, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), subject as provided below, give notice to the Issuer that the Subordinated Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 6(b)(ii) together with accrued interest as provided in the Trust Deed.

Notwithstanding the Trustee having given notice that the Undated Subordinated Notes are immediately due and repayable, the Issuer may only redeem such Notes with the prior approval of the Bank of Portugal.

There can be no assurance that the Bank of Portugal will give its approval to any such redemption, Noteholders should be aware of the fact that the Bank of Portugal approval will depend on the capital adequacy of the Issuer [and the Guarantor]⁽¹⁾.

(c) In the case of both Senior Notes and Subordinated Notes

- (i) The Trustee shall be bound to take action as referred to in paragraphs (a) and/or (b) above only if (a) it shall have been so requested in writing by Noteholders holding not less than one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (b) it shall have been indemnified or secured (whether by payment in advance or otherwise) to its satisfaction.
- (ii) No Noteholder shall be entitled to proceed directly against the Issuer [or, as the case may be, the Guarantor]⁽¹⁾ unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. No Holder shall be entitled to institute proceedings for the winding-up of the Issuer [or, as the case may be, the Guarantor or to submit a claim in such winding-up]⁽¹⁾, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so or, being able and bound to submit a claim in such winding-up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the winding-up of the Issuer [or, as the case may be, the Guarantor]⁽¹⁾ and/or submit a claim in such winding-up to the same extent (but no further or otherwise) that the Trustee would have been entitled to do.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed and, in relation to Non Publicly Offered Book Entry Notes only, the Instrument contain provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of

such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes [, or]⁽¹⁾ (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution[, or (viii) to modify or cancel the Guarantee]⁽¹⁾, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modifications

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is (in the opinion of the Trustee) of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Conditions or of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable. The Trustee may agree, without the consent of the Noteholders or Couponholders, on or after the Specified Date (as defined below) to such modifications to the Notes, the Coupons and the Trust Deed in respect of redenomination of the Notes in euro and associated reconventioning, renominatisation and related matters in respect of the Notes as may be proposed by the Issuer (and confirmed by an independent financial institution approved by the Trustee to be in conformity with then applicable market conventions and to provide for redemption at the euro equivalent of the sterling principal amount of the Notes). For these purposes, “Specified Date” means the date on which the United Kingdom participates in the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community or otherwise participates in European economic and monetary union in a manner with an effect similar to such third stage.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Relevant Issuer’s successor in business or of any other Subsidiary of CGD in place of the Issuer, or of any previous substitute, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders

and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer [or the Guarantor]⁽¹⁾ any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes (other than Publicly Offered Book Entry Notes) become due and payable, the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes) may, at its discretion and without further notice, institute such proceedings against the Issuer [and/or the Guarantor]⁽¹⁾ as it may think fit to enforce the terms of the Trust Deed, the Notes (other than Publicly Offered Book Entry Notes), the Receipts (if any) and the Coupons (if any), but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes (other than Publicly Offered Book Entry Notes) outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer [or the Guarantor]⁽¹⁾ unless the Trustee (in the case of Notes other than Publicly Offered Book Entry Notes), having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer[, the Guarantor]⁽¹⁾ and any entity related to the Issuer [or the Guarantor]⁽¹⁾ without accounting for any profit.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note (other than Book Entry Notes), Certificate, Receipt (if any), Coupon (if any) or Talon (if any) is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority requirements, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt (if any), Coupon (if any) or Talon (if any) is subsequently presented for payment or, as the case may be, for exchange for further Coupons (if any), there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons (if any) must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed and, in relation to Non Publicly Offered Book Entry Notes only, the Instrument contain provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be valid, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, if published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if not so listed, shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, on the website of the Luxembourg Stock Exchange (www.bourse.lu). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

The Issuer shall comply with Portuguese law in respect of Notices relating to Non Publicly Offered Book Entry Notes.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term and conditions of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed except Clause 3 insofar as it relates to Subordinated Notes, the Notes except Conditions 3(b) and 3(c), (d)(ii) and (iii), the Receipts (if any), the Coupons (if any) and the Talons (if any) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law save that, with respect to Non Publicly Offered Book Entry Notes only, the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, are governed by, and shall be construed in accordance with, Portuguese law. Clause 3 of the Trust Deed (insofar as it relates to Subordinated Notes) and Conditions 3(b) and 3(c), (d) (ii) and (iii) are governed by, and shall be construed in accordance with, Portuguese law.

(b) Jurisdiction

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts (if any), Coupons or Talons (if any) [or the Guaranteee]⁽¹⁾ and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts (if any), Coupons (if any) or Talons (if any) [or the Guaranteee]⁽¹⁾ ("Proceedings") may be brought in such courts. [Each of the]⁽¹⁾ [The]^{(2) and (5)} Issuer [and the Guarantor] [has]^{(2) and (5)} [have]⁽¹⁾ in the Trust Deed or the Instrument, as the case may be, irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

[Each of the]⁽¹⁾ [The]^{(2) and (5)} Issuer [and the Guarantor]⁽¹⁾ has irrevocably appointed Caixa Geral de Depósitos, London branch at its offices presently located at 10 King William Street, London EC4N 7TW as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

Notes:

(1) Square bracketed provisions will only appear on Notes issued by CGDF.

(2) Square bracketed provisions will only appear on Notes issued by CGDM.

(3) Square bracketed provisions will only appear on Notes issued by CGD.

(4) Square bracketed provisions will only appear on Notes issued by CGDFB.

(5) Square bracketed provisions will only appear on Notes issued by CGD and CGDFB.

SUMMARY OF PROVISIONS RELATING TO THE NOTES CLEARED THROUGH EUROCLEAR OF CLEARSTREAM WHILE IN GLOBAL FORM

References in this section to the “Issuer” shall be references to the party specified as such in the relevant Final Terms.

Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or

Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes or, in the case of 2.1 below, Registered Notes:

- 2.1 if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- 2.2 otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

3 Permanent Global Certificates

If the Final Terms states that the Notes are to be represented by a Permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- 3.1 if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- 3.2 if principal in respect of any Notes is not paid when due or 3.3 with the consent of the Issuer, provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

4 Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note,

or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or, if the Global Note is an NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form 42 set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6 Exchange Date

“Exchange Date” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of CGNs represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(b)(v) will apply to Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purposes of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 7(h).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System

Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

2 Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of twenty years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3 Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4 Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

5 Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer, the Guarantor (in the case of Notes issued by CGDF) or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other clearing system (as the case may be).

7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the Permanent Global Note is a CGN, presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and so long as the Notes may be listed on any other stock exchange, notices will be published in such manner as the rules of that stock exchange may require.

11 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

12 Registered Notes

Registered Notes of each Tranche of a Series which are sold in an “offshore transaction” within the meaning of Regulation S (“Unrestricted Notes”) will initially be represented by interests in an Unrestricted Global Certificate, without interest coupons, deposited with a common nominee for, and registered in the name of a common nominee of, Clearstream, Luxembourg and Euroclear on its Issue Date. Registered Notes of such Tranche sold in the United States to qualified institutional buyers pursuant to Rule 144A (“Restricted Notes”) will initially be represented by a Restricted Global Certificate, without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date. Any Restricted Global Certificate and any individual definitive Restricted Notes will bear a legend applicable to purchasers who purchase the Registered Notes as described under “Transfer Restrictions”.

Each Unrestricted Note will have a ISIN and Common Code and each Restricted Note will have a CUSIP number.

TERMS AND CONDITIONS OF THE PUBLICLY OFFERED BOOK ENTRY NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Publicly Offered Book Entry Notes in book entry form, representing each Series. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. References in the Conditions to “Publicly Offered Book Entry Notes” are to the Publicly Offered Book Entry Notes of one Series only, not to all Notes that may be issued under the Programme.

Notes in book entry form that are publicly offered in Portugal (“Publicly Offered Book Entry Notes”) are constituted by registration in the Interbolsa book-entry system and governed by these conditions and its Schedule attached hereto. An amended and restated agency agreement dated 2 April 2009 (as amended or supplemented as at the Issue Date, the “Agency Agreement”) has been entered into in relation to the Notes between the Issuer, the other issuers named in it, the guarantor named in it, Citicorp Trustee Company Limited, Citibank, N.A. as initial issuing and paying agent and calculation agent and the other agents named in it. The issuing and paying agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent) and the “Calculation Agent(s)”. Copies of the Agency Agreement are available for inspection during usual business hours at the specified offices of the Paying Agents. Citibank International plc, Sucursal em Portugal will be the paying agent in Portugal (the “Portuguese Paying Agent”).

The Noteholders are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

The Publicly Offered Book Entry Notes are issued in dematerialised book-entry form (*forma escritural*) either in bearer (*ao portador*) or in registered (*nominativas*) form in the specified denomination provided that in the case of any Publicly Offered Book Entry Notes which are to be admitted to trading on a regulated market within the European Union or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €1,000 as indicated in the applicable Final Terms.

The Publicly Offered Book Entry Notes will be registered by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“Interbolsa”) as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) (“CVM”).

Each person shown in the individual securities accounts held with an affiliated member of Interbolsa as having an interest in the Publicly Offered Book Entry Notes shall be considered the holder of the principal amount of Publicly Offered Book Entry Notes recorded. One or more certificates in relation to the Publicly Offered Book Entry Notes (each a “Certificate”) will be delivered to the relevant Noteholder by the financial intermediary with which the relevant Publicly Offered Book Entry Notes are held in a securities account in respect of the relevant Noteholder’s registered holding of Publicly Offered Book Entry Notes upon the request by the relevant Noteholder and in accordance with that financial intermediary’s procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

Title to the Publicly Offered Book Entry Notes passes upon registration in the relevant individual securities accounts held with an affiliated member of Interbolsa. Any Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

This Publicly Offered Book Entry Note is a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note (together “Subordinated Notes”) which may qualify as a Cash Bond Note (*obrigação de caixa*), as indicated in the applicable Final Terms.

This Publicly Offered Book Entry Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Publicly Offered Book Entry Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

In these Conditions, “Noteholder” for the purposes of Publicly Offered Book Entry Notes in book entry form and (in relation to a Publicly Offered Book Entry Note) “holder” mean the person in whose name a Publicly Offered Book Entry Note is registered in the relevant individual securities accounts held with an affiliated member of Interbolsa.

2 Status

(a) Status of Senior Notes

The Senior Notes are direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, save for those that have been accorded by law preferential rights.

(b) Status of Dated Subordinated Notes

The Dated Subordinated Notes are direct and unsecured obligations of the Issuer subordinated as provided below and rank and will rank *pari passu* among themselves.

The claims of the holders of the Dated Subordinated Notes against the Issuer in respect of payments pursuant to the Dated Subordinated Notes will, in the event of the bankruptcy or winding-up of the Issuer (to the extent permitted by Portuguese law), be subordinated in right of payment to the claims of all unsubordinated creditors of the Issuer (including claims of depositors) so that in the bankruptcy or winding-up of the Issuer, no payment will be made in respect of the Dated Subordinated Notes unless the claims of all unsubordinated creditors (including claims of depositors) of the Issuer, to the extent that such claims are admitted to proof in the bankruptcy or winding-up (not having been satisfied out of the other resources of the Issuer), excluding interest accruing after commencement of the bankruptcy or winding-up, shall have been paid, satisfied or discharged in full and will rank, in the event of the bankruptcy or winding-up of the Issuer, at least *pari passu* in right of payment with all other Subordinated Indebtedness, present and future, of the Issuer.

For the purposes of this paragraph (b), “Subordinated Indebtedness” means all indebtedness of the Issuer which is subordinated, in the event of the bankruptcy or winding-up of the Issuer, in right of payment to the claims of unsubordinated creditors of the Issuer including claims of depositors other than indebtedness which ranks or is expressed to rank junior to the Dated Subordinated Notes and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

(c) Status of Undated Subordinated Notes

The Undated Subordinated Notes are direct and unsecured obligations of the Issuer subordinated, to the extent permitted by Portuguese law, to the claims of Senior Creditors of the Issuer (as defined below) in that payment by the Issuer (insofar as such payment relates to payment obligations of the Issuer in respect of Undated Subordinated Notes) is conditional upon the Issuer being solvent (as described below) at the time of payment by the Issuer to the Noteholders and in that no such payment shall be made except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if both (i) it is able to pay its debts to Senior Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities (each as defined below) to Senior Creditors of the Issuer. A report as to the solvency of the Issuer by two directors of the Issuer or, if the directors have not reported within 14 days before any payment is due, the Auditors of the Issuer, or, if the Issuer is being wound up, its liquidator shall, in each case in the absence of manifest error, be treated and accepted by the Issuer and any holder of Undated Subordinated Notes as correct and sufficient evidence thereof. In

the absence of any such report to the contrary, it shall be assumed (unless the contrary is proved prior to the date of payment) that the Issuer is and will after payment hereunder be solvent for such purposes. The Issuer shall give prompt notice to the Noteholders, if, at any time, it would not be solvent (as described above).

For the purposes of this paragraph (c), “Assets” means the total consolidated gross assets of the Issuer and “Liabilities” means the total consolidated gross liabilities of the Issuer, all as shown by the latest published audited consolidated balance sheet of the Issuer but adjusted for contingencies and for subsequent events in such manner and to such extent as such directors, auditors, or liquidator, as the case may be, may determine to be appropriate.

Any amounts which might otherwise have been allocated in or toward payment of principal and interest in respect of Undated Subordinated Notes will be available to meet the losses of the Issuer.

If, otherwise than for the purpose of a reconstruction or amalgamation on terms previously approved by an Extraordinary Resolution (as defined in the Schedule attached hereto) of the Noteholders or the Common Representative (as defined in Condition 11) if so authorised to approve such reconstruction or amalgamation on the Noteholders’ behalf by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Issuer in Portugal, the Issuer shall, in lieu of any other payment in respect of Undated Subordinated Notes, be obliged to pay, in respect of each Undated Subordinated Note, such amounts as would have been payable if the holder thereof had, on the day preceding the commencement of such winding-up, become a holder of preference stock or shares in the capital of the Issuer forming or being part of a class having a preferential right in the winding-up over the holders of all other classes of stock or shares in the capital of the Issuer and entitled to receive in such winding-up an amount equal to the full amount payable under the Issuer in respect of such Undated Subordinated Note.

For the purpose of this paragraph (c), “Senior Creditors of the Issuer” means creditors of the Issuer (i) who are unsubordinated creditors of the Issuer; or (ii) who are subordinated creditors of the Issuer (including the holders of Dated Subordinated Notes) other than those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of the holders of the Undated Subordinated Notes (whether only in the event of a bankruptcy or winding-up of the Issuer or otherwise).

(d) No Set-Off in respect of Subordinated Notes

Subject to applicable law, no holder of a Subordinated Note may exercise or claim any right of set-off in respect of any amount owed by it to the Issuer arising under or in connection with the Subordinated Notes and each holder of a Subordinated Note shall, by virtue of its subscription, purchase or holding of any such Note, be deemed to have waived all such rights of set-off.

3 Negative Pledge in relation to the Senior Notes

(a) Restriction

So long as any of the Senior Notes remain outstanding (as defined below), neither the Issuer nor any of its Subsidiaries (as defined in Condition 9) shall create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“Security”) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer’s obligations under the Senior Notes have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Senior Noteholders or the Common Representative (as defined in Condition 11) if so authorised to approve such security, guarantee, indemnity or other arrangement on the Noteholders’ behalf by an Extraordinary Resolution of the Noteholders provided that nothing in this Condition 3(a) shall prevent the Issuer from creating or having outstanding Security on or with respect to the assets or receivables or any part thereof of the Issuer which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness secured by such Security or having the benefit of such secured guarantee or indemnity is limited to the value of such assets or receivables.

For the purposes of these Conditions, “outstanding” means, in relation to the Notes, all the Notes issued except (a) those which have been redeemed, (b) those in respect of which the date for redemption has occurred and the redemption moneys have been duly paid to the relevant Noteholder or on its behalf and remain available for payment in accordance with the Rules, (c) those in respect of which claims have become prescribed under Condition 8 and (d) those which have been purchased and cancelled as provided in the Conditions, provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of Noteholders and (2) the determination of how many Notes are outstanding for the purposes of Condition 10 and the Schedule, those Notes which are beneficially held by or on behalf of the Issuer, or any of its Subsidiaries and not cancelled shall (unless no longer so held) be deemed not to remain outstanding. “Rules” means the legislation, rules, regulations and operating procedures from time to time applicable to and/or stipulated by Interbolsa in relation to the CVM.

(b) Relevant Debt

For the purposes of this Condition, “Relevant Debt” means any present or future (actual or contingent) indebtedness in the form of, or represented by, bonds, notes, debentures or other securities that, with the consent of the Issuer are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, or other recognised securities market (other than an issue which is placed in Portugal in an amount greater than 50 per cent. of its aggregate principal amount), having an original maturity of more than one year from its date of issue. For the avoidance of doubt, indebtedness, for the purpose of this definition, does not include preference shares or any other equity securities or Covered Bonds (as defined below).

“Covered Bonds” means any mortgage-backed bonds and/or covered bonds or notes (*Obrigações Hipotecárias*) issued pursuant to Decree law no. 59/2006 of 20 March 2006 (as amended) by any of the Issuers or any subsidiary thereof, the obligations of which benefit from a special creditor privilege (*privilegio creditório especial*) as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other eligible assets permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation.

4 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear subject, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c) on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear subject, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c) on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is

more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Publicly Offered Book Entry Notes will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the

relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) Rate of Interest for Index Linked Interest Notes

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) Zero Coupon Notes

Where a Publicly Offered Book Entry Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Publicly Offered Book Entry Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Publicly Offered Book Entry Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(d) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Publicly Offered Book Entry Notes and otherwise as specified hereon.

(e) Accrual of Interest

Interest shall cease to accrue on each Publicly Offered Book Entry Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused or is not made by reason of Condition 4(l), in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(f) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(g) Calculations

The amount of interest payable per Calculation Amount in respect of any Publicly Offered Book Entry Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such

Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Publicly Offered Book Entry Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Publicly Offered Book Entry Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Publicly Offered Book Entry Notes that is to make a further calculation upon receipt of such information and, if the Publicly Offered Book Entry Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Publicly Offered Book Entry Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Publicly Offered Book Entry Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Publicly Offered Book Entry Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”);

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls; “Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls; “M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls; “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls; “D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (vii) if “Actual/Actual-ICMA” is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Publicly Offered Book Entry Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Publicly Offered Book Entry Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(j) Calculation Agent

The Issuer shall procure that there shall at all times be four Reference Banks and one or more Calculation Agents if provision is made for them hereon and for so long as any Publicly Offered Book Entry Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Publicly Offered Book Entry Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any

Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(k) Undated Subordinated Notes

Interest on Undated Subordinated Notes shall accrue from day to day and shall, subject to Condition 2(c) above, be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on (but excluding) such Compulsory Interest Payment Date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects and gives not less than 30 days' notice of such election to the holders of Undated Subordinated Notes in accordance with Condition 13) the interest accrued in the Interest Period ending on (but excluding) such Optional Interest Payment Date (an "Accrual Period") but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose; and any interest not so paid shall, so long as the same remains unpaid, constitute "Arrears of Interest". The Issuer may at its option (after giving notice to the holders of Undated Subordinated Notes in accordance with Condition 13) at any time pay all or part of the Arrears of Interest (being, if part only, the whole of the interest accrued on all the Undated Subordinated Notes during any one or more Accrual Period(s)) but so that, in the case of any such partial payment, the interest accrued during any Accrual Period shall not be paid prior to that accrued during any earlier Accrual Period. All Arrears of Interest shall become due in full on whichever is the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of the Issuer, (ii) the date set for any repayment permitted under Condition 5(c) or (d) and (iii) the commencement of winding-up of the Issuer, provided that in the case of (i), (ii) or (iii) notice shall be given to the holders of Undated Subordinated Notes in accordance with Condition 13. If notice is given by the Issuer of its intention to pay all or part of the Arrears of Interest, the Issuer shall be obliged, subject to Condition 2(c) above, to do so upon the expiry of such notice. Neither Arrears of Interest nor any interest due but unpaid shall bear interest.

For the purpose of this paragraph:

"Compulsory Interest Payment Date" means any Interest Payment Date in relation to which any dividend or other distribution has been declared, paid or made on any class of the stock or share capital of the Issuer in the immediately preceding interest period; and "Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

5 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Publicly Offered Book Entry Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Publicly Offered Book Entry Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Publicly Offered Book Entry Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt (if any), in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Senior Note or Dated Subordinated Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its

nominal amount) or, in the case of a Publicly Offered Book Entry Note falling within paragraph (i) above, its final Instalment Amount. Each Undated Subordinated Note is undated and accordingly has no final maturity date and is only redeemable or payable in accordance with the following provisions of this Condition or Condition 9(b).

(b) Early Redemption

(i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Publicly Offered Book Entry Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Publicly Offered Book Entry Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Publicly Offered Book Entry Note shall be the scheduled Final Redemption Amount of such Publicly Offered Book Entry Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Publicly Offered Book Entry Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Publicly Offered Book Entry Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Publicly Offered Book Entry Note shall (subject, in the case of Dated Subordinated Notes, to the provisions of Condition 2(b) and, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c) and provided the Bank of Portugal's consent has been obtained in relation to the early redemption of either Dated or Undated Subordinated Notes) be the Amortised Face Amount of such Publicly Offered Book Entry Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Publicly Offered Book Entry Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Publicly Offered Book Entry Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Publicly Offered Book Entry Note (other than Publicly Offered Book Entry Notes described in (i) above), upon redemption of such Publicly Offered Book Entry Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon, save in the case of Undated Subordinated Notes, which shall have an Early Redemption Amount equal to their nominal amount.

(c) Redemption for Taxation Reasons

The Publicly Offered Book Entry Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent thereto having been obtained from the Bank of Portugal in the case of Subordinated Notes) on any Interest Payment Date (if this Publicly Offered Book Entry Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Publicly

Offered Book Entry Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as described under Condition 7(b) as a result of any change in, or amendment to, the laws or regulations of the Republic of Portugal ("Portugal") or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Publicly Offered Book Entry Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Portuguese Paying Agent and the Common Representative (as defined in Condition 11), if such Common Representative has been appointed, a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption at the Option of the Issuer

If Call Option is specified hereon (but subject to consent thereto having been obtained from the Bank of Portugal in the case of Subordinated Notes), the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem all or, if so provided, some of the Publicly Offered Book Entry Notes on any Optional Redemption Date. Any such redemption of Publicly Offered Book Entry Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Publicly Offered Book Entry Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Publicly Offered Book Entry Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of Publicly Offered Book Entry Notes, the nominal amount of all outstanding Publicly Offered Book Entry Notes will be redeemed proportionally.

(e) Redemption at the Option of Noteholders

If, in relation to Senior Notes only, Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Publicly Offered Book Entry Note, upon the holder of such Publicly Offered Book Entry Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon), redeem such Publicly Offered Book Entry Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent within the notice period. No option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) Purchases

The Issuer and any of its Subsidiaries (with the consent of the Bank of Portugal in the case of Subordinated Notes) may at any time purchase Publicly Offered Book Entry Notes in the open market or otherwise at any price.

(h) Cancellation

All Publicly Offered Book Entry Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation in accordance with Interbolsa regulations and if so surrendered, shall, together with all Publicly Offered Book Entry Notes redeemed by the Issuer, be cancelled forthwith. Any Publicly Offered Book Entry Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Publicly Offered Book Entry Notes shall be discharged.

6 Payments and Talons

(a) Payments

Payments in respect of the Publicly Offered Book Entry Notes will be made by transfer to the registered account of the Noteholder maintained by or on behalf of it with a bank that processes payments in the relevant currency, details of which appear in the records of the relevant affiliated member of Interbolsa at the close of business on the Payment Business Day (as defined below) before the due date for payment of principal and/or interest.

“Payment Business Day” means a day which (subject to Condition 7):

- (a) is or falls before the due date for payment of principal and/or interest; and
- (b) is a TARGET Settlement Day.

(b) Payments in the United States

Notwithstanding the foregoing, if any Publicly Offered Book Entry Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Publicly Offered Book Entry Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is not illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) Payments subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) Paying Agents having specified offices in at least two major European cities, (iv) such other agents as may be required by the rules of any other stock exchange on which the Publicly Offered Book Entry Notes may be listed, in each case excluding Eurolist by Euronext Lisbon, and (v) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC or any European Union Directive on the taxation of savings income implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Publicly Offered Book Entry Notes denominated in U.S. dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 13.

(e) Non-Business Days

If any date for payment in respect of any Publicly Offered Book Entry Note is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Portugal, in such jurisdictions as shall be specified as “Additional Financial Centres” hereon and (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in euro) which is a TARGET Business Day.

7 Taxation

(a) Payments free of Withholding Tax

All payments of principal and interest in respect of the Publicly Offered Book Entry Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Portugal or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Payments of interest and other types of remuneration on the Publicly Offered Book Entry Notes will be made without withholding or deduction for or on account of taxes imposed or levied by or on behalf of the Republic of Portugal where the relevant proof of non-residence status has been provided by the Noteholders to the direct registration entity prior to the Relevant Date. Where no such relevant proof of non-residence status is provided in the terms below by Noteholders, payments of interest and other types of remuneration to such Noteholders will, as set out below, be made subject to deduction of withholding tax by or on behalf of the Republic of Portugal.

(b) Additional Amounts

If applicable law should require that payments of principal or interest in respect of the Publicly Offered Book Entry Notes be subject to deduction or withholding in respect of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or within Portugal or any political subdivision or any authority therein or thereof having power to tax, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Publicly Offered Book Entry Note:

(i) Other Connection

To, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Publicly Offered Book Entry Note by reason of his having some connection with Portugal other than the mere holding of the Publicly Offered Book Entry Note; or

(ii) Lawful Avoidance of Withholding

(A) To, or to a third party on behalf of, an effective beneficiary of the Publicly Offered Book Entry Notes in respect of whom the information and documentation (which may include certificates) required in order to comply with Decree-Law 193/2005 of 7 November 2005, and any implementing legislation, is not received before the Relevant Date; or

- (B) To, or to a third party on behalf of, an effective beneficiary of the Publicly Offered Book Entry Notes in respect of whom the information and documentation required in order to comply with the Madeira Free Trade Zone tax regime, and any implementing legislation, is not received before the Relevant Date; or
 - (C) To, or to a third party on behalf of, an effective beneficiary of the Publicly Offered Book Entry Notes (i) in respect of whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received before the Relevant Date, and (ii) who is resident in one of the contracting states; or
 - (D) To, or to a third party on behalf of, an effective beneficiary of the Publicly Offered Book Entry Notes resident in a tax haven jurisdiction as defined in Order 150/2004, of 13 February 2004 (*Portaria do Ministro das Finanças e da Administração Pública n.º 150/2004*), as amended from time to time, issued by the Portuguese Minister of Finance and Public Administration, with the exception of central banks and governmental agencies of those blacklisted jurisdictions, or a non-resident legal entity held, directly or indirectly, in more than 20 per cent. by entities resident in the Republic of Portugal; or
 - (E) To, or to a third party on behalf of, (i) an effective beneficiary of the Publicly Offered Book Entry Notes who is a Portuguese resident legal entity subject to Portuguese corporation tax, with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portugal acting with respect to a holding of the Publicly Offered Book Entry Notes through a permanent establishment in Portugal; or
- (iii) *Presentation more than 30 Days after the Relevant Date*
- Presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- (iv) *Payment to Individuals*
- Where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) *Payment by Another Paying Agent*
- Presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Publicly Offered Book Entry Note to another Paying Agent in a Member State of the European Union; or
- (vi) *Supply of Information*
- Each holder of Publicly Offered Book Entry Notes shall be responsible for supplying, in a reasonable and timely manner, any information as may be required in a reasonable and timely manner in order to comply with the identification and reporting obligations imposed on it by European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vii) *Portugal*
- If the Conditions so provide.
- As used in these Conditions, “Relevant Date” in respect of any Publicly Offered Book Entry Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which

payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Publicly Offered Book Entry Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Publicly Offered Book Entry Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

8 Prescription

Claims against the Issuer for payment in respect of the Publicly Offered Book Entry Notes shall be prescribed and become void unless made within twenty years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9 Events of Default

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Publicly Offered Book Entry Note, unless a Common Representative (as defined in Condition 11) has been authorised to declare the Publicly Offered Book Entry Notes due and payable on the Noteholders’ behalf by an Extraordinary Resolution of the Noteholders, in which case the Common Representative only, may give written notice to the Portuguese Paying Agent that the Publicly Offered Book Entry Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) In the case of Senior Notes

(i) Non-Payment

Default is made for a period of ten business days or more in the payment of any principal or interest in respect of the Publicly Offered Book Entry Notes or any of them after the due date therefor; or

(ii) Breach of Other Obligations

The Issuer does not perform or comply with any one or more of its other obligations in the Publicly Offered Book Entry Notes which default is incapable of remedy or is not remedied within 20 business days after notice of such default shall have been given to the Portuguese Paying Agent or the Common Representative, if such Common Representative has been appointed, at its specified office by any Noteholder; or

(iii) Cross-Default

- (A) Any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries (as defined below) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
- (B) Any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or
- (C) The Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided, in every case, that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or

more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds the higher of U.S.\$20,000,000 (or its equivalent in other currencies) or 1 per cent. of the Shareholders' Equity of CGD; or

(iv) *Enforcement Proceedings*

A distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and adequate steps to stop and remedy such situation are not taken by CGD, provided that (a) the claim in such distress, attachment, execution or other legal process exceeds U.S.\$500,000 (or its equivalent in other currencies) in each case and (b) such distress, attachment, execution or other legal process is not vexatious or frivolous; or

(v) *Security Enforced*

Any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and adequate steps to stop and remedy such situation are not taken by CGD; or

(vi) *Cessation of Business*

The Issuer or any Principal Subsidiary shall cease to carry on the whole or substantially the whole of its business except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders or the Common Representative, if such Common Representative has been so authorised to approve the terms of such reconstruction, amalgamation, reorganisation, merger or consolidation on the Noteholders' behalf by an Extraordinary Resolution of the Noteholders; or

(vii) *Insolvency*

The Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer or any of its Principal Subsidiaries; or

(viii) *Winding-up*

An order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries cease or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders or the Common Representative if such Common Representative has been so authorised to approve the terms of such reconstruction, amalgamation, reorganisation, merger or consolidation on the Noteholders' behalf by an Extraordinary Resolution of the Noteholders; or

(ix) *Authorisation and Consents*

Any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Publicly Offered Book Entry Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Publicly Offered Book Entry Notes admissible in evidence in the courts of Portugal is not taken, fulfilled or done; or

(x) *Illegality*

It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Publicly Offered Book Entry Notes; or

(xi) *Analogous Events*

Any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purpose of these Conditions: “Accounts” means the most recent annual audited consolidated accounts prepared by the Issuer in accordance with generally accepted accounting principles in the jurisdiction of incorporation of the Issuer;

“Auditors” means the auditors for the time being of CGD or if they are unable or unwilling to carry out any action requested of them under these Conditions, such other firm of accountants as may be nominated by the Issuer and approved by the Common Representative if such Common Representative has been appointed;

“Group” means CGD and its Subsidiaries;

“Principal Subsidiary” at any time shall mean, in relation to the Issuer, any Subsidiary:

- (i) whose net assets (as shown by the then most recent audited balance sheet of such Subsidiary and attributable to the Issuer) constitutes at least ten per cent. of the consolidated net assets of the Group (as shown in the then latest Accounts); or
- (ii) whose turnover (as shown by its latest audited profit and loss account of such Subsidiary and attributable to the Issuer) constitutes at least ten per cent. of the consolidated turnover of the Group (as shown in the latest Accounts),

provided that, if a Subsidiary itself has subsidiaries and produces in respect of any year an audited consolidated balance sheet of such Subsidiary and its subsidiaries, the reference above to business assets of such Subsidiary shall be construed as a reference to business assets of such Subsidiary and its consolidated subsidiaries and the reference to the then most recent audited balance sheet of such Subsidiary shall be construed as a reference to the then most recent audited consolidated balance sheet of such Subsidiary and its consolidated subsidiaries.

“Subsidiary” means, in relation to the Issuer, any entity whose affairs are required by law or in accordance with generally accepted accounting principles applicable in the jurisdiction of incorporation of the Issuer to be consolidated in the consolidated accounts of the Issuer.

“Shareholders’ Equity of CGD” means, at any relevant time, a sum equal to the aggregate of CGD’s shareholders’ equity as certified by the Auditors of CGD by reference to the latest audited consolidated financial statements of CGD.

(b) *In the case of the Subordinated Notes*

If any one or more of the following events (each an “Event of Default”) shall occur:

- (i) default is made for a period of ten business days or more in the payment of any principal or interest due, in respect of Undated Subordinated Notes only, on any Compulsory Interest Payment Date, in respect of the Publicly Offered Book Entry Notes or any of them after the due date therefor or, as the case may be, after any other date upon which the payment of interest is compulsory, any Noteholder, unless a Common Representative has been authorised to institute proceedings for the winding-up of the Issuer on the Noteholders’ behalf by an Extraordinary Resolution of the Noteholders, in which case the Common Representative only, may institute proceedings for the winding-up of the Issuer, but may take no further action in respect of such default. Provided that, in relation to Undated Subordinated Notes only, for the avoidance of doubt, the exercise by the Issuer of its right, pursuant to Condition 4(l), not to make any payment(s) of interest in respect of Undated Subordinated Notes shall not constitute failure to make payment of interest; or
- (ii) If otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved by an Extraordinary Resolution of the Noteholders or the Common Representative if so authorised to approve the terms of such reconstruction or

amalgamation on the Noteholders' behalf by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Issuer, any Noteholder, unless a Common Representative has been authorised to give notice that the Subordinated Notes are immediately due and payable on the Noteholders' behalf by an Extraordinary Resolution of the Noteholders, in which case the Common Representative only, may give written notice to the Portuguese Paying Agent that the Subordinated Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 5(b)(ii) together with accrued interest.

Notwithstanding any Noteholder or the Common Representative, as the case may be, having given notice that the Undated Subordinated Notes are immediately due and repayable, the Issuer may only redeem such Publicly Offered Book Entry Notes with the prior approval of the Bank of Portugal.

There can be no assurance that the Bank of Portugal will give its approval to any such redemption, Noteholders should be aware of the fact that the Bank of Portugal approval will depend on the capital adequacy of the Issuer.

10 Meetings of Noteholders, Modification and Waiver

(a) Meetings of Noteholders

A meeting of Noteholders may be convened by the Common Representative (if any) or, if (i) no Common Representative has been appointed or (ii) if appointed, the relevant Common Representative has failed to convene a meeting, by the chairman of the general meeting of shareholders of the Issuer, and shall be convened if requested by Noteholders holding not less than 5 per cent. in principal amount of the Publicly Offered Book Entry Notes for the time being outstanding. The quorum for any meeting shall be one or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes the consideration of proposals relating to the modification or waiver of any of these Conditions or of any matters in connection with Conditions 2, 3 and 9, in which case, and except if it is an adjourned meeting, such quorum shall be a person or persons holding or representing at least 50 per cent. of the aggregate principal amount of the Notes then outstanding. The number of votes required to pass a resolution on a matter other than a modification or waiver to any of these Conditions or of any matters as set out in Conditions 2, 3 and 9 (an "Extraordinary Resolution") is a majority of the votes cast at the relevant meeting; the majority required to pass an Extraordinary Resolution is at least 50 per cent. of the aggregate principal amount of the Notes then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting regardless of any quorum. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

These Conditions may be amended, modified or varied in relation to any Series of Publicly Offered Book Entry Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modifications

Provided that a Common Representative has been appointed, the Issuer may agree with the Common Representative to (i) any modification of any of the provisions of any of these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or is made to comply with mandatory provisions of law, and (ii) any other modification or waiver of any of these Conditions that is not materially prejudicial to the interests of the Noteholders. Any such modification or waiver shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable. The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

11 Common Representative

The Noteholders shall at all times be entitled to appoint and dismiss by resolution a Common Representative. Upon the appointment of a new Common Representative pursuant to this Condition, any previously appointed and dismissed Common Representative will immediately cease its engagement and will be under the obligation immediately to transfer to the new Common Representative appointed by the Noteholders all documents and information then held by such Common Representative pertaining to the Publicly Offered Book Entry Notes. As used herein: “Common Representative” means a law firm, an accountant’s firm or an individual person (which is not a holder of Publicly Offered Book Entry Notes), which may be appointed by the holders of Publicly Offered Book Entry Notes under the terms of the Portuguese Companies Code (*Código das Sociedades Comerciais*).

12 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Publicly Offered Book Entry Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Publicly Offered Book Entry Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Publicly Offered Book Entry Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Publicly Offered Book Entry Notes.

13 Notices

Notices to the Noteholders shall comply with the applicable legal requirements. All notices regarding the Publicly Offered Book Entry Notes will be deemed to be validly given on the date of the respective publication and may be given in any way which complies with the Portuguese Security Code (*Código dos Valores Mobiliários*) and Interbolsa’s rules and regulations on notices to investors, notably the disclosure of information through the website of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários* (the “CMVM”)) (www.cmvm.pt) and/or the Issuer’s website (www.cgd.pt). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Publicly Offered Book Entry Notes are for the time being listed.

14 Governing Law and Jurisdiction

(a) Governing Law

The Publicly Offered Book Entry Notes and any non-contractual obligations in connection with them are governed by, and shall be construed in accordance with, Portuguese law.

(b) Jurisdiction

The Courts of Portugal are to have jurisdiction to settle any disputes that may arise out of or in connection with any Publicly Offered Book Entry Notes and accordingly any legal action or proceedings arising out of or in connection with any Publicly Offered Book Entry Notes (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

SCHEDULE

PROVISIONS FOR MEETINGS OF HOLDERS OF PUBLICLY OFFERED BOOK ENTRY NOTES

The provisions for meetings of holders of Publicly Offered Book Entry Notes are generally provided for in the Portuguese Companies Code (Código das Sociedades Comerciais) and have been summarised in the provisions of this Schedule. In the event of any inconsistency between the provisions in this Schedule and those in the Portuguese Companies Code, the provisions in the Portuguese Companies Code shall prevail.

1 CONVENING OF MEETING

1.1 Convening of meeting

A meeting of holders of Publicly Offered Book Entry Notes of a given Series may be convened by (A) the Common Representative, at any time, or if (i) the Common Representative refuses to convene such a meeting or (ii) the meeting fails to be convened because a Common Representative has not been appointed, (B) the chairman of the general meeting of the shareholders of the Issuer in accordance with article 355 of the Portuguese Companies Code. The Common Representative and the chairman of the general meeting of the shareholders of the Issuer must convene a meeting if so requested by holders of Publicly Offered Book Entry Notes holding not less than five per cent. of the aggregate principal amount of the Publicly Offered Book Entry Notes of the relevant Series. Every meeting of holders of Publicly Offered Book Entry Notes shall be held on the date, and at the time and place, approved by the Common Representative or the chairman, as the case may be, as specified in the notice for such meeting of holders of Publicly Offered Book Entry Notes.

1.2 Judicial convening of meeting by holders of Publicly Offered Book Entry Notes

If the Common Representative and the chairman of the general meeting of the shareholders of the Issuer refuse to convene a meeting, the holders of Publicly Offered Book Entry Notes holding not less than five per cent. of the aggregate principal amount of the Publicly Offered Book Entry Notes of the relevant Series may require that the meeting of the holders of such Publicly Offered Book Entry Notes be judicially convened, in accordance with article 355-3 of the Portuguese Companies Code.

2 NOTICE

2.1 Notice period and notice details

For the purposes of convening a meeting of holders of Publicly Offered Book Entry Notes, the Common Representative or the chairman of the general meeting of shareholders of the Issuer, as the case may be, shall give all holders of Publicly Offered Book Entry Notes a notice of such meeting at least 30 calendar days (as per article 377-4 of the Portuguese Companies Code, applicable ex vi article 355-2 of the same Code) prior to the date of such meeting of holders of Publicly Offered Book Entry Notes, in accordance with the applicable laws and regulations, including any rules and regulations of Interbolsa, CMVM and of any stock exchange where the Publicly Offered Book Entry Notes are listed. Such notice shall contain the full identification details of the Issuer, shall specify the date, time, place and agenda of the meeting of holders of Publicly Offered Book Entry Notes and be disclosed in accordance with all the aforementioned rules and regulations, including the provisions of article 167 of the Portuguese Companies Code and/or the legal or regulatory provisions that may substitute or supplement it.

2.2 Notice of proposed resolutions

A notice calling for a meeting of holders of Publicly Offered Book Entry Notes shall set out the full text of any resolutions to be approved unless the Common Representative agrees that such notice shall instead specify the nature of the resolutions without including the full text. Such notice shall make reference, in relation to the Issuer, to the matters set out in article 171 of the Portuguese Companies Code including the place, date and the time for the meeting as well as the nature of the meeting (of joint or separate series) and any requirements for the exercise of voting rights.

3 CHAIRMAN

The Common Representative (or any duly authorised representative thereof) will take the chair at any meeting of holders of Publicly Offered Book Entry Notes. If the Common Representative, or any duly authorised representative thereof, is not present within 15 minutes after the time fixed for the meeting of holders of Publicly Offered Book Entry Notes, the chairman of the general meeting of shareholders of the Issuer shall take the chair of such meeting of the holders of Publicly Offered Book Entry Notes. The chairman of an adjourned meeting of holders of Publicly Offered Book Entry Notes need not be the same person as was the chairman of the original meeting.

4 QUORUM AND MAJORITIES

4.1 Quorum

The quorum at any meeting of holders of Publicly Offered Book Entry Notes convened to vote on:

4.1.1 a resolution other than an Extraordinary Resolution will be one or more persons holding, or representing holders of, Publicly Offered Book Entry Notes of the relevant Series, whatever the nominal amount of the Publicly Offered Book Entry Notes so held or represented in such Series; or

4.1.2 an Extraordinary Resolution will be one or more persons holding or representing at least 50 per cent. of the aggregate principal amount of the Publicly Offered Book Entry Notes of the relevant Series then outstanding or, at any adjourned meeting, one or more persons holding, or representing holders of, Publicly Offered Book Entry Notes of the relevant Series, whatever the nominal amount of the Publicly Offered Book Entry Notes so held or represented in such Series.

4.2 Majorities

The majorities required to approve a resolution at any meeting convened in accordance with these rules shall be:

4.2.1 if in respect of a resolution other than an Extraordinary Resolution, the majority of the votes cast at the relevant meeting of holders of Publicly Offered Book Entry Notes; or

4.2.2 if in respect of an Extraordinary Resolution, at least 50 per cent. of the aggregate principal amount of the Publicly Offered Book Entry Notes then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting of holders of Publicly Offered Book Entry Notes.

5 ADJOURNED MEETING

The chairman may, and if directed by the majority of the votes cast at the relevant meeting of holders of Publicly Offered Book Entry Notes, shall adjourn such meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

6 PARTICIPATION

Besides the holders or representatives of the holders of Publicly Offered Book Entry Notes, the following persons may attend a meeting: (a) representatives of the Issuer and the Common Representative; (b) the financial advisers of the Issuer and the Common Representative; (c) the legal counsel to the Issuer and the Common Representative; (d) any other person approved by those present at the meeting of holders of Publicly Offered Book Entry Notes or by the Common Representative; and (e) any other person authorised by law.

7 VOTES

Each holder of Publicly Offered Book Entry Notes or its representative shall have one vote in respect of each Publicly Offered Book Entry Note held or represented.

8 VOTING CERTIFICATES AND PROXIES

8.1 Voting certificates

Voting certificates may be obtained by each holder of Publicly Offered Book Entry Notes in accordance with the Portuguese Securities Code and the procedures and regulations of Interbolsa. So long as a voting certificate is valid, the bearer thereof or any proxy named in accordance with paragraph 8.2 below shall be deemed to be the holder of Publicly Offered Book Entry Notes to which it relates for all purposes in connection with the meeting of holders of Publicly Offered Book Entry Notes.

8.2 Voting by proxies

Any holder of a Publicly Offered Book Entry Note may vote by proxy by issuing a mandate letter for such purpose addressed to the chairman of the relevant meeting of holders of Publicly Offered Book Entry Notes. Unless revoked and save as set out below, any appointment of a proxy in relation to a meeting of holders of Publicly Offered Book Entry Notes as described in paragraph 8.1 above shall remain in force in relation to any resumption of such meeting following an adjournment. No such appointment of a proxy in relation to a meeting originally convened which has been adjourned for the lack of quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such a meeting must be re-appointed to vote at the meeting when it is resumed.

9 POWERS

9.1 Power of a meeting of holders of Publicly Offered Book Entry Notes

Subject to article 355 of the Portuguese Companies Code and to paragraph 9.2, the holders of Publicly Offered Book Entry Notes present at any meeting of holders of Publicly Offered Book Entry Notes shall have the power (exercisable only by resolution), without prejudice to any other powers conferred on it or any other person to:

- (a) approve an Extraordinary Resolution;
- (b) appoint, remove and/or decide on the remuneration of any Common Representative;
- (c) authorise the Common Representative (subject or not to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any resolution;
- (d) discharge or exonerate any Common Representative from any liability in respect of any act or omission for which it may become responsible under the Publicly Offered Book Entry Notes or the Conditions; and
- (e) approve a resolution on any other matter legally attributed to the meeting of holders of Publicly Offered Book Entry Notes or which may affect its interests, to the extent permitted by Portuguese law.

9.2 Extraordinary Resolution

For the purposes of this Schedule, “Extraordinary Resolution” means any resolution to be taken in relation to a modification or waiver to any of these Conditions or of any matters as set out in Conditions 2, 3 and 9.

10 RESOLUTION BINDS ALL HOLDERS OF PUBLICLY OFFERED BOOK ENTRY NOTES

10.1 Binding nature

Subject to paragraph 10.2 below, any resolution passed at a meeting of holders of Publicly Offered Book Entry Notes duly convened and held shall be binding upon all holders of Publicly Offered Book Entry Notes (if applicable) of CGD, whether or not (i) such holders of Publicly Offered Book Entry Notes are present at such meeting, (ii) such holders of Publicly Offered Book Entry Notes are voting at that meeting and (iii) such holders of Publicly Offered Book Entry Notes are voting in favour of the relevant resolution.

10.2 Notice of voting results

Notice of the result of every vote on a resolution duly considered by the holders of Publicly Offered Book Entry Notes shall be published (at the expense of the Issuer) in accordance with the Conditions and sent to the Paying Agents (with a copy to the Issuer and the Common Representative).

11 MINUTES

Minutes of all resolutions and proceedings at each meeting of holders of Publicly Offered Book Entry Notes shall be made. The chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such meeting of holders of Publicly Offered Book Entry Notes in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

12 WRITTEN RESOLUTION AND UNANIMOUS RESOLUTION

A resolution of holders of Publicly Offered Book Entry Notes may also be approved in the form of a unanimous written resolution or in the form of a universal resolution, as per the terms of article 54 of the Portuguese Companies Code (applicable by analogy).

13 ADJOURNMENT FOR WANT OF QUORUM

If within 15 minutes after the time fixed for any meeting a quorum is not present, then:

- (a) in the case of a meeting judicially convened by the holders of Publicly Offered Book Entry Notes, it shall be dissolved; and
- (b) in the case of any other meeting (unless the Issuer and the Common Representative otherwise agree), it shall be adjourned for such period as the chairman of the meeting decides (which shall be not less than 15 days and not more than 30 days), provided that no meeting may be adjourned more than once for want of a quorum.

14 NOTICE FOLLOWING ADJOURNMENT

Paragraph 2 (Notice) shall apply to any meeting which is to be resumed after adjournment for want of a quorum save that:

- (a) 15 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements that will apply when the meeting resumes.

It shall not be necessary to give notice of the resumption of a meeting that has been adjourned for any other reason.

15 NO OBLIGATION TO EXERCISE

Unless the applicable laws and regulations require otherwise, a holder of Publicly Offered Book Entry Notes shall not be obliged to vote at a meeting in respect of its whole holding of Publicly Offered Book Entry Notes, but if it participates or is represented at such meeting it shall be obliged to cast all the votes which it exercises in the same way.

BOOK ENTRY NOTES HELD THROUGH INTERBOLSA

General

Securities cleared through Interbolsa are held through a centralised system (“*sistema centralizado*”) composed by interconnected securities accounts, through which such securities (and inherent rights) are created, held and transferred, and which allows Interbolsa to control at all times the amount of securities so created, held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Book Entry Notes held through Interbolsa.

In relation to each issue of securities, Interbolsa’s centralised system comprises, *inter alia*, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa’s centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Book Entry Notes held through Interbolsa will be attributed an International Securities Identification Number (“ISIN” code) through the codification system of Interbolsa. These Book Entry Notes will be accepted and registered with CVM the centralised securities system managed and operated by Interbolsa and settled by Interbolsa’s settlement system.

Form of the Book Entry Notes held through Interbolsa

The Book Entry Notes of each Series will be in book entry form and title to the Book Entry Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable Comissão do Mercado de Valores Mobiliários (“CMVM”) and Interbolsa regulations. No physical document of title will be issued in respect of Book Entry Notes held through Interbolsa.

The Book Entry Notes of each Series will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Interbolsa Participant (as defined below) on behalf of the holders of the Book Entry Notes. Such control accounts reflect at all times the aggregate of Book Entry Notes held in the individual securities accounts opened with each of the Interbolsa Participants. The expression “Interbolsa Participant” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in Book Entry Notes shall be treated as the holder of the principal amount of the Book Entry Notes recorded therein.

Payment of principal and interest in respect of Book Entry Notes held through Interbolsa

Whilst the Book Entry Notes are held through Interbolsa, (i) payment of principal and interest in euros in respect of the Book Entry Notes will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent’s behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Book Entry Notes and thereafter (b) credited by such Interbolsa Participants from the aforementioned payment current accounts to the accounts of the owners of those Book Entry Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Book Entry Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be (ii) payment of principal and interest in currencies other than euros in respect of the Book Entry Notes

will be (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Interbolsa Participants, and thereafter (b) transferred by such Interbolsa Participants from such relevant accounts to the accounts of the owners of those Book Entry Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Book Entry Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Transfer of Book Entry Notes held through Interbolsa

Book Entry Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Book Entry Notes. No owner of Book Entry Notes will be able to transfer such Book Entry Notes, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

USE OF PROCEEDS

The net proceeds from each issue of Notes by the Issuers under the Programme will be applied by the relevant Issuer for general corporate purposes throughout the CGD Group.

DESCRIPTION OF THE CGD GROUP

History and Introduction

Caixa Geral de Depósitos was created as a state bank by legislative charter (“*Carta de Lei*”) of 10 April 1876 with the main functions of collecting and administering legally required or judicially ordered deposits and issuing and managing government debt. It gradually expanded its operations to become a savings and investment bank. Caixa Geral de Depósitos was transformed into a state owned public limited company (“*sociedade anónima de capitais exclusivamente públicos*”) on 20 August 1993, by Decree-law no. 287/93, when its name was also changed to Caixa Geral de Depósitos, S.A. (“CGD”). At present it operates as a full service bank and is subject to the legislation applicable to Portuguese financial institutions. CGD is wholly owned by the Portuguese state.

CGD’s registered office is at Av. João XXI, no. 63, 1000-300 Lisbon, Portugal (tel: +351 21 795 30 00 / +351 21 790 50 00). Its share capital is €5,050,000,000 (following share capital increases from €3,100,000,000 to €3,500,000,000 on 1 August 2008, and from €3,500,000,000 to €4,500,000,000 as at 29 May 2009 and from €4,500,000,000 to the current share capital amount as at 31 December 2010). CGD is registered in the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 500 960 046.

Where information is stated in this section to have been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The statements in this section relating to market positions of the Issuer are based on calculations made by the Issuer using data produced by itself and/or obtained from other entities and which is contained or referred to in the Annual Report of the Issuer for 2010 (available at www.cgd.pt).

CGD (together with its subsidiaries, the “CGD Group” or the “Group”) remained the banking sector leader in Portugal in 2010 in terms of segments and key products, with a reinforcement of its market share in several sectors, specifically as regards the individual customers segment, in terms of both deposits and mortgages. Reference should be made, in the case of banking operations, to the market share of client deposits, with 28.5 per cent. at the end of 2010, and particularly the individual customers segment, with 33.2 per cent. The global market share of loans and advances to customers was 20.9 per cent. (23.6 per cent. in the individual customers segment).

In national insurance, the CGD Group, through its holding company for the insurance sector, maintains its leadership position, reaching at the end of 2010 a combined market share of 34.5 per cent. (30.3 per cent. the previous year). This increase resulted from a 5.8 percentage point increase in the share of the “life insurance” sector to 37 per cent. (significantly strengthening the leadership already held in this segment) and a reduction in the “non-life” market to 27.1 per cent. Even with this reduction, the Group reinforced its position as a market leader in all major “life” and “non-life” segments.

In asset management, in the leasing sector, Caixa Leasing e Factoring kept its top ranking position in equipment leasing, having strengthened its market share to 19.4 per cent. In real estate leasing, the company’s market share increased to 21.8 per cent., leading to second place in the ranking of this sub-sector.

In investment funds activity, the market share of Caixagest remained at 23 per cent. keeping market leadership in a year marked by the high volume of redemptions in money market funds and bonds. In the area of real estate investment trusts, the market share of Fundimo increased to 14.7 per cent., also maintaining market leadership. Also in trust fund management, CGD Group took the top spot in the rankings by amount, with a market share of 27 per cent.

CGD was classified as the 109th largest banking institution worldwide, by assets, having risen to the 113th position, by shareholders’ equity, in 2010, according to the “Top 1000 World 2010 Banks” ranking, published by the Banker magazine.

CGD is a member of the European Savings Banks Group, the Credit Local d'Europe and the EU's Committee of Clearing Banks ("EBA"). The CGD Group forms the largest Portuguese financial group by reference to its consolidated assets.

CGD is engaged in all areas of the Portuguese financial sector. It provides customers with a full range of financial products and services, ranging from traditional banking to investment banking, insurance, asset management, venture capital, brokerage, real estate and specialised credit services.

The CGD Group intends to maintain its dominant position in Portugal. Through its network of 1,332 branches, 463 of which are located outside Portugal, CGD continues to focus on developing its client base, offering banking services to the largest number of customers in Portugal. The development of cross-selling of group company products through its branch network continues to be one of the main objectives of the CGD Group.

The CGD Group has expanded into foreign markets mainly neighbouring regions in Spain and into markets with historical or linguistic ties to Portugal, such as Mozambique, Cape Verde and Macao. It is present, through branches, subsidiaries and representative offices, in Spain (Banco Caixa Geral, SA ("Banco Caixa Geral"), with a total of 211 branches), France (French Branch with 46 branches), Madeira, the United Kingdom, Switzerland, Luxembourg, Germany, India, China, Macao, Mozambique (Banco Comercial e de Investimentos with 95 branches), Cape Verde (Banco Interatlântico and Banco Comercial do Atlântico with 41 branches in total), South Africa, So Tomé e Príncipe, Venezuela, Mexico, the Cayman Islands, the United States, Brazil and East-Timor. In recent years, the CGD Group has applied new strategies, dominated by initiatives involving the modernisation of electronic distribution channels, such as Caixa Directa On-Line (e-banking), Caixa Electrónica (e-channel for corporate), CaixaNet (IT infrastructures) and Bolsa Caixa Imobiliário (a channel dedicated to real estate and mortgages).

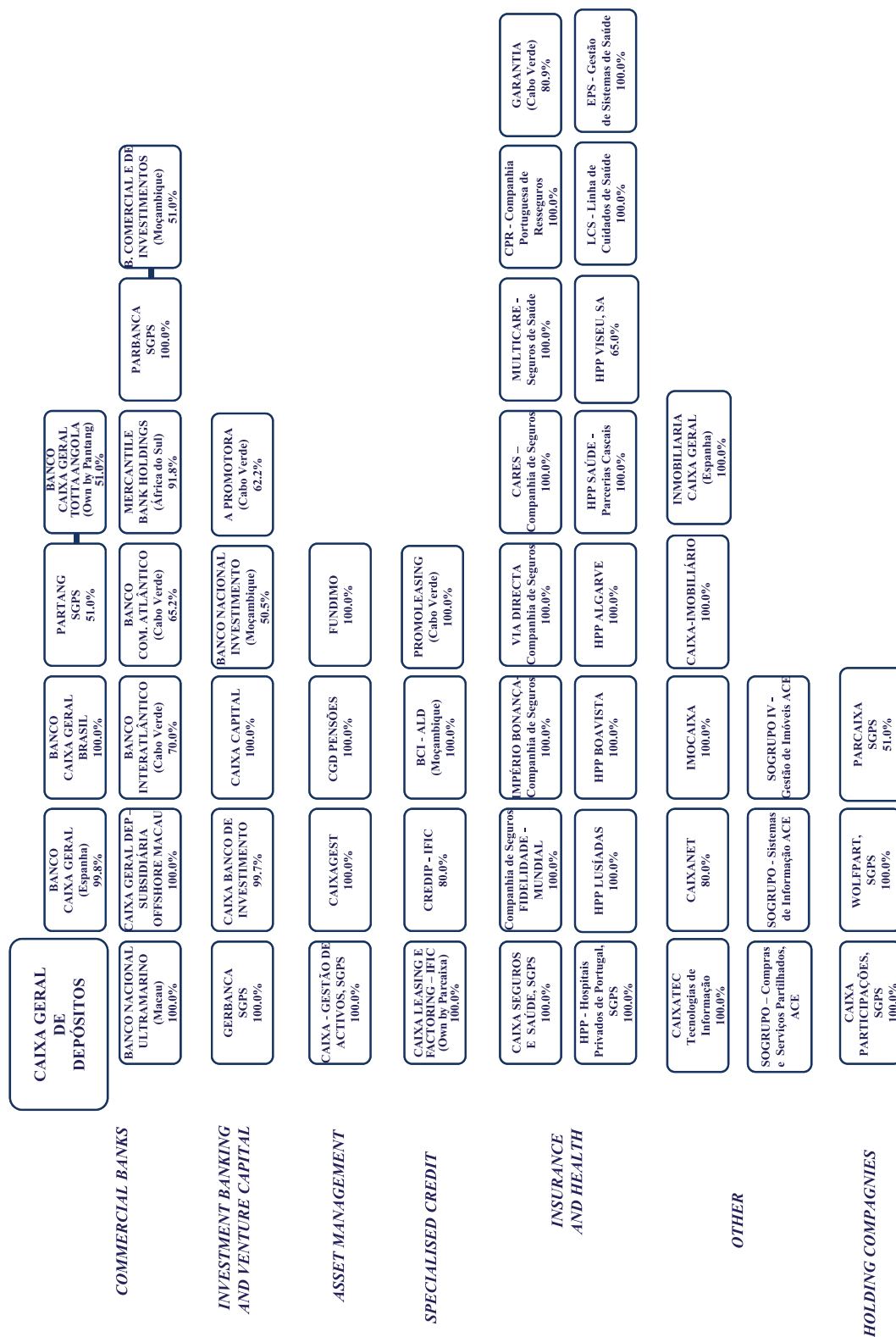
Current Activities

The CGD Group's activities include commercial and investment banking, insurance, leasing and factoring, asset management, venture capital, financial services and real estate management.

Set out below is a chart giving details of the principal activities and companies within the CGD Group, showing CGD's or its subsidiaries' equity interest where appropriate, as at 31 March 2011.

GRUPO Caixa Geral de Depósitos

March 31st 2011



Group Overview

In 2010, the economic and financial slowdown, particularly in the Euro-zone, led the CGD Group to strengthen its international presence in markets with which it has historical, linguistic and cultural affinities. In this context, emphasis should be given to the activities of the Group in the Portuguese-speaking African markets and in Brazil, where the Group strengthened synergies of CGD's world presence.

In Angola, in 2010 authorisation for the establishment of the Banco para Promoção e Desenvolvimento ("BPD") was obtained, which will have an initial capital of U.S.\$500 million, to be held in equal parts by the CGD Group and Sonangol. The BPD will focus its activities on supporting the development of the economies of Angola and Portugal.

Also in relation to Angola, reference should be made to the exercise of the option by CGD, in July, to purchase 1 per cent. of the capital of Partang, SGPS, which owns 51 per cent. of the capital of Banco Totta Angola Caixa Geral ("BCGTA"), thus directly acquiring the capital majority of the holding company and, indirectly, of the Bank itself.

In Mozambique, authorization was obtained for the establishment of the Banco Nacional de Investimento ("BNI"), whose shares will be held 49.5 per cent. by CGD, 49.5 per cent. by State of Mozambique and 1 per cent. by Banco Comercial de Investimentos (CGD Group). In June, the deed of constitution of BNI was registered, with its capital being partially realized by shareholders in the amount of MZN 70 million, or almost €1.6 million. BNI will focus its activity on supporting the development of the Mozambican economy.

Caixa Banco de Investimento ("CaixaBI"), pursuing a strategy of international assertion, plans to establish its presence in Angola and Mozambique in the near future.

In Brazil, the resumption of banking activity by the CGD Group, through Banco Caixa Geral Brazil ("Brazil BCG"), proved successful. The confirmation of the success of this initiative took place in the first half of 2010 with two operations which had the goal of enhancing the banking business and the Group investment banking in the Brazilian market.

A capital increase from BRL 123 million to 400 million (reais) was carried out for Brazil BCG in order to provide the Bank with additional funds to support its business plan until 2012.

A partnership agreement was established with Banif Group in Brazil providing for the acquisition of 70 per cent. capital in Banif Corretora de Valores e Câmbio ("Banif CVC") by the CGD Group. This acquisition will provide a broader and more consistent performance in the Brazilian capital market.

In Spain, in order to maintain the solvency ratios of Banco Caixa Geral at appropriate levels, two capital increases have been carried out: one in May for €20 million and another in October for €26 million. It should be noted that the rating downgrade on the Portuguese Republic has justified, in part, the need to increase the Bank's capital, given its exposure to Portuguese assets.

In Cape Verde, the Interatlântico Bank saw in April 2011 a capital increase of 400 million Cape Verdean escudos, raising the capital to a thousand million Cape Verdean escudos. CGD has maintained its stake of 70 per cent. stake in this Bank.

Regarding Caixa Seguros e Saúde, SGPS (CSS) activities, it should be highlighted the inauguration in February 2011 of the new hospital in Cascais, managed by PPH Saúde, under a public-private partnership. In March 2011 the HPP ACE was established, which provides various nature of services to hospitals within the Group. In July there was a capital increase of €25 million, in Hospitais Privados de Portugal ("HPP"), SGPS, subscribed and paid by the CSS, which increased its stake to 94.33 per cent.

In the second half of 2010 several transactions were made in order to concentrate on Gerbanca, SGPS, which is 100 per cent. owned, directly and indirectly, by CGD.

Finally, a mention should be made to the sale in May 2011 by CGD of the entire share of capital held in UNICRE, which was 17.6 per cent., and in September and December of the 5 per cent. stake in EDP – Energias de Portugal.

Summary Financial Information

Set out below in summary form are the audited, consolidated profit and loss accounts and the audited, consolidated balance sheets (showing net figures) of the CGD Group for the years ended 31 December 2009 and 31 December 2010:

Consolidated Income Statement

	Year ended 31 December	
	2009	2010
	(€ million)	
Interest and similar income	5,317.0	4,388.1
Interest and similar costs	(3,784.1)	(2,972.8)
Income from equity instruments	108.4	197.5
Net interest income	1,641.3	1,612.7
Income from services rendered and commissions	592.5	648.6
Cost of services and commissions	(144.7)	(146.3)
Results from financial operations	199.5	124.4
Other net operating income	219.6	351.0
Net operating income	2,508.2	2,590.4
Technical margin on insurance operations	491.2	509.1
Premiums net of reinsurance	1,774.2	1,323.4
Result of investments relating to insurance contracts	250.1	206.8
Cost of claims costs net of reinsurance	(1,425.8)	(931.7)
Commissions and other income and cost relating to insurance contracts	(107.3)	(89.5)
Net operating income from banking and insurance operations	2,999.5	3,099.4
Staff costs	(1,040.4)	(1,047.1)
Other administrative costs	(698.1)	(721.2)
Depreciation and amortisation	(198.0)	(198.8)
Provisions net of reversals	(8.1)	(51.1)
Loan impairment net of reversals and recovery	(416.8)	(369.1)
Other asset impairment net of reversals and recovery	(259.3)	(354.7)
Result of associated companies	(4.4)	(7.1)
Income before tax and minority interest	374.5	364.4
Income tax	(70.2)	(65.1)
<i>Current</i>	8.6	(129.2)
<i>Deferred</i>	(78.8)	(64.2)
Consolidated net income for the year	304.2	299.4
Minority interest	(25.3)	(48.8)
Net income attributable to the shareholder of CGD	278.9	250.6

Consolidated Balance Sheet

	As at 31 December	
	2009	2010
	(€ million)	
Assets		
Cash and cash equivalents at central banks	1,926.3	1,468.8
Cash balances at other credit institutions	1,238.2	1,265.0
Loans and advances to credit institutions	8,353.2	3,424.2
	11,517.7	6,158.0
Financial assets at fair value through profit or loss	6,209.6	5,066.4
Available-for-sale financial assets	18,851.2	24,748.6
Unit-linked investments	868.0	732.5
Hedging derivatives	179.6	114.9
Held-to-maturity investments	0.03	0.03
	26,108.3	30,662.3
Loans and advances to customers	77,222.0	81,907.2
Non-current assets held for sale	349.7	423.4
Investment property	354.3	396.4
Tangible assets	1,184.1	1,150.0
Intangible assets	406.1	419.4
Investments in associates	26.2	28.5
Current tax assets	127.9	90.3
Deferred tax assets	950.6	1,088.7
Technical provisions for outwards reinsurance	258.3	264.6
Other assets	2,479.7	3,273.3
Total assets	120,984.8	125,862.0
Liabilities		
Resources of central banks and other credit institutions	6,478.6	14,603.7
Customer resources	64,255.7	67,680.0
Liability of unit-linked products	868.0	732.5
Debt securities	25,182.3	19,306.7
	90,306.0	87,719.3
Financial liabilities at fair value through profit or loss	1,902.0	1,712.1
Hedging derivatives	270.8	166.0
Provisions for employee benefits	557.0	530.2
Provisions for other risks	239.4	273.2
Technical provisions for insurance contracts	6,439.2	5,742.9
Current tax liabilities	59.0	57.8
Deferred tax liabilities	169.8	180.9
Other subordinated liabilities	3,201.6	2,800.2
Other liabilities	4,204.7	4,235.6
Total liabilities	113,828.0	118,022.0
Share capital	4,500.0	5,050.0
Fair value reserves	(331.2)	(507.4)
Other reserves and retained earnings	1,454.7	1,516.4
Net income attributable to the shareholder of CGD	278.9	250.6
Minority interests	1,254.4	1,530.4
Total shareholder's equity	7,156.9	7,840.0
Total liabilities and shareholder's equity	120,984.8	125,862.0

The following table shows certain key ratios for the CGD Group at 31 December for each of the years set out:

	As at 31 December	
	2009	2010
	(%)	
Structural Ratios		
Customer loans ⁽¹⁾ /customer deposits	120.2	121.0
Customer loans ⁽¹⁾ /net assets.....	63.8	63.8
Mortgages/customer loans ⁽²⁾	42.1	42.1
Profitability and Efficiency Ratios		
Return on equity (before tax) ⁽³⁾	5.9	5.0
Return on equity (after tax) ⁽³⁾	4.8	4.1
Return on assets (before tax) ⁽³⁾	0.32	0.29
Return on assets (after tax) ⁽³⁾	0.26	0.24
Net operating income ⁽⁴⁾ /average net assets.....	2.56	2.51
Cost-to-income ⁽⁴⁾	64.7	63.3
Operating costs based on average net assets	1.65	1.59
Employee Costs based on net operating income	34.7	33.7
Asset Quality Ratios		
Non-performing credit ratio ⁽⁵⁾	3.00	3.13
Non-performing credit (net) / total credit (net) ⁽⁵⁾	(0.02)	0.04
Overdue credit / total credit	2.87	2.93
Credit more than 90 days overdue /total credit	2.47	2.63
Accumulated impairment /overdue credit.....	105.3	105.3
Accumulated impairment /credit more than 90 days overdue.....	122.4	117.4
Capital Ratios		
Solvency ratio for the purpose of the Bank of Portugal.....	12.6	12.3
Tier 1 for the purpose of the Bank of Portugal	8.5	8.9

(1) Customer loans after impairment.

(2) Customer loans before impairment.

(3) Considering average shareholders' equity and net asset values.

(4) Includes income from associated companies.

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

Economic Environment

In Portugal, economic activity in 2010 increased 1.4 per cent. This performance resulted from positive contributions from net exports and private and government consumption, despite the sharp fall in investment.

In terms of external trade, the role of exports increased 8.7 per cent., which helped to alleviate the negative effect of an increase of 5.3 per cent. in imports. This behaviour was associated with a marked increase in foreign demand resulting from the recovery in the global economy, with an increase of 21.2 per cent. in new orders originated abroad, on a year on year basis.

Both private consumption, which grew by 2.0 per cent., and government consumption, which increased 3.2 per cent., contributed to the good economic performance, especially in the first half of the year. The challenges of reducing the budget deficit and the consequent adoption of austerity measures led to a decrease in the contribution of these components in the second semester, while at the same time consumer confidence worsened over this period.

In 2010 there was a reduction of 4.8 per cent. in investment, partly as a consequence of the level of economic activity and the prospects for domestic demand, as well as the decline in public investment. The contraction was most evident at the level of investment in machinery and equipment and in construction.

As for inflation, the Portuguese HICP recorded an annual average rate of 1.4 per cent. in 2010, a result mainly of increases in the price of energy and the addition of several indirect taxes, notably VAT, ISP and Consumption Tax on Tobacco; nevertheless, it stayed at 0.2 percentage points below the Euro Area average.

The unemployment rate in 2010 remained high, and even increased when compared to the previous year. In 2010, the unemployment rate stood at 10.8 per cent., reaching a level of 602,800. This represents an increase of 14 per cent. over the previous year.

Deposits and Credit Aggregates

There was a decrease of 3.8 per cent. in the aggregate liquidity M3, excluding currency in circulation, on an annual basis. We should highlight the behavior of Deposits with an increase of 5.7 per cent.

The total domestic credit increased by 9.7 per cent. There was a significant growth of credit to general government, net of liabilities against the Central Government as well as a marginal decrease of Consumer Credit and Other Purposes.

Interest Rates

The ECB held throughout the year 2010 its key rate unchanged at 1 per cent., the lowest level that it has been. ECB took a set of measures to ensure the availability of liquidity, including successively extending auctions of funds filled at full allotment in order to facilitate the proper functioning of the interbank market. It eliminated, however, the auctions of longer tenors, seen during the previous year as a matter of exception.

In 2010 the interest rates used as indexes for loans remained virtually unchanged compared with the levels of late 2009, during much of the year. Still, the year 2010 closed with an increase in Euribor rates, given the gradual reduction of excess liquidity in the system. As a result of increases observed between April and October 2010, the variations obtained in 2010 ranged from 0.233 percentage points for the six months average to 0.329 percentage points for one month average.

In this context, there was an increase of lending rates and deposit rates for individuals and corporates. While in the first case the variation was similar in both segments, deposit rates for private individuals were mostly unchanged from the previous year, with an increase only for corporates.

Exchange Rates

In December 2010, the average exchange rate for the euro against the dollar stood at \$1.322, a reduction of 9.5 per cent. over the same period against the previous year. The euro also fell against other major currencies, particularly against sterling, to which it has depreciated 5.8 per cent., and against the yen, losing 16.1 per cent. The performance of the euro during the year fluctuated between

periods where it benefited from the economic recovery in the region and others in which it was constrained by the public debt situation experienced in Europe.

Overview of the Financial Performance of the CGD Group

Assets and Liabilities

At the end of 2010, net assets of the CGD Group amounted to €125,862 million, an increase of 4 per cent., or €4.9 million, over the previous year, originating mainly from loans to customers and investments in securities.

The Group's Net Assets had its main contributions from the individual activity of CGD with 72.6 per cent. of the total (75.5 per cent. in 2009), Caixa Seguros e Saúde with 10.6 per cent., Banco Caixa Geral in Spain with 5 per cent., Caixa Leasing e Factoring with 2.9 per cent. and BNU (Macau) with 2 per cent.

The following table shows the consolidated net assets of the principal companies in the CGD Group, excluding inter-company balances, as at 31 December 2009 and 31 December 2010:

	As at 31 December			
	2009		2010	
	Value	%	Value	%
	(€ million)		(€ million)	
Caixa Geral de Depósitos ⁽¹⁾	91,355	75.5	91,379	72.6
Caixa Seguros e Saúde	12,668	10.5	13,335	10.6
Banco Caixa Geral (Spain).....	4,474	3.7	6,352	5.0
BNU-Banco Nacional Ultramarino, SA (Macao)	2,204	1.8	2,467	2.0
Caixa – Banco de Investimento.....	1,763	1.5	1,856	1.5
Caixa Leasing and Factoring	3,498	2.9	3,659	2.9
Banco Comercial Atlântico (Cape Verde).....	576	0.5	597	0.5
Banco Comercial e de Investimentos (Mozambique)	759	0.6	991	0.8
Mercantile Lisbon Bank Holdings	485	0.4	579	0.5
Partang (Banco Totta Angola).....	134	0.1	934	0.7
Other companies ^(a)	3,069	2.5	3,713	3.0
Consolidated net assets.....	120,985	100.0	125,862	100.0

(a) Includes the units registered by the equivalent equity method.

Loans and advances to Credit Institutions amounted to €6.2 billion, while the resources obtained from the same entities totalled €14.6 billion, of which €6,550 billion was borrowed by CGD from the European Central Bank.

Loans and advances to customers (gross) totalled €84,500 million, representing an increase of €4.9 billion compared with the figures in December 2009.

About 77.5 per cent. of total loans and advances to customers come from CGD's domestic operations. Reference should be made to the contribution from international operations: €761 million representing a 17.4 per cent. increase by Bank Caixa Geral (Spain), €165 million in Banco Comercial e de Investimentos (Mozambique) with a 29.9 per cent. increase, and a 385 per cent. increase of Partang SGPS (Banco Totta Angola), the equivalent of €128.6 million.

In terms of credit structure, the Individual Customer Segment continued to account for a large proportion of total credit absorbing 48.2 per cent. of the total loans balance, with 45.1 per cent. for housing, compared with 46.6 per cent. a year earlier. Credit to Corporates represented 47.4 per cent. of the total.

The credit balance to General Government stood at €3.7 billion, an increase of 19.6 per cent., of which €2.6 billion were allocated to municipalities which represents a decrease of 2.1 per cent. compared with the end of 2009.

The balance of the credit to the service sector was directed primarily to the sub-segment “financial activities” with €8.2 billion, “Real estate” with €4.2 billion and “Wholesale and retail trade” with 4.1 billion.

With regards to credit to private individuals, the balance stood at €40.8 billion at the end of the year, an increase of €1.1 billion (2.7 per cent.), resulting from increases in “Housing” (2.8 per cent.), and in “Other Purposes” (1.4 per cent.). With regard to mortgage loans, the amount of new domestic deals in 2010 reached 2,747 million, having achieved in the year a market share in terms of production of 26.5 per cent.

The overall balance of deposits totalled €60.2 billion, corresponding to an increase of 4.2 per cent. over the previous year, supported essentially by time and savings deposits, which grew €2.2 billion, an increase of 5.8 per cent., representing 67.7 per cent. of the total.

From the total outstanding deposits, €49.3 billion concerned the domestic activity of CGD, representing 81.9 per cent. of total consolidated. Among the branches and subsidiaries of the Group, the balances in BNU Macau (€2.2 billion), Banco Caixa Geral (€2.2 billion) and France branch (€1.8 billion), all grew, as compared to 2009. There was an increase of 67.6 per cent. in time and savings deposits from corporates. By contrast, the balance of total deposits of the public sector contracted 16.3 per cent.

The balance of total funds raised by the Group (excluding interbank money market) fell 4.5 per cent. compared with the end of 2009, totaling €103,500 million in 2010. However, not including funding from institutional investors, the total resources taken from customers showed an increase of 1.3 per cent. to €1.1 billion.

On balance sheet resources totalled €93,500 million, due in large part to retail, whose balance reached €74,200 billion, representing an increase of 3.2 per cent., benefitting from the positive trends in customer deposits with an increase of 4.2 per cent. and insurance products that were up 4.0 per cent.

The balance of funds obtained from institutional investors through own issues decreased €5.9 billion, a fall of 23.6 per cent., influenced mainly by the reduction of issuance under the ECP and USCP programs and to a lesser degree the EMTN program. However, mortgage bonds grew by €1.04 billion, an increase of 17 per cent. when compared to the end of 2009, reaching an outstanding amount of €7.1 billion.

Shareholders' Equity

The group shareholder's equity amounted to €7.8 billion, corresponding to an increase of €683 million or 9.5 per cent., when compared to the end of 2009. This increase was contributed to by the capital increase of Caixa Geral de Depósitos by an amount of €550 million in December 2010.

The capital increase of CGD to €5,050 million aimed at strengthening the soundness of the institution and ensuring the enhancement and maintenance of appropriate levels of solvency and capitalization as well as reinforcing adjustment measures to the new demands imposed by Basel 3.

Own Funds and Solvency Ratio

The solvency ratio on a consolidated basis, calculated under the rules of Basel II and Bank of Portugal, and including the results for the year, stood at 12.3 per cent. at the end of 2010, compared with 12.6 per cent. in end of 2009. Tier I ratio, in turn, rose from 8.5 per cent. to 8.9 per cent. and Core Tier I from 8.3 per cent. to 8.8 per cent.

CGD's own funds totalled €6.2 billion, having been increased by €357 million, representing an increase of 6.1 per cent., mainly due to a capital increase of €550 million, carried out in December 2010.

The solvency ratio of the individual activity of CGD, according to the regulatory framework of Basel II and calculated under Bank of Portugal rules, including retained earnings, was at the end of

2010 15 per cent., an increase of 7.9 per cent. from the previous year. The Tier I ratio, in turn, was improved, rising from 8.4 per cent. to 9.5 per cent.

Income and Profit Ratios

Consolidated net income of Caixa Geral de Depósitos amounted to €250.6 million in 2010, representing a decrease of 10.2 per cent. from the previous year. Before taxes and minority interests, the results reached €364.4 million a slight decrease of 2.7 per cent. when compared to 2009.

This result reflected the recognition in the income statement of impairments on equity held by CGD and on securities held by the Group's insurance companies, amounting to €339.1 million. These potential capital losses, which have been accumulated since the second half of 2008, were already, for the most part, previously recorded at fair value reserves. The prolonged effect of this devaluation has led to the transfer to losses in 2010, by way of impairment.

The Group's net income before impairment of securities net of taxes derived €323.2 million from domestic activity and €78.8 million from international banking activity, while insurance and health, contributed with €109.5 million.

Total net interest income in 2010 totalled €1,612.7 million, slightly less than in 2009, with the rise in income from equity investments (€89 million, 82.2 per cent.) partially offsetting the reduction of €117.7 million (7.7 per cent.) of net interest income.

It should be noted that the negative trend in net interest income was due, amongst other factors, to the impact of lower interest rates, which is not likely to have led to the short-term rise in the cost of funding.

Regarding dividends, special mention should be given to the income from Portugal Telecom ("PT") and Electricity of Portugal ("EDP"), which together totalled €135.7 million.

The complementary margin totalled €977.7 million, showing a growth of €110.8 million (12.8 per cent.) benefiting, to a large extent, from the behavior of Commissions and Other Operating Income.

Net commissions totalled €502.3 million, an increase of €54.5 million (12.2 per cent.), of which those relating to credit contributed €19.6 million (19.9 per cent.), transactions in Financial Instruments €9.3 million (51.5 per cent.) and Services €9.7 million (9.9 per cent.). On the other hand, fees relating to Asset Management decreased €4.4 million (9.6 per cent.).

Net operating income from Financial Operations fell to €124.4 million, due to the instability of government debt markets.

Operating income was influenced by capital gains of €103.9 million from the sale of CGD's head office to the CGD Pension Fund, under the reorganisation and optimisation of CGD's assets, including property for own use. This operation allows for the lease by CGD of the property for a minimum of 20 years, granting it an option to purchase the building at market value.

The Technical Margin from Insurance contributed €509 million to the Group's activity, representing an increase of €17.8 million (+3.6 per cent.) in comparison with the previous year.

The amount of Premiums received, net of reinsurance, amounted to €1,323.4 million, a decrease of 25.4 per cent. The same trend was recorded in Claims net of reinsurance, which fell €494 million representing a decrease of 34.7 per cent. to €931.7 million.

As a result of the developments described, Net Operating Income of banking and insurance activity amounted to €3,099.4 million, an improvement of €99.9 million, with an increase of 3.3 per cent. when compared to the previous year.

Operating costs have been contained with only a marginal increase of 1.6 per cent. achieving an amount of €1,967.2 million. Variations in Staff Costs and supplies and outsourced services were up 0.7 per cent. and 3.3 per cent. respectively. This behaviour has benefited from developments in the individual activity of CGD, where the reduction occurred in all cost components, amounted to about 2.4 per cent.

Given the developments described in structural costs and revenue from banking and insurance, the cost-to-income ratio of the Group improved from 64.7 per cent. to 63.3 per cent., while this

efficiency ratio for individual activity stood at 58.5 per cent. Also, there was an improvement in the ratio of Operating Costs / Average Net Assets from 1.65 per cent. to 1.59 per cent. in 2010.

Provisions and impairment of credit, net of reversals and recovery were €420.2 million in 2010, a decrease of 1.1 per cent., and net impairment of other assets totalled €354.7 million, of which €339.1 million related to equity, namely EDP, BCP and ZON, investment funds and securities portfolios of the Group's insurance companies.

Reflecting the drop in earnings, return on equity (ROE) stood at 4.1 per cent. (5.0 per cent. before tax) and net return on assets ("ROA") stood at 0.24 per cent. (0.29 per cent. before tax).

Banking Strategy

Retail Banking

CGD's retail banking area operates under the guidelines of Caixa's Strategic Programme for the period 2008-2010.

The year 2010 was marked by further strengthening of the business development project, with particular emphasis on the consolidation of service models, increased value of products, commercial focus, quality of service and increase of sales, improving loyalty and customer satisfaction. In late 2010, almost 900,000 individuals and companies were managed by a dedicated relationship manager, making Caixa by far the largest national bank in customer service.

On December 31, 2010 the physical network of CGD had 830 branches and 39 Gabinetes Caixa Empresa (business centers), totalling 869 points of sale. In addition to the enhancement of physical presence, in 2010 policies aimed at the consolidation of service models and value-added products were maintained.

During 2010, in non-physical channels, specifically Internet banking, new saving products were launched online and some facilities were developed or improved. Also in 2010, important steps were introduced in deepening the relationship between different channels, ensuring consistency in procedures and promoting the humanisation of the non-physical channels.

Information on the main initiatives launched in 2010 by customer segment and product is set out below.

Segmentation and Products

Mass Market Residents Segment

Caixa launched its Caixa Mais service in 2010, after a trial period in 2009 when results were monitored for quality of service and commercial effectiveness. The Caixa Mais service represents a significant improvement in terms of mass market customer relationships of greater value or potentially greater value to the bank, certified by the good results of the qualitative studies accompanying the roll out of the service in the branch office network.

The Caixa Mais service was available at 348 branch offices at the end of 2010, with a total of 570 Caixa Mais commercial assistants managing around 270,000 thousand customers.

Also, Caixa Woman solutions launched in 2010, as an innovative proposal for working women, strengthened its position in the market through the development of offers and initiatives designed to spur commercial activities associated with events.

Premium Customer Segment

Improvements continued to be made to customer satisfaction in 2010 by enhancing commercial relationship, adjusting existing offers and information on products and advantages associated with the brand.

Young People and University Students Segment

Regular information on solutions for young people has been a priority and constant factor in terms of Caixa's activities in this segment and was actively reinforced in 2010 by encouraging long term savings with attractive rates.

In 2010, Caixa also strengthened its leading position on the university market, as a business segment, along educational establishments in Portugal. More than 280 thousand students and members of the academic population now have the University Cards – Caixa Universidade Politécnico card.

Residents Abroad Segment

Caixa's positioning as the first bank in Portugal for residents abroad in 2010, was a principal strategic objective, namely through out its consolidation on distance banking and strengthening of Caixa Group's business with its customers, and in holding on new customers through the improvement of the quality of products offered and diversification of services to clients.

Investments and Savings

Caixa launched several savings and investment solutions in 2010 with the aim of attracting fresh resources and wage/salary accounts. These were always targeted by adjusting the base offer to customers' investment profiles.

The campaigns launched in 2010, which have had the highest contributions were: three senior bond issues under the EMTN Programme; "Caixa Valor Nacional 2010/2015" bonds; "Caixa TaxaMix July 2010/2013" bonds; "Caixa Dia da Poupança 2010/2013" bonds; Caixa Aforro solutions; Caixa Valor Anual (4 series) and Caixa Valor 2015 (3 series); and the launch of three new special open-ended investment funds (Caixagest Global Market, Caixagest Mix Emergentes and Caixagest Índices Mundiais).

Housing Mortgage lending

There have been no changes in the dynamics of mortgage loans within Caixa over the last few years in the most recent economic cycle. Caixa continues to guarantee access and a diversity of property financing solutions to the direct benefit of Portuguese households in addition to reinforcing its image as a benchmark institution.

The current macroeconomic environment and its impacts on disposable income and unemployment levels has led Caixa to pay careful attention to the financial stability of its mortgage loan customers and it has intensified monitoring of these customers, studying, advising and implementing solutions and adjusting the amount of the instalment to their financial capacity.

Caixa has, accordingly, been increasing the flexibility of its mortgage loans, providing for maturity extensions, introducing grace periods or deferrals of part of the capital, thus providing for debt rescheduling over the period of the contract and for mitigation effects of any default.

Considering the current level of interest rates and the effect of any increase thereto, CGD has launched a new interest rate solution in the form of a fixed one year rate which provides greater protection in the loan's initial period. CGD also continues to provide for different fixed rate maturities allowing its customers to fix the rate of their mortgage loan operations for periods of two, three, five, 10, 15, 20, 25 or 30 years.

Caixa has also reinforced its customer support and advisory services, with the aim of alerting their mortgage decisions to the impact of any changes in the amount of the instalments on a household's financial stability, in which the debt-to-income ratio is increasingly relevant to the decision to apply for a loan.

In terms of IT systems, significant improvements were also made to mortgage loans, improving the efficiency and speed of service provided to customers, particularly in terms of analysis and decision.

The introduction of Decree Law 192/09 established a maximum period for banks to demand compliance with the cross-selling conditions (previously agreed with their customers), when such conditions have an influence on the respective prices. Caixa accordingly notified all customers failing to comply with the agreed cross-selling conditions, aiming at revising the contractual terms, providing adequate support and clarification, within the period defined in the regulation.

Caixa also ensures full compliance with the new mortgage loan disclosure requirements for customers, in conformity with the Bank of Portugal Notice 2/2010, making adjustments to all of its

corresponding documentation in order to clearly and objectively ensure the provision of all of the information on the component parts of the loans and their associated costs. Caixa now provides the assessment reports produced in the decision-making process guaranteeing the sharing of the information relative to the effective price of each property.

Corporate Segment

In line with the strategic guidelines of increasing its market share and business in the corporate segment, Caixa continued to consolidate its Caixa Empresas model in 2010 involving a personalised management concept and financial advisory services to customers, the self-employed, micro companies and SMEs using the services of an account manager specialising in corporate needs.

This service is based on a specialised team of 191 Caixa Empresas managers working in 606 branch offices and a corporate office specialising in assisting SMEs, with 135 financial managers working in 39 offices. At the end of 2010, and based on enhancement in the commercial relationship with higher value companies and employers, the Caixa Empresas service had more than 30,000 customers under management.

Caixa developed a series of support initiatives for companies and business people with high quality products and services, in 2010, based on the pro-active definition of multi-use limits for treasury management as well as support for internationalisation and exporting companies in the form of an assertive financial instruments communication policy, supply of information and monitoring of national customers, both in the domestic market as well as in other markets in which Caixa operates, endeavouring to contribute towards improving national economic growth levels.

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

- Investment support;
- Corporate offer diversification;
- New products and services;
- Protocols with business associations and other entities; and
- Seminars and other corporate promotions.

Products and Services

Net Caixa service

This is Caixa's solution for the acceptance of electronic payments on automatic payment terminals. Netcaixa provides a comprehensive, high quality, secure service for transactions and includes the installation of equipment. Customers also benefit from exclusive conditions on financial products and services, notably highly competitive service charges for merchants and a specific interest-bearing current account for subscribers to Netcaixa.

Automatic treasury management service

For Caixa customers, the ATM (automatic treasury management) service facilitates corporate cash management by automatically investing surpluses and funding any liquidity requirements. The product was broadened to include CGD's most valued customers and provides highly attractive terms (*GAT Líder* service).

Non-financial insurance for companies

In partnership with Fidelidade Mundial, several special internal insurance campaigns were organised for Multicare insurance, workman's compensation, multirisk commerce and services for companies and the self-employed with special benefits for customers.

Financial products for companies

In partnership with Fidelidade Mundial, several special internal insurance campaigns were organised for Multicare capitalisation and fiscal savings, in addition to subscriptions for pension funds for companies and the self-employed.

Management of payments to and collections from suppliers

A new payment and collection solution to and from suppliers was provided (integrated factoring and confirming products), by which customers/debtors issue payment orders to Caixa Leasing e Factoring.

Protocols with business associations

Caixa also has several Protocols with business associations, like the EMETA protocol, which are an important opportunity for Caixa to provide information on its offer.

Electronic Channels

Electronic channels inevitably improve relationships between CGD and its customers, in anticipating and satisfying their multichannel expectations and needs.

In terms of customer relationships, such channels are complementary to branch offices. Their importance is evident in the volume of transactions they performs around 985 million per annum, as well as in the distribution of financial products and services, geared to customers and based on strategic guidelines designed to meet their needs.

The launch of new services, using recent technologies and communications media, has diversified access solutions and reinforced multichannel relationships with Caixa. Customers use different channels in line with their specific needs, location and availability of access – PC, landlines or mobile phones, smartphones or PDAs.

Self-service Bank

Self-service networks, at the end of 2010 had 4,943 items of equipment, up 2.6 per cent. over the end of 2009. 274 million operations were performed in 2010 (up 3 per cent. over 2009) involving €17.5 billion (up 13 per cent. over 2009). These networks accounted for 38 per cent. of deposits and 36 per cent. of Caixa's transfers in 2010.

CAIXAUTOMÁTICA Network

The CAIXAUTOMÁTICA network is exclusively for Caixa customers. At the end of 2010, it had 2,586 items of equipment, cash machines and passbook updaters. It was responsible for 144 million operations and transactions comprising around €10 billion, representing stability in terms of the number of operations performed but up by 4 per cent. in value over the preceding year.

Reference should be made to endeavours to upgrade this channel which already has 1,128 intelligent deposit machines, comprising around 74 per cent. of the channel's cash machines which automatically identify banknotes, validate the deposit and immediately enter the amount in customers' accounts.

ATM Multibanco Network

Caixa had 2,357 Multibanco cash machines in 2010 (up 3.7 per cent. from 2009 in year-on-year terms) representing a market share of 16.3 per cent. It performed around 130 million operations totalling more than €7.5 billion, representing growth of 6.5 per cent. and 27 per cent. in the number and volume of transactions respectively, in comparison to 2009.

TPA / acquiring activity for the payments of purchases

Caixa has developed an acquiring activity since the launch of the netcaixa multimarca service in March 2008, since when it has, in addition to the national Multibanco brand, been the acquirer of the international Visa and Mastercard debit and credit card brands.

The netcaixa service has a 24 hours per day helpline available all year round. Particular reference should be made to the following promotional actions, launch of new services and campaigns, in 2010, owing to the growing dynamics of netcaixa's activity:

- Launch of netcaixa na hora campaign;
- Commerce and services campaign – netcaixa MB-Only and multibrand offer;
- Promotional actions particularly CGD's participation in the Visa campaign;

- Negotiation of contracts with new business partners with the aim of improving efficiency and level of customer service; and
- Integration of Caixa e-banking statements.

The acquiring activity grew 11 per cent. in the number of items of equipment to an end of 2010 total of around 31,000 units. Operations (84.6 million) were up 21 per cent. over the preceding year to around €3.37 billion in value terms (up 8 per cent. over the preceding year). Commissions were also up, owing to CGD's decision to negotiate with customers with a well established market presence, in various sectors of activity, such as super/hypermarkets, filling stations and general commerce.

Caixa contact centre

Caixa's contact centre is responsible for managing incoming and outgoing calls, executing operations and providing explanations to CGD Group customers, securing business on the basis of "up" and "cross" selling strategies.

The centre performs telemarketing loyalty campaigns, promotions and direct sales to customers and non-customers of products and services which are also available on the traditional networks in addition to surveys and debt recovery services.

Caixadirecta's telephone service is Caixa's telephone banking service. It provides customers with expedient, secure access to their accounts and the possibility of obtaining information on products and services, together with mortgage and personal loan simulations.

In 2010 and as in the case of internet banking services, the service intensified its mechanism for validating operations with a requirement for the use of a master card to enhance the security of telephone transactions.

The year 2010 witnessed a positive evolution of around 10 per cent. in the number of contacts from around 1.27 million to around 1.4 million. There were more than 2.5 million incoming calls, including information and transactional services. 86 per cent. of transaction services were resolved automatically. Around 20,000 customer emails were processed.

Around 3 million outgoing calls were made and around 400,000 customers contacted. Around 310,000 text messages were also sent to customers.

Distance Banking

Caixadirecta Universitários Service

This service was launched on 1 September, 2005, to enable Caixa to provide all of its new customers based on the university network (CGD and IES protocols), with a service based on the distance banking concept (referred to as CaixaDirecta Universitários), with the objective of managing and promoting the university customer segment.

University student customers can contact their commercial assistants on a local rate number or via caixaup@cgd.pt and comerciais4@cgd.pt, 24 hours a day every day of the year. This service aims to initiate (or strengthen) the banking relationship between customers and CGD for the purpose of retaining their loyalty at the end of their academic studies as their first bank (decreasing the rate of churn).

Microcredit

With the objective of making credit accessible to everyone, Caixa, in assuming a lead role in terms of stimulating the economy, continues to provide support instruments to socially entrepreneurial activities by entering into microcredit protocols such as with ANDC, ANJE and IEFPP, accompanied by ACM. In December 2010, ACM's accumulated global activity comprised around 442 processes comprising €4.8 million in capital.

Caixadirecta Mais service

A new distance service model branch office was created in July 2010 in the form of Caixadirecta Mais, following the launch of the Caixadirecta Mais service.

The service was designed to meet the needs of customers who value and opt for distance banking services and their loyalty to Caixa is promoted by:

- The systematic assistance of a team of commercial assistants;
- A rapid and effective level of service in responding to requests; and
- Anticipation of needs and suggestions of opportunities.

Targeted, in the first stage, at recent graduate customers who are embarking on their working lives, the service was planned to provide effective assistance, always at a distance, with mechanisms designed to promote an innovative, customer-focused approach.

Customers access the Caixadirecta Mais service via phone or by automatic mode or using the personal service, 24 hours a day.

Caixa on the internet

In internet banking channels, Caixa has emerged the market lead in terms of home banking services in providing individual, corporate and institutional customers who attach greater value to their relationship with Caixa with particularly secure features and the best solutions supported by innovation, convenience and user-friendliness.

CaixaDirecta on-line

Caixadirecta on-line is the internet banking service for Caixa's individual customers. It provides direct, free access to their accounts on internet-enabled computers and, in the case of paid services, at a cost lower than charged at the counter.

The service enables customers to view their accounts (balances, movements and investments, credit and card operations), transfer payments (nationally and internationally), order cheques, schedule payments, stock exchange operations and fund portfolios, subscribe for financial products, apply for cards and consult documents (copies of cheques).

Caixa Azul customers enjoy direct contact with their own account manager (email, post and telephone) and may also ask their manager to contact them regarding special offers on products and services.

In 2010, there continued to be a trend towards the sustained growth in the use of this channel with a 22 per cent. increase in the number of operations and 16 per cent. increase in the number of active contracts. An average of around 1.6 million operations per day was performed, with around 2.6 million operations on days with the heaviest traffic i.e. up 63 per cent. over the daily average.

Caixa e-Banking

Caixa e-banking is the internet banking service for companies and institutional customers. Reference should be made to the growth in use of this service in 2010 (up by 20 per cent. in number of operations and 15 per cent. in active contracts).

There was an average daily number of 300,000 operations, with around 700,000 operations on days of intense traffic – up by 133 per cent. over the daily average.

Caixa e-Banking mobile is the mobile banking service for companies and institutions which enables them to perform current banking operations by mobile phone, smartphone or internet. Evolution, in 2010, was marked by highly significant growth, with a 188 per cent. increase in the number of contracts using the mobile service.

Cards

In furthering its growth and innovation strategy in the issue of cards business, in 2010, actions designed to create differentiated value proposals and improvements to level of service continued to be taken, both as regards the current card portfolio and launch of new products.

As a consequence of the actions taken, on which more detail will be provided below, the objective of increasing the customer database for CGD card holders and number of cards issued and consequently increasing the billing was globally achieved.

The stock of credit cards (685,000 at the end of 2010), deferred debit (689,000) and prepaid (14,000) was up 21.4 per cent. by 241,500 cards in 2010, with particular mention being made of the 39.4 per cent. increase in the number of deferred debit cards. The increase in the respective rate of activity to 63.6 per cent. also had a positive impact on commissions which were up 11.4 per cent. in the year.

Debit cards were, in turn, up to 2,357,000, providing commissions growth of 10.3 per cent.

Funding

The global deposits balance, almost exclusively comprising deposits taken from the retail sector was up 4.2 per cent. over 2009 to €60.2 billion at the end of 2010.

Customer resources (Consolidated)

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
Deposits	57,785	60,209	2,424	4.2%
Sight	18,656	19,046	390	2.1%
Term and savings	38,547	40,783	2,235	5.8%
Mandatory	582	381	(201)	(34.5%)
Other resources^(a)	6,471	7,471	1,000	15.5%
Total	64,256	67,680	3,424	5.3%

(a) Includes fixed-rate insurance products.

Customer resources totalled €67.7 billion in 2010, an increase of 5.3 per cent. sustained by customer deposits, which rose 4.2 per cent. and by “other resources”, which rose by 15.5 per cent., consisting largely of fixed rate insurance products totalling €7.1 billion (an increase of 20.1 per cent. over the 2009 figures).

Deposits totalled €60.2 thousand million in 2010, an increase of 4.2 per cent. over the previous year, supported by time deposits and savings deposits (which were up 5.8 per cent., an increase of €2.2 million) representing 67.7 per cent. of the total. The increase in time and savings deposits derived from corporates (up 67.6 per cent.). In contrast, the balance of public sector deposits decreased 16.3 per cent.

Customer deposits (Consolidated)

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
Individual customers	46,907	46,274	(633)	(1.3%)
Sight	13,104	13,092	(12)	(0.1%)
Term and savings deposits	33,802	33,182	(621)	(1.8%)
Corporate	7,493	11,104	3,611	48.2%
Sight	3,361	4,178	817	24.3%
Term	4,132	6,926	2,794	67.6%
Public Sector	3,385	2,832	(553)	(16.3%)
Sight	2,191	1,775	(415)	(19.0%)
Term	613	676	63	10.2%
Mandatory	582	381	(204)	(34.5%)
Total	57,785	60,209	2,424	4.2%

Regarding outstanding deposits in 2010, €49.3 billion originated from the domestic activity of CGD, i.e. 81.9 per cent. of the total, considered on a consolidated basis, but still more significant were the contributions of some branches and subsidiaries of the Group; namely, deposits from BNU (Macau) (€2.2 billion), Banco Caixa Geral (€2.2 billion) and the French branch of CGD (€1.8 billion).

In 2010, CGD significantly strengthened its leadership position in customer deposits in Portugal, with a market share of 28.5 per cent. at the end of the year (decreasing 0.4 per cent. when compared to 2009) by achieving 33.2 per cent. in the individual client sector and 15.3 per cent. in the corporate segment (representing an increase of 5.2 per cent. over the preceding year).

Total resources taken by the Group (excluding the interbank money market) were down 4.5 per cent. over the preceding year to €103.5 billion split into a percentage of 90.33 per cent. in balance sheet resources to €93.5 billion and 9.7 per cent. in “off-balance sheet” resources to €10.0 billion. However, not including funding secured from institutional investors, the total customer resources balance was up to €1.1 billion by 1.3 per cent.

Group Resources.

Of particular note in the retail segment was the 4.2 per cent. increase of €2.3 billion in customer deposits over 2008 to €57.8 billion, together with a 10.9 per cent. increase in capitalisation insurance.

Resources taken by CGD GROUP^(a)

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
Customer Resources				
Balance sheet:	97,143	93,520	(3,624)	(3.7%)
Retail	71,865	74,195	2,330	3.2%
• Customer deposits.....	57,785	60,209	2,424	4.2%
• Capitalisation insurance ^(b)	10,423	10,843	420	4.0%
• Other customer resources	3,657	3,142	(514)	(14.1%)
Institutional Investors	25,278	19,325	(5,953)	(23.6%)
• EMTN.....	10,517	8,786	(1,731)	(16.5%)
• ECP and USCP	5,832	676	(5,156)	(88.4%)
• Nostrum Mortgages and Nostrum Consumer.....	581	475	(106)	(18.2%)
• Covered bonds	6,088	7,125	1,036	17.0%
• Bonds guaranteed by the Portuguese Republic.....	1,248	1,250	2	0.2%
• Public Sector Covered Bonds	1,012	1,013	1	0.1%
Off-balance sheet:	11,224	10,006	(1,218)	(10.8%)
Investment units in unit trust funds.....	5,684	4,966	(718)	(12.6%)
Caixagest	4,106	3,283	(823)	(20.0%)
Fundimo.....	1,578	1,683	105	6.6%
Pension fund	2,100	2,183	83	3.9%
Wealth management.....	3,440	2,857	(583)	(16.9%)
Total	108,367	103,526	(4,841)	(4.5%)

(a) Does not include credit and financial institutions' deposits.

(b) Includes fixed-rate insurance products.

In 2010 there was a 23.6 per cent. decrease, amounting to €5.9 billion, in the outstanding of resources taken from institutional investors in the form of own issues. This was particularly as a result of the reduction in balance of issues under the USCP and ECP programmes and to a lesser extent to the EMTN programme. However, the balances on bonds issued on a covered basis were up by 17 per cent. in 2010, with an increase of €1.04 billion over the end of 2009, to an outstanding amount of €7.1 billion at the end of 2010.

“Off balance sheet” resources were down 10.8 per cent. by €1.2 billion in 2010, notwithstanding the positive contribution of Fundimo property fund (with an increase of 6.6 per cent.) and pension funds (up by 3.9 per cent.).

During 2010, liquidity needs were met by using ECB's funding facilities and funds raised from CGD's retail network. Three EMTN programme bond issues were made to retail customers: two at a variable rate with a maturity of three years totalling €514 million and one at a fixed rate with a maturity of five years for the amount of €500 million. CGD also undertook a residential mortgage loan securitisation deal referred to as Nostrum Mortgage II, for the amount of €5.4 billion, thus reinforcing its securities portfolio eligible as collateral with the ECB.

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
EMTN programme issues ^(a)	8,937	8,605	(332)	(3.7%)
ECP and USCP programme issues	5,832	676	(5,156)	(88.4%)
Nostrum Mortgages and Nostrum Consumer	581	475	(106)	(18.2%)
Covered bonds	6,088	7,125	1,036	17.0%
Guaranteed Bonds (Portuguese Republic)	1,248	1,250	2	0.2%
Public Sector covered Bonds	1,012	1,013	1	0.1%
Cash bonds and certificates of deposit	1,484	163	(1,321)	(89.0%)
Total	25,182	19,307	(5,876)	(23.3%)

(a) Does not include issues classified as subordinated liabilities.

Debt securities were down by 23.3 per cent. to €19.3 billion at the end of 2010, due to greater difficulty in accessing wholesale markets. Reference should be made to a reduction in the balance of securities issued under the ECP and USCP programme in 2010 for the amount of €5,156 million (down 88.4 per cent.) and cash bonds and certificates of deposit, for the amount of €1.3 billion (down 89 per cent.).

Loans

Loans and advances to customers reached €84.5 billion (gross) in 2010, representing an increase of €4.9 billion when compared with the same figures in December 2009. Around 77.5 per cent. of the loans and advances made to customers in total was due to CGD's operations in Portugal. Special reference should be made, in the case of international area operations, to the 17.4 per cent. increase of €761 million in Banco Caixa Geral (Spain), the 29.9 per cent. increase to €165 million in Banco Comercial e de Investimentos (Mozambique) and the 385 per cent. increase to €128.6 million in Partang SGPS (Banco Totta Angola).

New mortgage loans in 2010, in domestic territory, totalled €2,747 million, representing a market share of 26.5 per cent. for the year.

Loans and advances to customers (consolidated)

By customer segment

	As at 31 December		per cent.		Change	
	2009	2010	2009	2010	Total	per cent.
	(€ million)	(€ million)			(€ million)	
Corporate and institutional	36,876	40,094	46.3%	47.4%	3,218	8.7%
Of which corporates (CGD Portugal)	23,349	24,066	29.3%	28.5%	717	3.1%
Central and local government	3,064	3,663	3.8%	4.3%	599	19.6%
Of which: municipalities	2,614	2,559	3.3%	3.0%	(55)	(2.1%)
Individual customers.....	39,685	40,760	49.8%	48.2%	1,075	2.7%
Total	79,626	84,517	100.0%	100.0%	4,891	6.1%

In terms of credit structure, the private customers segment continued to maintain a significant share in total loans, absorbing 48.2 per cent. of the total loans balance, with 45.1 per cent. for housing, against 46.6 per cent. a year earlier. Credit to corporates represented, in turn, 47.4 per cent. of the total. The balance of the credit to public sector remained at €3.7 billion (an increase of 19.6 per cent.), of which €2.6 billion was granted to municipalities (2.1 per cent. less when compared to the outstanding at the end of 2009).

Putting into practice CGD's commitment to encouraging and supporting the recovery of national economy, its' share of loans and advances to was reinforced from 15.5 per cent. to 16.1 per cent. The market share of mortgage loans decreased from 27.1 per cent. to 26.8 per cent. The share of credit to the public sector administration remained around 40 per cent. CGD's global share of loans and advances to customers was up from 20.5 per cent. to 20.9 per cent.

Loans and Advances to Customers – Market Shares in Portugal^(a)

By customer segment

	As at 31 December	
	2009	2010
Corporate.....	15.5%	16.1%
Central and local government	44.1%	39.9%
Individual customers.....	23.6%	23.6%
Housing.....	27.1%	26.8%
Other.....	8.5%	9.2%
Global.....	20.5%	20.9%

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

Corporate Loans

In terms of credit to corporates and institutions, there were sensitive increases in credit balances granted to the services sectors comprising 67.6 per cent. of total loans and advances to corporates with a 14.2 per cent. increase of €3.4 billion. Lending to mining and manufacturing industries and electricity, gas and water was up by 7.5 per cent. and 11.3 per cent., respectively, while credits granted to construction and public works amounted to €635 million a decline of 9.4 per cent. when compared with the previous year.

Loans and advances to Corporate and institutions (consolidated)

By sectors of activity

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
Agriculture and fisheries.....	529	514	(15)	(2.9%)
Mining and manufacturing.....	4,054	4,356	303	7.5%
Construction and public works	6,785	6,150	(635)	(9.4%)
Electricity, gas and water	1,764	1,962	198	11.3%
Services	23,745	27,112	3,367	14.2%
Total	36,876	40,094	3,218	8.7%

The balance of the credit services sector was intended primarily for sub-sector “Financial activities” with €8.2 billion, “Real estate” with €4.2 billion and “wholesale and retail” with €4.1 billion.

Loans and advances to individual customers

In the individual customer sector, the balance stood at €40.8 billion at the end of 2010, an increase of €1.1 billion (an increase of 2.7 per cent.) both based in Housing loans (an increase of 2.8 per cent.) and in the “Other Purposes” (an increase of 1.4 per cent.).

The balance of mortgage lending amounted to €38.1 billion, having increased by 2.8 per cent. in the year and representing 45.1 per cent. of the total credit granted by the Group.

With regard to housing loans, the value of new deals in 2010 in Portugal reached €2,747 million, reflecting a market share of 26.5 per cent. in terms of production in the year. The transformation ratio of deposits into loans was 121.0 per cent. at 31 December 2010, from 120.2 per cent. at the end of 2009.

Loans and advances to individual customers (consolidated)

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
Housing	37,106	38,144	1,038	2.8%
Other.....	2,579	2,616	37	1.4%
of which:				
Credicaixa (consumer credit)^(a)	1,098	1,151	53	4.8%
Credit cards^(a)	313	342	29	9.2%
Total	39,685	40,760	1,075	2.7%

(a) Operations in Portugal

Overdue Credit, Impairment and Provisions

The amount of outstanding overdue credit loans was €2,478 million, an increase of 8.5 per cent. compared to 2009, reflecting in the indicators of asset quality. The ratio of loans in arrears, calculated in accordance with the rules of the Bank of Portugal, stood at 3.13 per cent., while the ratio of total overdue loans reached a value of 2.93 per cent. and the ratio of loans overdue for more than 90 days evolved to 2.63 per cent.

The amount of accumulated impairment on loans to customers (normal and overdue) reached around €2.6 billion at the end of 2010, with coverage of overdue loans for more than 90 days achieving 117.4 per cent. against 122.4 per cent. a year earlier.

Credit Quality (consolidated)

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
1. Total credit	79,627	84,517	4,890	6.1%
1.1. Loans and advances to customers (outstanding)	77,344	82,039	4,695	6.1%
1.2. Overdue credit and interest	2,283	2,478	195	8.5%
<i>Of which: more than 90 days overdue</i>	1,965	2,223	258	13.1%
2. Credit impairment	2,405	2,610	205	8.5%
2.1. Accumulated impairment – loans and advances to customers	1,155	1,250	95	8.20%
2.2. Accumulated impairment – overdue credit and interest	1,250	1,360	110	8.8%
3. Credit net of impairment	77,222	81,907	4,685	6.1%
Ratios				
Non-performing credit ratio ⁽¹⁾	3.00%	3.13%		
Non-performing credit, net/Total credit, net ⁽¹⁾	(0.02%)	0.04%		
Overdue credit/Total credit	2.87%	2.93%		
Credit overdue for more than 90 days/Total credit	2.47%	2.63%		
Accumulated impairment/Non-performing credit .	100.7%	98.7%		
Accumulated impairment/Overdue credit	105.3%	105.3%		
Accumulated impairment/Credit overdue for more than 90 days	122.4%	117.4%		

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

Provisions

The change in the provisions for employee benefits and provisions for other risks in 2009 and 2010 were as follows:

2010								
	Balances at 31.12.2009	Changes in consol- idation perimeter	Additions	Reversals	Write-offs	Exchange differences	Other	Balances at 31.12.2010
Provision for employee benefits.....	556,971	537	8,198	(7, 257)	(24,283)	849	(4,823)	530,192
Provision for litigation	16,781	—	2,211	(786)	(63)	347	(310)	18,180
Provision for guarantees and other commitments...	108,217	701	68,149	(32,965)	(23)	20	(1,581)	142,518
Provision for other risks and charges.....	114,411	478	47,708	(34,128)	(12,693)	194	(3,441)	112,529
	239,409	1,179	118,068	(67,879)	(12,779)	561	(5,332)	273,227
	796,380	1,716	126,266	(75,136)	(37,062)	1,410	(10,155)	803,419
2009 (€ thousand)								
	Balances at 31.12.2008	Changes in consol- idation perimeter	Additions	Reversals	Write-offs	Exchange differences	Other	Balances at 31.12.2009
Provision for employee benefits.....	505,886	103	10,784	(5,136)	(21,451)	383	66,402	556,971
Provision for litigation	21,761	—	95	(6,617)	(398)	824	1,116	16,781
Provision for guarantees and other commitments...	94,108	191	24,117	(9,994)	(173)	(147)	45	108,217
Provision for other risks and charges.....	120,304	61	95,297	(100,558)	(1,032)	(369)	708	114,411
	236,173	252	119,509	(117,099)	(1,603)	308	1869	239,409
	742,059	355	130,294	(122,235)	(23,054)	691	68,271	796,380

The provisions for litigation set out above corresponded to the best estimate of the Group as to the amounts likely to be spent on their resolution. These figures are based on estimates of the Legal Department and external lawyers.

Impairment

The changes in impairment in 2010 and 2009 were as follows:

	2010 (€ thousand)								
	Balance at 31.12.2009	Acquisition of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2010	Recovery of credit, interest and expenses
Impairment of loans and adv. to customers	2,405,224	7,067	1,674,681	(1,270,596)	(201,392)	(8,524)	(13,684)	2,609,824	(34,984)
Impairment of loans and adv. to credit institutions	159,563	—	73,015	(81,168)	(67,128)	(5,428)	(777)	88,933	—
Impairment of available-for-sale financial assets									
Equity instruments	318,040	11,431	261,130	—	(244,442)	139	(13,900)	332,397	—
Debt instruments	62,064	—	7,723	(5,247)	(20,092)	994	—	45,441	—
Other instruments	54,929	—	75,521	—	(48,570)	—	(18,988)	100,867	—
Impairment of other tangible assets	18,760	152	8,948	(9,038)	(3,081)	—	—	15,741	—
Impairment of intangible assets.	957	—	—	—	—	—	1	958	—
Impairment of non-current assets held for sale									
Property and equipment	59,825	—	45,586	(28,572)	(2,006)	—	(2,704)	72,128	—
Impairment of other assets	144,429	2,359	21,364	(14,600)	(1,029)	516	(2,766)	155,804	—
Impairment in associated companies	161	—	—	—	(161)	—	—	—	—
	818,728	13,942	493,286	(138,625)	(386,510)	7,077	4,374	812,271	—
	3,223,952	21,009	2,167,967	(1,409,221)	(587,902)	15,601	(9,311)	3,422,095	(34,984)

	2009 € thousand)								
	Balance at 31.12.2008	Acquisition of subsidiaries	Addition	Reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31.12.2009	Recovery of credit, interest and expenses
Impairment of loans and adv. to customers	2,121,086	901	1,176,650	(719,237)	(166,955)	(5,440)	(1,781)	2,405,224	(40,567)
Impairment of loans and adv. to credit institutions	106,381	—	69,041	(15,189)	—	(2,218)	1,548	159,563	—
Impairment of available-for-sale financial assets									
Equity instruments	650,234	—	136,265	—	(468,109)	(55)	(296)	318,040	—
Debt instruments	52,666	—	26,618	(641)	(3,715)	(433)	(12,431)	62,064	—
Other instruments	4,924	—	50,005	—	—	—	—	54,929	—
Impairment of other tangible assets	19,172	—	2,822	(2,745)	(489)	—	—	18,760	—
Impairment of intangible assets.	957	—	—	(10)	—	—	10	957	—
Impairment of non-current assets held for sale									
Property and equipment	37,777	—	34,420	(11,992)	(367)	(13)	—	59,825	—
Impairment of other assets	180,251	1,857	17,264	(46,739)	(3,652)	(77)	(4,473)	144,429	—
Impairment in associates	—	—	161	—	—	—	—	161	—
	1,052,363	1,857	336,596	(77,316)	(476,333)	(2,796)	(15,643)	818,728	—
	3,173,449	2,757	1,513,247	(796,553)	(643,288)	(8,236)	(17,424)	3,223,952	(40,567)

Securities Investments

Investments in securities, including investment by insurance companies, reached €30.5 billion at the end of 2010.

The increase over the preceding year, essentially derived from the purchase for the banking portfolio of bonds issued by entities created under the scope of the BPN restructuring process (€3.1 billion) which replaced commercial paper issued by BPN, that had been registered in loans and advances to credit institutions at the end of 2009.

This purchase explains a part of the 31.3 per cent. growth of €5.9 billion in financial assets available for sale in 2010, with the rest being due to the increase of the outstanding amount in Portuguese Sovereign Debt, offset by the reduction in this position in the trading portfolio. This strategy aimed at minimising the effects of speculation over the National Public Debt.

Through the year, the objective was mainly based on strengthening the portfolio of securities eligible as collateral with the ECB. Thus, some opportunities were considered, arising from sale or maturing of some positions in debt securities, of financial companies and assets backed securities that were replaced for the most liquid assets and / or with better credit quality. Simultaneously, and aiming at alternative funding sources, a proactive strategy was adopted in carrying out repo transactions on securities with other entities.

Securities investments (Consolidated)^(a)

	As at 31 December		Change	
	2009	2010	Total	per cent.
	(€ million)	(€ million)	(€ million)	
Banking	15,050	18,925	3,875	25.7%
Financial assets at fair value through profit or loss	6,101	4,970	(1,132)	(18.5%)
Available for sale financial assets	8,949	13,955	5,007	55.9%
Insurance	10,879	11,623	744	6.8%
Financial assets at fair value through profit or loss	108	97	(12)	(10.7%)
Available for sale financial assets	9,902	10,793	891	9.0%
Investments associated with unit-linked products.	868	733	(135)	(15.6%)
TOTAL	25,929	30,547	4,619	17.8%

(a) before impairment.

Total equity instruments held by the group were down 25.9 per cent. to €746.6 million in 2010, with the sale of several relevant positions in EDP and Unicre, as well as in unit trust investment funds.

Principal Financial Investments

	As at 31 December 2010	
	Amount	% Capital
	(€ million)	
Portugal Telecom	464.6	6.3%
GALP Energia,SGPS, S.A.	199.8	1.4%
ZON Serviço Multimédia	113.3	10.9%
Banco Comercial Portugues, S.A.	71.3	2.7%
Instituto da Habitação e Reabilitação Urbana	54.3	52.5%
EDP – Energias de Portugal SA	52.6	0.41%

Risk Management

Risk management is a centralised function within CGD. Risk management encompasses the assessment and control of the Group's credit, market and, liquidity risks, based on the principle of the separation of functions between commercial and risk assessment areas.

The Risk Management area is part of the support structure and is present:

- in the Assets and Liabilities Management Committee ("ALCO"), in conjunction with business generating areas, support areas and with members of the board of directors. Under the terms of a board of directors' resolution, the committee was, *inter alia*, given the following responsibilities:
 - Promotion of the asset management and liabilities ("ALM") process and actions and procedures necessary for their implementation on a consolidated and separate basis for various group entities;
 - The preparation of proposals for strategic guidelines on the CGD Group's financing and liquidity policy;
 - The preparation of proposals for strategic guidelines on risk management policy, defining indicators, limits and management rules; and
 - The preparation of proposals for strategic guidelines on the CGD Group's capital ratios.
- in the expanded credit board, in conjunction with the business generation areas, the legal area, credit recovery area and the board of directors. Under the terms of a board of directors' resolution, the board was, *inter alia*, given the following responsibilities:
 - Authorisation of operations, which being part of the internal regulatory framework require the board's assessment;
 - Analysis of non-performing loans; and
 - Definition of credit policies strategy and respective risk.

Risk profile and respective evolution

The CGD Group consistently tends to adopt an adequate risk aversion approach, even though there is room for a component of innovation and market surveillance in the products to which it has exposure.

Principles and Policies

CGD Group's risk profile enshrines the following principles:

- Focus on risk-weighted return;
- Sustained growth and business diversification;
- Definition and monitoring of the use of limits by type of risk;
- Proactive risk management; and
- Prompt response from the risk management area.

Credit Risk

Credit risk is associated with losses and the level of uncertainty over a customer/counterparty's capacity to meet their obligations. Given the nature of banking activity, credit risk is particularly important, owing to its material nature, notwithstanding its interconnection with the remaining risks.

In 2010, as opposed to what happened in 2009, witnessed a decrease of new defaults on loans and advances to individual customers, in addition to settlements made by customers already in default. This was particularly relevant in the case of mortgage loans. There was an increase in defaults in the corporate segment having an impact on a worsening of the respective impairment provisions.

Methodology

Risk analysis – The Group has been implementing a system of identification, valuation and control of the risk of its loan portfolio, covering all customer segments and being pro-active when granting credit and in monitoring risk throughout the life of operations.

In the case of corporates with a great level of exposure, the assessment of credit risk, besides the support of internal rating models (incorporating both financial information and elements of a qualitative nature), is subject to individual assessment by a team of analysts, who prepare reports analysing credit risk and issue an independent opinion on the inherent credit risk. This analysis is done on a periodic basis and whenever there are changes in the relationship with the client and endogenous and/or exogenous factors are identified that recommend a reassessment of risk.

In the retail sector, the assessment of credit risk is supported by the use of statistical tools for risk assessment (rating and scoring models) for a set of internal regulations that establish objective criteria to be followed in lending, as well as a delegation of responsibilities based on the credit ratings assigned to customers.

Impairment credit model – This model which was developed by the CGD Group under the scope of IAS 39, allows for the identification and monitoring of loans with objective evidence of impairment and the credits showing evidence of impairment.

The risk factors used in the model of credit impairment are revised annually, thus, adjusting the impairment analysis to the effects of current market conditions that had not been seen before. Using the credit impairment model, we can analyse and process the loan portfolio, which is subdivided in accordance with the following approaches:

- Collective analysis of impairments – for the exposures considered individually not significant, the impairment provisions for sub-segments of risk are calculated for assets with similar risk characteristics (credit segment, type of collateral, history of payment behaviour, amongst others); and
- Individual impairment analysis – for clients with exposures considered significant, an assessment is made individually, on a quarterly basis, which involves the commercial areas of CGD, the recovery credit area and the credit risk management area.

The individual evaluation of clients with the most significant exposures is focused mainly on the following criteria:

- Compliance with contractual terms agreed with the CGD Group;
- Assessment of economic-financial situation;
- Perspectives on the evolution of client activity;
- Verification of the existence of operations involving overdue credit and interest within the CGD Group and/or the financial system;
- Adequacy of guarantees and collateral to offset the amount of the loan; and
- Analysis of historical information on the behaviour and timely payment of customers.

For significant exposures in which there are no objective signs of impairment, a collective provision is determined, in conformity with the risk factors determined for loans with similar characteristics.

Limits – In order to support the process of credit analysis, the CGD Group has developed and implemented a new methodology for attributing credit limits (a model which defines limits of exposure) for short-term business, with parameters defined on the basis of economic-financial indicators and risk levels, making it possible to estimate the recommended short term risk exposure to each client. The model allows the use of a single set of clear and objective rules for calculating the referred limits, which will subsequently be the object of analysis on an individual basis for validation.

Risk assessment associated with lending to financial institutions is based on internally established limits. The definition of these limits are set taking into consideration the entity's financial sector in comparison to its peers, its rating, value at risk, as well as other qualitative factors. Compliance with

the limits, the credit exposures and the risk profile of counterparties and groups are monitored regularly by analysts.

Risk control – The credit portfolio is regularly monitored in terms of its composition and quality. The analysis includes the splitting up of the portfolio by product, customer segmentation, level of exposure, operating sector and geographical area.

Follow-up work on the performance of the internal development of risk classification models is also particularly important. This exercise, which processes the information from the use of these models, provides indications of their continued adequacy, guidelines on eventual re-estimation of needs and information on type of use.

For CGD, the monitoring process of risk rating models is particularly important. This action gives powerful indications, obtained by processing information obtained from the use of internally developed models, of its sustainability. This is a way to find out if there is a need for new estimations of the models used as well as providing guidance on the need for reassessment of these models and information about how they should be used.

The second half of 2010 witnessed the implementation of a special tool making it possible to harmonise the follow-up of internally developed risk factor estimation models.

Recovery – The policies for the recovery of overdue credit were improved in 2010 owing to the difficult economic climate affecting the country. Such endeavours, however, did not entail any increase in the number of employees working in the Credit Recovery Division (“DRC”) or the need to appoint extra legal counsel. Only employees leaving the division were replaced.

The relationship with commercial areas from which the respective credit was derived was intensified, with control over overdue credit being a determining variable in terms of the analysis of the performance of each structural organ.

Special reference should be made to the division of the analysis between the individual customers and corporate segments and between negotiation and legal actions.

In the area of recovery through negotiations with individual customers, it was possible to reduce the number of case files received by the DRC in 2010 as compared to 2009 and increase the number of resolved cases. In December 2010, 21,295, operations were being processed in comparison to the preceding year’s 24,625, involving an amount of €817.359 million against a December 2009 figure of €989.4 million, with the overdue credit ratio on mortgage loans at the end of 2010 being 2.54 per cent. against 2.51 per cent. in December 2009.

It was decided, in November 2010, to apply the automatic mechanism existing in the case of mortgage loans to consumer credit, with loans having three monthly instalments in arrears being sent to the DRC.

There were 20,179 operations representing €706.603 million recovered in 2010 and returned to the network. In the area of legal recoveries on individual customers, it was possible, in 2010, to collect €115.363 million and restructure credit for the amount of €73.110 million, which was returned to the network.

In the case of corporate area negotiations, the rate of new cases in the DRC remained high, with negotiations involving 1,019 customers under management at the end of 2010, representing €348.276 million in liabilities. €77.998 million were collected and €101.118 million restructured during the year at the negotiating stage.

Payments in kind representing €44.238 million were made by 18 customers. There were no sales or assignments of credit portfolios in 2010.

In the property area, the intense level of activity of Caixa Imobiliário and property investment funds for home rentals played a decisive role in accompanying the sector, which accounts for a large proportion of CGD’s portfolio. Major decisions are analysed by the Property Committee formed by the board of directors, DRC, Securities Division, Property Division, Caixa Imobiliário, SogropeGI and Imocaixa.

An amount of €88.182 million was recovered in the corporate legal recovery area with a positive effect on the release of provisions and impairment. An amount of €18.765 in credit was also restructured.

There was a huge increase in customers in this area, deriving from third party repossessions and bankruptcy proceedings.

At the end of 2010, the Credit Recovery Division dealt with 90.5 per cent. of overdue credit in Caixa, split up between mortgage loans with 98.3 per cent. and loans and advances to companies with 85.45 per cent.

Regulatory Capital requirements – For derivative instruments, repurchase transactions, borrowing or lending of securities or commodities, long settlement transactions and lending transactions with a tax margin, the method of marking to market (mark-to-market), as defined in Part 3 of Annex V of Notice of Bank of Portugal (“BdP”) No. 5/2007, is applied, consisting of adding to the operation’s market value when positive, its future valuation potential, resulting from the multiplication of the notional amount by a prudential factor based on the type of contract.

For credits and receivables, the standard pattern is followed as established in Notice BdP n. 5/2007. The document “Market Discipline 2009”, published during the first half of 2010 provided detailed information on the regulatory capital requirements of the CGD Group.

Stress testing – This is used to provide an analytical view of CGD Group’s position in terms of solvency when subjected to extreme scenarios. To this end, in 2010 and in addition to the stress tests used for internal management purposes and those required by BdP under Instruction 32/2009, CGD participated in the transversal “EU wide stress test exercise”, coordinated by the Committee of European Banking Supervisors (“CEBS”) in cooperation with the European Central Bank.

Capital requirements for internal operation – This results from the use of internally estimated credit risk factors (probability of default (“PD”); loss given default (“LGD”); and equivalent credit conversion factors (“CCF”).

Market Risk

Market risk can give rise to potential negative impact on the results or capital of the institution arising from adverse movements in asset prices in the portfolio compared with the level at which they are traded in the market.

There is market risk in instruments such as shares, funds, commercial paper, bonds, deposits/loans, foreign exchange spot and forward, interest rate derivatives, exchange rate derivatives, on shares/indices/baskets, on commodities and credit. Exposure to this type of risk is thus transversal to several risk categories: price, interest rate, exchange rate volatility and commodities. The CGD Group has a large concentration of market risk in the first three categories, as a result of the high amount of simple and liquid net assets in its portfolio; notwithstanding the above, there is also room for innovation and market monitoring in products where the CGD Group has a market exposure. Execution of market transactions and associated risk control are completely segregated.

Limits

Establishing and monitoring limits is of extreme importance for market risk mitigation. These limits are submitted to the Board by the Risk Department for discussion and approval. The management rules established for each portfolio or business unit include limits on market risk and further limits on the types of instruments allowed and maximum allowable levels of losses, amongst others. There are specific rules for the risk management of foreign exchange positions of the units in the CGD Group.

Market risk hedging operations are decided by portfolio managers or business units, taking into account risk limits and authorised instruments in which the risk manager area collaborates on assessing the impact of total risk hedges incurred or the alteration of authorised risk under the circumstances.

Values and limits of the foreign exchange position of the CGD Group are calculated in terms of value at risk (“VaR”), as well as total open position and open position by currency.

Methodology

Since 2002, the risk measure used by the Risk Department to monitor the market risk is VaR, being the limits of market risk based on this measure, and in several cases, supplemented with other market risk measures, such as sensitivity limits to risk factors variation: basis point value, interest rate and other sensitivity indicators commonly applied to share portfolios of options (aka, Greeks). VaR is calculated for all types of market risk (interest rate, equities, exchange rates and volatility), using the historical simulation method, whose confidence levels are contingent upon the reasons for holding the portfólio. Caixa also develops stress-testing assessments on the impact of the results of change in risk factors for extreme scenarios.

The Risk Department carries out daily calculations and monitoring of these measures, having conceived a comprehensive reporting structure of VaR, analysis of sensitivity, profitability indicators, performance and stress testing limits for all entities with exposure to market risk in the trading portfolios and exchange rate risk in the balance sheet.

Monitoring and evaluation of foreign exchange risk are made daily, for domestic operations and for each of the subsidiaries and affiliates, and every two weeks for the consolidated Group.

Daily theoretical and real VaR measurement back testing analyses are performed, with the calculation of theoretical back testing values and the monthly calculation of real back testing values. The number of exceptions obtained, i.e. the number of times that theoretical or real losses exceed VaR, enable the method's accuracy to be assessed and any necessary adjustments made.

Interest Rate Risk in the Balance Sheet

This is the risk incurred by an institution whenever it contracts operations with future cash flows sensitive to eventual changes in interest rates or, in other words, the risk associated with the mismatching of maturities due to a decrease or increase in the interest rate of assets and liabilities held, decreasing their return or increasing their financial cost.

Methodology

To measure this type of risk, the methodology used by CGD comprises the aggregation by time bands of all of its assets and liabilities sensitive to interest rate changes, in accordance with the respective re-pricing dates. The respective cash inflows and outflows are calculated for such periods to obtain the corresponding interest rate risk gap.

The analysis of the interest rate risk dimension involves a monthly calculation of the duration of sensitive assets and liabilities, in addition to the respective duration gap. This is used to measure the mismatch level between the average time in which cash inflows are generated and cash outflows are required.

To monitor the effect of the gaps on net interest income, on a quarterly basis, a regular monthly forecast of sensitive assets and liabilities scenarios is produced, which include relevant banking activity behaviour and trends, evolution of different market rates and expectations reflected in the yield curve.

ALCO approves guidelines on balance sheet and banking portfolio interest rate risk, including the definitions of limits on certain significant variables in terms of the level of exposure to such risk. The objective in complying with these guidelines is to ensure that CGD has a means of managing the risk/return trade-off; in balance sheet management terms, being in a position to define the adequate level of exposure and controlling the results of the risk policies and positions assumed.

The limits fixed are calculated monthly for the accumulated 12 months gap and the duration gap, and quarterly both for the economic value at risk indicator (which translates the changes in the economic value of CGD's capital, resulting from changes in interest rate levels) and for the earnings at risk indicator (which translates the changes in CGD's forecast net interest income, resulting from changes in interest rate levels and the evolution of loans and advances and investment balances).

In the interest rate risk analysis, the implementation of a new asset and liabilities management computer tool, called BancWare ALM, enabled the materially more relevant CGD Group entities in this area to be assessed.

The outputs produced, for each of the institutions, in consolidated terms, are set out below:

- In static terms, every month: contractual balance, current value and duration; interest rate and liquidity, structural liquidity gaps, level of immunisation and table of the source and application of funds;
- In dynamic terms, every quarter; forecast balance for the desired simulation period and net interest income with a sensitivity analysis (up/down 200 bp, up/down 100 bp and up/down 50 bp).

The outputs produced in the form of tables and monthly reports are for CGD's Board and Risk Management Department. Monthly information is also produced for the assessment of ALCO meetings and the same software is also used to process the information required for the production of liquidity and interest rate risk assessments on the banking portfolio, to be sent to the Bank of Portugal, on a bi-annual basis.

The accumulated static interest rate gap of 12 months was significantly stable at around 20 per cent. of sensitive assets for the first half of 2010. The second half witnessed a progressive increase of this amount, with a year end of 27 per cent. of sensitive assets i.e. a total of €26,560.5 million.

The Interest Rate Risk in the Banking Portfolio – The assessment and measurement of this type of risk is based on the accumulated impact of instruments sensitive to interest rates, resulting from a parallel movement of +/-200 bps on the yield curve. Under the terms of an ALCO resolution and for internal management purposes, the calculation of this impact on own funds and on net interest income is calculated quarterly with internal limits having been defined for the purpose in question, and this information is sent every six months to the Bank of Portugal (Notice 19/05 from Bank of Portugal).

At 31 December 2010, the impact on shareholders' equity (as defined in Bank of Portugal 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 shift in the yield curve of 200 basis points, was 11 per cent. and 41 per cent., respectively.

Liquidity Risk

Liquidity risk refers to a situation where the possibility of an occurrence of a time-lag or mismatch between payment inflows and outflows renders the bank unable to satisfy its commitments. This involves a risk in which an institution's reserves and cash assets are not sufficient to honour its obligations at the time of occurrence.

Liquidity risk in the banking business area can occur in the event of:

- Difficulties in funding, normally leading to higher costs of funding but also implying a restriction on the growth of assets;
- Difficulties in meeting obligations to third parties, in due time, caused by significant mismatches between residual periods on assets and liabilities.

Methodology

Liquidity risk management employs an analysis of the periods to maturity of different balance sheet assets and liabilities. The volumes of cash inflows and cash outflows, and respective liquidity gaps are calculated for each of the different time bands considered, both in terms of the respective periods and its accumulated effect.

The structural liquidity concept is used for analysis purposes which, according to studies and models developed internally and based on the behaviour of depositors, translates the distribution of sight and term deposits by the different bands considered.

Therefore, in the case of sight deposits, 82 per cent. of the balance (core deposits) is categorised under the "more than 10 years" time band with the rest (non-core deposits) being allocated in bands of up to 12 months, in line with seasonality studies and minimum noted balance. Term deposits and savings accounts are, in turn, split up between the different bands in accordance with a model for estimating their expected average life and expected time distribution of withdrawals.

Securities investments also deserve special treatment, with around 85 per cent. of the total securities investments balance being categorised under the “up to one month” band and the remaining 15 per cent. being split up according to the proportion of the balances in the structure of the residual periods of their initial maturity. Shares and other variable income securities with adequate liquidity are considered globally in the “up to one month” band.

Liquidity gaps are calculated monthly and compliance is measured in three limits (two short-term and one long-term) fixed by ALCO.

The dedicated software used to manage the risk of interest rate structure is also used in the analysis of balance sheet liquidity.

The outputs produced monthly for each of the institutions and in consolidated terms are: liquidity gap, liquidity gap and structural map of sources and uses of funds.

Liquidity risk management also incorporates quarterly stress test exercises in articulation with the current liquidity contingency plan, in line with the disclosure of the principles and recommendations of the Basel Committee on Banking Supervision and Committee of European Banking Supervisors.

The methodology developed internally for the assessment of Caixa’s resilience to liquidity difficulties involves the measuring and monitoring of the “survival period” (period of time up to the occurrence of liquidity difficulties if corrective measures have not been applied beforehand), in light of three stress scenarios in the finance markets. A fourth scenario is also considered – base scenario – which assumes that Caixa will perform its activities in line with its budget and consequent financing plan.

The current model also encompasses a series of limits for the survival periods defined for each of the referred scenarios. Any non-compliance with any of the existing limits assumes the implementation of the contingency measures provided for in the contingency plan for Caixa’s liquidity in accordance with levels of priority therein defined regarding the use of different financing instruments.

Notwithstanding the problems occurring in the monetary and capital markets, Caixa further developed 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 and in debt issues.

To avoid high negative liquidity gaps over short-term time bands, Caixa has endeavoured to ensure a permanent level of efficient treasury management. To provide for the longer maturity periods, particularly associated with the continuous growth of its mortgage loans, Caixa continued to use medium and long-term resource-taking instruments in national and international markets, in 2010.

In accordance with new guidelines and requirements of the Bank of Portugal, CGD has developed the new monthly reporting of liquidity (Instruction No. 13/2009), consisting of a diverse set of maps in order to enhance knowledge and control of bank liquidity. Taking into consideration the need for permanently and promptly accompanying the liquidity levels of credit institutions, particularly in periods of disruptions in financial markets, the Bank of Portugal also requested weekly information on liquidity in wholesale markets starting from the second half of June.

Operational Risk

The operational risk management within the CGD Group is supported by a set of guidelines, methodologies and regulations recognised as good practice:

- Alignment with the approach recommended in the Basel II Accord by having adopted the operational risk definition (such as the risk of losses resulting from inadequacies or procedural faults or caused by persons and information systems or due to external events);
- Internal control methodologies proposed by Committee of Sponsoring Organizations of Treadway Commission and Control Objectives for Information and Related Technology; and
- Underlying approach to the Risk Assessment Model implemented by the Bank of Portugal.

Accordingly, the CGD Group has adopted a methodology for operational risk management based on analyses by processes (end-to-end), having obtained the approval of the Bank of Portugal to adopt the standard method (TSA) in the calculation of own funds to be allocated to operational risk on a consolidated basis, in 2009. This calculation method also includes, on an individual basis, Caixa Banco de Investimento, Caixa Leasing e Factoring, and Caixagest, which will be subject to the eligibility criteria applicable to the referred method on a separate basis.

The use of this method in Mercantile Bank (South Africa) and in Banco Caixa Geral (Spain) has also been formally approved by the respective supervisors. For the other Group institutions abroad, the calculation of own funds to be allocated to operational risks on an individual basis, is calculated in accordance with the Standard Method Approach. In the case of the group's other institutions abroad, the assessment of capital requirements for operational risk, on a separate basis, uses the standard method.

According to the Standard Method and on a consolidated basis, capital requirement for operating risk was €338 million as at 31 December 2010 compared with €331 million resulting from application of the Basic Indicator Approach as at 31 December 2009. In the organisation, operational risk management and internal control are the responsibility of dedicated structures and functions:

- An Operational Risk and Internal Control Management Committee responsible for verifying conformity with operational risk and internal control strategies and policies, monitoring the management thereof and proposing action plans;
- An area exclusively dedicated to operational risk and internal control management, responsible for developing and implementing strategies and policies and ensuring that operational risk is being adequately managed and that the controls are operating efficiently, in co-operation with other departments, branches and subsidiaries;
- Process owners who are responsible for facilitating and promoting the operational risk and internal control process; and
- Other particularly relevant parties are the Board of Directors, the Consultancy and Organisation Division (management of processes), Compliance Office (compliance risk management), Accounting, Consolidation and Financial Information Division (calculation of own funds requirements) and the Internal Audit Division (control tests).

The methodology adopted by the Group for operational risk management is integrated with the assessment of an internal control system and may be characterised by the following components distributed by the four stages of risk management:

Identification

- Catalogue of Group Processes;
- Documentation of activities, potential operational risks, control activities and mitigation; and
- A decentralised process for data collection on operational risk events, losses and recoveries, including near misses, reinforced and supported by control procedures, and communication activities that contribute to the integrity of the database.

Assessment

- Self-assessment questionnaires on potential operational risk developed in line with a logical procedural approach targeted at people in charge of, and executors of, activities;
- Performance of control tests for design, implementation and operational purposes; and
- Measurement of consumption of shareholders' equity.

Monitoring

- Risk indicators;
- Disclosure of information relating to operational risk, derived from the various components of the methodology, to the various intervenient in their management.

Mitigation

- Promotion and monitoring of the implementation of action plans as corollary of the other components of the methodology.

The implementation of this methodology started in 2007 in CGD and in 2008 an expansion programme was set up for affiliates. By 31 December 2010, this process was completed for Caixa Gestão de Activos (the group Asset Management unit), Caixa Banco de Investimento, Caixa Capital, Caixa Leasing e Factoring, Banco Caixa Geral (Spain), Offshore Subsidiary Macau and Banco Comercial do Atlântico (Cape Verde), Interatlântico Bank (Cape Verde) and Banco Nacional Ultramarino (Macau). This methodology is also being implemented in Banco Caixa Geral Brazil and Banco Comercial e de Investimentos (Mozambique). The CGD Group has also established a commitment to expand the methodology in all institutions of the Group, subject to supervision of the Bank of Portugal on a consolidated basis by the end of 2011.

The information gathered in the operational risk loss database for the years 2008, 2009 and 2010 by type of risk is the following:

- Execution, delivery and management of processes – 25,7 per cent.;
- Internal fraud – 7.2 per cent.;
- Disturbances in the activity and system failures – 3.3 per cent.;
- Human resource policies and safety at workplace – 0.1 per cent.;
- External fraud – 56.9 per cent.;
- Customers, products and business practices – 6.3 per cent.; and
- Damages in tangible assets – 0.6 per cent.

Apart from the methodology of operational risk management, and aiming to ensure continuous operation of the activity, CGD is implementing a Global Business Continuity Strategy based on two pillars: operational continuity and technological recovery.

Consideration was given to this global but demanding and comprehensive vision, including persons and processes which are critical to CGD's activity, in compliance with the procedures recommended for the business continuity management of the financial sector, approved by the National Council of Financial Supervision on the 9th of September 2010.

This "Business Continuity Strategy", is based on an integrated crisis management approach. In addition to encompassing CGD, it also includes other CGD companies such as Fidelidade Mundial, Império Bonança, Caixa Banco de Investimentos, Caixa Leasing e Factoring and Caixa Gesto de Activos.

BASEL II

Since the end of 2002, Caixa Geral de Depósitos has been developing a series of initiatives referred to as the Basel II Programme with the objective of ensuring compliance with the requirements of the new Basel II Capital Accord and its application for the use of advanced approaches to the calculation of own funds requirements.

The aim behind the implementation of the Basel II Programme is not only to comply with regulatory requirements, but also to endow the CGD Group with the most sophisticated risk assessment and management tools and methodologies in terms of credit, market, interest rate and liquidity. Over time, several stages of different projects have been completed. The knowledge acquired has been incorporated in current activity so that reference to them has been made, directly or indirectly, in the description of the various risks management methodologies.

Presented below is a brief statement of the purpose of each project as well as their evolution during 2010:

Global Basel Project – has as its main objective to ensure the coordination of activities common to the Programme.

Gap Analysis Project – was the starting point of the programme and allowed the establishment of the consequent action plan.

Umbrella Project encompasses the development of risk management training and execution of guidebooks on management and control of risks for the CGD Group. At the end of 2010, an application for the use of internal credit risk models in CGD's more material segments was submitted to the Bank of Portugal. CGD has continued to prepare a training programme dedicated to a very broad universe of employees of CGD, with e-learning courses on Basel II, credit risk and risk-adjusted return, aimed at improving skills in credit risk management. In addition, in-house regulations were published covering Risk Management guidelines, focusing on: credit risk, currency risk, interest and liquidity rate risk on the balance sheet and operational risk.

Risk DataMart Project ("DMR") – aims at integrating all relevant information to the other projects of the Programme in a centralised repository (implementation of data models change). Additionally, there was a project aimed at developing automatic systems for measuring the quality of information loaded in the DMR to control the quality of information, both in terms of its integrity and accuracy.

Group Information Collection Project ("PRIG") – arises from the need to ensure the centralisation of information for Group Entities. During 2010, there has been continuity:

- In the harmonisation of data sent by these entities;
- In supporting entities in the developments required for periodic sending of information.

The Integrated Administration and Control Risk (SIGCR) has as its main objective the definition and implementation of integrated model of risk management supported by a tool for calculating capital requirements, as well as the implementation of a process of self-assessment economic capital adequacy ("ICAAP").

This project made the completion of regular prudent reporting on own funds requirements for credit risk (standard method) possible. Additionally, the report of ICAAP, was also prepared and supplied.

Market Risk Project – has as its main objective the use of advanced methodologies for the measurement of market risk for the CGD Group.

The Balance Sheet Interest Rate and Liquidity Risk Project – results from the need to adopt the recommendations of Basel II within the management and supervision of interest rate and liquidity risk in the balance sheet.

Credit Risk Project – The credit risk project combines:

- The Project Scoring and Rating Models which aims at providing CGD with internal models for estimating probability of default, as required in internal models approach (IRB) in accordance with Basel II. The results of these models have been used in the credit-related decision-making processes by CGD's headquarters since April 2005. This use has been implemented and supported by internal standards on a staged basis up to July 2009;
- The developments for the use of rating and scoring internal models supporting the decision making process were finalised; and the Internal Rating Based Advanced Models Project that presents as its main objective the development of internal models to estimate the risk factors Loss Given Default – ("LGD") and exposure in the event of default ("Exposure-at-Default" or "EAD") providing conditions for adopting the advanced internal models approach (IRBA).;
- The results obtained with the models simulations are used for pricing decisions in corporate and retail, credit portfolio and housing segments.

During 2009, through an internal project, and using real data losses, CGD estimated the LGDs for all major credit portfolios. The portfolios of private individuals and LGDs are now estimated for the following products: Mortgage, Consumer Loans, Credit Cards. During the first half of 2010 Caixa expects to be able to use this project in Caixa's credit process (Mortgage Credit and Consumer Credit) by incorporating its calculation throughout the CGD's operating systems. In the corporate business sector, and also during the year 2009, LGD was estimated for each segment for which CGD has credit exposure. Thus, LGDs associated with exposures to large companies, SMEs and individual entrepreneurs were calculated, with data obtained to be used in the daily credit process of CGD.

The Integrated Ratings System (“SIR”) – is a repository of financial statements and information on the characterisation of collective legal persons, integrated in a workflow allocation and management of, and disclosure of, internal ratings. It enables and facilitates the analysis of those collective persons. In 2010, the technical implementation of SIR was concluded, with the use thereof starting in the first half of the year. The system provides significant advantages over the former application as it permits the automatic supply of accounting data from all of the available countries via the Simplified Statistical Information System, increasing flexibility of use and management of the data obtained and provides a more agile user-friendly navigation interface.

The Monitoring of Internal Models for the Credit Risk Project – aims at implementing a support application for the monitoring of internal models. During 2010, CGD began implementing a software tool, for standardising and systemising the accuracy of the performance of the internally developed credit risk assessment models.

Goals for 2011

At the end of 2010, CGD submitted to the Bank of Portugal an application for the use of internal credit risk ratings models. One of Caixa’s main objectives for 2011 is to obtain the regulator’s approval for this model. CGD also intends to apply for the use of an internal market risk model in 2011.

During the first quarter 2011, Caixa proceeded with the necessary adjustments to comply with the legislative revision imposed by the transposition of Directives 2009/111/EC, 2009/27/EC and 2009/83/EC as defined in Decree Law 140-A/2010 of 30 December 2010, and the Regulatory Instructions and Notices transposed into internal law.

The introduction of the Basel III Capital Accord will determine the relevant actions to be developed for monitoring and integration of the inherent best practices and risk management principles.

Self-assessment of the adequacy of internal capital (“ICAAP”), risk aggregation and production of stress test exercises will continue to be revised to keep them in line with best available practice.

Competition

In 2010, CGD faced intense competition in virtually all of its business areas. There was no particular key competitor for its deposit-taking business in Portugal, although CGD took into account the rates and terms offered by other deposit-taking banks and it followed market trends in the Portuguese deposit-taking sector.

The banks operating in other jurisdictions followed similar policies. In Portugal, the principal competitors of CGD in 2010 for housing loans were MillenniumBCP, Banco Espírito Santo, Banco Santander Totta and Banco BPI.

Capital

In 2010, the Group’s equity capital amounted to €7.8 billion, representing an increase of €683 million (+9.5 per cent.) to the level at the end of 2009. This variation was greatly enhanced by the capital increase of €1 billion in December 2010.

The capital increase at CGD to €5,050 million, in addition to ensuring greater stability of the institution, had the strengthening of the equity instruments needed for CGD as its main motivation, by maintaining solvency and capitalisation levels compliant with Basel III Accord requirements.

The following table sets out the capital position of CGD and the CGD Group as at 31 December 2009 and 2010, respectively, with their risk-weighted assets and Tier 1 capital ratio being calculated in accordance with the requirements of the Bank of Portugal:

		As at 31 December	
		2009	2010
		(€ million)	
1	Total own funds ((a)+(b)+(c))	8,966	9,486
	(a) Base own funds	6,037	6,844
	Share Capital	4,500	5,050
	Fair value reserves	(331)	(507)
	Other reserves	1,644	1,660
	Retained earnings	(189)	(144)
	Net income for year	279	251
	Minority interest	1,254	1,530
	(b) Complementary own funds	2,966	2,682
	(c) Deductions	(37)	(40)
2	Weighted assets (credit risks) and market risks	71,041	76,989
3	Own funds requirements	5,683	6,159
4	Surplus own funds (1-3)	3,283	3,327
5	Solvency ratio ⁽¹⁾	12.6%	12.3%
6	Tier 1 ratio	8.5%	8.9%

(a) Including retained earnings. Basis own funds and complementary own funds: 50 per cent. of investment of more than 10 per cent. in insurance companies and credit institutions in which the investments are greater than 10 per cent. has been deducted from basis own funds and complementary own funds.

(1) Solvency ratio calculated in accordance with Bank of Portugal rules.

The solvency ratio, on a consolidated basis, calculated in the framework of Basel II and according to Bank of Portugal rule was 12.3 per cent. at the end of 2010 against 12.6 per cent. in December 2009. Tier I, in turn, rose from 8.5 per cent. to 8.9 per cent. and core Tier I from 8.3 per cent. to 8.8 per cent. by the end of 2010.

Banking Subsidiaries Activities

Specialised Credit

As a result of a change in economic conditions, involving a decrease in investment, the production of the specialised credit sector suffered a significant decrease. Financial leasing business was affected by investment decisions (which suffered a contraction of around 5 per cent., leading to a 2 per cent. decrease on sales for this sector when compared with the year 2009). This reduction was caused mainly by a decrease of 17 per cent. in the property leasing business sub-sector.

However, equipment leasing increased 6 per cent., the factoring market grew 20 per cent. and the market for consumer credit was up 12 per cent. when compared with 2009.

Annual Sales

	2009	2010
	(€ million)	
Property leasing	1,539	1,271
Equipment leasing	2,692	2,865
Factoring	23,564	28,218
Consumer credit	4,962	5,561

Caixa Leasing e Factoring

The CGD Group is represented in the specialised credit sector by its subsidiary Caixa Leasing and Factoring, SA (CLF), which is active in the areas of real estate leasing, equipment leasing, factoring and consumer credit.

CLF's activities have decreased less than the respective sub-sector, thus increasing its market share from 18.7 per cent. in 2009 to 21.8 per cent. in 2010, achieving, in 2010, the second position in the property leasing ranking (third in 2009).

In the production of the equipment leasing CLF has kept its leading position, having reinforced its market share from 14.3 per cent., in 2009 to 19.4 per cent. in 2010. Insofar as adverse economic developments are concerned, the company achieved a 4.72 per cent. increase in financial leasing sales. In factoring, CLF maintained fourth position in the sector ranking with a market share of 13.1 per cent. (14.7 per cent. in 2009). Reference should be made to the fact that the company is a market leader in terms of domestic factoring with sales of €3,324 million, giving it a leading position in the ranking for this type of product. Consumer credit activity grew 15 per cent. over 2009 achieving a market share of 0.55 per cent.

CLF's net assets registered an increase of 1.7 per cent. as a result of growth in the consumer credit (net) portfolio, which was up 1.6 per cent., and the €33.7 million increase in the non-current assets for sale account heading.

The overall evolution of the business decreased 3.9 per cent. in net interest income and 0.6 per cent. in net operating income when compared with the previous year.

However, the reduction of 19.8 per cent. (€5.2 million) in provisions and impairment appropriations, resulting from significant default control and management endeavours, enabled the company to achieve income before tax of around €11.8 million in 2010, i.e. up 78.5 per cent. in year-on-year terms since 2009.

After an appropriation for tax of €2.8 million, the company's net income of €9.0 million in 2010 was up 90 per cent. as compared with December 2009.

CGD Group Sales

	2009	2010	Change	Market share
	(€ million)	(€ million)		
<i>Property leasing</i>	287	278	(3.4%)	22.0%
<i>Equipment leasing</i>	509	556	9.3%	19.0%
<i>Factoring</i>	3,454	3,695	7.0%	13.0%
<i>Consumer credit</i>	27	31	15.0%	0.6%
<i>Of which:</i>				
<i>Automobile finance</i>				
<i>Equipment leasing</i>	139	230	66.1%	
<i>Car finance</i>	15	22	47.6%	
Total	4,431	4,812	8.6%	

Asset Management

In 2010, the Asset Management activities in Portugal were impacted by the lack of confidence in the market and, in particular, by the sovereign debt crisis in the peripheral countries in Europe.

Unit Trust Investment Funds

At the end of the year 2010, the total assets under management run by Portuguese Asset Managers of Securities Investment Funds – FIM stood at €14.2 billion, corresponding to a decrease of 17.5 per cent. over the previous year's figures. There was a significant decrease in high liquidity funds owing to the relocation of banking customers' investments to deposits. A quarter of guaranteed capital funds have matured with the subsequent difficulty in placing new funds. Only "special

investment funds” and “flexible bonds” categories recorded positive growth rates. The five biggest Portuguese fund managers concentrated 84 per cent. of the investment funds market at year end.

Property Investment funds

The Property Investment Funds (FII) segment, in turn, kept the growth trend, with the value of assets managed by funds managers as a whole increasing €323 million, totalling €11.6 billion in 2010. This growth was focused mainly in open-ended property funds, which have increased by €213 million since 2009.

At 2010 year end, the domestic property funds market was spread over 35 fund managers with the five biggest Portuguese property funds accounting for 50 per cent. of the market.

Pension Funds

The pension funds segment was down 10.4 per cent. to €29.6 billion at the end of 2010. Market volume was influenced by the transfer of the Portugal Telecom and Companhia Portuguesa Rádio Marconi funds to Caixa Geral de Aposentações. Removing the effect of this transfer, pension funds would have been down by only 2 per cent.

Closed-end funds, (namely banking sector’s pension funds) continued to dominate this market segment, representing 94 per cent. of total pension funds. In 2010, the volume of the open-ended pension funds (including the retirement savings market and equity investment plans) was up 8 per cent. At year end, the five biggest Portuguese fund managers concentrated 81 per cent. of the volume of pension funds.

CGD Group

Notwithstanding adverse financial market conditions, income on the asset management performed by CGD Group were slightly up than the ones recorded in the the previous year.

Even though there was a decrease in total assets under management of 3 per cent., to €24.4 billion, commissions assign to this business achieved €47.4 million, largely due to property investment funds growth.

Assets managed by the CGD Group

	2009	2010	Market share	
			2009	2010
	(€ million)			
<i>Funds under management</i>	10,183	11,224		
– Unit trust funds (Caixagest)	4,106	3,282	23.8%	23.1%
– Property funds (Fundimo).....	1,578	1,683	14.0%	14.6%
– Pension funds (CGD Pensões)	2,100	2,183	9.6%	11.1%
– Wealth management (Caixagest) ^(a)	3,440	2,857	27.7%	27.0%

(a) Does not include CGD Group insurance assets

CAIXAGEST – Técnicas de Gesto de Fundos

Unit Trust Investment Funds

In 2010, assets under Caixagest unit trust fund management were slightly up over the previous year, leading to the increase in commissions in this business segment, amounting to €21.7 million.

However, since April 2010, the most liquid funds have been declining, owing to the crisis in the sovereign debt markets and client’s preference for traditional bank funding products.

In terms of commercial strategy work continued on consolidating proximity with CGD’s branch office network. Reference should be made to the increase of training in various regions of the country.

Working with the branch network and CGD marketing, Caixagest continued to implement a strategy of launching three protected capital structured funds, floating rate funds, funds of uncertain

profitability, associated with the evolution of the equity market, and a fund associated with the evolution of the money market for customers with a conservative profile and shorter investment maturities.

2010 also witnessed the redemption of five protected capital funds for a global amount of €287 million.

At 31 December 2010, Caixagest managed 54 unit trust investment funds, comprising a broadly diversified product portfolio covering several international financial markets and therefore adapted to various investor segments.

At 31 December 2010, the assets under management achieved €3,282 million, a decrease 20 per cent. over the previous year. Nonetheless Caixagest's market share was 23 per cent., keeping its leading position, in a year marked by high redemptions on treasury and bond funds.

Wealth Management

During the course of 2010, Caixagest continued to develop its wealth management, endeavouring to work in closer cooperation with the branch network and its respective portfolio customers and adhered to investment solutions proposals, adjusted to the new environment with special reference to the particularly successful results achieved in terms of investment consultancy. This, however, was insufficient to offset the depreciation of portfolios investing in Portuguese public debt whose market value was negatively affected by the budget crisis.

The amount of assets under Caixagest management was therefore down 2 per cent. over the preceding year to €18,570 million. CGD Group, however, succeeded in keeping leading position in the ranking by volume, with a market share of 27 per cent.

Global commissions, in 2010, were down by around 21 per cent. to €6.8 million, owing to adjustments to commissions to CGD Group's institutional customers' portfolios.

FUNDIMO – Sociedade Gestora de Fundos de Investimento Imobiliário (Property Fund)

There was a significant increase in Fundimo's commercial activity, in 2010, in terms of the Fundimo open-ended fund, together with more demanding management criteria for several closed end funds, particularly affected by the unfavourable economic market evolution.

The Fundimo open-ended fund recorded an annual growth of 15 per cent., consolidating its position as the largest national property investment fund and ending the year with a net yield of 3.1 per cent.

The fund's strong performance corroborated by an effective management strategy over the last few years, without having exposure to the real estate sector and based on a policy designed to reconcile current portfolio monitoring activity with the active search for opportunities for domestic property, in prime market zones explain the fund's good performance.

The fact that most closed end funds managed by Fundimo have been affected by property promotion and development activity explains certain sluggishness.

At year end, Fundimo's product portfolio included an open-ended fund and 28 closed end funds, totalling €1,683 million. Fundimo kept its market leadership, increasing its market share to 14.6 per cent.

In 2010, the marketing campaigns for the open-ended Fundimo granted a 16 per cent. increase in commissions over the previous year, having reached a total of €15.4 million.

Property Funds under Management

	2009	2010
	(€ million)	(€ million)
Open-ended funds (Fundimo fund)	923	1,064
Closed-ended funds.....	655	619
Total	1,578	1,683

CGD PENSÕES- Sociedade Gestora de Fundos de Pensões (Pension Funds)

At the end of 2010, the value managed by “CGD Pensões” was up 4 per cent. when compared with the previous year to €2,183 million. This performance enabled the fund to increase its market share to 11.1 per cent. and keep the fourth position in the ranking by amount.

During the course of the year, there was an increase in redemptions of open-ended pension funds units, particularly made by retired investors, and the transfer of investments in already existing open-ended funds to the more conservative funds, “Caixa Reforma Prudent” fund.

Commissions, in 2010, totalled €3.5 million, due to an increase in volume under management.

Pension Funds Under Management

	2009	2010
	(€ million)	(€ million)
Open-ended funds:	112	118
Closed-ended funds:	1,988	2,065
Total	2,100	2,183

Insurance

Activity in the domestic insurance sector increased in 2010, with direct insurance premiums (including resources taken in the form of investment contracts) up 12.5 per cent. to €16.3 billion. Life insurance achieved premium income of €12.2 billion. This was up 17.2 per cent. compared to the previous year particularly on account of the significant rise in unit linked capitalisation products and retirement pension plans.

The non-life insurance sector, as a whole, with sales of €4.2 billion, was up 0.7 per cent., insofar unfavourable macroeconomic environment and still insufficiently profitable pricing levels, particularly in terms of motor and workman’s compensation insurance.

The sector continues to be led by Caixa Seguros e Saúde, with an overall market share of 34.5 per cent., at the end of 2010, and which continued to lead the life and non-life insurance sectors with market shares of 37.0 per cent. and 27.1 per cent., respectively.

The insurance market’s level of concentration was not uniform in terms of life and non-life activities. There was a slight increase of levels of concentration in life insurance, translating into an increase in the market share of the 10 most representative groups in this area to 94.6 per cent., as against 94.0 per cent. in 2009.

The main non-life insurance operators also lost a certain level of representativeness with the 10 main groups achieving a market share of 86.9 per cent. against 87.3 per cent. in 2009.

A series of insurance activity regulatory items was published (statutes and standards) of which reference should be made to the standards on technical provisions, claims settlements, mediation, advertising and complaints.

Caixa Seguros e Saude, SGPS, SA, reinforced its lead of the domestic insurance market, with a total market share of 34.5 per cent. against 30.3 per cent. in 2009. It also leads the life and non-life segments with market shares of 37.0 per cent. and 27.1 per cent., respectively.

Caixa Seguros e Saúde, SGPS, SA's (Insurance area)

Caixa Seguros e Saúde, SGPS, S.A.'s insurance area comprises the Fidelidade Mundial, Império Bonança, Via Directa (car insurance by telephone and internet), Multicare (health insurance) and Cares (legal expenses insurance) insurance companies.

Within the insurance area, it also owns “ Companhia Portuguesa de Resseguro” (CPR) – The Portuguese Reinsurance Company and several instrumental companies providing diverse complementary services to insurance operations. Caixa Seguros e Saude, SGPS, S.A. also includes investments in CGD Group's hospital activities in addition to – “Linha de Cuidados de Saude, S.A” (LCS), linking to health care services.

Including its foreign insurance operations, Caixa Seguros e Saúde's insurance areas achieved direct insurance premiums sales of €5.7 billion in 2010, including investment contracts.

Sales on operations in Portugal which represented 98.6 per cent., were up 28.1, achieving an amount of €5.6 billion over the preceding year, thus consolidating its leadership in domestic market with a market share of 34.5 per cent. The growth was mostly attributable to an 39.1 per cent. increase, to €4.5 billion, in life insurance sales, owing to the commercialisation of capitalisation and retirement pension products, the latter reflecting the success of the LEVE product, materialising CGD Group's strategic position in this domain. This substantial growth of CSS's sales has lead to a significant increase in its market share to 37.0 per cent. against 31.2 per cent. in 2009 and a reinforcement of its leadership in this business area.

Premium income from non-life insurance (centred on motor and workman's compensation insurance) was down 2.5 per cent., to €1.3 billion, reflecting the economic slowdown and lower year-on-year price levels. Although its market share, decreased to 27.1 per cent. (against 28.0 per cent. in 2009), CSS continued to be the market leader, being three times the size of its closest competitor.

Due to a significant increase of life insurance sales, this business segment, for the first time played an important role in the structure of Caixa Seguros e Saúde's premiums portfolio (80.0 per cent.) in comparison to the sector (74.5 per cent.).

The direct insurance claims rate on non-life insurance areas (not considering the allocation of costs and the effects of mathematical provisions on workman's' compensation insurance) stood at 61.9 per cent. Aggregate technical income from life insurance was up from €16 million to €58 million when compared to the previous year. This evolution particularly reflects the favourable performance of products associated with life risk and investment contracts, with insurance contracts continuing to be strongly penalised by impairment factors. In the case of the technical exploitation of non-life insurance, the favourable performance of the claims rate was a decisive factor behind the improvement of the respective indicators. The loss ratio, net of reinsurance, was therefore down to 69.7 per cent. and the expense ratio, net of reinsurance, to 34.8 per cent., for which the combined ratio, net of reinsurance, (excluding the effect of technical income from workman's compensation insurance) totalled 104.6 per cent., with a marginally negative level of technical income. Structural costs, excluding provisions translating the effect of the rationalisation and containment in force, were down 2.4 per cent. in year-on-year terms to €328 million.

As a consequence of the above, Caixa Seguros e Saúde, SGPS, S.A.'s insurance area recorded an aggregate level of net income of €88 million (€23 million in 2009), in its statutory accounts. Insurance activities contributed €90.9 million (€39.5 million in 2009) to CGD Group's net income. This differs from the insurance area's statutory income as it also includes several instrumental companies in addition to various consolidation instruments and was affected by the changeover from the statutory accounts to the accounts defined under CGD Group's IAS/IFRS standards.

With the gradual recovery of the financial markets, Caixa Seguros e Saúde, SGPS, S.A.'s insurance companies' solvency levels, as a whole, continued to progress favourably, resulting in a solvency margin cover ratio of 158 per cent. in 2010 (compared to 175 per cent. in 2009). This is encouraging for all insured and economic agents associated with the Group's insurance companies.

Caixa Seguros e Saúde, SGPS, S.A. is CGD Group's holding company for insurance area investments, healthcare area investments in the Hospitais Privados de Portugal (HPP) holding company and several instrumental companies.

Caixa Seguros e Saúde, SGPS, S.A. continued to implement and further its guidelines of consistently improving operational efficiency, cost control and the adopting of commercial policies designed to improve commercial relationships, customer satisfaction and loyalty in 2010.

Caixa Seguros e Saúde, SGPS, S.A. earned net income of €66.9 million in 2010 (€7.2 million in 2009) under IAS/IFRS (CGD Group) standards, split up between income of €90.9 million from its insurance operations and losses of €24.0 million from its healthcare area. In operational terms, this result reflects the current growth stage, particularly the costs associated with cost of new hospitals. CSS's effective contribution to CGD's consolidated net income was €41.3 million, a difference of €25.6 million in comparison to the above referred to result, mainly due to the elimination of intragroup transactions and particularly the capital gains on the disposal of financial investments.

Caixa Seguros e Saúde, SGPS, S.A. contributed €745 million to CGD's net operating income, up €122 million over 2009, of which €505 million deriving from the technical margin on insurance operations and €240 million from financial operations.

In comparison to the preceding year, the contribution made by the technical margin on insurance operations increased by €33 million, fundamentally reflecting claims containment. The volume of earned premiums net of reinsurance therefore totalled €1,319 million, down €450 million over 2009, essentially on account of the change in the type of life capitalisation products which mainly took the form of investment contracts whereas, in parallel, claims costs net of reinsurance were down to €930 million against the previous year's €1,425 million.

Net operating income from financial operations, was up €89 million over the preceding year, reflecting the launch of new life insurance products with greater characteristics of investment as opposed to insurance contracts, and higher revenues in the healthcare area.

Operating costs, notwithstanding the decrease of 2.4 per cent. in the structural costs of companies in the insurance area were up 3.9 per cent. on a Caixa Seguros e Saúde, SGPS, S.A., a level largely deriving from the costs associated with the coming into operation of HPP's new hospital units.

Caixa Seguros e Saúde, SGPS, S.A.'s consolidated shareholders' equity at the end of 2010, totalled €1,064 million (a decrease of €100 million from 2009), essentially on account of the reduction of fair value reserves. Reference should also be made to €4,136.5 million in subordinated liabilities.

Group Business Activities Abroad

Branches and Banking Subsidiaries

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

The current international context continues to suffer from a series of weak points which are not only the result of the financial and economic crisis which has swept across the world over the last two years but, as in many other countries, also mirrors an imbalanced structural situation requiring major reformulations in terms of the business environment and the organisation of manufacturing activity. Prior to the crisis, growth in many developed countries derived from excessive domestic demand, in the form of consumption and/or property investment. Expansionary fiscal policies were widely used to stimulate domestic demand, which in the meantime reached unsustainable levels, with countries in deficit beginning to develop mechanisms to reinforce external demand by relying on exports.

The Portuguese economy epitomises several such imbalances which, owing to their existence at the time of the onset of crisis (as evidenced by several economic indicators) were clearly visible from then on.

Owing to the limited dimension of the domestic market and, no less importantly, in a context of greater competition, the Portuguese business community and Portuguese authorities are consciously and increasingly gearing their attention to foreign markets and, particularly, the “new economies”.

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

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

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

The Group reinforced its mechanisms and solutions for customers in 2010. The group’s international offer also includes advisory services to companies in the form of detailed information on the specific characteristics of each relevant market.

Regarding the accompanying and promotion of credit export lines the following activities were included:

A first addendum to the line credit for Tunisia was signed in March 2010 with a ceiling limit of up to €100 million and periods extension for projects use and implementations up to respectively, March 30, 2015 and 30 March 2012, and a second addendum to the existing line of credit for Morocco, extending the allocating period for the project and deadline for its use up to 30 March 2012 and 30 March 2015, respectively;

- Financial agreement, for the launch of a new line of credit of €200 millions for Morocco;
- Procurement to CGD of the new line of credit for the Democratic Republic of East Timor. This financial instrument is expected to make a significant contribution to the promotion of Portuguese exports of capital goods and services to East Timor. The initial limit of €100 million may be increased to up to €500 million;
- First prioritisations for projects under the China Eximbank €300 million line of credit;
- Further actions for the purpose of disclosing information on the enhanced capacity of Portuguese companies in terms of internationalisation processes in strategic markets for Caixa Group ;
- Organisation of “Algeria – Opportunities and Challenges for Portuguese Companies” business meeting on the sidelines of the III Portugal-Algeria Summit in November 2010;
- Organisation of “Internationalisation Meetings – Angola” in December 2010 in articulation with CGD’s corporate network and Banco Caixa Totta de Angola, attended by 150 companies divided up into six meetings held in Braga, Porto, Leiria, Ovar and Lisbon (2);
- Intervention in a multiplicity of forums and seminars such as “ABCs of the Market” and “Find Out more about the market” organised by AICEP and the Business on the Way 2010, AEP Programme notably the II Chambers of Commerce Internationalisation Forum;
- Increase in the line of credit to Mozambique from €200 million to €2400 million in March 2012 and extension of projects’ allocation periods, in addition to the period for the use of this new tranche to March 2012 and March 2015, respectively;
- The representative office in São Paulo was closed.

Reference should be made to several relevant elements of CGD Group’s international branch office network’s development and consolidation framework, in 2010:

- Increased of Banco Caixa Geral Brazil's share capital in two tranches, from €123 and €400 millions in January and April 2010;
- April increase in the share capital of Banco Interatlântico (BI) of Cape Verde, from CVE 600 million to CVE 1 billion (€5.4 million to €9.1 million). CGD accompanied this capital increase by maintaining its 70 per cent. equity investment in the bank
- Reference should also be made, in Cape Verde, to BCA's highly successful issue of a CVE 500 million subordinated bond loan (€4.5 million) which was oversubscribed by a factor of two and which particularly attracted the attention of small investors (individual customers) and several major national corporates. The main objective of this bond loan was to permit the sustained growth of the bank's activity, reinforce its solidity, increase own funds and the maximum limit of credit risk concentration and improve its solvency ratio;
- Entering into a framework agreement with Banif Groups, for a 70 per cent. equity investment in Banif Corretora de Valores e Câmbio, S.A. (Banif CVC). This deal included Brazil's third biggest online home broker, in June 2010;
- June also witnessed the public deed for the opening of Banco Nacional de Investimento, with a share capital of MZN 17.145 million (meticaïs) – around €399 million – in which CGD has a stake of 49.5 per cent., the State of Mozambique 49.5 per cent. and BCI 1 per cent, with 70 million meticaïs of the capital having been subscribed for and paid up at the end of 2010. The objective of the new institution is to incentivise the creation of Portugal-Mozambique business partnerships in the infrastructures sector (health, energy, education) and human resources training;
- The same month witnessed an increase of Banco Caixa Geral's (Spain) share capital from €442.8 million to €462.8 million, totally subscribed for and paid up by CGD;
- Banco Comercial e de Investimentos increased its share capital to MZN 1,900 million meticaïs (around €44 million) in August;
- The Canadian authorities agreed to the opening of a CGD representative office in Toronto, in September, scheduled for first quarter 2011.

Owing to the development of the vast range of above listed instruments and exploration of synergies between the Group's different overseas companies, CGD's international operations succeeded in contributing €80.7 million to CGD Group's consolidated net income. Notwithstanding the current scenario of a continuous fall in reference rates, net interest income from the international area was up 2.6 per cent. to €437 million. Non-interest income also grew by 11 per cent. over 2009, to €144 million.

In operational terms, its contribution to consolidated gross operating income was €151 million, comprising year-on-year growth of 50.4 per cent. The less favourable evolution of structural costs, up by around 12.9 per cent., resulted in a slight increase in cost-to-income in the international area from 53.5 per cent. in 2008 to 57.5 per cent. in 2010. This evolution particularly derives from the expansion of the network in several markets in which the expansion of commercial activity is considered to be a strategic priority.

Loans and advances to customers (net) were up 12.1 per cent. from December 2009 to €13,812 million. Customer deposits were up 6 per cent. in year-on-year terms to €10,050 million.

Investment Banking

During 2010 Caixa – Banco de Investimento (“CaixaBI”) developed its activity aiming at strengthening its international strategy. Notwithstanding an 18 per cent. increase in commissions, net operating income was down 23 per cent. when compared with the preceding year. This result was due to an adverse economic environment.

Caixa Geral de Depósitos (CGD) Group's investment bank, has the same rating on its medium and long term liabilities, (“A”) as was assigned to CGD and confirmed by Fitch Ratings in December 2010.

Results

In 2010, CaixaBI's net operating income was down 23.4 per cent. over the preceding year to €90.3 million. This amount includes commissions of €73.7 million (up 17.9 per cent. over the preceding year).

On 31 December 2010, net income achieved €40.2 million which represents a decrease 11.9 per cent. as compared to the same stage of the preceding year. Cash flow was down 30.1 per cent. in 2010 in comparison to 2009.

The cost-to-income ratio, in year-on-year terms fell to 30.8 per cent. in 2010, owing to the decrease in net operating income. Structural costs were slightly down on 2009 figures.

Recognition

Consistency of performance together with its innovation and business development capacity has afforded CaixaBI the international recognition of the analysts and several awards in recognition of its achievements as well as its appearance in leading positions in the principal league tables:

- Best Investment Bank in Portugal, in 2010 (Global Finance magazine);
- Best Debt House in Portugal, in 2010 (Euromoney magazine);
- Award for its European Hi-Speed Rail Deal of the year 2010 to the ELOS (high speed Portugal – Spain rail link project (Project Finance Magazine).

Rankings:

- Principal bookrunner for the issue of domestic bonds denominated in euros in the primary debt market area for the fourth consecutive year (Bloomberg);
- Third position in the equity capital market (ranking based on CMVM data).

CaixaBI has consolidated its position in the M&A market in Portugal in the financial advisory area coming in second place in the Bloomberg ranking. Several rankings have also positioned CaixaBI among the main world players in the project finance area. Several deals with CaixaBI as MLA/ Adviser, such as: PFI/PPP (1st place in Portugal, 6th place in Iberia and 43rd in Europe).

According to CMVM, CaixaBI recorded an increase of 131 per cent. in its intermediation area activity, in comparison to the same period last year, and now has a market share of 16 per cent. It is responsible for a trading volume of €11 billion.

Capital Market – Public and Private Debt

Portuguese public debt continued to comprise one of CaixaBI's priorities in the sovereign debt segment as a specialised treasury securities trader. Particular reference should be made to the following, in 2010:

- CaixaBI led 17 of the 20 primary bond market issues in which it was involved, in 2010. On the basis of this performance, the Bloomberg league table ranks CaixaBI as the principal book runner for euro bonds issued by national entities for the fourth consecutive year.
- Caixa BI organised and led 25 new commercial paper programmes, totalling €2.3 billion.
- In structured asset finance deals, the bank was the sole arranger for Portugal's largest securitisation operation to-date in the form of Nostrum Mortgages no. 2.

Equity Capital Market

CaixaBI once again consolidated its leading position in the capital markets in Portugal as the financial institution with the largest number of successfully completed transactions according to information supplied by Portuguese Securities Market Commission.

The largest equity transaction in Portugal in 2010, was Parpública's issue of convertible bonds on Galp Energia shares, as part of the company's 5th reprivatisation stage, in which CaixaBI was involved as joint lead manager and joint bookrunner. The bank also provided Parpública with financial advisory services for the structuring and organisation of this issue

Reference should also be made to the successful increase in the share capital of Vista Alegre Atlantis, in which CaixaBI was responsible for the respective organisation and structuring. This was also a highly complex operation to the extent that, in addition to a public subscription, it included a private offer for a strategic partner and a loan-to-equity conversion process.

Corporate Finance – Advisory

CaixaBI consolidated its position in Portugal's M&A market, in the financial advisory area, having participated in 16 successfully completed operations achieving the 2nd place in Bloomberg ranking.

During the course of 2010, CaixaBI was involved in the largest and one of the most emblematic M&A operations in Portugal over the last 10 years, comprising Portugal Telecom's disposal of its indirect equity investment of around 30 per cent. in Vivo, for a total amount of €7.5 billion.

Reference should also be made to the financial advisory services for the establishing of a shareholders' agreement between CGD and Votorantim as part of the latter's equity investment in Cimpor.

Project and Structured Finance

In 2010, CaixaBI continued to follow market trends in this area, allowing CGD Group's financial capacities and CaixaBI's execution capability to be effectively combined. Caixa Geral de Depósitos Group, through Caixa BI was involved in operations for around €1,2 billion, most of which allocated to Portugal, becoming 1st in Dealogic domestic ranking. Reference should be made to the major contribution to the country in terms of sustainability as they are reflected in renewable energy projects.

Of relevance to international activities was the geographical expansion comprising operations in Mozambique, Angola and Brazil with the aim of promoting investment banking activities in countries which are part of CGD Group's internationalisation strategy.

In operations in which the finance is structured on a corporate basis, reference should be made to the bank's participation in restructuring more than €1.7 billion of La Seda Group liabilities, ending up with an oversubscribed capital increase of €300 million enabling a leading group in its operating sector to restructure its operations.

Financial and structuring area

CaixaBI continues to operate as a benchmark liquidity provider, with Euronext having recognised its performance with the allocation of its maximum "A" rating for all securities and categories.

Brokerage

CaixaBI once again kept its highly positive level of performance, in 2010, in terms of its brokerage activity on Euronext Lisbon shares, with both volumes and commissions obtained, outperforming the rest of the market, enabling CaixaBI to achieve leading position in terms of trading volumes.

CaixaBI also began its international brokerage activities with an agreement for an equity investment in Banif CVC, a broker operating in the São Paulo stock exchange (Brazil), whose completion is contingent upon the required legal permits and which will permit direct investment in a financial market with one of the highest worldwide growth rates.

Syndication and sales

CaixaBI placed 5 primary market issues totalling €7 billion, this year. The bank has placed 276 commercial paper issues for more than €8.2 billion.

CGD Own Issues

In the year 2010, concerns over the sustainability of the public finances of several Euro Zone countries were translated to successive downgraded ratings by rating agencies. This situation determined an expressive increase in the risk premium for these countries debt, and this situation has

particularly conditioned the banks' ability to secure liquidity in the market. Thus, liquidity needs were met by ECB financing and funds taken from CGD's retail network.

As such, under the EMTN programme, three bond issues were placed in the retail network: two at a variable rate with a maturity of 3 years totalling €514 million and one at a fixed rate with a maturity of 5 years for the amount of €500 million. Also, various private placements were also negotiated under the EMTN programme and in the form of *Schuldschein* loans.

Notwithstanding the deterioration of funding conditions in the first few months of the year, in January 2011, CGD successfully launched its third issue of covered bonds, for the amount of €1 billion with a maturity of 10 years, at a fixed rate of 4.25 per cent. which was allocated the maximum rating of AAA/Aaa by Fitch and Moody's.

During the course of the year, in an increasingly distrustful climate in the interbank markets, access to funding became steadily more limited, notwithstanding the fact that the monetary authorities adopted a series of monetary policy measures designed to provide European financial institutions with the necessary liquidity.

In such an environment, regarding short-term funding, the use of the Euro Commercial Paper programme was highly conditioned by weak demand from investors. The outstanding balance was significantly down although there continued to be a high level of rotation of issues.

CGD also undertook a residential mortgage loan securitisation operation named *Nostrum Mortgage II*, in the amount of €5.4 billion, enabling it to reinforce its securities portfolio eligible as collateral with the ECB.

Lines of Credit

During 2010, Caixa continued to promote with the European Investment Bank credit lines (EIB XV line of credit) aimed at SMEs and other entities finance projects located within the EU intended to support production activities, urban renovation, infrastructures, environmental protection, energy saving and information technologies.

Caixa continued to offer companies its MIDCAP I line of credit to finance investment projects submitted by SMEs which have been designed to improve corporate productivity and competitiveness – innovation, renewable energies, energy efficiency, production factors, environmental protection, research and development.

These lines of credit provide funding for corporate and institutional entities (such as private social solidarity institutions' and others') investments, with:

- Lower interest rates than those usually available for medium and long term finance for investment in fixed assets and working capital;
- Major flexibility in the use of the funds for which almost all investment objectives and sectors of activity are eligible.

Caixa has signed a new line of credit for the education and health sector with the CEB – Council of Europe Development Bank for a global amount of €100 million, aiming at financing investment projects submitted by corporates, Private Institutions of Social Solidarity (IPSS) and related entities at attractive conditions and extended deadlines. Caixa maintained its €50 million CEB's credit line aiming at the educational sector for projects submitted by corporates, municipalities, Private Institutions of Social Solidarity (IPSS) and related entities, private or cooperative educational establishments and other not-for-profit institutions operating in the educational and teaching domains.

Private Equity

Caixa, in its twofold capacity as an investor in funds under third party management, and, fundamentally as a direct operator via Caixa Capital, continued the implementation of the venture capital area strategy approved at the end of 2008, designed to fuel the development of this industry and consolidate CGD's leading position in the sector.

The venture capital area has vehicles adjusted to different target segments: *Fundo Caixa Empreender +* and *Fundo Caixa Mezzanine*, which together with *Fundo Grupo CGD* and the *Fundo Energias Renováveis* comprise Caixa Capital's funds under management portfolio. At the same time

and with the aim of making up for any market shortcomings, Caixa Group has been involved in the creation of several specialised funds, to be managed by entities specialising in seed capital, corporate restructuring operations or in sectors with a relevant activity.

During 2010, 244 investment opportunities were analysed, with 43 being approved, totalling €134 million, of which 34 (involving an amount of €44 million) were implemented. Seven operations, involving a tradable price of an amount of €19 million, were disinvested.

Analysis of Unaudited Consolidated Accounts for the First Quarter of 2011

Caixa Geral de Depósitos Group's **consolidated net income** totalled €83.1 million in the first quarter of 2011, a decrease of 16.6 per cent. when compared to the same period of the preceding year. Earnings before tax and minority interests were up by 3.5 per cent. over the same period in 2010, to €160.4 million.

In terms of the **Group's net income**, reference should be made to the contributions of €48.5 million and €24.8 million made by CGD's operations in Portugal in this period and the international business area, respectively, as well as insurance and healthcare activities with €10.1 million.

Results by Main Business Areas	Percentage			
	March 2010	March 2011	March 2010	March 2011
Banking.....	95,455	73,379	95.3%	87.9%
Domestic	69,710	48,538	69.6%	58.1%
International	25,745	24,841	25.7%	29.8%
Insurance and Healthcare.....	4,665	10,094	4.7%	12.1%
TOTAL.....	100,120	83,472	100.0%	100.0%

Net interest income, including income from equity instruments, totalled €380.8 million representing an increase of 11.7 per cent. over the first quarter of 2010, deriving from an increase of 10.7 per cent. in net interest income over the first quarter 2011 (€35.6 million) and of 55 per cent. from equity instruments (dividends) a rise of €4.2 million.

Net commissions were up 9.3 per cent. to €136.1 million of which the greatest improvement came from the domestic activities in credit (up 15.6 per cent. with an increase of €3.4 million) and guaranties (up 27.8 per cent., increasing €2.4 million). Commissions relating to automatic means of payment, rose €1.3 million, an increase of 4.8 per cent.

Income from financial operations was down 44.5 per cent. in comparison to the same period last year reaching €49.7 million. This decrease was mainly due to the valuation of the public debt securities portfolio, together with more moderate gains in derivatives. Other operating income was up 8.8 per cent. to €56.9 million by €4.6 million.

The technical margin on insurance products contributed €108.9 million to the Group's net operating income representing a 1.4 per cent. decrease (€1.6 million) over the same quarter of the preceding year.

The volume of **earned premiums net of reinsurance** was down 5.2 per cent. to €309 million, in comparison to the same quarter 2009. This was mirrored by claims costs net of reinsurance, which were down 18.3 per cent. by €49.1 million to €219.2 million.

Due to the above, net operating income from banking and insurance was up 2 per cent. (€14.6 million) to €732.4 million, in comparison to the same period of the preceding year.

Profit and Loss Account	As at 31 March		Change	
	2010	2011	Amount	per cent.
	(€ million)	(€ million)	(€million)	
Interest and similar income	1,076.0	1,209.6	133.6	12.4%
Interest and similar costs.....	742.6	840.7	98.0	13.2%
Income from equity instruments	7.6	11.8	4.2	55.0%
Net Interest income, including income from equity investments.....	341.0	380.8	39.8	11.7%
Income from services and commissions	154.8	170.0	15.2	9.8%
Costs from services and commissions	30.3	34.0	3.6	11.8%
Income from financial operations.....	89.5	49.7	(39.8)	(44.5%)
Other net operating income.....	52.2	56.9	4.6	8.8%
Non-interest income.....	266,3	242,7	(23.6)	(8.9%)
Premiums net of reinsurance	326.0	309.0	(17.1)	(5.2%)
Investment income allocated to insurance contracts	71.1	37.3	(33.8)	(47.5%)
Claims costs (net of reinsurance).....	268.3	219.2	(49.1)	(18.3%)
Commissions and other associated income and costs.....	(18.4)	(18.2)	0.2	(1.0%)
Technical margin in insurance operations.....	110.5	108.9	(1.6)	(1.4%)
Net operating income from banking and insurance operations	717.8	732.4	14.6	2.0%
Employee costs	256.3	255.6	(0.7)	(0.3%)
Other administrative costs.....	153.1	155.4	2.3	1.5%
Depreciation and amortisation.....	48.8	46.5	2.3	4.7%
Operating costs and depreciation.....	458.2	457.4	(0.8)	(0.2%)
Gross operating income	259.6	275.0	15.3	5.9%
Provisions net of cancellations	22.2	(9.0)	(31.2)	(140.4%)
Impairment on credit and other assets, net of reversals.....	82.6	125.4	427	(51.6%)
Provisions and impairment	104.6	116.4	11.5	11.0%
Income from associated companies.....	0.2	1.8	1.6	792.9%
Income before tax and minority shareholders' interests.....	154.9	160.3	5.4	3.5%
Tax				
Current	62.2	13.7	(485)	(77.9%)
Deferred.....	(18.6)	37.6	56.2	302.4%
Consolidated net income for the period	111.2	102.1	(9.1)	(8.2%)
Minority shareholders' interests	11.2	18.7	7.5	67.4%
Net Income attributable to CGD shareholder.....	100.1	83.5	(16.6)	(16.6%)

Operating costs were down 0.2 per cent. to €457.4 million, with decrease in staff costs and other administrative costs of 0.3 per cent. and up 1.5 per cent., respectively.

Operating costs in domestic activity were down by €16.1 million (a 6.5 per cent. decrease to the same month of the preceding year, reflecting the effects of cost containment measures. Special reference should be made to the 5.3 per cent. reduction in staff costs. The Group's operating costs were down 0.2 per cent. to €457.4 million. Staff costs and other administrative costs were down 0.3 per cent. and up 1.5%, respectively.

Whereas the Group's **cost-to-income** ratio was 62.3 per cent. (in comparance to December 2010) and the same indicator for banking was 57 per cent.

Efficiency Ratios	December 2010	March 2011
Cost-to-income (banking)	60.2%	57.0%
Cost-to-income (banking and insurance).....	63.3%	62.3%
Employee costs/Net operating income.....	33.7%	34.8%
External supplies an services/ Net Operating Income	23.2%	21.2%
Operational Costs/Average net assets.....	1.59%	1.49%

Loan impairment, net of reversals and recovery for the quarter were up 44 per cent. to €110. million, when compared with the same period of 2009.

Return on equity was 5.5 per cent. (8.7 per cent. before tax) and return on assets was 0.33 per cent. (0.52 per cent. before tax).

Profit Ratios⁽¹⁾	December 2010	March 2011
Gross return on shareholders' equity (ROE)	5.0%	8.7%
Net return on shareholders' equity (ROE).....	4.1%	5.5%
Gross return on assets (ROA)	0.29%	0.52%
Net return on assets (ROA)	0.24%	0.33%
Net operating income ⁽²⁾ / average net assets	2.51%	2.39%

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

(2) Includes income from associated companies

CGD Group's **net assets** were down 1.9 per cent. by €2.4 billion, since the start of the year, to €123.5 billion at the end of March 2011. This was largely due to the evolution of securities investments.

Loans and advances to customers (gross) were up €6.3 billion (7.9 per cent.) to €85.9 billion. Corporate loans, in Portugal, grew €1.5 billion (6.4 per cent.) and mortgage loans increased €249 million (0.7 per cent.).

Consolidated Balance Sheet

	As at 31 March			
	2010	2011	Amount	Change
	(€ million)	(€ million)	(€ million)	per cent.
Assets				
Cash and cash equivalents at central banks.....	2,116	1,879	(236)	(11.2%)
Loans and advances to credit institutions.....	9,408	4,046	(5,362)	(57.0%)
Loans and advances to customers.....	77,169	83,247	6,078	7.9%
Securities investments	27,824	27,372	(453)	(1.6%)
Investment properties	362	402	40	10.9%
Investment in subsidiaries and associated companies.....	26	34	7	28.0%
Intangible and tangible assets.....	1,614	1,528	(86)	(5.3%)
Current tax assets.....	128	96	(32)	(25.0%)
Deferred tax assets	924	1,149	224	24.3%
Technical provisions on outwards reinsurance.....	301	275	(26)	(8.7%)
Other assets	3,523	3,468	(54)	(1.5%)
Total assets	123,395	123,495	100	0.1%

	As at 31 March			
	2010	2011	Amount	Change
	(€ million)	(€ million)	(€ million)	per cent.
Liabilities				
Resources from central banks and other credit institutions.....	8,842	14,286	5,444	61.6%
Customer resources.....	63,540	67,374	3,834	6.0%
Financials liabilities	2,242	1,347	(895)	(39.9%)
Debt securities	24,979	18,785	(6,194)	(24.8%)
Provisions	810	794	(16)	(2.0%)
Technical provisions for insurance operations.....	6,421	5,619	(802)	(12.5%)
Subordinated liabilities	3,182	2,766	(417)	(13.1%)
Other liabilities	5,813	5,042	(770)	(13.3%)
Total liabilities	115,829	116,014	184	0.2%
Shareholders' equity	7,566	7,482	(84)	(1.1%)
Total liabilities and equity	123,395	123,495	100	0.1%

Around 77.9 per cent. of total loans and advances to customers come from CGD's activity in Portugal. Reference should be made, in the case of the other CGD Group Units, to Banco Caixa Geral (up 10 per cent. with €450 millions) to BCI Mozambique (up 21.9 per cent. with €128 million), Caixa Leasing e Factoring (up 2.4 per cent. with €79 million), and Banco Caixa Geral (Brasil) with €54 million And an increase of 180 per cent.

New mortgage loan production in Portugal reached €455 million in first quarter of 2010. This was down 33.3 per cent. over the same period of 2009.

The deposit-to-loans conversion ratio was 123.6 per cent. against the March 2009 figure of 121.4 per cent.

	March 2010	December 2010	March 2011	Change March 2011/2010
Loans and Advances to Customers ^(a)	(€ million)	(€ million)	(€ million)	per cent.
CGD operations in Portugal.....	61,463	65,123	65,370	6.4%
Corporate.....	22,981	24,066	24,463	6.4%
Individual customers	35,190	35,594	35,475	0.8%
Mortgage lending.....	33,608	33,943	33,857	0.7%
Other.....	1,582	1,651	1,618	2.2%
Public and Institutional Business Area	3,292	5,463	5,433	65.1%
Other CGD Group Companies.....	17,846	18,970	18,570	4.1%
Total	79,309	84,094	83,940	5.8%
Nostrum Mortgage and Nostrum Consumer.....	666		556	(16.6%)
Total	107,367		107,160	4.7%

(a) Before impairment and interest. Considering bonds issued by corporates.

Asset quality, measured by the **non-performing credit ratio**, calculated under Bank of Portugal's rules, reached 3.30 per cent. with a **total overdue credit ratio** of 3.32 per cent., in comparison with the figure of 2.93 per cent. in the end of the year. The ratio of credit overdue for more than 90 days was 2.73 per cent., against 2.63 per cent. at the end of 2009.

Accumulated impairment on loans and advances to customers (performing and overdue) at end of December 2010, was €2,690.8 million. The credit overdue for more than 90 days cover rate was 114.6 per cent. against 117.4 per cent. at the end of 2009.

Asset Quality Ratios	March 2010	December 2010	March 2011
Non-performing credit / total credit ^(a)	3.08%	3.13%	3.30%
Overdue credit / total credit	3.02%	2.93%	3.32%
Overdue Credit 90 days / total credit	2.59%	2.63%	2.73%
Non-performing loans cover.....	100.3%	98.7%	94.9%
Overdue credit cover.....	102.5%	105.3%	94.4%
Cover on credit overdue 90 days.....	119.2%	117.4%	114.6%

Securities investments, including the Group insurance companies' investment book, were down 10.4 per cent. since December last year to €27.4 billion (reflecting a strong assets deleverage strategy in the current context of liquidity shortage and high funding costs).

	March 2010	December 2010	March 2011	Change March 2011/2010
Securities investments^(a)				
	(€ million)	(€ million)	(€ million)	per cent.
Banking.....	16,362	18,933	16,706	(11.7%)
Insurance	11,463	11,623	10,666	(8.2%)
Total	27,824	30,555	27,372	(10.4%)

(a) After impairment.

Cash and cash equivalent and loans and advances to credit institutions totalled €5.9 billion. Resources taken from the same entities achieved €14.3 billion, of which €7.2 billion comprised funding obtained by CGD from the European Central Bank.

Total resources taken by the Group (excluding the interbank money market) were down 3.0 per cent. to €104.2 billion when compared to the same period of the preceding year. However if the funding obtained from institutional investors would not be considered, the total customer resources balance would have been up 4.8 per cent. by €3.9 billion.

Retail resources in the balance sheet were up 5.0 per cent. to €73.6 billion, influenced by the 5.9 per cent. increase in customer deposits.

Resources taken by Group	March 2010	December 2011	March 2011	Change March 2011/2010
	(€ million)	(€ million)	(€ million)	per cent.
Balance sheet:	96,106	93,520	92,501	(3.8%)
Retail	70,124	74,195	73,645	5.0%
Customer deposits	57,032	60,209	60,406	5.9%
Capitalisation insurance ^(a)	10,436	10,843	10,254	(1.7%)
Other customer resources	2,656	3,142	2,985	12.4%
Institutional investors	25,982	19,325	18,855	(27.4%)
EMTN	10,344	8,786	8,156	(21.2%)
ECP and USCP	5,672	676	823	(85.5%)
Nostrum Mortgage and Nostrum Consumer.....	556	475	462	(16.8%)
Mortgage Covered bonds	7,130	7,125	7,130	0.0%
Bonds guaranteed by the Portuguese Republic.....	1,260	1,250	1,262	0.2%
Public Sector Covered Bonds	1,021	1,013	1,022	0.1%
Off-balance Sheet:	11,261	10,006	11,662	3.6%
Investment units in unit trust funds	4,905	4,966	4,722	(17.1%)
Caixagest.....	4,100	3,283	3,058	(25.4%)
Fundimo	1,594	1,683	1,664	4.4%
Pension fund	2,144	2,183	2,188	2.0%
Wealth management ^(b)	3,422	2,857	4,752	38.9%
Total	107,367	103,526	104,163	(3.0%)
Total excluding institucional investors	81,385	84,201	85,308	4.8%
Nostrum Mortgage and Nostrum Consumer.....	666		556	(16.6%)
Total	107,367		107,160	4.7%

(a) Including fixed-rate insurance and unit-linked products.

(b) Does not include the CGD Group insurance companies' portfolio.

Shareholders equity	March 2010	December 2010	March 2011	Change March 2011/2010
	(€ million)	(€ million)	(€ million)	per cent.
Share capital	4,500	5,050	5,050	12.2%
Fair value reserves	(278)	(507)	(837)	(201.1%)
Other reserves and retained earnings	1,859	1,516	1,737	(6.6%)
Minority shareholders' interests	1,385	1,530	1,448	4.6%
Net income for period	100	251	83	(16.6%)
Total	7,566	7,840	7,482	(1.1%)

Resources taken from institutional investors in the form of own issues were down 27.4 per cent. by €7.1 billion, having been particularly influenced by the reduction of issuing under the ECP and USCP and to a lesser extent to the EMTN programme. Covered bonds outstanding amount remained unchanged at around €7.1 billion.

“Off-balance sheet resources” were up 3.6 per cent. (to €11.7 million). Special reference should be made to the 38.9 per cent. increase (of €1.3 billion) obtained by the wealth management area, when compared with the same period of March 2010.

Solvency Ratio

The Group’s shareholders’ equity was maintained since December 2010 (€7.5 billion), when CGD has increased its share capital by €550 million, offsetting the losses recognised in fair reserves.

The **solvency ratio**, on a consolidated basis, in March 2011, determined under the Basel II regulatory framework, stood at 12.3 per cent., while Core Tier I and Tier I ratios were at 8.8 per cent. and 9.0 per cent., respectively. These ratios include retained earnings.

Relationship with the Portuguese Government

CGD is exclusively owned by the Portuguese Government and is regulated by general and specific regulations applicable to credit institutions and legislation applicable to public limited companies. The public nature of CGD is expected to be maintained and reinforced in the current context of the Portuguese financial system. CGD has complete autonomy in administrative and financial matters.

CGD’s corporate objects are the performance of banking operations pursuant to the terms defined in its articles of association and subject to the scope of the limitations defined in applicable legislation. CGD provides the Portuguese Government with banking services in competition with other banks. CGD is additionally able to undertake any other functions which have been specifically given to it by law, the manner and terms of which are defined in contracts entered into with the Portuguese Government.

The rights of the Portuguese Government as shareholder are exercised by a representative appointed in a regulation issued by the Portuguese Minister of Finance.

Board of Directors, General Meeting, Supervisory Board and Statutory Auditor of CGD

General

Pursuant to Decree-law no. 287/93 of 20 August 1993, CGD must at all times be held by the Portuguese State. CGD may, on a contractual basis, undertake special functions considered to be of national interest. There are three corporate bodies within CGD: the Board of Directors (“*Conselho de Administração*”), the General Meeting (“*Assembleia Geral*”) and the Supervisory Board (“*Conselho Fiscal*”). The General Meeting is conducted under the direction of a General Meeting Board (“*Mesa da Assembleia Geral*”). The members of the Board of Directors, Supervisory Board and the General Meeting Board are elected by the General Meeting. Since the Portuguese State holds the entire share capital of CGD, all such members are selected by the Portuguese Government. The Board of Directors is composed of seven members, a President, one or two Vice-Presidents and five to seven Executive Directors, who are elected for a three year period. The term of office of the current members of the Board of Directors should have ceased on 31 December 2010, but it was extended until the new General Assembly be conducted, which is due to take place still in 2011. The Board of Directors is responsible for the management, administration and representation of CGD. The Portuguese State is represented by the Ministry of Finance in the General Meeting. The Supervisory Board assists in the preparation of CGD’s own and consolidated accounts. CGD has also a Statutory Auditor (“*Revisor Oficial de Contas*”) responsible for certifying the same accounts (“*reviso oficial de contas*”), which is also elected by the General Meeting.

Board of Directors

The following are the members of the Board of Directors of CGD, the business address of which is CGD's head office:

Name	Title	Position in other corporations, if any
Fernando Manuel Barbosa Faria de Oliveira	Chairman	Chairman of Parcaixa, SGPS, SA.
Francisco Manuel Marques Bandeira	Vice-Chairman	Chairman of the Board of Directors of Banco Caixa Geral Totta de Angola, SA, Chairman of the board of Directors of BPN – Banco Português de Negócios, SA, Chairman of Board of Directors of Parbanca, SGPS, SA, Chairman of the Board of Directors of Partang, SGPS;SA, Vice-Chairman of Banco Comercial e de Investimentos, SA, Chairman of the Board of Directors of Caixa Geral de Aposentações, SGPS, SA, Vice-Chairman of Banco Nacional de Investimento, SA, Member of the Board of Directors of Parcaixa, SGPS,SA, Member of the Board of Partang, SGPS, SA, Member of the Board of Directors of Portugal Telecom, SGPS, SA, Non-Executive Member of the Board of Directors of Grupo Visabeira, SGPS, SA, and Member of the Wages Commission of REN – Redes Energéticas Nacionais, SGPS, SA.
Jorge Humberto Correia Tomé.....	Member	Chairman of the Board of Directors of Caixa – Banco de Investimentos, SA, Chairman of the Board of Directors of CREDIP – Instituição Financeira de Crédito, SA, Chairman of the Board of Directors of GERBANCA, SGPS, SA, , Vice-Chairman of Banco Caixa Geral – Brasil, SA, Member of the Board of Directors of Banco Comercial e de Investimento, SA, Member of the Board of Directors of Banco Nacional de Investimento, SA, Member of the Board o Directors of CIMPOR – Cimentos de Portugal, SGPS, SA, Member of the Board of Directors of Parcaixa, SGPS,SA and Member of the Board of Directors of Portugal Telecom, SGPS, S.A.
José Fernando Maia de Araújo e Silva ...	Member	Chairman of the Board of Directors of Caixa – Imobiliário, SA, Chairman of the Board of Directors of Caixa Leasing and Factoring – IFIC, SA, Chairman of the Board of Directors of Caixa Seguros

Name	Title	Position in other corporations, if any
		e Saúde, SGPS, SA, Chairman of the Board of Directors of Imocaixa – Gesto Imobiliária, SA, Chairman of the Board of Directors of Sogrupos IV – Gestão de Imóveis, ACE,, Chairman of the Board of Directors of Wolfpart,SGPS,SA, Member of the Board of Directors of ADP – Águas de Portugal, SGPS, SA, Member of the Board of Directors of Banco Caixa Geral Totta de Angola, SA, Member of the Board of Directors of EDP Renováveis, S.A, Member of the Board of Directors of Locarent – Comp. Portuguesa Aluguer de Viaturas, SA and Vowel of Board of Directors of Caixa Geral de Aposentações.
Norberto Emílio Sequeira da Rosa.....	Member	Chairman of the Board of Directors of Caixa – Participações, SGPS, SA, Chairman of the Board of Directors of CAIXATEC – Tecnologias de Comunicação, SA, Chairman of the Board of Directors of Sogrupos – Sistemas de Informação, ACE, Vice-Chairman of BPN – Banco Português de Negócios, SA, Member of the Board of Directors of SIBS – Sociedade Interbancária de Serviços, SA, Non-executive Member of the Board of Directors of ZON – Serviços de Telecomunicações Multimédia, SGPS, SA and Vowel of Board of Caixa Geral de Aposentações.
Pedro Manuel de Oliveira Cardoso	Member	Chairman of the Board of Directors of CGD Pensões- Sociedade Gestora de Fundos de Pensões S.A., Chairman of the Board of Directors of Caixa – Gestão de Activos, SGPS, SA, Chairman of the Board of Directors of Sogrupos – Compras e Serviços Partilhados, ACE, Vice-Chairman of Banco Nacional Ultramarino, SA, and Member of the Board of Directors of BPN – Banco Português de Negócios, SA.
Rodolfo Vasco Castro Gomes Mascarenhas Lavrador.....	Member	Chairman of the Board of Directors of Banco Caixa Geral – Brasil, S.A, Chairman of the Board of Directors of Banco Caixa Geral, S.A., Chairman of the Board of Directors of Banco Nacional Ultramarino, SA, Vice-Chairman of the of Banco Caixa Geral Totta de Angola, SA, Member of the

Name	Title	Position in other corporations, if any
		Board of Directors of Partang, SGPS, SA and Chairman of the Wages Commission of Banco Caixa Geral, SA.

No potential conflicts exist between any duties to the Issuer of the persons on the board of directors, as listed above, and their private interests or other duties in respect of their management roles.

The Issuer complies with the corporate governance regime in Portugal.

General Meeting

The following are the members of the General Meeting Board of CGD, the business address of which is the Issuer's head office:

Name	Title
Manuel Carlos Lopes Porto	Chairman
Daniel Proença de Carvalho	Vice-Chairman
José Lourenço Soares	Secretary

It is the Issuer's understanding that the members of the General Meeting Board comply with the requirements on independence and incompatibilities set forth in the Portuguese Companies Code.

Supervisory Board

The following are the members of the Supervisory Board of CGD, the business address of which is the Issuer's head office:

Name	Title
Eduardo Manuel Hintze da Paz Ferreira	Chairman
António Pereira Rodrigues Felício	Member
Maria Rosa Tobias Sá	Member
Pedro Miguel Rodrigues Soares	Substitute member
Maria Fernanda Joanaz Silva Martins	Substitute member

It is the Issuer's understanding that the members of the Supervisory Board comply with the requirements on independence and incompatibilities set forth in the Portuguese Companies Code. Furthermore, it is the Issuer's understanding that the Chairman, Eduardo Manuel Hintze de Paz Ferreira, complies with the suitability, knowledge and independency requirements set forth in the same Code.

Statutory Auditor

The Statutory Auditor, elected by the General Meeting for the period of 2010 to 2012, is Oliveira Rego & Associados, SROC (represented by Manuel de Oliveira Rego), member of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), registered with the CMVM with registration number 218, with registered office at Av^a Praia da Vitória, no. 73-2^o Esq. 1050-183 Lisboa, its substitute being Alvaro, Falcão & Associados, SROC (represented by Eleutério Ganilho Álvaro), member of the Portuguese Institute of Statutory Auditors, registered with the CMVM with registration number 222, with registered office at Rua Antero de Quental, no. 639, 4200-068 Porto.

DESCRIPTION OF CAIXA GERAL DE DEPÓSITOS FINANCE

General

Caixa Geral de Depósitos Finance (“CGDF”) was registered with registration number 91802 under the Companies Law (1998 Revision) of the Cayman Islands as a company limited by shares. CGDF was incorporated in 1999 for an indefinite period. The authorised share capital of CGDF is U.S.\$50,000 divided into 50,000 shares of a nominal or par value of U.S.\$1 each. 1,000 shares have been issued and fully paid and are registered in the name of CGD. CGDF’s registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands with telephone contact number as +351 21790 5956. CGDF is a wholly-owned subsidiary of CGD.

Capitalisation

The following table sets forth the audited capitalisation of CGDF as at 31 December 2010:

	U.S.\$
Shareholders’ Funds:	
Share capital fully paid	1,000
Total liabilities	1,448,160,625 ⁽¹⁾

(1) USD equivalent of €1,084 million, using the exchange rate as of 31 December 2010, €/USD = 1.3362

There has been no material change in the capitalisation of CGDF since 31 December 2010.

Business

The primary purpose of CGDF is to finance the operations of the Group through the issue of Notes pursuant to the Programme.

Directors

The Directors of CGDF are as follows:

Name	Title	Position in other corporations, if any
José António da Silva Brito	Director	General Manager, CGD, S.A. Financial Markets Division
José Barata Ramos.....	Director	Deputy Manager, CGD, S.A. Financial Markets Division
Maria Eduarda Simões Lopes Branco Vicente.....	Director	Deputy General Manager, CGD, S.A. Financial Markets Division
Fernando Gonçalves Santos.....	Director	Senior General Manager, CGD, S.A. Operational Support Division
Manuel Julio Rosado Frade	Director	General Manager, CGD, S.A. Operational Support Division
Rui António Martins Fonseca	Director Operational Support Division	Assistant General Manager, CGD, S.A.
Bruno Miguel Cordeiro da Costa	Director	Assistant General Manager, CGD, S.A. Financial Markets Division
Marco Paulo Leonardo Azevedo	Director	Assistant General Manager, CGD, S.A. Financial Markets Division

The business address of the Directors is: DMF-Direcção de Mercados Financeiros, Av Joo XXI, nr. 63, 1st Floor, 1000-300 Lisbon, Portugal.

No potential conflicts exist between any duties to CGDF of the persons on the board of directors, as listed above, and their private interests or other duties in respect of their management roles.

CGDF complies with the Companies Law (2010 Revision) of the Cayman Islands.

General

As of 31 December 2010, CGDF had not made any investments and there are no plans for future investments.

CGDF's objects and purposes are unrestricted and include, without limitation, to carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute investment, financial, commercial, mercantile, trading and other operations. The objects and purposes are set out in full in paragraph 3 of the Memorandum of Association of CGDF.

Selected Financial Information of CGDF

The tables below set out key figures that summarise the financial position of CGDF at the end of 2010.

	Year ended 31 December (€ thousands)	
	2009	2010
Interest and similar income	808,024	702,688
Net operating income	4,874	1,319
Net profit/(loss) for the year	4,851	1,294
Total Assets	725,939	760,340
Liabilities	720,866	753,974
Shareholder's Equity	5,072	6,366

DESCRIPTION OF CAIXA GERAL DE DEPÓSITOS, S.A., MADEIRA BRANCH (SUCURSAL FINANCEIRA EXTERIOR)

General

CGD's operations in Madeira ("CGDM") commenced with the opening of a branch in 1990.

CGDM is registered in the Conservatory of the Commercial Registry of Zona Franca da Madeira under number 00193/91.04.22.

CGDM is a branch of CGD.

Business

Developed in close connection with CGD's worldwide network, the branch's main activities include deposit and investment accounts for Portuguese nationals living abroad and services for corporates, namely non-resident companies and subsidiaries of Portuguese corporates abroad.

CGDM's total net assets were €2,334 million as at 31 December 2010.

The financial statements of CGDM for 2009 and 2010 were prepared in accordance with the adjusted accounting standards ("Normas de Contabilidade Ajustadas") that correspond to the application of IFRS as adopted by European Union with the adjustments required by the Bank of Portugal regulations.

The following table provides a summary of unaudited financial information for CGDM as at and for the years ended 31 December 2009 and 2010:

	As at 31 December	
	2009	2010
	(€ thousands)	
Total assets (net).....	3,190,456	2,321,970
Loans and advances to credit institutions before provisions	982,069	727,361
Loans and advances to customers before provisions	1,024,846	1,124,890
Available for sale financial assets	1,189,969	469,783
Amounts owed to credit institutions	999,681	1,195,718
Customer deposits.....	1,054,521	1,020,416
Shareholders' equity.....	73,845	75,993
Net income for the year.....	6,129	12,920

General

The directors of CGDM are the same as those listed for CGD above.

No potential conflicts exist between any duties to CGD of the persons on the board of directors, as listed above on page 157, 158 and 159, and their private interests or other duties in respect of their management roles.

DESCRIPTION OF CAIXA GERAL DE DEPÓSITOS, FRANCE BRANCH

General

CGD's operations in Paris commenced with the opening of a branch in 1974. In 2001 the Group completed its restructuring process for its French operations pursuant to which Banque Franco Portugaise was merged into Caixa Geral de Depósitos and its assets absorbed by the France branch of CGD ("CGDFB"). The two institutions were officially merged on 26 October 2003. CGDFB's address is 38 Rue de Provence, 75009 Paris, France.

Business

CGDFB is mainly focused on the domestic Portuguese and French customer market, as well as on fostering the development of cross-border transactions between French and Portuguese companies.

Historically, it has played an important role in giving Portuguese corporates access to the euromarket and in raising foreign exchange funding for medium-sized companies engaged in trade related activities.

CGDFB's total net assets were €10,634 million as at 31 December 2010.

The financial statements of CGDFB for 2009 and 2010 were prepared in accordance with the adjusted accounting standards ("Normas de Contabilidade Ajustadas") that correspond to the application of IFRS as adopted by European Union with the adjustments required by the Bank of Portugal regulations.

The table below provides a summary of financial unaudited information for CGDFB as at and for the years ended 31 December 2009 and 2010:

	As at 31 December	
	2009	2010
	(€ thousands)	
Total assets (net)	14,438,205	10,633,841
Loans and advances to credit institutions before provisions	9,566,206	5,950,617
Loans and advances to customers before provisions	4,113,066	4,167,511
Financial assets at fair value through profit or loss.....	354,845	226,305
Available for sale financial assets	255,717	127,898
Amounts owed to credit institutions	6,643,711	4,972,428
Customer deposits.....	1,899,499	1,969,172
Debt securities including subordinated liabilities	5,186,184	3,193,475
Shareholders equity.....	13,099	43,195
Net income for the year.....	(4,830)	26,612

General

The directors of CGDFB are the same as those listed for CGD above.

No potential conflicts exist between any duties to CGD of the persons on the board of directors, as listed above on page [116-117], and their private interests or other duties in respect of their management roles.

THE PORTUGUESE BANKING SYSTEM

The Portuguese financial system has undergone a steady process of deregulation and liberalisation since 1983 which has resulted in important structural and operational changes. The most significant measures include the opening of the banking system to private entities and the privatisation process (initiated in 1989), the opening of the banking system to foreign competition, the gradual lifting of restrictions on capital movement and the implementation of legislation which brings Portuguese banking regulations into line with EC legislative practice.

Regulations governing financial institutions have undergone a series of amendments since 1991 to reflect the changes to the financial system. In particular, the “Banking Law” of December 1992 (Decree-Law 298/92 of 31 December as amended) introduced a comprehensive regulatory framework to bring Portugal into line with EC directives.

This included the abolition of the distinction between investment and commercial banks, the creation of the distinction between credit institutions (*instituições de crédito*) and financial companies (*sociedades financeiras*), the establishment of prudential and supervisory rules, a new regulation for foreign banks operating in Portugal and Portuguese banks operating abroad including the adoption of the EU passport and the creation of a deposit guarantee fund to protect depositors.

The most extensive amendment to the Banking Law, dated 26 September 2002, introduced a number of new financial entities – *sociedades de garantia mútua; instituições de moeda eletrónica; sociedades gestoras de fundos de titularização de créditos; instituições financeiras de crédito* – as well as a set of new rules on several matters including relevant participations.

These changes to the banking environment have increased competition in the Portuguese banking market and have led to an expansion of domestic branch networks, an increase in the number of banks and the development of other financial institutions (such as investment funds and leasing companies), along with a broader range of products on offer. In addition, the possibilities for bank expansion, both in terms of geography and business activity, have increased.

The privatisation process and the increasingly competitive environment have given rise to a number of acquisitions among Portuguese banks and the establishment of Portuguese financial groups, more cross-selling initiatives, an increased focus on the expanding market for personal loans, mortgages and credit cards in Portugal, more frequent advertising campaigns, competitive pricing strategies and cost control programmes.

Between 1994 and 1996, there was a series of take-overs which transformed the Portuguese banking sector, which previously fell under the control of five financial groups representing more than 80 per cent. of the total sector assets: the CGD Group (100 per cent. owned by the Portuguese Government), Banco Comercial Português/Atlântico Group, Mundial Confiança Group (also known as the Champalimaud Group), Espírito Santo Group and Banco Português de Investimentos.

After a period during where these takeovers were being integrated, and once the difficulties connected with the introduction of the single currency were overcome, the consolidation wave has renewed. Already in 2000 the number of significantly sized Portuguese groups was reduced to four, with the extinction of the Mundial Confiança Group and the consequent reinforcement of the participation agreement between the BCP/ BPA Group (which, after the merger with Banco Mello, purchased Banco Pinto & Sotto Mayor (“BPSM”)) and the Santander Group (which purchased Banco Totta & Açores and Crédito Predial Português).

The CGD Group had a crucial intervention in the acquisition process and the subsequent sale of the several institutions belonging to the Mundial Confiança Group, as well as ensuring that Mundial Confiança Insurance Company was kept in the CGD Group and Banco Totta & Sotto Mayor de Investimento (a small investment bank, which belonged to the MC Group), now named Caixa Banco de Investimento.

Within the conveyance agreement for the sale of BPSM, CGD and BCP have also established bases for co-operation between the two institutions which will promote the activity of the two groups in the foreign markets, regardless of actual competition between them in the domestic market.

This new wave of mergers and take-overs has changed the relationship between the financial groups operating in the country. In most business indicators, the market share of the four main Portuguese groups, together with Santander, is now over 80 per cent. and the market share of the two leading groups (BCP and CGD) is over 50 per cent. Therefore, Portugal has a very high level of banking concentration, well above the European average.

For example, in Spain and France the five main banks represent 40 per cent. of the market, while Germany's five main banks account for just 17 per cent. Until very recently, only Finland and Holland had higher concentration levels than Portugal.

Parallel to this wave of consolidation, a new universal banking model philosophy is being introduced by several groups in the banking business.

These groups have in fact been extending their business to areas with growth potential and/or those sectors which still benefit from significant margins, and they now operate in most financial areas such as insurance, asset management, leasing and factoring.

There have also been continued efforts made by the Portuguese banks to improve their competitiveness through permanent technological and organisational innovation, ensuring a quick use of new technologies and their widespread use in banking transactions. Accordingly, investment has been intensified in the areas of telephone banking, automated teller machines ("ATM"), the treatment of information and home banking and there has been a move towards global partnerships with telecommunication companies, primarily in order to take advantage of the growth potential of electronic trade on the Internet.

Several Portuguese groups are already operating through electronic channels in the different areas of this business and they are already benefiting from on-cost reductions in their operations.

In fact, the relative importance of operational costs on banking income has registered a decreasing trend over the last years.

There has been generally a gradual growth of the geographic coverage by the expansion of the branch network; however, with a slight decrease in the last two years. The number of branches in Portugal was around 6,796 at the end of December 2010. It should nevertheless be noted that this growth has not been followed by a corresponding increase in number of employees, which has in fact decreased, reflecting the growing investment in operational rationalisation.

There has been an expansion of the ATM and direct debit payment terminals network and Portugal is above the European average in the number of ATMs per million citizens and number of per capita transactions in ATMs and POSs.

Banking Regulation in Portugal

The Bank of Portugal has extensive supervisory and regulatory powers in relation to all credit and deposit-taking institutions in Portugal. Portuguese banks are subject to capital adequacy ratios conforming with EU Directives regarding the establishment of common standards for the measurement of capital, risk-weighted assets and commitments. However, there are some minor differences between EU requirements and the Bank of Portugal's approach, the latter imposing more onerous requirements in respect of the accounting treatment of overdue loan loss and pension fund provisions.

There are specific regulations regarding the need for regular audits by the Bank of Portugal, a specified accounting plan, limits on large exposures, minimum levels of provisions for loan losses and investments and mandatory contribution to the deposit guarantee fund. Compliance is monitored through periodic inspections and regular reviews of financial statements and returns.

CGD is regulated solely by applicable banking laws and the Bank of Portugal. It must comply with the regulations issued by the Bank of Portugal and the general regime governing credit institutions and financial companies under the Banking Law as amended. The principal rules with which the CGD Group and all Portuguese banks must comply include the following:

(a) Solvency ratio

As at 31 December 2010, the CGD Group's own funds corresponded to 12.3 per cent. of its total risk-weighted assets, and off-balance sheet contingent liabilities and its Tier 1 capital represented 8.9 per cent. of such amount.

As far as the required minimum level of own funds is concerned, the Bank of Portugal has generally determined that credit institutions shall have a minimum Tier 1 capital level of 8 per cent. However, according to Notice 3/2011 of Bank of Portugal, all banking groups supervised by Bank of Portugal must reach a core Tier 1 capital ratio of 9 per cent. by end-2011 and 10 per cent. at the latest by end-2012 and maintain it thereafter. If needed, Bank of Portugal may also require some banks, based on their specific risk profile, to reach this higher capital levels on an accelerated schedule.

(b) Limitations on credit risk concentration

Exposure is classified as a large exposure where the liabilities of a counterparty (or such counterparty's group) represent 10 per cent. or more of CGD's own funds. As a general rule, the total exposure to a counterparty (or such counterparty's group) should not exceed 25 per cent. of CGD and the CGD Group's own funds and the global value of large exposures cannot be greater than twelve and eight times respectively, the amount of such own funds. As at 31 December 2010, the limits referred to were not exceeded.

(c) Limitations on credit risk concentrations in relation to own funds

The direct and indirect substantial shareholding stakes held by CGD in the share capital of entities other than credit institutions, financial companies, financial institutions, management companies of pension funds and insurance companies should not exceed 15 per cent. (individually) and 60 per cent. (in aggregate) of CGD's own funds. A shareholding stake will be considered substantial whenever it enables its holder to exercise a significant influence in the management of the relevant company to which such shareholding stake respects. Such significant influence is presumed to exist in cases where the shareholding stake represents at least 5 per cent. of the relevant company's share capital or voting rights. The shareholding stakes which are held for the account of any third parties or which are temporarily held in the context of an underwriting transaction will not be considered for the above purposes. As at 31 December 2010, the CGD Group did not hold any significant direct or indirect substantial shareholding stake which exceeded such limit.

(d) Limitations on substantial shareholdings in relation to the share capital of certain companies

The direct and indirect substantial shareholding stakes to be held for three years or more by CGD in companies other than financial and insurance companies (as well as certain financial and insurance related companies) may not exceed 25 per cent. of the voting rights corresponding to such companies' share capital. As at 31 December 2010, the CGD Group did not hold any significant direct or indirect substantial shareholding stake which exceeded such limit.

(e) Fixed assets

The global value of fixed assets (net of depreciation and provisions) excluding the elements deducted to calculate CGD's own funds cannot exceed the value of those funds. As at 31 December 2010, the global value of CGD's net fixed assets did not exceed their own funds. The CGD Group did not exceed such limit.

(f) Limitations on share portfolio and other equities not classified as fixed assets

The total value of shares or other equities of any entity not classified as fixed assets cannot exceed 40 per cent. of the own funds of CGD.

TAXATION

Portugal

General

The following is a general description of certain Portuguese tax consequences of the acquisition and ownership of Notes. It does not purport to be an exhaustive description of all tax considerations that may be relevant to decisions regarding the purchase of Notes. Notably, the following general discussion does not consider any specific facts or circumstances that may apply to a particular purchaser of the Notes.

This summary is based on the laws of Portugal currently in full force and effect and as applied on the date of this Prospectus, thus being subject to variation, possibly with retroactive or retrospective effect.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences resulting from the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or are deemed to be, residents.

Notes issued by CGDF are subject to the following specific tax considerations

Payments to be made by CGDF of interest or principal on Notes issued by it to an individual or legal person non-resident in Portuguese territory for tax purposes, are not deemed to be obtained in Portuguese territory and therefore should not be subject to Portuguese withholding tax.

Notes issued by CGDFB are subject to the following specific tax considerations

Payments to be made by CGDFB of interest and principal on Notes issued by it to an individual or legal person non-resident in Portuguese territory for tax purposes, are not subject to Portuguese withholding tax whenever those payments correspond to costs or charges concerning the activities of that branch. If that is not the case, pursuant to Orders (*Despachos*) no. 935/2006 – XVII, of 31 July and no. 1132/2006 – XVII, of 12 September, both of the Secretary of State for Fiscal Affairs (*Secretário de Estado dos Assuntos Fiscais*), the Portuguese tax authorities consider that interest derived from notes, issued by Portuguese resident entities, acting through their branches located outside Portuguese territory which proceeds are transferred to the head office or other branches, shall be deemed to be obtained in Portuguese territory and therefore payment of such interest to entities with no residence, head office, effective management or permanent establishment in Portugal is subject to withholding tax at the general rate of 21.5 per cent. (which may be reduced up to 15 per cent. according to applicable double taxation treaties, if any, entered into by the Portuguese Republic and other countries, subject to certain formalities being met, and even eliminated if certain exemptions are applicable).

Notes issued by CGDM are subject to the following specific tax considerations

The Madeira Free Trade Zone “MFTZ” is a Free Trade Zone, established as part of the taxation system in the Portuguese Republic. Investment income paid by CGDM, located in the MFTZ, benefits from a tax exemption provided that CGDM is financing its balance sheet liabilities and the Noteholders and Couponholders, as beneficiaries of the investment income, are individuals or corporate entities resident, or with registered offices, outside the Portuguese Republic (with the exception of MFTZ or the Free Trade Zone of the Island of Santa Maria) and without permanent establishments located in the Portuguese Republic (with the exception of MFTZ or the Free Trade Zone of the Island of Santa Maria). This exemption is not applicable when the beneficiaries of the income are credit or financial institutions or financial branches located in MFTZ or the Free Trade Zone of the Island of Santa Maria, which carry out their activity with residents in the Portuguese Republic’s mainland or with permanent establishments of non resident entities therein.

Therefore, under current Portuguese law, investment income on the Notes paid by CGDM is exempt from taxation and consequently from withholding tax where the beneficiaries of the income are:

- (i) individuals or entities operating within the Madeira Free Trade Zone which are not credit institutions or financial companies or financial branches which carry out operations in the scope of their activities with residents in mainland Portuguese Republic or with permanent establishments of non-resident entities in mainland Portuguese Republic; or
- (ii) individuals not resident for tax purposes in the Portuguese Republic pursuant to section 16 of the Personal Income Tax Code (*Código do Imposto sobre o Rendimento de Pessoas Singulares*) or incorporated entities with registered offices outside the Portuguese Republic and without permanent establishments located in the Portuguese Republic (but including permanent establishments located in MFTZ, or in the Free Trade Zone of the Island of Santa Maria), or other incorporated entities whose registered office or effective management is not located in the Portuguese Republic.

N.B. Permanent establishments in the Portuguese Republic of incorporated entities with registered offices outside the Portuguese Republic excepting permanent establishments located in MFTZ or in the Free Trade Zone of the Island of Santa Maria other than financial branches located herein which carry out their activity with residents in the Portuguese Republic's mainland or with permanent establishments of non resident entities therein and companies and other incorporated entities with a registered office or effective management located in the Portuguese Republic, are not entitled to benefit from tax exemption contained in section 33.6 of the Tax Benefits Statute (approved by Decree-Law 215/89, of 1989 (Estatuto dos Benefícios Fiscais)). Under Portuguese law, a permanent establishment is defined as a fixed installation through which an activity (other than an activity of a preparatory or auxiliary character) of a commercial, industrial or agricultural nature is carried on. A permanent establishment is also deemed to exist when a person other than an independent agent acts within the territory of Portugal on behalf of a foreign enterprise and has, and habitually exercises, the authority to negotiate and conclude contracts related to the activities of the enterprise. In this situation a permanent establishment is not deemed to exist if a company operates in Portugal through a commission agent, or any other type of independent agent, provided that such persons are acting in the ordinary course of their business and bear the risk of the activity.

The aforementioned tax exemption, and the consequent withholding tax exemption, will apply to the referred category of Noteholders and/or Couponholders, as the case may be, so long as they are able to provide to the Issuer (i) the Residency Information (as defined below); and (ii) a statement of non-Portuguese beneficial ownership substantially as set out below (the “**Statement of non-Portuguese Beneficial Ownership**”) prior to the relevant date for payment of any interest or to the redemption date or to the transfer of Notes.

“**Residency Information**” means appropriate evidence that the relevant Noteholder and/or Couponholder, as the case may be, is not resident in the Portuguese Republic and does not have any registered or deemed permanent establishment in the Portuguese Republic in accordance with the following provisions as set forth in article 33.14 of the Tax Benefit Statute, as amended from time to time, applicable to the residency certification of payees of interest that are exempt from Portuguese withholding taxation:

- (i) if a Noteholder or Couponholder, as the case may be, is a central bank, public institution, international body, credit institution, financial company, securities or property investment fund, pension fund, insurance company with its head office in any OECD country or in a country with which the Portuguese Republic has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the Noteholder and Couponholder and their head office; or (C) a declaration of tax residence issued by the Noteholder and/or Couponholder themselves, duly signed and authenticated, if a central bank, public law entity taking part of the public administration (either central, regional or peripheral, indirect or autonomous of the country of the relevant Noteholder

and/or Couponholder) or an international body; or (D) proof of non-residence, pursuant to the terms of paragraph (iii) below, so long as the Noteholder and/or Couponholder provides a form of confirmation referred to in said paragraph (iii);

- (ii) if a Noteholder or Couponholder, as the case may be, is a working emigrant he or she must prove his or her status by means of documents settled in the ministerial order issued by the Ministry of Finance that regulates the emigrant-saving system. According to the ministerial order no. 909/2003 of 29 August 2003, the proof of “working emigrant” must comply with the following requirements: (i) the status of emigrant must be checked, before the corresponding banking institution, by means of duly updated documents which evidence the performance of a remunerated activity and attest the permanent tax residence abroad; (ii) if the documents referred on (i) above cannot be presented, a certification issued by the Portuguese diplomatic or consular authority that the beneficiary performs a remunerated activity in that country and has therein its tax residence for more than 6 months, permanently or for interpolated periods, will be required; (iii) the status of emigrant may be certified by the General Directorate of Consular Affairs and Portuguese Communities, whenever there is no consular authority in the country where the emigrant has his or her residence or comes from; (iv) in order to provide proof of the status of emigrant by pensioners and retired individuals, documents referring to the payments of the pensions or other similar income shall be presented. In case of insufficient proof or doubtful information, the banking institution must refuse the emigrant status. The banking institution must keep the documents originally presented or a certified copy performed by two employees of the said institution whenever the beneficiary needs to keep those originals;
- (iii) in any other case, information provided in accordance with the following rules: confirmation must be made by the relevant Noteholder and/or Couponholder, as the case may be, by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities, (B) a document issued by the relevant Portuguese Consulate certifying residence abroad, or (C) a document specifically issued by an official entity taking part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country; for these purposes, an identification document such as a passport or an identification card (*bilhete de identidade*) or document by means of which it is indirectly possible to presume the relevant tax residence (such as a work or permanent residency permit) are not acceptable;

There are specific rules relating to the originality and validity of the document, notably that the Noteholder and/or Couponholder must provide an original or a certified copy of the residency certificate or document and, as a rule, (i) if such document does not refer to a specific residency year and has not expired, it must have been issued within the three year period prior to the relevant payment date or the relevant Maturity Date; or (ii) such document must have been issued in the year of the relevant payment date or the relevant Maturity Date and refer to the residency status in that year or in the previous one.

“**Tax Identification**” means a document provided by the relevant tax authority which evidences the status of the Noteholder and/or Couponholder, as the case may be, as a tax payer in the applicable jurisdiction, which may be a copy of a pre-existing tax identification or other document with similar effect.

Schedule 1 to this Prospectus corresponds to the wording and contents of the form of Statement of non-Portuguese Beneficial Ownership, as contained in Circular No. 6/2003.

Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding rate of 21.5 per cent., or if applicable, in reduced withholding tax rates of up to 15 per cent., pursuant to tax treaties signed by Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with.

Notes issued by CGD are subject to the following specific tax considerations:

The economic advantages deriving from interest amortization or reimbursement premiums and other types of remuneration arising from Notes issued by private entities are qualified as investment income for Portuguese tax purposes.

General Tax Regime Applicable to Debt Securities

Resident

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 21.5 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 46.5 per cent. In this case, the tax withheld is deemed a payment on account of the final tax due.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 30 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are taxed at a special tax rate of 20 per cent. levied on the positive difference between the capital gains and capital losses of each year. In this respect, an income tax exemption applies if such annual positive difference does not exceed € 500. Accrued interest qualifies as interest, rather than as capital gains, for tax purposes.

In addition, the positive difference between the capital gains and capital losses resulting from the disposal of notes and other debt securities is exempt from tax, except in the case of mixed or closed ended investment funds of private subscription to which the rules established in the CIRS apply.

Interest and other investment income derived from Notes and capital gains obtained with the transfer of Notes by legal persons resident for tax purposes in Portugal and by non resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to progressive Corporate Income Tax rates according to which a 12.5 per cent tax rate will be applicable on the first € 12,500 of taxable income and a 25 per cent. tax rate will be applicable on taxable income exceeding € 12,500, to which may be added a municipal surcharge (“derrama municipal”) of up to 1.5 per cent. of its taxable income. As general rule, withholding tax at a rate of 21.5 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due. Financial institutions, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds incorporated under the laws in Portugal and some exempt entities are not subject to Portuguese withholding tax.

Corporate taxpayers with a taxable income of more than € 2,000,000 are also subject to State surcharge (“derrama estadual”) of 2.5 per cent. on the part of its taxable profits that exceeds € 2,000,000.

Non resident

Without prejudice to the special debt securities tax regime as described below, the general tax regime on debt securities applicable to non resident entities is the following:

Interest and other types of investment income obtained by non resident beneficial owners (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 21.5 per cent. which is the final tax on that income.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 30 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Under the tax treaties entered into by Portugal which are in full force and effect on the date of this Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

Capital gains obtained on the transfer of Notes by non resident individuals without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation unless the individual is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (*Portaria*) no. 150/2004 of 13 February (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*) or resident in a country with which there is no Double Tax Convention or Tax Information Exchange Agreement in force with Portugal. Capital gains obtained by individuals that are not entitled to said exemption will be subject to taxation at a 20 per cent. flat rate. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese corporate income tax, but the applicable rules should be confirmed on a case by case basis. Accrued interest does not qualify as capital gains for tax purposes.

Regarding capital gains obtained on the transfer of Notes by a legal person non resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the non resident entity is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (*Portaria*) no. 150/2004 of 13 February (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*) or resident in a country with which there is no Double Tax Convention or Tax Information Exchange Agreement in force with Portugal. If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese corporate income tax, but the applicable rules should be confirmed on a case by case basis.

Special Debt Securities Tax Regime

Resident

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 21.5 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 46.5 per cent. In this case, the tax withheld is deemed a payment on account of the final tax due. The relevant tax shall be withheld by the relevant direct registering entity.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 30 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are taxed at a special tax rate of 20 per cent. levied on the positive difference between the capital gains and capital losses of each year. In this respect, an income tax exemption applies if such annual positive difference does not exceed € 500. Accrued interest qualifies as interest, rather than as capital gains, for tax purposes.

In addition, the positive difference between the capital gains and capital losses resulting from the disposal of notes and other debt securities is exempt from tax, except in the case of mixed or closed ended investment funds of private subscription to which the rules established in the CIRS apply.

Interest and other investment income derived from Notes and capital gains obtained with the transfer of Notes by legal persons resident for tax purposes in Portugal and by non resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to progressive Corporate Income Tax rates according to which a 12.5 per cent tax rate will be applicable on the first € 12,500 of taxable income and a 25 per cent. tax rate will be applicable on taxable income exceeding € 12,500, to which may be added a municipal surcharge (“derrama municipal”) of up to 1.5 per cent. of its taxable income. As general rule, withholding tax at a rate of 21.5 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due. The relevant tax shall be withheld by the relevant direct registering entity. Financial institutions, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds incorporated under the laws in Portugal and some exempt entities are not subject to Portuguese withholding tax.

Corporate taxpayers with a taxable income of more than € 2,000,000 are also subject to State surcharge (“derrama estadual”) of 2.5 per cent. on the part of its taxable profits that exceeds € 2,000,000.

Non resident

Pursuant to Decree-Law No. 193/2005, of 7 November 2005 (hereinafter the “Decree-Law 193/2005”), as amended from time to time, investment income paid to Noteholders or Couponholders regarding the Notes, as well as capital gains deriving from a sale or other disposition of such Notes, will be exempt from Portuguese income tax, and consequently, withholding tax, provided that: (i) the Noteholders and Couponholders have no residence, head office, effective management or permanent establishment in Portuguese territory to which the income is attributable; (ii) they are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the blacklist approved by Ordinance issued by the Portuguese Minister of Finance and Public Administration (currently *Portaria do Ministro das Finanças e da Administração Pública* No. 150/2004, of 13 February 2004), with the exception of central banks and agencies bearing governmental nature of those blacklisted jurisdictions; and also (iii) they are non-resident entities who are not held, directly or indirectly, in more than 20 per cent. by Portuguese resident entities.

Decree-Law 193/2005 established the applicable mechanisms in respect of the provision of evidence of non-residence by investors for the purpose of the above tax exemptions and that the absence of evidence of non-residence in relation to any non-resident entity which benefits from the above mentioned tax exemptions shall result in the loss of the tax exemptions and consequent submission to the applicable Portuguese general tax provisions.

Under Decree-Law 193/2005, the direct registering entity (i.e. the entity affiliated to the centralised system where the securities are integrated) as the entity which holds the relevant account with the relevant centralised system in which the Notes are integrated will be under the obligation to obtain and maintain evidence that the effective beneficiary is a non-resident entity as set out below. As a general rule, the evidence of non-residence by the holders of Notes must be provided to and received by the direct registering entities prior to the relevant date for payment of any interest or to the redemption date and to the transfer of Notes. The relevant direct registering entity shall withhold the relevant tax if the requirements for a withholding tax exemption are not met.

(a) Internationally cleared Notes

If the Notes are registered in an account at an international clearing system (either with Euroclear or Clearstream) and the management entity of such international clearing system undertakes not to provide registration services in respect of the Notes to (i) a resident for tax purposes in Portuguese territory which do not benefit from either an exemption or waiver of Portuguese withholding tax, and to (ii) non-resident entities for tax purposes which do not benefit from the above mentioned income tax exemptions, the proof of the requirements to benefit from the exemption is performed as follows:

- (i) through the presentation of a certificate, on a yearly basis, with the name of each beneficial owner, address, tax payer number (if available), the security identification, the quantity of Notes held and also the reference to the legislation supporting the exemption or the waiver to withholding tax. Part A of Schedule 2 to this Prospectus corresponds to

the wording and contents of the form of certificate for exemption from Portuguese withholding tax on income from debt securities, as contained in Order (*Despacho*) no 4980/2006 (second series), published in the Portuguese official diary, second series, no 45, of 3 March 2006 issued by the Portuguese Minister of Finance and Public Administration (currently *Portaria do Ministro das Finanças e da Administração Pública*); or

- (ii) alternatively, through a yearly declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is complemented with a disclosure list, on each coupon payment date, of each beneficial owner's identification, with address, tax payer number (if available), security identification, quantity held, and the reference to the legislation supporting either the tax exemption or the exemption of the withholding tax. Part B of Schedule 2 to this Prospectus corresponds to the wording and contents of the form of certificate for exemption from Portuguese withholding tax on income from debt securities, as contained in Regulatory Notice (*Aviso*) no 3714/2006 (second series), published in the official diary, second series, no 59, of 23 March 2006 issued by the Portuguese *Secretary of State of Tax Affairs* (currently *Secretário de Estado dos Assuntos Fiscais*):

The documents referred to in (i) or (ii) shall be provided by the participants to the direct registering entity through the international clearing system managing entity and must take into account the total accounts under their management regarding each of the beneficial owners that are tax exempt or benefit from a waiver of Portuguese withholding tax. The international clearing system managing entity informs the direct registering entity of the income paid to each participant for each security payment.

(b) Domestic cleared Notes

Each Noteholder or Couponholder must provide to the direct registering entity the respective proof of non-residence in Portuguese territory substantially in the terms set forth below.

- (i) if a Noteholder or Couponholder, as the case may be, is a central bank, public institution, international body, credit institution, financial company, pension fund, insurance company with its head office in any OECD country or in a country with which the Portuguese Republic has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the Noteholder and Couponholder and their head office; or (C) a declaration of tax residence issued by the Noteholder and/or Couponholder themselves, duly signed and authenticated, if a central bank, public law entity taking part of the public administration (either central, regional or peripheral, indirect or autonomous of the country of the relevant Noteholder and/or Couponholder) or an international body; or (D) proof of non-residence, pursuant to the terms of paragraph (iii) below, so long as the Noteholder and/or Couponholder provides a form of confirmation referred to in paragraph (iii);
- (ii) if a Noteholder or Couponholder, as the case may be, is an investment fund or other collective investment scheme which is domiciled in any OECD Member State or any country with which Portugal has entered into a double tax treaty certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, domicile and law of incorporation; or (B) proof of non-residence pursuant to the terms of paragraph (iii) below, so long as the Noteholder and/or Couponholder provides a form of confirmation referred to in paragraph (iii);
- (iii) In any other case, information provided in accordance with the following rules: confirmation must be made by the relevant Noteholder and/or Couponholder, as the case may be, by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities, (B) a document issued by the relevant Portuguese Consulate certifying residence abroad, or (C) a document specifically issued by an official entity taking part in the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country;

There are rules relating to the originality and validity of the documents mentioned in paragraph (iii) above, in particular that the Noteholder or Couponholder must provide an original or a certified copy of the residency certificate or document. This document must be issued up to until 3 months after the date on which the withholding tax would have been applied and will be valid for a 3 year period starting on the date such document is produced. The holder of Notes must inform the direct registering entity immediately of any change on the requirement conditions that may eliminate the tax exemption.

No Portuguese withholding tax exemption shall be granted under Decree-Law 193/2005 if the requirements set forth therein are not complied with and, consequently, the general Portuguese tax provisions shall apply as described above. This will be the case whenever the Notes are not integrated in *Central de Valores Mobiliários* (which is managed by Interbolsa) or in any other centralized depositary system for securities recognized under the Portuguese Securities Code and complementary legislation.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-Law 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Notes within 90 days from the date the withholding took place. A special tax form for these purposes was approved by Order (*Despacho*) n. 4980/2006 (2nd series), published in the Portuguese official gazette, second series, n. 45, of 3 March 2006 issued by the Portuguese Minister of Finance and Public Administration and may be available at www.portaldasfinancas.gov.pt.

The refund of withholding tax in other circumstances or after the above 90 day period is to be claimed from the Portuguese tax authorities under the general procedures and within the general deadlines.

Cayman Islands

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes issued by CGDF under the laws of their country of citizenship, residence or domicile.

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Notes issued by CGDF. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

- 1 Payments of interest and principal on the Notes issued by CGDF will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.
- 2 No stamp duty is payable in respect of the issue of the Notes by CGDF. The Notes themselves, if in bearer form, may be stampable if they are executed in or brought into the Cayman Islands. An instrument of transfer in respect of a Note in registered form is stampable if executed in or brought into the Cayman Islands.

CGDF has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has obtained an undertaking from the Governor in Council of the Cayman Islands in substantially the following form:

In accordance with Section 6 of The Tax Concession Law (1995 Revision) the Governor in Council undertakes with CGDF:

- 1 that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to CGDF or its operations; and

2 in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

2.1 on or in respect of the shares, debentures or other obligations of CGDF; or

2.2 by way of the withholding in whole or part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1995 Revision).

These concessions shall be for a period of twenty years from the 24th day of August 1999.

France

Following the introduction of the French *loi de finances rectificative pour 2009 no. 3* (n° 2009-1674 dated 30 December 2009) (the “Law”), payments of interest and other revenues made by CGDFB, in its capacity as issuer, with respect to Notes issued on or after 1 March 2010 (other than Notes (described below) which are assimilated (*assimilables*) for the purpose of French law with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code) will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a “Non-Cooperative State”). If such payments under the Notes are made in a Non-Cooperative State, a 50 % withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Notwithstanding the foregoing, the Law provides that the 50% withholding tax will not apply in respect of a particular issue of Notes if CGDFB can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “Exception”). Pursuant to the ruling (*rescrit*) of the French tax authorities dated 22 February 2010, an issue of Notes will benefit from the Exception without CGDFB having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411.1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.562-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

Notes assimilated (assimilables) with Notes issued before 1 March 2010

Payments of interest and other revenues made by CGDFB, in its capacity as issuer, with respect to (i) Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code, before 1 March 2010 and (ii) Notes which are assimilated (*assimilables*) with such Notes, will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP) of the French tax authorities dated 8 January 2008

and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French General Tax Code, in accordance with Circular 5 I-11-98 of the French tax authorities dated 30 September 1998 and the aforementioned rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP).

United Kingdom

The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs practice and are not intended to be exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. Any Noteholders who are in doubt as to their personal tax position should consult their professional advisers.

Interest

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2012.

EU Savings Tax Directive

The EU has adopted the EU Savings Directive regarding the taxation of savings income. The EU Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons in another Member State, except that Luxembourg and Austria may instead impose a withholding system for a transitional period unless during such period they elect otherwise.

Investors should note that the European Commission has proposed certain amendments to the Directive. If implemented, the proposed amendments would, *inter alia*, amend or extend the scope of the EU Savings Directive including with respect to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

The United States

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below) and, only as specifically addressed below under "FATCA Withholding", certain U.S. tax considerations applicable to non-U.S. investors. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Final Terms will contain

additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes at the issue price that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the relevant Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Final Terms

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as the income tax treaty between the United States and Portugal (the “Treaty”) all as currently in effect and all subject to change at any time, possibly with retroactive effect.

Bearer Notes (including Exchangeable Bearer Notes while in bearer form) are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Notes

The determination whether an obligation represents a debt or equity interest is based on all the relevant facts and circumstances, and courts at times have held that obligations purporting to be debt constituted equity for U.S. federal income tax purposes. There are no regulations, published rulings or judicial decisions addressing the characterisation for U.S. federal income tax purposes of securities with terms substantially the same as the Notes. The Issuers intend to take the position that the Senior Notes and the Dated Subordinated Notes (together, the “Dated Notes”) are debt of the relevant Issuer for U.S. federal income tax purposes. There is a risk that the Dated Subordinated Notes could be treated as equity for U.S. federal income tax purposes. For U.S. federal income tax purposes, a strong likelihood exists that the Undated Subordinated Notes will be treated as equity, and accordingly the Issuer will treat the Undated Subordinated Notes as equity. The balance of the

discussion herein assumes that, for U.S. federal income tax purposes, the Senior Notes and the Dated Subordinated Notes will be treated as debt, and the Subordinated Notes will be treated as equity interests in the relevant Issuer. Prospective purchasers should consult their tax advisers concerning the U.S. federal income tax characterisation of the Notes.

Dated Notes

Payments of Interest

General

Interest on a Dated Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “Original Issue Discount – General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. Interest paid by an Issuer on the Dated Notes and OID, if any, accrued with respect to the Dated Notes (as described below under “Original Issue Discount”) generally will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Dated Notes.

Effect of Portuguese Withholding Taxes

As discussed in “Taxation – Portugal”, payments of interest made to Portuguese non-resident holders in respect of Notes issued by CGDFB may, in some circumstances, be subject to a 21.5 per cent. Portuguese withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Treaty is reduced to a maximum of 10 per cent. In those circumstances, CGDFB is liable for the payment of additional amounts to U.S. Holders (see “Terms and Conditions of the Notes – Taxation-Additional Amounts”) so that U.S. Holders receive the same amounts they would have received had no Portuguese withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Portuguese taxes withheld by CGDFB with respect to a Note, and as then having paid over the withheld taxes to the Portuguese taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from CGDFB with respect to the payment.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Portuguese income taxes withheld by CGDFB. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two “baskets”, and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Interest and OID (as defined below) generally will constitute Foreign Source Income in the “passive income” basket. In certain circumstances a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for Portuguese taxes imposed on a payment of interest if the U.S. Holder has not held the Notes for at least 16 days during the 31-day period beginning on the date that is 15 days before the date on which the right to receive the payment arises.

Since a U.S. Holder may be required to include OID on the Notes in its gross income in advance of any withholding of Portuguese income taxes from payments attributable to the OID (which would generally occur when the Note is repaid or redeemed), a U.S. Holder may not be entitled to a credit or deduction for these Portuguese income taxes in the year the OID is included in the U.S. Holder’s gross income, and may be limited in its ability to credit or deduct in full the Portuguese taxes in the year those taxes are actually withheld by the Issuer.

In addition, as discussed above under “Taxation – Portugal”, under current law payments of interest made to Portuguese non-residents in respect of the Notes issued by CGD and CGDM are not subject to Portuguese withholding tax, provided that acceptable proof of non-residency has been timely provided by the holder. A U.S. Holder who is entitled to an exemption from these Portuguese withholding taxes, but who fails to provide the necessary proof of non-residency, will generally not be entitled to a foreign tax credit against its U.S. federal income taxes for any Portuguese withholding

taxes. Prospective purchasers should consult their tax advisers concerning the foreign applicability of the tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Dated Notes issued with original issue discount (“OID”). The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event an Issuer issues contingent payment debt instruments, the applicable Final Terms will describe the material U.S. federal income tax consequences thereof.

A Dated Note, other than a Dated Note with a term of one year or less (a “Short-Term Note”) will be treated as issued with OID (a “Discount Note”) if the excess of the Dated Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Dated Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “instalment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Dated Note will be the first price at which a substantial amount of Dated Notes included in the issue of which the Dated Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Dated Note is the total of all payments provided by the Dated Note that are not payments of “qualified stated interest.” A qualified stated interest payment is generally any one of a series of stated interest payments on a Dated Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Interest Rate Notes”), applied to the outstanding principal amount of the Dated Note. Solely for purposes of determining whether a Dated Note has OID, the relevant Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Dated Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Dated Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includable in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Dated Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Dated Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Dated Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Dated Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Dated Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Dated Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Dated Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “Election to Treat All Interest as Original Issue Discount”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Dated Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

Market Discount

A Dated Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a “Market Discount Note”) if the Dated Note’s stated redemption price at maturity or, in the case of a Discount Note, the Note’s “revised issue price”, exceeds the amount for which the U.S. Holder purchased the Dated Note by at least 0.25 per cent. of the Dated Note’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Dated Note’s maturity (or in the case of a Note that is an instalment obligation, the Note’s weighted average maturity). If this excess is not sufficient to cause the Dated Note to be a Market Discount Note, then such excess constitutes “*de minimis* market discount.” For this purpose, the “revised issue price” of a Dated Note generally equals its issue price, increased by the amount of any OID that has accrued on the Dated Note and decreased by the amount of any payments previously made on the Dated Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Dated Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Dated Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Dated Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service (the “IRS”). A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Dated Note includable in the U.S. Holder’s income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Dated Note with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Dated Note using the constant-yield method described above under “Original Issue Discount – General,” with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under “Dated Notes Purchased at a Premium”) or acquisition premium. This election will generally apply only to the Dated Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Dated Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Notes

Dated Notes that provide for interest at variable rates (“Variable Interest Rate Notes”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Dated Note.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the relevant Issuer (or a related party) or that is unique to the circumstances of that Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the relevant Issuer) at least annually will constitute qualified

stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant-yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is then converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Dated Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Final Terms.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the

Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Fungible Issue

An Issuer may, without the consent of the Holders of outstanding Dated Notes, issue additional Dated Notes with identical terms. These additional Dated Notes, even if they are treated for non-tax purposes as part of the same series as the original Dated Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Dated Notes may be considered to have been issued with OID even if the original Dated Notes had no OID, or the additional Dated Notes may have a greater amount of OID than the original Dated Notes. These differences may affect the market value of the original Dated Notes if the additional Dated Notes are not otherwise distinguishable from the original Dated Notes.

Dated Notes Purchased at a Premium

A U.S. Holder that purchases a Dated Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium," in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Dated Note will be reduced by the amount of amortisable bond premium allocable (based on the Dated Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount".

Purchase, Sale and Retirement of Dated Notes

A U.S. Holder's tax basis in a Dated Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Dated Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Dated Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Dated Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Dated Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Dated Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Except to the extent described above under "Original Issue Discount – Market Discount" or "Original Issue Discount – Short Term Notes" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Dated Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Dated Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Dated Note generally will be U.S. source.

Foreign Currency Dated Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Dated Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Dated Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Dated Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Dated Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise

U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Dated Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Dated Note matures.

Sale or Retirement

As discussed above under “Purchase, Sale and Retirement of Dated Notes”, a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Dated Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder’s tax basis in a Dated Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Dated Note. The U.S. dollar cost of a Dated Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Dated Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Dated Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Dated Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder’s purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement.

Disposition of Foreign Currency

Foreign currency received as interest on a Dated Note or on the sale or retirement of a Dated Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Undated Subordinated Notes

Payments of Interest

General

Subject to the Passive Foreign Investment Corporation (“PFIC”) rules discussed below, for U.S. federal income tax purposes, payments of interest on Undated Subordinated Notes (before reduction for any Portuguese withholding tax with respect thereto, in the case of Undated Subordinated Notes issued by CGD), will generally be taxable to a U.S. Holder as foreign source dividend income to the extent of the relevant Issuer’s current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), and will not be eligible for the dividends received deduction allowed to corporations. Payments in excess of current and accumulated earnings and profits will be treated as a return of capital to the extent of the U.S. Holder’s basis in the Undated Subordinated Notes and thereafter as capital gain. Since the Issuers do not maintain calculations of earnings and profits in accordance with U.S. federal income tax accounting principles, U.S. Holders should assume that any payment of interest with respect to an Undated Subordinated Note will constitute ordinary dividend income. U.S. Holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of payments of interest on the Undated Subordinated Notes.

For taxable years that begin before 2013, amounts paid by CGD that are treated as dividends for U.S. federal income tax purposes will be taxable to a non-corporate U.S. Holder at the special

reduced rate normally applicable to capital gains, provided CGD qualifies for the benefits of the Treaty. A U.S. Holder will be eligible for this reduced rate only if it has held the Undated Subordinated Notes for a certain period of time. A U.S. Holder will not be able to claim the reduced rate for any year in which CGD is treated as a PFIC. See “Passive Foreign Investment Company Considerations” below. U.S. Holders will also not be eligible for this reduced rate in respect of payments on Undated Subordinated Notes issued by CGDF.

Foreign Currency Denominated Interest

Interest on Undated Subordinated Notes paid in a foreign currency will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the interest is received by the U.S. Holder, regardless of whether the foreign currency is converted into U.S. dollars at that time. If interest received in a foreign currency is converted into U.S. dollars on the day it is received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the interest.

Effect of Portuguese Withholding Taxes

As discussed in “Taxation – Portugal”, payments of interest made to Portuguese non-resident holders in respect of Notes issued by CGDFB may, in some circumstances, be subject to a 21.5 per cent. Portuguese withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Treaty is reduced to a maximum of 10 per cent. In those circumstances, CGDFB is liable for the payment of additional amounts to U.S. Holders (see “Terms and Conditions of the Notes – Taxation-Additional Amounts”) so that U.S. Holders receive the same amounts they would have received had no Portuguese withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Portuguese taxes withheld by CGDFB with respect to a Note, and as then having paid over the withheld taxes to the Portuguese taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from CGDFB with respect to the payment.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Portuguese income taxes withheld by CGDFB. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two “baskets”, and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Interest and OID (as defined below) generally will constitute Foreign Source Income in the “passive income” basket. In certain circumstances a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for Portuguese taxes imposed on a payment of interest if the U.S. Holder has not held the Notes for at least 16 days during the 31-day period beginning on the date that is 15 days before the date on which the right to receive the payment arises.

Since a U.S. Holder may be required to include OID on the Notes in its gross income in advance of any withholding of Portuguese income taxes from payments attributable to the OID (which would generally occur when the Note is repaid or redeemed), a U.S. Holder may not be entitled to a credit or deduction for these Portuguese income taxes in the year the OID is included in the U.S. Holder’s gross income, and may be limited in its ability to credit or deduct in full the Portuguese taxes in the year those taxes are actually withheld by the Issuer.

In addition, as discussed above under “Taxation – Portugal”, under current law payments of interest on Undated Subordinated Notes issued by CGD and CGDM to foreign investors are not subject to Portuguese withholding tax, provided that acceptable proof of non-residency has been timely provided by the holder. A U.S. Holder who is entitled to an exemption from these Portuguese withholding taxes, but who fails to provide the necessary proof of non-residency will generally not be entitled to a foreign tax credit against its U.S. federal income taxes for any Portuguese withholding taxes. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Sale or other Disposition

A U.S. Holder's tax basis in an Undated Subordinated Note will generally be its U.S. dollar cost. The U.S. dollar cost of an Undated Subordinated Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Undated Subordinated Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Subject to the PFIC rules discussed below, upon a sale or other disposition of the Undated Subordinated Notes, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Undated Subordinated Notes. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Undated Subordinated Notes exceeds one year. However, regardless of a U.S. Holder's actual holding period, any loss realised on a sale or disposition of an Undated Subordinated Note issued by CGD may be long-term capital loss to the extent the U.S. Holder receives a payment that is treated as a dividend for U.S. federal income tax purposes, and qualifies for the reduced rate described above under "The Undated Subordinated Notes-Payments of Interest – General", and that exceeds 5 or 10 per cent. (depending on the terms of the Undated Subordinated Note) of the U.S. Holder's basis in the Undated Subordinated Note. Any gain or loss will generally be U.S. source.

The amount realised on a sale or other disposition of Undated Subordinated Notes for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Undated Subordinated Notes traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

Disposition of Foreign Currency

Foreign currency received on the sale or other disposition of an Undated Subordinated Note will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "lookthrough rules," either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. Although interest income is generally passive income, a special rule allows banks to treat their banking business income as non-passive. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. CGD does not expect to be treated as a PFIC so long as it satisfies these requirements. However, there is a significant likelihood that CGDF will be treated as a PFIC.

If an Issuer is a PFIC in any year during which a U.S. Holder owns Undated Subordinated Notes of that Issuer, and the U.S. Holder has not made a mark to market or qualified electing fund election (each as described below), the U.S. Holder will generally be subject to special rules (regardless of whether the Issuer continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any interest payments received by the U.S. Holder on the Undated Subordinated Notes in

a taxable year that are greater than 125 per cent. of the average annual interest payments received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Undated Subordinated Notes) and (ii) any gain realised on the sale or other disposition of the Undated Subordinated Notes. Under these rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Issuer is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If an Issuer is a PFIC, a U.S. Holder of Undated Subordinated Notes will generally be subject to similar rules with respect to distributions to the Issuer by, and dispositions by the Issuer of the stock of, any direct or indirect subsidiaries of the Issuer that are also PFICs. Additionally, if CGD were treated as a PFIC, amounts treated as dividends paid by CGD would not be eligible for the special reduced rate of tax described above under "Undated Subordinated Notes – Payments of Interest – General".

U.S. Holders can avoid the interest charge by making a mark to market election with respect to the Undated Subordinated Notes, provided that the Undated Subordinated Notes are "marketable". Undated Subordinated Notes will be marketable if they are regularly traded on certain U.S. stock exchanges, or on a foreign stock exchange if (i) the foreign exchange is regulated or supervised by a governmental authority of the country in which the exchange is located; (ii) the foreign exchange has trading volume, listing, financial disclosure, surveillance and other requirements designed to prevent fraudulent and manipulative acts and practices, remove impediments to, and perfect the mechanism of, a free and open, fair and orderly, market, and to protect investors; (iii) the laws of the country in which the exchange is located and the rules of the exchange ensure that these requirements are actually enforced; and (iv) the rules of the exchange ensure active trading of listed stocks. The Luxembourg Stock Exchange is not expected to satisfy these requirements. For purposes of these rules, the Undated Subordinated Notes will be considered regularly traded during any calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded.

A U.S. Holder that makes a mark to market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the Undated Subordinated Notes at the close of the taxable year over the U.S. Holder's adjusted basis in the Undated Subordinated Notes. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the Undated Subordinated Notes over the fair market value of the Undated Subordinated Notes at the close of the taxable year, but this deduction is allowable only to the extent of any net mark to market gains for prior years. Gains from an actual sale or other disposition of the Undated Subordinated Notes will be treated as ordinary income, and any losses incurred on a sale or other disposition of the Undated Subordinated Notes will be treated as an ordinary loss to the extent of any net mark to market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the Undated Subordinated Notes cease to be marketable. If an Issuer is a PFIC for any year in which the U.S. Holder owns the Undated Subordinated Notes but before a mark to market election is made, the interest charge rules described above will apply to any mark to market gain recognised in the year the election is made.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a "qualified electing fund" ("QEF") election to be taxed currently on its share of the PFIC's undistributed income. The Issuers do not, however, expect to provide to U.S. Holders the information regarding this income that would be necessary in order for a U.S. Holder to make a QEF election with respect to its Undated Subordinated Notes.

If an Issuer is a PFIC, each U.S. Holder of Undated Subordinated Notes issued by that Issuer will be required to make an annual return on IRS Form 8621, reporting payments of interest received and gains realised with respect to each PFIC in which it holds a direct or indirect interest. Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

Backup Withholding and Information Reporting

Payments of principal, interest, and accruals of OID on, and the proceeds of sale or other disposition (including exchange) of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, including payments of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

Recently enacted U.S. legislation imposes new reporting requirements on the holding of certain foreign financial assets, including debt of foreign entities, if the aggregate value of all these assets exceeds \$50,000. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are regularly traded on an established securities market and held in an account at a domestic financial institution. U.S. Holders should consult their tax advisors regarding the application of this legislation.

Reportable Transactions

A U.S. taxpayer that participates in a “reportable transaction” is required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Pursuant to U.S. tax legislation enacted in 2004, a penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realises a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

FATCA Withholding

On March 18, 2010, the Hiring Incentives to Restore Employment Act was enacted, containing provisions from the former Foreign Account Tax Compliance Act of 2009 (“FATCA”). FATCA imposes a withholding tax of up to 30% on certain U.S. source payments and proceeds from the sale of certain assets that give rise to U.S. source payments, as well as certain payments from by non-U.S. entities, made on or after January 1, 2013 to non-U.S. persons that fail to meet certain requirements under FATCA. The withholding tax may be imposed (i) on payments to the relevant Issuer if the relevant Issuer or its affiliates do not enter into or comply with an agreement with the IRS (an “IRS Agreement”) to obtain and report information about the holders of Notes, or (ii) on payments to certain holders of Notes, if the relevant Issuer does enter into an IRS Agreement and is unable to obtain the necessary information from those Holders.

The future application of FATCA to the Issuers and the holders of Notes is uncertain, and it is not clear at this time what actions, if any, will be required to minimize any adverse impact of FATCA on the Issuers and the holders of Notes. The Issuers have not decided whether they will enter into an IRS Agreement.

If the relevant Issuer does enter into the IRS Agreement, and Notes are issued after March 18, 2012, then to the extent payments are not otherwise excluded from the FATCA regime, an investor that is not a financial institution may be required to provide the information described below or be subject to U.S. withholding tax on a portion of interest and principal on the Notes and the proceeds from their sale. Investors that are financial institutions, or financial institutions that receive payments on behalf of another person, and that have not entered an agreement with the IRS regarding compliance with (or otherwise established an exemption from) FATCA would also be subject to this U.S. withholding tax.

Each holder of Notes would be required to provide satisfactory documentation (i) that neither it nor the beneficial owners of the Notes, if other than the holder, are U.S. persons, or (ii) if the holder or the beneficial owners are U.S. persons, the name, address and U.S. taxpayer identification number of each U.S. person. Each holder of Notes that fails to provide the requested information will generally be subject to a U.S. withholding tax on any payments made to that holder. A Holder who fails to provide the necessary information due to a non-U.S. law prohibiting the provision of this information must execute a valid waiver of the non-U.S. law (and then provide the relevant information to the relevant Issuer) or dispose of its Notes within a reasonable time. If the holder fails to either provide the required waiver or dispose of its Notes, the holder's notes may be required to be redeemed within a reasonable period of time.

Furthermore, it is uncertain at this time how the reporting mechanism will operate. In particular, certain changes will likely have to occur with the operation of DTC, Euroclear and other similar clearing systems in order to obtain information from and determine how much to withhold from holders of Notes who have their ownership in Notes cleared through such clearing systems.

FATCA is particularly complex and its application to the Issuers is uncertain at this time. Each holder of Notes should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

Luxembourg

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchases or exchange of the Notes.

Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive") and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("EU"), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the exchange of information or for tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the European Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the

Cayman Islands, Montserrat or the British Virgin Islands and that have not opted to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC).

The withholding tax rate is 20 per cent. increasing to 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg resident individuals

A 10 per cent. withholding tax (the “10 per cent. Luxembourg Withholding Tax”) has been introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg resident individuals or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC or for the exchange of information regime).

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax (the “10 per cent. Tax”) on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

The 10 per cent. Luxembourg Withholding Tax or the 10 per cent. Tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of their private wealth. Individual Luxembourg resident Noteholders receiving the interest as business income must include this interest in their taxable basis. If applicable, the 10 per cent. Luxembourg Withholding Tax levied will be credited against their final income tax liability.

CLEARING AND SETTLEMENT

Book Entry Notes

CGD will make applications to Interbolsa, Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Series of Book Entry Notes. Book Entry Notes will only be issued in dematerialised form and therefore no certificates will be deposited in custody on behalf of the clearing systems.

For a summary description of rules applicable to Book Entry Notes see section “Book Entry Notes Held Through Interbolsa”.

Bearer Notes

The relevant Issuer will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Bearer Series of Notes. In respect of Bearer Notes in CGN form, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with a common depositary for Clearstream, Luxembourg and Euroclear. In respect of Bearer Notes in NGN form, the Global Note in bearer form without coupons will be delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear.

Registered Notes

The relevant Issuer and the Guarantor (in the case of issues by CGDF) will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Unrestricted Global Certificate. Each Unrestricted Global Certificate will have an ISIN and a Common Code.

The Issuer and Citibank, N.A. will make application to DTC for acceptance in its book-entry settlement system of the Restricted Notes represented by each Restricted Global Certificate. Each Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under “Transfer Restrictions”. In certain circumstances, as described below in “Transfers of Registered Notes”, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend is no longer applicable.

The custodian with whom the Restricted Global Certificates are deposited (the “Custodian”) and DTC will electronically record the principal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Series may hold their interests in a Unrestricted Global Certificate only through Clearstream, Luxembourg or Euroclear. Investors may hold their interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC’s nominee will be to or to the order of its nominee as the registered owner of such Restricted Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Restricted Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of a Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Definitive Registered Notes will only be available, in the case of Unrestricted Notes, in amounts specified in the applicable Final Terms, and, in the case of Restricted Notes, in amounts of U.S.\$100,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

Individual Definitive Registered Notes

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will not be permitted unless in the case of Restricted Notes, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate, or ceases to be a “clearing agency” registered under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of Unrestricted Notes, Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so, or (iii) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of the Noteholders under the Notes and the Trustee has been advised by counsel that in connection with such proceeding it is necessary or appropriate for the Trustee to obtain possession of the Notes. In such circumstances, the Issuer will cause sufficient individual Definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Registered Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Definitive Registered Notes; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Definitive Registered Notes issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Transfers of Registered Notes

Transfers of interests in Global Registered Certificates within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held only through Clearstream, Luxembourg or Euroclear. Transfers may be made at any time by a holder of an interest in a Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period (as defined in “Subscription and Sale”) relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor

reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear by the holder of an interest in the Unrestricted Global Certificate to the Principal Paying Agent and receipt by the Principal Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through a Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant Global Registered Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “Transfer Restrictions”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Principal Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Registered Certificates will be effected through the Principal Paying Agent, the Custodian and the Registrar receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Certificate resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “Transfer Restrictions”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual Definitive Registered Notes (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organization” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby

eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through, or maintain a custodial relationship with, a DTC direct participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Registered Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual Definitive Registered Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 21 June 2011 (the “Dealer Agreement”), as amended and supplemented from time to time, between the Issuers, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuers to the Permanent Dealers. However, each of the Issuers has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by each Issuer through the Dealers, acting as agents of the relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part (the “Distribution Compliance Period”), as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not

participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, 144A is prohibited.

Each issuance of index-, commodity- or currency-linked Notes may be subject to such additional U.S. selling restrictions as the relevant Dealer(s) may agree with the relevant Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restrictions Under the Prospectus Directive

Except as otherwise provided herein in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the relevant Issuer has consented in writing for its use for the purposes of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73EU.

United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Cayman Islands

In the case of any Notes issued by an Issuer (other than CGDF), no Notes may be offered (by electronic means or otherwise) or sold by or on behalf of such Issuer within, or from within, or through an internet service provider or other electronic service provider located in, the Cayman Islands if such offer or sale would require such Issuer to be registered as a foreign company under the Companies Law (2010 Revision) of the Cayman Islands.

In the case of any Notes issued by CGDF, no invitation, whether direct or indirect, may be made to the public in the Cayman Islands to subscribe for any Notes unless at the time of such invitation CGDF is listed on the Cayman Islands Stock Exchange. CGDF currently has no intention of applying for such a listing.

Portugal

In relation to the Notes, each Dealer has represented and agreed with the Issuer, and each further Dealer appointed under the Programme will be required to represent and agree, that, regarding any offer or sale of Notes by it in Portugal or to individuals resident in Portugal or having a permanent establishment located in the Portuguese territory, it will comply with all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (*Código dos Valores Mobiliários*), any regulations issued by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) including its Regulation 1/2009 on complex financial products (if applicable) and Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive, and other than in compliance with all such laws and regulations: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise,

market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code, qualify as a private placement of Notes only (*oferta particular*); (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Prospectus or any other offering material relating to the Notes to the public in Portugal. Furthermore, (a) if the Notes are subject to a private placement addressed exclusively to qualified investors as defined, from time to time, in the relevant provisions of the Portuguese Securities Code (*investidores qualificados*), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code; (b) private placements addressed by companies open to public investment (*sociedades abertas*) or by issuers of securities listed on a regulated market shall be notified to the CMVM for statistics purposes.

France

In relation to the Notes issued by CGDFB, CGDF, CGDM or CGD, each of the Dealers has represented and agreed that :

(i) Offer to the public in France:

it has only made and will only make an offer of Notes to the public in France in the period beginning on the date of notification to the *Autorité des marchés financiers* (“AMF”) of the approval of the prospectus relating to those Notes by the competent authority of a member state of the European Economic Area, other than the AMF, which has implemented the EU Prospectus Directive 2003/71/EC, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus; or

(ii) Private placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with Articles L. 411-1, L. 411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

The Netherlands

Each Dealer has represented and agreed that the Notes issued by CGDM, CGDFB or CGD (or any interest therein) may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Prospectus nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to professional market parties (“PMPs”) within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which includes, *inter alia*, qualified investors as defined in the Prospectus Directive such as banks, insurance companies, securities firms, collective investment undertakings and pension funds), provided that these parties acquire the relevant Notes for their own account or that of another PMP. This restriction does not apply in respect of Notes having a denomination of at least EUR 50,000 (or equivalent thereof in a foreign currency), or any other threshold as applicable for qualifying as PMP from time to time.

General

These selling restrictions may be modified by the agreement of the Issuers and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representaton is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms and neither the Issuers, the Guarantor (in the case of Notes issues by CGDF) nor any other Dealer shall have responsibility therefor.

TRANSFER RESTRICTIONS

Each purchaser of Restricted Notes within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a “qualified institutional buyer” within the meaning of Rule 144A, (b) acquiring such Restricted Notes for its own account or for the account of a qualified institutional buyer and (c) aware, and each beneficial owner of such Restricted Notes has been advised, that the sale of such Restricted Notes to it is being made in reliance on Rule 144A.
- (2) The Restricted Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

- (3) Such Restricted Notes, unless the relevant Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

- (4) It understands that the relevant Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) It understands that the Restricted Notes offered in reliance on Rule 144A will be represented by the Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Additional transfer restrictions may be set forth in the applicable Final Terms with respect to a particular Tranche of a Registered Series.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

[Caixa Geral de Depósitos Finance]
[Caixa Geral de Depósitos, S.A., acting through its Madeira branch
(Sucursal Financeira Exterior)]
[Caixa Geral de Depósitos, S.A., acting through its France branch]
[Caixa Geral de Depósitos, S.A.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Caixa Geral de Depósitos, S.A., acting through its France branch]
under the €15,000,000,000 Euro Medium Term Note Programme

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 37 of Part A below, provided such person is one of the persons mentioned in Paragraph 37 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]*

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]*

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] [and the supplement to the Prospectus dated ●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. [The Prospectus [and the supplement to the Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] and copies may be obtained from [address].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the Conditions) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplement to the Prospectus dated ●]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the Prospectus Directive) and must be read in conjunction with the Prospectus dated [current date] [and the supplement to the Prospectus dated ●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplement to the Prospectus dated ●] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplements to the Prospectus dated ● and ●]. [The Prospectuses [and the supplements to the Prospectus] are available for viewing at [[website]] [and] during normal business hours at [address] and copies may be obtained from [address].]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- | | | |
|---|--|---|
| 1 | (i) Issuer: | [●] |
| | (ii) [Guarantor | [●]] |
| 2 | (i) Series Number: | [●] |
| | (ii) [Tranche Number: | [●] |
| | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)] | |
| 3 | Specified Currency or Currencies: | [●] <i>[must be Euro if the Notes are Book Entry Notes]</i> |
| 4 | Aggregate Nominal Amount: | |
| | (i) Series: | [●] |
| | (ii) [Tranche: | [●]] |
| 5 | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| 6 | (i) Specified Denominations: | [●] ⁽¹⁾
<i>(Book Entry Notes will only be tradable in Specified Denomination.)</i> |
| | (ii) Calculation Amount: | [●] |
| 7 | (i) Issue Date: | [●] |
| | (ii) [Interest Commencement Date (if different from the Issue Date): | [●]] |
| 8 | Maturity Date: | <i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i> |

⁽¹⁾ *Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).*

- 9 Interest Basis: ☐ per cent. Fixed Rate]
☐ *[specify reference rate]* ☐ per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (*specify*)]
 (further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (*specify*)]
 [(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No.809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)]
- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
- 12 Put/Call Options: [Put]
 [Call]
 [(further particulars specified below)]
- 13 (i) Status of the Notes: [Senior/Dated Subordinated/Undated Subordinated]
 (ii) [Status of the Guarantee: [Senior/Dated Subordinated/Undated Subordinated]]
 (iii) [Date [Board] approval for issuance of Notes [and Guarantee] obtained:⁽²⁾ ☐ [and ☐, respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate [(s)] of Interest: ☐ per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): ☐ in each year
 [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*]/not adjusted]
- (iii) Fixed Coupon Amount [(s)]: ☐ per Calculation Amount
- (iv) Broken Amount: ☐ per Calculation Amount, payable on the Interest Payment Date falling [in/on] ☐

⁽²⁾ In the case of Notes issued by CGDF, a guarantee will be provided by CDGFB, the giving of which will be authorised by the Board.

- (v) Day Count Fraction (Condition 5(k)⁽⁴⁾): [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Determination Date(s) (Condition 5(k)⁽⁴⁾): [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)*] in each year⁽³⁾
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- 16 **Floating Rate Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date(s): [●]
 (Not applicable unless different from Interest Payment Date)
 [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/ other (*give details*)]
- (v) Business Day Convention:
- (vi) Business Centre(s) (Condition 5(k)⁽⁴⁾): [●]
- (vii) Manner in which The Rate(s) Of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ other (*give details*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
- (ix) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Reference Rate: [●]
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●]
- (x) ISDA Determination (Condition 5(b)(iii)(A)⁽⁵⁾):
- **Floating Rate Option:** [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: [2000/2006]
- (xi) Margin(s): [+/-] [●] per cent. per annum
- (xii) Minimum Rate of Interest: [●] per cent. per annum
- (xiii) Maximum Rate of Interest: [●] per cent. per annum
- (xiv) Day Count Fraction (Condition 5(k)⁽⁴⁾): [●]

(3) Only to be completed for an issue where Day Count Fraction is Actual/Actual-ICMA

(4) In the case of Publicly Offered Book Entry Notes, Condition 4(i).

(5) In the case of Publicly Offered Book Entry Notes, Condition 4(b)(iii)(A).

- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 17 **Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (Condition 6(b)⁽⁶⁾): [●] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: [●]
- 18 **Index Linked Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [Give or annex details]
- (iii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable: [●]
- (iv) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Interest Period(s): [●]
- (vii) Specified Interest Payment Dates: [●]
- (viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (give details)]
- (ix) Additional Business Centre(s) (Condition 5(k)⁽⁴⁾): [●]
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction (Condition 5(k)⁽⁴⁾): [●]
- 19 **Dual Currency Note Provisions** [Applicable/Not Applicable]⁽⁷⁾ *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]

(6) In the case of Publicly Offered Book Entry Notes, Condition 5(b).

(7) Book Entry Notes cannot be issued as Dual Currency Notes.

- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

- 20 **Call Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
- 21 **Put Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period: [●]
- 22 **Final Redemption Amount of each Note** [●] per Calculation Amount
- In cases where the Final Redemption Amount is Index Linked or other variable-linked: [If the Final Redemption Amount is linked to an underlying reference or security, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus variable-linked: Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus which shall constitute a supplementary prospectus pursuant to Prospectus Rule 3-4 and Section 87G of the FSMA.]
- (i) Index/Formula/variable: [give or annex details]
 - (ii) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent): [●]
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
 - (iv) Determination Date(s): [●]

- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [●] per Calculation Amount

23 Early Redemption Amount

- (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c)⁽⁸⁾) or an event of default (Condition 10⁽⁹⁾) or other earlier redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24 Form of Notes: Bearer Notes:
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice⁽¹⁰⁾] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
Registered Notes:
[[Restricted Global Certificate] [and Unrestricted Global Certificate] registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]]
Publicly Offered Book Entry Note/Non Publicly Offered Book Entry Note
- 25 Cash Bond Note (*obrigações de caixa*): [Yes] [No]
- 26 New Global Note: [Yes] [No]
- 27 Financial Centre(s) (Condition 7(h)⁽¹¹⁾) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which subparagraph 15(ii), 16(v) and 18(ix) relate]
- 28 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]

(8) In the case of Publicly Offered Book Entry Notes, Condition 5(c).

(9) In the case of Publicly Offered Book Entry Notes, Condition 9.

(10) If a Global Note is exchangeable for Definitive Notes at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 6 and multiples thereof.

(11) In the case of Publicly Offered Book Entry Notes, Condition 6(e).

- 29 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
- 30 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- 31 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] apply]
- 32 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] apply]
- 33 Other final terms: [Not Applicable/give details]
- [When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

DISTRIBUTION

- 34 (i) If syndicated, names [and addresses]* of Managers [and underwriting commitments]*: [Not Applicable/give names[, addresses and underwriting commitments]]*
*[(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)]**
- (ii) [Date of [Subscription] Agreement [●]]*
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give names]
- 35 If non-syndicated, name [and address]* of Dealer: [Not Applicable/give name [and address]]*
- 36 [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount]*
- 37 U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA C/TEFRA D/ TEFRA not applicable]
- 38 [Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date] (“Offer Period”). See further Paragraph 11 of Part B below.]]*
- 39 Additional selling restrictions: [Not Applicable/give names]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions]* [and] [admission to trading on the Luxembourg Stock Exchange's regulated market of the Notes described herein pursuant to the €15,000,000,000 Euro Medium Term Note Programme of Caixa Geral de Depósitos Finance, Caixa Geral de Depósitos, S.A., acting through its Madeira branch (Sucursal Financeira Exterior), Caixa Geral de Depósitos, S.A. acting through its France branch and Caixa Geral de Depósitos, S.A.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Final Terms [(*Relevant third party information*) has been extracted from (*specify source*)] which, when read together with the Prospectus referred to above, contains all information that is material in the context of the issue of the Notes. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, [and is able to ascertain from information published by (*specify source*),] no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:

Duly authorised

[Signed on behalf of the Guarantor:

By:

Duly authorised⁽⁵⁾

(5) Square bracketed provisions only appear on Notes issued by CGDFB.

PART B – OTHER INFORMATION

1 Listing and Admission to Trading

[(i) Listing and Admission to trading:][†]

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from [●].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from [●].]
[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Eurolist by Euronext Lisbon with effect from [●].]
[Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

[(ii) Estimate of total expense related to admission to trading:][†] [●]

2 Ratings

Ratings:

The Notes to be issued have been rated:

[S & P: [●]]

[Moody's: [●]]

[Fitch]: [●]

[[Other]: [●]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]**

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[and endorsed by [insert details]]**

[[Insert credit rating agency] is established in the European Union and is registered under Regulation (EU) No 1060/2009 (the "CRA Regulation").]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No 1060/2009 (the "CRA Regulation").]

[[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the "CRA Regulation"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No 1060/2009 (the “CRA Regulation”) but the rating issued by it is endorsed by [insert endorsing credit rating agency] which is established in the European Union and [is registered under the CRA Regulation] [has applied for registration under the CRA Regulation, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No 1060/2009 (the “CRA Regulation”) but is certified in accordance with the CRA Regulation.]***

3 [Notification]

The Commission de surveillance du secteur financier [has been requested to provide/has provided the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

5 Reasons for the Offer, Estimated Net Proceeds and Total Expenses

[(i) Reasons for the offer

[●]

(See “Use of Proceeds” wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds

[●]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses:

[●]

*[Include breakdown of expenses.]**

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

- 6 **[Fixed Rate Notes only – YIELD]** [●]
Indication of yield:
[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]*
[As set out above, the]* [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
- 7 **[Floating Rate Notes only – Historic Interest Rates]**
[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]*
- 8 **[Index Linked or other variable-linked Notes only – Performance of Index/Formula/other Variable], Explanation of effect on value of Investment and Associated Risks]* and Other Information concerning the Underlying**
[Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear [and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules with relation to events concerning the underlying. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*
[When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]
The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [will not provide any post-issuance information, except if required by any applicable laws and regulations].
- 9 **[Dual Currency Notes only – Performance of Rate[s] of Exchange and Explanation of effect on Value of Investment]**
[Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]
[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]
- 10 **Operational Information**
- ISIN: [●]
Common Code: [●]
Any clearing system(s) other than Interbolsa Sociedade Gestora de Sistemas de Liquidação de Sistemas Centralizados de Valores Mobiliários S.A., Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]
Delivery: Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s): [●]

Names and addresses of additional Paying Agent(s) (if any): [●]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][*include this text if “yes” selected in which case the Notes must be issued in NGN form*]

11 [Terms and Conditions of the Offer

Offer Price: [Issue Price][Specify]

Conditions to which the offer is subject: [Not Applicable/give details]

Description of the Application process: [Not Applicable/give details]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/give details]

Details of the minimum and/or maximum amount of application: [Not Applicable/give details]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/give details]

Manner and date in which results of the offer are to be made public: [Not Applicable/give details]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of unexercised subscription rights: [Not Applicable/give details]

Categories of potential investors to which the securities are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/give details]

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [Not Applicable/give details]

Amount of any expenses and taxes specifically charged to the subscriber/purchaser: [Not Applicable/give details]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/give details]]*

* *Shall apply to Notes with a denomination of below €100,000 or its equivalent in other currencies.*

** Insert this wording where one or more of the ratings included in the Final Terms has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation.

*** Insert for Notes which are admitted or to be admitted to trading on a regulated market within the EEA and which have been assigned a rating.

† *Shall apply to Notes with a denomination of €100,000 or above or its equivalent in other currencies.*

GENERAL INFORMATION

- 1 Each of the Issuers and the Guarantor has obtained all necessary consents, approvals and authorisations in Portugal, Madeira, the Cayman Islands and France, respectively, in connection with the establishment of the Programme and the Guarantee to be given by CGDFB. The establishment of the Programme was authorised by a resolution of the Board of Directors of CGD passed on 15 September 1999 and by a resolution of the Board of Directors of CGDF passed on 15 September 1999. The update of the Programme was authorised by a resolution of the Board of Directors of CGD passed on 15 June 2011 and by a resolution of the Board of Directors of CGDF passed on 15 June 2011. The issue of non-syndicated Tranches of Notes have been authorised under a general Funding Plan for the year by the Board of Directors of CGD passed on 26 May 2010 and by a resolution of CGDF passed on 26 May 2010. The issue of each syndicated Tranche of Notes is subject to a prior resolution by the Board of Directors of CGD and the provision of a legal opinion from CGD's external legal advisers in Portugal. In relation to each Tranche of Notes issued by CGDF the issue of the corresponding guarantee by CGDFB is subject to a prior resolution by the Board of Directors of CGD.
- 2 Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of (i) CGDF since 31 December 2010, or (ii) any Issuer (other than CGDF) or the Guarantor or the Group since 31 March 2011 and there has been no material adverse change in the prospects of any Issuer or of the Group or of the Guarantor since 31 December 2010.
- 3 None of the Issuers nor the Guarantor nor any of its/their subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any of the Issuers or the Guarantor is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects, in the context of the issue of the Notes, on the financial position or profitability of the Group.
- 4 Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- 5 Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems and through Interbolsa for Book Entry Notes. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. In addition, the relevant Issuer will make an application with respect to each Series of Notes sold pursuant to Rule 144A for such Notes to be accepted for trading in book entry form by DTC. Acceptance of each Series and the relevant CUSIP number applicable to a Series will be confirmed in the Final Terms relating thereto.
- 6 For so long as Notes are outstanding, the following documents will be obtainable in Luxembourg, free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of Dexia Banque Internationale à Luxembourg:
 - 6.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons) as amended;
 - 6.2 the Dealer Agreement as amended;
 - 6.3 the Memorandum and Articles of Association of each Issuer;
 - 6.4 the Instrument (which constitutes the Non Publicly Offered Book Entry Notes);
 - 6.5 the published annual report and audited accounts of CGD for the two financial years ended 31 December 2009 and 2010 and the audited consolidated annual accounts of CGD for the two financial years ended 31 December 2009 and 2010;
 - 6.6 the audited accounts of CGDF for the two financial years ended 31 December 2009 and 2010;

- 6.7 a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus;
- 6.8 each set of Final Terms for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange; and
- 6.9 all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

In addition, this Prospectus and the Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

- 7 Copies of the latest and future annual report, annual accounts, including non-consolidated accounts and consolidated accounts of CGD and the latest and future semi-annual interim non-consolidated and consolidated accounts of CGD and the latest and future annual non-consolidated accounts of CGDF may be obtained, and copies of the Trust Deed as amended (including the Guarantee) will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding. CGDFB and CGDM do not prepare any publicly available unaudited or audited financial statements. All relevant financial information concerning CGDM and CGDFB is included in the consolidated accounts of CGD.
- 8 Deloitte & Associados, SROC S.A. (which is a member of the Portuguese Institute of Statutory Auditors – *Ordem dos Revisores Oficiais de Contas*) has audited the accounts of CGD for the years ended 31 December 2009 and 2010.

The Auditor's report on the consolidated financial statements of CGD for the year ended 31 December 2010 included an emphasis relating to CGD's exposure to BPN and the three special purpose vehicles held by BPN. The emphasis paragraph was as follows:

At the end of 2010 there was a reorganization of the liquidity assistance operations of Caixa to Banco Português de Negócios, S.A. (BPN), under which three special purpose vehicles (SPVs) were set up. These SPVs acquired from BPN, at their nominal value or original cost, a pool of assets, including overdue or impaired loans, properties received as settlement of loans and participating interests. At 31 December 2010 the capital of the SPVs was still fully owned by BPN. As a result of these operations, at 31 December 2010 Caixa's exposure to BPN and to the above SPVs, excluding accrued interest, was as follows:

	Exposure	
	Total	Part guaranteed by the Portuguese State
BPN		
Loans and advances to credit institutions – Commercial Paper	400,000	400,000
Loans and advances to credit institutions – Interbank Money Market...	745,852	—
Parvalorem, S.A., Pamps, S.A. and Parparticipadas, S.A. (SPVs)		
Financial assets available-for-sale- Bonds	3,100,000	3,100,000
Loans and advances to customers	795,112	—

The loans granted to the SPVs not guaranteed by the Portuguese State, amounting to EUR 795,112 thousand, are collateralized by the assets of the SPVs. Although the liquidity assistance operations through the Interbank Money Market do not have a warranty statement issued by the General Directorate of Treasury and Finance ("*Direcção Geral do Tesouro e Finanças*"), Caixa's Board of Directors believes that these operations benefit from personal guarantee of the Portuguese State under the terms of paragraph 9, Article 2 of Law 62-A/2008 of November 11, which nationalized BPN.

The auditors' reports on the financial statements of CGD for the year ended 31 December 2009 contained an unqualified opinion.

Deloitte & Associados, SROC S.A. (which is a member of the Portuguese Institute of Statutory Auditors – *Ordem dos Revisores Oficiais de Contas*) has audited the accounts of CGDF for the years ended 31 December 2009 and 2010.

The auditor's reports on the consolidated financial statements of CGDF for the years ended 31 December 2010 and 2009 contained an unqualified opinion.

- 9 The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A (d)(4).
- 10 The Issuers are companies or banking institutions organised under the laws of the Cayman Islands and Portugal, respectively. None of the Directors of the Issuers are residents of the United States. All or a substantial portion of the assets of the Issuers and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or the directors of the Issuers or to enforce against any of them in the United States courts judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States.

SCHEDULE 1

Form of Certification for Exemption from Portuguese Withholding Tax (for Notes issued by CGDM)

STATEMENT OF NON-PORTUGUESE BENEFICIAL OWNERSHIP

The undersigned beneficiary:

Name: [●]

Address: [●]

Tax identification number: [●]

holding via the following financial intermediary:

Name of the financial intermediary: [●]

Account number: the following securities: [●]

Common/ISIN code: [●]

Security name: [●]

Payment date: [●]

Nominal amount: [●]

- 1 Hereby declares that he/she/it is the beneficial owner of the above-mentioned securities and nominal amount at the payment date ../../.; and
- 2 Hereby declares that he/she/it is not subject to withholding tax, in accordance with the applicable legislation, indicated hereinafter.

Article 33 of the Tax Benefits Statute (Estatuto dos Benefícios Fiscais) – Zona Franca da Madeira e Zona Franca da ilha de Santa Maria.

This document is to be provided to the Portuguese tax authorities, if requested by the latter, as foreseen in section b), n° 2 and section b), n° 7, both of article 119 of CIRS

Authorised signatory:

Name: [●]

Title: [●]

Signature: [●]

SCHEDULE 2

PART A

Form of Certification for Exemption from Portuguese Withholding Tax (for Notes issued by CGD and cleared through international clearing systems)

CERTIFICATE FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME FROM DEBT SECURITIES (PARAGRAPH 1 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE-LAW NR. 193/2005, 7 OF NOVEMBER)

The undersigned Participant hereby declares that he holds debt securities covered by the special tax regime approved by the Decree-Law nr. 193/2005, 7 of November (the "Securities"), in the following securities account number (the "Account") with
(name and complete address of the international clearing system managing entity).

We will hold these Securities in our capacity as beneficial owner or in our capacity as intermediary, holding Securities on behalf of one or more beneficial owners, including ourselves, if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name:

Residence for tax purposes (full address):

Tax ID Number:

2. We hereby certify that, from the date hereof until the expiry date of this certificate:

(A) We are the Beneficial Owner of the following Securities:

<u>Security ISIN or Common Code</u>	<u>Security description</u>	<u>Nominal position</u>
-------------------------------------	-----------------------------	-------------------------

and we hereby declare that we are not liable to Portuguese withholding tax, in accordance with the applicable legislation, indicated hereafter:

- Special Tax Regime approved by the Decree-Law no. 193/2005, 7 of November ☐
- Art. 97 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax ☐

(B) We are intermediaries of the following Securities:

<u>Security ISIN or Common Code</u>	<u>Security description</u>	<u>Nominal position</u>
-------------------------------------	-----------------------------	-------------------------

which are held on behalf of:

Name:

Residence for tax purposes (full address):

Tax ID Number:

and we attach a statement of beneficial ownership, which includes the justification for the exemption of personal or corporate income withholding tax.

3. We hereby undertake to provide the(name of the international clearing system managing entity) with a document proving the exemption of personal or corporate income withholding tax referred in the attached statement of beneficial ownership, whenever the beneficial owner is not a central bank, public institution, international body, credit institution, financing company, pensions fund or insurance company resident in any OECD country or in a country with which Portugal has concluded a Convention for the Avoidance of International Double Taxation, on behalf of which we hold Portuguese debt securities in the Account.
4. We hereby undertake to notify the(name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.
5. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise(name of the international clearing system managing entity) and its Depository to collect and forward this certificate or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.
6. This certificate is valid for a period of twelve months as from the date of signature.

PLACE:

DATE:

Authorised Signatory

Name

Title/Position

Authorised Signatory

Name

Title/Position

APPENDIX

STATEMENT OF BENEFICIAL OWNERSHIP

The undersigned beneficiary:

- Name:
- Address:
- Tax ID number:

Holding via the following financial intermediary:

- Name of the financial intermediary:
- Account number:

The following securities:

- Common /ISIN code:
- Security name:
- Payment date:
- Nominal position:

1. Hereby declares that he/she/it is the beneficial owner of the above-mentioned securities and nominal position at the payment date /___/___; and

2. Hereby declares that he/she/it is not liable to withholding tax, in accordance with the applicable legislation, indicated herein after (tick where applicable):

- Special Tax Regime approved by the Decree-Law no. 193/2005, 7 of November ■
- Art. 97 of *CIRC* (Corporate Income Tax Code) – Exemption from withholding tax ■
- Art. 9 of *CIRC* – State, Autonomous Regions, local authorities, their associations ■
- governed by public law and social security federations and institutions ■
- Art. 10 of *CIRC* – General Public Interest Companies, Charities and other non-governmental social entities; exemption by Ministerial Regulation no..., published in the ■
- *Diário da República* ■
- Art. 16 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds ■
- Art. 21 of EBF – Retirement Savings Funds (FPR) ■
- Art. 23 of EBF – Venture Capital Investment Funds ■
- Art. 26 of EBF – Stock Savings Funds (FPA) ■
- Other legislation (indicate which) ■

This document is to be provided to the Portuguese tax authorities, if requested by the latter, as foreseen in the Article 17 of the Special Tax Regime approved by the Decree-Law no. 193/2005, 7 of November.

Authorized signatory:

Name

Function
Signature

SCHEDULE 2

PART B

**Form of Statement for Exemption from Portuguese Withholding Tax
(for Notes issued by CGD and cleared through international clearing systems)**

**STATEMENT FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME
FROM DEBT SECURITIES (PARAGRAPH 2 OF ARTICLE 17 OF THE SPECIAL TAX REGIME
APPROVED BY THE DECREE-LAW NR. 193/2005, 7 OF NOVEMBER)**

The undersigned Participant hereby declares that he holds or will hold debt securities covered by the special tax regime approved by the Decree-Law no. 193/2005, 7 of November (the “Securities”), in the following securities account number(the “Account”) with(*name and complete address of the international clearing system managing entity*).

We hold or will hold these Securities in our capacity of beneficial owner or in our capacity of intermediary, holding Securities on behalf of one or more beneficial owners, including ourselves, if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name:

Residence for tax purposes (full address):

Tax ID Number:

2. We hereby undertake to provide the(*name of the international clearing system managing entity*) with a list of Beneficial Owners at each relevant record date containing the name, residence for tax purposes, Tax Identification Number and nominal position of Portuguese debt securities for each Beneficial Owner, including ourselves if relevant, on behalf of which we hold or will hold Portuguese debt securities in the Account.
3. We hereby undertake to notify the(*name of the international clearing system managing entity*) promptly in the event that any information contained in this certificate becomes untrue or incomplete.
4. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise(*name of the international clearing system managing entity*) and its Depository to collect and forward this statement or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.
5. This statement is valid for a period of twelve months as from the date of signature.

PLACE:

DATE:

Authorised Signatory

Name

Title/Position

Authorised Signatory

Name

Title/Position

APPENDIX

LIST OF BENEFICIAL OWNERS

For:

Interest due ____/____/____

Security code (ISIN or Common Code): _____

Security description: _____

Securities Clearance Account Number: _____

We certify that the above Portuguese debt securities are held on behalf of the following Beneficial Owners:

Name	Tax identification	Residence for tax purposes	Quantity of securities	Legal basis of the exemption from withholding tax	
				Code (*)	Legislation (**)

(*) Indicate the legal basis of the exemption from withholding tax in accordance with the following table:

Code	Legal basis of the exemption
1.....	Special Tax Regime approved by the Decree-Law no. 193/2005, 7 of November
2.....	Art. 97 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax
3.....	Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions
4.....	Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities
5.....	Art. 16 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds
6.....	Art. 21 of EBF – Retirement Savings Funds (FPR)
7.....	Art. 23 of EBF – Venture Capital Investment Funds
8.....	Art. 26 of EBF – Stock Savings Funds (FPA)
9.....	Other legislation

(**) The fulfilment of this column is mandatory when the code “9” is indicated in the previous column.

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