ANNUAL REPORT 2008

BANCO BiG

BANCO DE INVESTIMENTO GLOBAL

Table #1

Amount in €

FINANCIAL HIGHLIGHTS

	2008	2007	2006
CONSOLIDATED, LEGAL BASIS			
Net interest margin	9,690,611	9,500,662	1,565,216
Net commissions & fees	13,216,461	17,268,203	8,175,796
Net trading income	1,368,063	8,342,999	14,193,647
Other income	72,368	-1,092,006	-320,294
Operating Income	**24,347,503**	**34,019,858**	**23,614,366**
Personnel expenses	-8,357,235	-13,170,237	-9,487,548
Other administrative costs	-4,361,652	-5,481,828	-4,036,334
Operating Expenses	**-12,718,887**	**-18,652,065**	**-13,523,882**
Operating Cash Flow	**11,628,616**	**15,367,793**	**10,090,484**
Amortizations	-1,141,907	-1,163,283	-917,698
Provisions	1,795	184,021	-164,952
Imparities	-1,242,555	-58,525	74,374
Other costs	0	0	0
Operating Results	**9,245,949**	**13,973,985**	**9,082,208**
Results of subsidiaries	-404,110	51,127	0
Profit Before Income Tax	**8,841,839**	**14,025,112**	**9,082,208**
Current income tax	-2,453,172	-3,508,301	-2,087,438
Deferred tax	37,263	751,454	286,566
Net Income	**6,425,930**	**11,268,265**	**7,281,336**
INDIVIDUAL, LEGAL BASIS			
Net Income	**7,172,217**	**11,026,678**	**7,036,194**
SELECTED INDICATORS			
Total Net Assets	563,068,380	524,999,642	409,820,456
Capital Funds	107,369,380	102,406,985	95,349,566
Assets Under Supervision *	1,031,417,800	1,409,769,843	747,694,061

* Assets under management, held in custody and client deposits

	2008	2007	2006
PROFITABILITY			
Return on Average Assets	1.18%	2.41%	2.05%
Return on Average Equity	6.13%	11.40%	7.82%
Return on Average net assets	1.63%	3.00%	2.56%
Return on Average Capital Funds	8.43%	14.18%	9.76%
Operating Income / Average Net Assets	4.48%	7.28%	6.66%
SOLVENCY			
Capital Funds / Total Assets	19.07%	19.51%	23.27%
Capital Ratio	31.00%	35.50%	37.80%
EFFICIENCY			
Net Interest Income / Earning Assets	1.94%	2.07%	0.46%
Operating Expense / Operating Income	56.93%	58.25%	61.16%
Personnel Expense / Operating Income	34.32%	38.71%	40.18%

MANAGEMENT DISCUSSION

FOREWORD

The current period is an extraordinary time for the financial markets. As it is well documented by now, we have seen issues of misunderstood credit structures and excess leverage, which brought on a funding and liquidity crisis in the financial sector, spread quickly to the real economy, thus putting an abrupt end to a long period of expansion and apparent prosperity, with the future uncertain.

This severe crisis of credit and of confidence, which follows a number of major events already witnessed in the first decade of the new century, is complex in its implications and reach, but very fundamental in its causes. Circumstances have revealed how far a number of players in the financial sector, large and small, have strayed from the most basic concepts of asset, liability and capital management, how quickly regulation has been outpaced by financial innovation, and even how conflicted and unreliable rating agencies and external auditors have become.

For BIG, as discussed in the report that follows, the past year has been largely one of restraint, as opposed to expansion, and of preserving capital, in the place of taking risks. The crisis has affected our 2008 earnings somewhat, but not the sustainability of our business model, our reputation and long term prospects, or the ability of Management to propose maintaining the Bank's dividend for the year.

We have for some time pursued growth and a unique strategy as a totally independent entity, with a cautiousness which total independence implies. We have assumed for some time that, as a matter of basic management of risk, we will not grow our asset base beyond what our conservative funding profile of retail deposits can support reasonably, and that in this environment, we will continue to operate with low leverage, reduced exposure to liquidity risk and exceptionally high levels of capital adequacy.

During the crisis and, in fact, for the ten years of its existence, BIG has never been dependent on interbank or other wholesale funding and is structurally a net placer of funds to the system. We have avoided complex credit structures, have never made rating agencies central to our process of credit assessment and have tended to by-pass short term earnings for mispriced, longer term risks, as they often turn out to be a mirage. BIG has managed the crisis without the need for state guarantees, outside injections of capital, or special funding arrangements from the banking sector, sponsored or not by the government or its agents. While we understand the need for such action in some cases, we are, in fact, concerned about the implications on competition in the future.

Going forward, we expect that the market may operate differently. We believe that banks will need to regain the market's confidence with a focus on being the responsible and financially sound institutions required to make a healthy economic system function. At the same time, supervision can afford to be more effective and relevant, and the privilege of self-regulation enjoyed by rating agencies and auditors, who provide the market with their essential stamp of approval in exchange for fees, should be subject to review.

We believe that, eventually, confidence will return to the system, accompanied almost certainly by an increase in market transparency and common sense.

INTRODUCTION

Our business

Banco de Investimento Global, S.A. (BIG, Banco BiG or the Bank) is a privately-held, specialized financial institution with headquarters in Lisbon, Portugal and is licensed to operate in all business areas open to banking sector in Portugal. We offer banking, savings, investment, risk management, execution and advisory services to our client base, which consists mainly of individuals, institutional investors and corporate names in continental Portugal.

The Bank's business focus is on commission-based advisory and transactional services for retail and wholesale clients as well as general banking and credit services. We provide savings and banking services, design financial solutions, advise on investment strategies, provide trading platforms, facilitate access to global markets, manage assets, and raise capital for pre-targeted segments of clients. The Bank's major products and services include savings, brokerage, custody, wealth management and general banking and payment services for individual clients and market risk management, treasury, brokerage, custody, and corporate advisory, including debt and equity finance, for corporate and institutional customers. To a lesser extent and as an add-on to our commission-based transactional business, we offer credit cards, specialized consumer and wholesale credit arrangements.

The Bank centralizes operations in Lisbon and interacts with clients through a number of integrated channels. Retail clients are served by our online investment platform, www.bigonline.pt and financial advisors located in 12 offices in key central and regional locations, while sales and product teams based in Lisbon and Porto work with wholesale clients.

The Bank is a member of Euronext and maintains partnership arrangements with global financial services suppliers so as to provide access to our clients to many of the world's major stock, options and futures exchanges. BiG maintains a significant number of subscription and distribution agreements with major investment fund managers as well as in-house expertise to develop products and manage the needs and expectations of our clients.

The objectives of BIG's business model are to provide efficient and competitive financial services to our clients and to create long term value for our shareholders. The integration of technology with scalable processing are key components of the business model and internal culture of the Bank. Together, they serve to maximize operating efficiency and help to maintain a competitive cost structure designed to benefit the end client. They are also essential to maintaining tight controls over market, credit and operating risks to which any financial institution is exposed. At the same time our model is flexible, periodically revised and heavily dependent on a frequent review of numbers and the quantitative performance of our businesses. We seek sustained growth and a balance between investment for the medium term and expected returns in the short term.

The Bank is privately held and a well-capitalized, self-contained, independent savings and investment bank with operations subject to the rules of regulated markets.

Impact of Market Events in 2008

In many ways, our business model and operating strategy during the Bank's 10 year existence proved to be an appropriate defense for what became the perfect storm in global financial markets during 2008. Key aspects of the Bank's business model and strategy include: a focus on conservative use of capital, sustained, realistic growth within absolute risk guidelines, reliance on fundamental market and credit analysis versus dependence on models and rating agencies, a history of modest leverage supported by non-wholesale sources of stable funding and a profile of structural excess liquidity. The policy of maintaining excess liquidity and solvency levels well above regulatory guidelines on a consistent basis tends to impact current revenues, but we feel provides an essential safety net in highly volatile markets.

As first reported in our 2007 Annual Report, Management believes that the deepening complexity of the issues experienced by financial markets and the global economy as a whole during 2008 and into 2009 will continue to affect internal procedures by banks on how they assume, price and manage risks for the indefinite future.

The specific impact on the Bank's accounts is discussed in further detail in Notes 4, 7, 15, 18, 19, 21, 22, 25, 33 and 35 in detail in the *Summary of Results and Financial Condition for 2008* in this *Introduction*, and in the *Results of Operations* section of the report. In addition, how the Bank manages risk on a daily basis, which includes stress testing designed to measure the impact on the accounts of crisis scenarios, is discussed in *Internal Control* and *Risk* part of this report.

Banco de Investimento Global, S.A., as a market sensitive institution, is exposed to volatility in the markets and it is Management's responsibility to maneuver the institution through such conditions. Exceptionally volatile conditions and some highly unusual events decimated investor confidence during 2008, leading to a rapid and global re-definition of expectations and reassessment of risk. Issues of toxic assets, leverage and bank funding and liquidity arose to undermine the financial sector and eventually the global economy.

While the Bank was not exposed to any of the above issues, the impact of the crisis in the financial markets and related economic downturn nevertheless affected every aspect of our activity in 2008: composition of assets, liability management, behavior of clients, volumes transacted, trading and investment strategies, risk management techniques, plans for expansion, product mix and controls over costs to compensate for lower revenues, to name a few.

The main impact was a decline in volumes and transactions with clients, as well as lower opportunity for risk taking in general, leading to lower overall revenues for 2008.

Net Interest Revenue for 2008 increased slightly, in the midst of rapidly declining interest rates, driven by monetary policy responses to the crisis, and in spite of a substantial drop in the Bank's modest loan book. These negatives were offset by a tendency of clients to maintain higher levels of cash, or free funds, which the Bank, as a net placer of funds in the interbank market and with an underweight position in corporate credit, was able to apply in assets of high quality yielding historically high margins. Net Commissions, meanwhile, suffered the direct effect of the pull-back by retail and institutional investors in any asset implying market risk, as a result of the global meltdown and evaporation of confidence following, in particular, the bankruptcy of Lehman Brothers in September 2008 and the series of takeovers, mergers and rescues that followed in the U.S. and around the globe. These events had the most immediate impact on the Bank's trading business, which finished the year positive, but substantially down in relation to 2007. While any trading business in any given instrument or year involves managing both profitable and unprofitable positions, 2008's results were impacted, in particular by equity positions in a relatively few number of financial companies, whose value suffered as a direct or indirect consequence of the market gyrations during the third and fourth quarter of the year: AIG, Fannie Mae and Espirito Santo Financial Group, which in aggregate represented realized losses of approximately € 7 million for the year. The positions of the former two, sold prior to year end, are recognized entirely in the 2008 accounts. The impairment associated with the latter position, which remained in the Available for Sale book at year end, was recognized in its entirety in the profit and loss accounts.

Other points of note

Sub-prime or other structured, impaired assets: The Bank had no exposure to this class of assets in 2008 or in any prior year, either as investor, arranger or issuer, and therefore suffered no losses with these instruments.

Assets under Supervision (AUS): AUS (deposits, assets under management, custody) declined mainly as a result of *the decline in value* of assets held by clients in their trading or custody accounts at the bank.

Pension Fund: At year end 2008, the Bank's pension liabilities were funded in full.

Clients and Business Lines

Our clients are individuals who seek ideas and tools on how to manage their savings and investments, institutional clients for whom we provide risk coverage and asset management solutions, and corporations whom we advise in such areas as debt and equity finance.

Common to all business lines is a desire to bring scale and transparency to our business model and to offer the best solutions available to our clients. This means combining in-house product development and management with partnership arrangements, which typically involve providers of specific financial services and technology solutions, as well as real time links to other regulated markets and suppliers. The Bank's focus on consistently improving both the client experience and our own internal efficiency lead to the routine marketing of products of third parties suppliers alongside in-house solutions.

Summary of Bank-wide Results and Financial Condition for 2008

Presentation of Accounts

The Bank's legal accounts for 2008 and 2007 are presented throughout this Report in accordance with International Accounting Standards (IAS). In addition to the presentation of financials on a legal or reported basis, those for business segments reflect results based on internal models used by Management to divide and allocate revenues and expenses among client, product or overall business segments. References to results on an operating or internal management basis are made whenever such information to shareholders and clients is deemed by Management to provide useful information on the performance and trends of an underlying business. The financials presented on this basis reconcile to the Bank's legal reporting. Generally, the results and financial condition of the Bank as a whole are identified as legal basis, while the results of internally organized business segments are identified as operating or management basis.

Consolidated Net Income for 2008 was € 6,4 million, compared to € 11,3 million in 2007. Earnings per share were € 0,08 versus € 0,15 for 2007. Individual results were € 7,2 million for 2008 against € 11 million for 2007. Consolidated results reflect (i) generally lower revenues across all business, as a result of slowing economic activity and reduced activity by risk averse clients, (ii) the closing out or provisioning of impaired equity positions held in trading or held for sale portfolios at year end and (iii) the consolidation of some negative results of BiG Capital. Banco BiG, while not exposed to subprime, structured or toxic assets, as mentioned above, is nevertheless a market sensitive institution and revenues, both deriving from client business and the management of the Bank's own capital, were affected by the extraordinary events and volatility of the markets during 2008.

At the same time, overall asset quality, liquidity and capital funds remained exceptionally strong, both in view of, and in spite of, the tumultuous events of the year. Trading volumes dropped significantly and trading-related margin lending became unattractive to clients seeking refuge. However, a slightly higher net interest margin compensated for a reduction in market revenues, even as interest rates declined to historically low levels. Deposits remained stable and the Bank's liquid earning assets grew as the market began

T.2 €/000

Summary of results and financial condition for 2008	2008	2007	Var (%)
Total Net Revenue	24,348	34,020	-28%
Non Interest Expense	-15,102	-20,046	-25%
Taxes	-2,416	-2,757	-12%
Net Income	6,426	11,268	-43%
Capital Funds	107,369	102,407	5%
Total Net Assets	563,068	525,000	7%
Loans	29,233	73,149	-60%
Deposits	296,490	282,238	5%
Risk Adjusted Capital Ratio	31,00%	35,50%	

to re-price risks toward year end, in part because of the deleveraging process underway globally. Banco BiG's risk adjusted capital ratio was 31% versus 35% for the same date in 2007.

Following a promising 2007, when Total Net Revenues grew 44% from the prior year to € 34 million, for 2008 the same total income figure declined by 29% to € 24,3 million. For the year, net interest margin rose slightly to € 9,7 million, while Net Fees and Commissions dropped 23% to € 13,2 million. Together these two categories of revenues accounted for 95% of total income for 2008, as compared to 79% for the previous year. Revenues from Trading and Markets were positive at € 1,4 million, in spite of the difficult market conditions. However, in relative terms this category declined some 84% in relation to 2007 and represented the business line's lowest contribution to overall revenues since the Bank was established, some 10 years ago. The Bank had already curtailed views on risk taking well before events of the third quarter 2008 and, in general, operated at an average of 20% of risk limits for most of the year.

In general, while the Bank continued to invest in its retail platform, the Bank's emphasis continues to be commission-based advisory services, assets under supervision and savings products, all of which generated lower volumes from a larger base of clients with an increasingly conservative outlook on the markets. At the same time, the business strategy, while less profitable in falling markets, produced higher levels of liquidity and insignificant credit-related problems at a juncture when both trends proved highly desirable.

Management trimmed the Bank's Expense base, including Net Provisions, by 25% for 2008 in order to offset the effects of declining revenues. Excluding Other Costs, which were imparities in the Assets Held for Sale (AFS) portfolio, expenses declined year on year by 31%. Salary and Administrative expenses, by far the largest components of non-interest related costs, were cut by 32% overall, year on year. This was possible by freezing headcount, eliminating provisions

T.3 €/000

Revenues	2008		2007		Var (%)
Net Interest Margin	9,691	40%	9,501	28%	2%
Net Commissions	13,216	54%	17,268	51%	-23%
Net Trading Gains	1,368	6%	8,343	25%	-84%
Other Income	72	0%	-1,092	-3%	-107%
Total	**24,348**	**100%**	**34,020**	**100%**	**-28%**

T.4 €/000

Costs	2008		2007		Var (%)
Compensation	-8,357	55%	-13,170	66%	-37%
Administrative Expenses	-4,362	29%	-5,482	27%	-20%
Amortization Expense	-1,142	8%	-1,163	6%	-2%
Other Costs	-1,243	8%	-59	0%	2.023%
Net Provisions	2	0%	-172	1%	-101%
Total	**-15,102**	**100%**	**-20,046**	**100%**	**-25%**

for variable salary expense and carefully managing operating costs since the beginning of the year.

Personnel costs as a percentage of operating income were lower in 2008, at 35%, as compared to 39% in 2007. Other administrative expenses dropped by 20% in absolute terms for 2008 and remained at 16% of Operating Income, in line with 2007. The Bank's efficiency ratio, defined as Operating Costs/Operating Income, improved slightly to 57% in 2008, compared to 58% in 2007 and 61% for 2006. The Bank's capital base, which supports a generally non-credit-intensive banking model, provides a significant margin for organic growth and a solid base going forward. Other Costs represented the decline in value of a single equity position in the investment portfolio, defined as "impaired" under IAS, but which Management chose to retain in the expectation that valuations may return to normal levels in the future. Other operating losses and credit related expenses were, as in prior years, negligible.

Assets under Supervision, a significant measure of the Bank's overall activity and which combine deposits, assets under management and assets held in custody, registered a drop of approximately 27% year on year to over € 1 billion, due essentially to a decline in the value of client assets held by the Bank, rather than net outflows of funds.

Business Segments

(management basis)

The bank activities are organized, for purposes of internal management and reporting, around three key business segments, *Specialized Retail, Wholesale clients,* combining Corporate and Institutional clients, and *Trading and Markets.*

Specialized Retail

In the process of building and constantly improving our multi-channel, integrated banking and trading platform, the Bank seeks to re-define and simplify the overall banking and investment experience for a wide range of individual clients with varying needs and expectations. We provide a combination of electronic platforms and have been building a network of financial advisors with the objective of helping individual clients execute banking transactions, manage their savings and invest in a number of markets in an informed and secure manner. This business provides banking services and solutions for clients ranging from the self-directed client, to clients seeking assisted investing, to the wealth management client requiring tailor-made solutions and preservation of capital.

Wholesale Clients

For institutional investors and middle market to large corporations, the Bank's professionals from a number of product areas design specific financial solutions, execute transactions and help clients to manage their risks. The broad range of services we offer includes trading in regulated markets, structuring over the counter products, managing assets, covering market risks and resolving strategic balance sheet and capital-related issues for clients seeking corporate advisory services.

Trading and Markets

This business is central to the Bank's culture of managing and understanding market risks and focuses on principle investing. The area provides expertise and information for internal consumption on markets, covers the market risk component of solutions sold to clients, is active in product design for both retail and wholesale customers and manages the treasury and risk positions of the Bank.

Common to all of our businesses, which offer a broad range of financial services and access to global markets, is a culture that emphasizes a transparent and professional approach to advising, executing and building long-term business relationships with our clients.

T.5 €/000

Operating Revenues by Business Segment	2008	2007	Var (%)
Specialized Retail Clients	9,580	12,099	-21%
Wholesale Clients	10,828	13,201	-18%
Trading and markets	999	7,148	-86%

Factors that Affect our Business

The Bank manages a number of risks inherent to the banking business, discussed in detail in the *Risk Management* section and Note 36 of this report. These include market, liquidity, credit, operational, legal and regulatory risks. BIG's banking revenues and earnings are affected by conditions in the financial markets, as well as by global economic conditions. The global real estate and banking crisis that gripped the world during 2008 adversely affected market confidence across the world and reduced volumes and prices of assets in many classes. Moreover, given the severity and nature of the current crisis, there can be no assurance that market conditions will improve over the near term.

In this environment, the composition of revenues may vary over time as the Bank mobilizes capital, invests in new businesses designed to generate recurring interest and non-interest income and/or takes short term and medium term views on movements in the capital markets. Typically, expected returns from higher initial investments in our retail platform take longer to be realized, but also tend to be more predictable returns over a longer period than those associated with wholesale operations or market trading, which can be more significant, but non-recurring. BIG focuses on specific product lines for retail and wholesale client segments, and some of the businesses are highly correlated to the performance of the financial markets and our ability to anticipate or react to movements and opportunities. A key factor in how we invest in our business or in the markets is our focus on earnings at risk and our expected timing for results to materialize.

Regulatory Capital and Funding

At 31 December 2008, BIG's common equity was € 87,570,000, up from € 75,082,920 for the prior year and represented by 87,570,000 shares with a nominal value of € 1 per share. Capital Funds at 31 December were € 107 million versus € 102 million for 2007. The Bank increased its capital in two tranches during the year, exclusively to permit the exercise of stock options by Management and Staff, held in various programs approved by the General Shareholders Assembly and Remunerations Committee since 1999 (Note 13). The transactions were neither public offers nor associated with any need by the Bank to increase its capital because of market conditions.

This continued high level of capital adequacy reflects, among other factors: the nature of our business, our appetite for market and credit risk, and a deliberate strategy of maintaining above average levels of capital adequacy and liquidity, especially given the highly adverse conditions during 2008. Other factors include the competitive environment and relatively limited opportunities for growth of the balance sheet where we felt the risk-taking would be compensated appropriately. Given the general de-leveraging of the system, the fall in certain asset prices and the expected re-pricing of risks underway in the markets, Management believes that opportunities for balance sheet growth may improve during the course of 2009.

Changes in the Bank's treasury stock for 2008 are largely related to employee stock option plan, whereby the Bank holds a lien on shares financed by eligible participants in the plan.

The Bank's conservative funding profile tended to be even more so in 2008. The ongoing liquidity crisis and loss of confidence in financial institutions led to a rise in interbank rates in the second half of the year and, therefore, somewhat more favorable conditions for the Bank's structurally liquid treasury activities. Meanwhile, the value of our loan book of margin accounts tended to decline as asset prices also dropped, leading to a general voluntary or forced liquidation by clients of their underlying collateral. Such lending is short term and covered by either cash or traded securities whose value tends to exceed owed amounts by comfortable margins (see *Credit Risk*). At year-end 2008, the Bank's loan portfolio was approximately 28% of average capital funds and 98% of loans were fully-collateralized with either cash or liquid securities. The Bank's client deposit base grew 5% year on year to € 295 million and covered the loan book by more than ten times. In addition, the Bank's policy of maintaining a highly liquid portfolio of government and investment grade securities, nearly all of which can be sold outright or via repurchase agreements in short order to create cash provided a highly comfortable liquidity profile throughout the year and during the most turbulent periods of market stress.

Dividends

The Bank began operations in March 1999 and in each of the past 10 years has generated profits. In 2005, the Bank paid its first dividend in relation to 2004, a payout of 64%, and has paid dividends since according to the graph below. For 2008, the proposed dividend payout, subject to approval by the respective General Assembly of Shareholders, is € 0,05 per share, equivalent to a payout ratio of approximately 61%. The Bank has no firm dividend policy and Management is free to propose, and shareholders are free to approve, either increases or decreases in the dividend payout for a given year, in accordance with results, prevailing market conditions, strategy for applying capital and legal limitations.

Composition of the Shareholder Base

At year end 2008, the Bank, which is privately held and non-listed, had approximately 140 shareholders of record. At that date, 66% of the stock was held by private individuals, including the individual positions of the Bank's Management, while 34% was owned by a number of institutions and foundations. The Bank's largest single stockholder was a private individual holding a position of 12.3%. Of the shareholders of record at 31 December 2008, the largest 7 in aggregate owned slightly more than 50% of the stock, while the largest 11 shareholders, all with positions greater than 2% each, together held a total of 67%. The Bank's Management team, along with other members of the corporate bodies, represented a combined position of 21% of the capital. The above groupings are indicative as there are no agreements tying shareholders together. In accordance with Portuguese legislation, a list of principal shareholders of the Bank as at year end 2008 may be found in Note 33.

Managing Risk

The Bank is in the business of assuming and managing risk. Policies and practices which were put to the test in textbook fashion during 2008 are discussed further in this report.

In taking our business decisions and in managing risk across the organization, it is Management's policy that our processes be reviewed on a regular basis so as to ensure that they are well-designed, disciplined, independent, objective and quantitative. Our processes of managing risks associated with global markets, lending, processing, technology and general business risks require a comprehensive system of policies and controls to ensure the integrity of the Bank's business model and to enhance stability and profitability. Underlying these processes and systems is a culture of personal responsibility and mutual surveillance in the common interest.

The objective of the Bank is to generate revenues while at the same time operating within prudent and reasonable guidelines. These guidelines are updated regularly and any changes are communicated throughout the organization. They include, but are not limited to: the Bank's adherence to prudential guidelines and capacity to monitor transactions appropriately, our knowledge of clients and understanding of markets, the regulatory environment in which we operate, and our appetite from time to time for certain risks given market conditions. Another key factor relates to our confidence in our people and reliability of our systems to process operations on a continuous and relatively error-free basis. The process begins with identifying risk, then measuring, controlling and eventually reporting risk internally and externally at appropriate intervals.

During 2008, client acquisition slowed somewhat and volumes transacted declined markedly. On the other hand, highly volatile market conditions tested the Bank's processes, controls and overall internal discipline in the face of unusual events. All proved to be more than adequate.

Bank-wide, key market risk measurements used by the Bank include *stress testing* of all major asset and derivative classes on a daily basis, real time monitoring of *value at risk* (VaR) and *earnings at risk* throughout the day and the use of a number of non-statistical limits for market risk. Simultaneously, these are inter-linked with basic credit-related measures and operational procedures to ensure over-lapping controls over all significant exposures. Our appetite for risk in dealings with clients, as reflected in an average daily trading VaR of 0.45% to average capital funds for the year, was moderate and below average trading VaR to capital funds of 0.52% for 2007. While the loan book, consisting essentially of collateralized margin accounts, declined,

T.6

Dividends	2007	2006	2005	2004
Dividend per share	0.050€	0.040€	0.030€	0.025€
% Individual Net Income distributed	34%	42%	42%	64%

overall earning assets grew 9% to 497 million. Credit-related losses as well as losses associated with operating risks were negligible for the year, owing to a business model that stresses product design, and a focus on scale and automatic processing. Volumes processed by the Bank continued at a reasonable level, although lower in relation to 2007, as a result of adverse market conditions. Measures to improve the Bank's technology so as to keep up with compliance and control issues remain a priority and form part of an ongoing assessment of the operating risks associated with our day to day business (see *Risk Management*).

Transparency in Our Business Practices

At BIG, we believe that governance begins with a simple organizational structure and clearly-defined lines of responsibility for corporate bodies, Management and staff. The Bank is held by a diverse group of private and institutional shareholders, among which are members of the professional Management group. There are no shareholder arrangements, our business model is deliberately transparent and we do not favor complex organizational charts. The Bank does not operate offshore branches or special purpose entities. Moreover, since the Bank's creation, we have sought to align the interests of shareholders and Management while striving to ensure a sensible separation between those that own and guide, on the one hand, and those who manage professionally and take day to day responsibility on the other.

We believe that the best form of governance for any organization begins with its underlying culture and the integrity of its people. The nature and extent of our disclosure of information, as evidenced throughout this Management Discussion and Report, also reflect a fundamental aspect of our internal culture and value proposition. In our relations with shareholders, clients, regulators and counterparties, we make it a point to communicate in a deliberately detailed manner not only what our business model is, but how it functions. Internally, the culture of the Bank stresses the exercise of corporate governance as a daily one in responsibility and accountability for each individual. It is a concept that begins with the Executive Board and internal supervisory committees and operates and extends throughout the organization. In an environment of increasing regulation and reporting, Management and individual responsibilities encompass an understanding of the organization's code of ethics, internal training on procedures, management information, policies and practices designed to identify and manage risks and independent oversight functions to ensure adherence to internal and external regulations.

As in prior years, we focus on ensuring sound operating controls, encourage regulations that lead to greater responsibility and transparency in competitive practices and accept scrutiny of our business model. We take an active interest in cooperating with Regulators and will maintain the highest standards in our business practices.

Competition

The Portuguese market operates with a large number of financial institutions offering services ranging from universal banking to specific areas such as brokerage, asset management and consumer finance. The market, domestically and internationally, is highly competitive and we expect it to remain so. Portugal, in particular, is a somewhat concentrated market, with 5 credit institutions, one of which is the state-owned *Caixa Geral de Depósitos*, holding an approximately 70% share of the market, or about the twice the EU average. Dozens of either domestic or foreign banks, of medium and small size, share the rest of the fragmented portion of the market. We therefore face competition in all of our business lines from a large number of domestic and, depending on the line of business, a number of international players. In addition, the Bank faces intense competition from international auditing and consulting firms, whose services overlap ours in areas such as Corporate Advisory.

Distortions in competition are also common in Portugal. As the largest single client of financial services, either directly or indirectly, the State also has the capacity to influence the competitive environment. The fact that relevant slices of the Portuguese economy are either owned, directly managed, or directly or indirectly influenced by the State, combined with the existence of cross-shareholdings among the largest Portuguese companies, many of whose boards are indicated or approved the government, and the largest banks, tends to reduce transparency and business opportunities for the broader market, thus increasing competition further among niche players.

The European Community has acknowledged that the structure and nature of the Portuguese banking market creates barriers to entry and decreases the likelihood that any new player may acquire a significant share of the market. Unless the current economic crisis leads to any significant shake-up, Management expects that it will continue to be challenging to grow by acquisition or to be able to take a meaningful part in the process by which the Portuguese banking sector may need to transform, rationalize or consolidate.

Business Continuity and Information Security

The capacity of our business to continue operating under extenuating circumstances and the security of our base of information are high priorities for Management. This is an evolving process, requiring regular attention, review and upgrades as the Bank grows and as market conditions and the regulatory environment changes. The Bank is currently in the process of completing phases of its plan for business continuity, begun in 2008. Key elements of the plan include crisis management, alternative facilities for key areas, such as trading and operations, expanded capacities for remote processing, systems and data recovery and redundancy, and further improvements in processing. In the area of information security, the Bank implemented a back-up technology infrastructure at an appropriate geographic distance from its head office, in accordance with best practices. This is in addition to the Bank's main data processing center, located in a secure site outside of the city of Lisbon. The Bank also affected upgrades to mechanisms designed to enhance the identification of frauds and monitor operational activities. During 2008, the Bank installed *applicational* firewalls and digital certificates with improved anti-phishing features to improve on existing capabilities.

Compliance
We are a banking and securities business competing with both domestic and global providers of financial services. Increasingly, compliance issues are becoming standardized throughout the industry, generally through globalization and EU legislation and, more specifically, as a result of the revelations of inappropriate behavior by some market participants as a direct result of tumultuous events in the markets over the past year and a half. While representing a key function within the bank, at BIG, we have always believed that compliance issues involve more than functions or concepts. Compliance begins with a culture that encourages appropriate behavior, respect for regulations and concern for the interests of our clients. Moreover, we have always sought to make transparency, respect for regulations and responsible behavior competitive selling points for the Bank in dealing with clients.

Business Outlook for 2009

At the beginning of 2008, Management expected that the business outlook for the year would be negative and our pessimism was more than unusually justified. For 2009, with most of the world clearly in recession, we expect that the prospects for the early months of 2009, at least, will be challenging in many respects: a rapid economic slowdown for the world's largest economy, major banks weakened by the sub-prime crisis and lax oversight, now forced to re-trench and re-capitalize; lower corporate profits and continued apathy and pessimism in the markets as the global economic downturn deepens. Short term interest rates in key currencies should remain low as central banks take policy measures to avoid economic recession in the midst of what is also a higher inflationary environment going forward. Portugal is not immune to external events, and in fact, is dealing with a number of its own issues involving transparent accounting, serious breeches in compliance issues in some banks and specific cases where regulatory intervention unfortunately became necessary.

We believe that during 2009, we will see a continuation of the prolonged period of risk aversion and an accelerated de-leveraging of the global financial system, with continued pressure on asset prices of all risk classes. Activity in the financial sector is likely to be conditioned by lower demand with the stagnating economy, and characterized by tightening lending standards, reduced appetite for risk-taking and increased regulatory scrutiny.

With a strong balance sheet, wide range of products, an increasingly diversified business model, excess capital and liquidity at a time when both appear to be scarce, Management is not entirely pessimistic. However, we are cautious about the depth of the economic downturn and how this will affect business prospects going forward.

Events since year end 2008

Agreement with Mastercard
In the first quarter of 2009 the Bank joined the Mastercard network as Principal Member in order to provide clients with a card accepted worldwide. This represents the first international payment card issued directly by BiG and launch is expected during the second quarter of 2009.

Payments
The Bank enhanced its internet platform to permit two of the most important payment tools used in Portugal by clients: payment of services and a menu exclusively dedicated to the management of direct debit authorizations by clients in their accounts.

New Futures Platform
The Bank launched the second version of its online futures platform for clients in January 2009. The new *MyFuturos* platform was developed in a manner to guarantee better service in a very competitive and demanding business area, and it is based on a combination of the most recent technologies, Microsoft.NET, SQL Server and Web Services, associated with data transfer.

New Visa Card
In partnership with UNICRE, the Bank launched its new Visa credit card with new functionalities and incorporating Chip EMV technology.

Inclusion of Citigroup in the Bank's DirectTrade – Warrants Platform
The Bank's *DirectTrade Platform*, which permits clients to negotiate warrants OTC at lower cost than via exchanges, was expanded during the first quarter of 2009 to include warrants issued by Citigroup.

ORGANIZATION

Legal Structure and Corporate Bodies

BIG's corporate structure is headed by the Bank. At year-end, the Bank owned 41.01% of one subsidiary, BIG Capital, SGPS, S.A., which in turn held 100% of the capital of BIG Capital, SCR, S.A. The former entity is a holding for the Bank's equity investments and the latter manages a private equity fund, specializing in buy-outs, Lead Capital, *Fundo de Capital de Risco para Investidores Qualificados*. The Bank also owned directly BIG Serviços Financeiros, SA, which manages the Bank's real estate and performs financial advisory.

BANCO DE INVESTIMENTO GLOBAL

↓

41,01%
BiG Capital, SGPS, SA
Business: equity stakes
Common stock: € 16,000,000

↓

100%
BiG Capital, SCR, SA
Business: private equity
Common stock: € 750,000

↓

100%
BiG Serviços Financeiros, SA
Business: Bank real estate management and financial advisory
Common stock € 150,000

The Bank's model of retail distribution focuses on a robust internet-based platform, www.big.pt and features fully-integrated sales teams located in Lisbon (4), Porto, Braga, Maia, Coimbra, Leiria, Évora Viseu and Carnaxide. The Bank expects to expand its physical locations somewhat during 2009 and 2010, market conditions permitting. Wholesale businesses are serviced by teams located in Lisbon and Porto.

In 2006, the Bank discontinued its authorized branch in the Free Trade Zone of Madeira. The Bank operates no other offshore banking entities or Special Purpose Vehicles (SPVs) of any kind as part of its business model.

Properties occupied by the Bank are either leased or directly owned by the Bank. In late 2004, the Bank acquired a site at Av. 24 de Julho in Lisbon, which is under construction since September 2007, with occupancy expected during the third quarter of 2009.

The Bank's retail brand, *bigonline*, refers to an internet investment service managed exclusively by BIG and has no separate legal identity. The complementary brand Banco BiG was introduced in 2006 to unify our image in anticipation of our launching a more mass-market approach to investment advisory via our physical branches.

Corporate Governance

The logic of the Bank's internal organization and the entities we believe are needed in order to reach our objectives are a matter for regular review and are a function of Management's desire to maintain simplicity, transparency and reasonable operating control over the business. This philosophy encourages the efficient use of resources and a clear distribution of responsibility as to how these resources are used. Banco BiG, although not a listed firm, nevertheless seeks to follow, and in general complies with, recommendations of the OECD (*Resumo dos Princípios da OCDE sobre o Governo das Sociedades – 2004*) and the Portuguese CMVM (*Código de Governo das Sociedades da CMVM – 7/2007*) to the extent that they are practical and commensurate with the Bank's size.

In accordance with the Bank's statutes, there are no restrictions on the voting rights of shareholders. Each share held corresponds to one vote, provided that each shareholder, or group of shareholders, holds at least 1000 shares.

BIG's statutory supervisory bodies are:

General Assembly: Chaired by a President and Secretary, elected by shareholders for four year terms. Responsibilities include presiding over annual and extraordinary meetings of the Bank's shareholders.

Advisory Board: Composed currently of 15 individuals, in the main shareholders of BIG, whose members and whose President are invited by the Chairman of the Board of Directors, who also has a seat on the Advisory Board. The Advisory Board meets on average three times per year to discuss strategy and recommendations. The decisions of the Advisory Board are not formally binding on the internal Board of Directors.

Board of Directors: Consisted at year end of four executive members, who manage the Bank directly on a day to day basis. Elected to four year terms, all members are experienced bank executives. While chosen based on their relevant experience, each is also a minority shareholder on an individual basis, independent of any specific shareholder interest. As all board members are executive, there is not a separate Executive Committee and the roles of Chairman and CEO rest with the same individual. The Board includes a Vice Chairman/COO.

Fiscal Board: Represented by an effective CPA firm and alternate and elected for four year terms, this body reports directly to the shareholders. Responsibilities include periodic, independent audits of the accounts in accordance with international accounting policies and standards.

External Advisors : The independent auditors of the Bank and subsidiaries are KPMG. In 2006, the Bank further established a policy to rotate auditors periodically, usually for periods not to exceed 7 years per mandate. During 2008, the Bank reverted to its practice of maintaining the independence of external audit and tax functions by retaining Deloitte as its tax advisor. The Bank retains the firm of J. A. Pinto Ribeiro & Assoc. as its main external legal advisor.

Internal Oversight: Compensation for the executive Board of Directors is determined periodically by a separate Compensation Committee, consisting of independent shareholders, appointed by the General Assembly. Functional management responsibilities, as noted above, rest with the executive members of the Bank's Board, to whom various heads of trading, front and back office report. Oversight functions for Accounting, Audit and Control, Compliance and the management of risks associated with Markets, Credit, Technology and Operations report directly to designated members of the Board.

Human Resources

It is not an exaggeration to say that our people are our most important asset. Their recruitment, training and career development involve senior management of the Bank at the highest levels. As the Bank progresses, this issue and the creation of a culture of people with similar values becomes an increasingly time-consuming but valuable investment in the present and the future. As a rule, we tend to recruit people who share our core values. These include not only academic excellence, but the ability to lead, to think analytically, to sell responsibly, to work as a team and to make an impact on the business and with clients. In this environment, we combine formal instruction, on the job training and a tradition of fostering mentor relationships to identify and promote talent at a relatively young age. At year end 2008, the median age of BIG's staff was 31 years and 81% of the Bank's staff held university degrees.

For 2008, the average number of directly affiliated staff, excluding Management was 138, compared to 115 at year end 2007 (Note 12). Given market conditions, the Bank slowed its plans for physical expansion related increases in retail sales teams and generally maintained or reduced processing and core functions in the product areas pending any signs that business may return.

Regulatory Entities

Banco de Investimento Global, SA is an institution registered with and supervised by the Bank of Portugal and the *Comissão do Mercado de Valores Mobiliários* (CMVM), the two main bodies responsible for supervising financial activities in Portugal.

Bank of Portugal
Date of Special Registry with the Bank of Portugal: February 5, 1999 / under Code Number 61.
www.bportugal.pt

CMVM
Date of CMVM Authorization: March 8, 1999 / under Registry Number 263.
www.cmvm.pt

As a consequence of Decree Law nº 144/2006 of 31 July, which transposed Directive nº 2002/92/CE of the European Parliament and of the Council, as of 9 December, with respect to insurance intermediation, BiG registered with the *Instituto de Seguros de Portugal* as an adjunct insurance intermediator.

Legal Reporting and Management Information

Since 2006, the Bank reports results in accordance with International Accounting Standards (*IAS*). This is the basis of presentation and analysis in the section entitled RESULTS OF OPERATIONS of the Management Discussion, in the Consolidated Financial Statements and in the Notes to the Consolidated Financial Statements.

In addition to legal reporting, Management also analyzes and reviews the results of business segments and individual profit centers on an operating or internal management basis to assess performance of business areas and individuals, to assist in planning and allocating capital and to decide on major investments. (See Guide to Presentation of Financials in the Results of Operations section, which follows).

RESULT OF OPERATIONS

Business Environment

Global

The past year marked a significant turning point in world growth. Beginning in 2007, with the problems in sub-prime real estate in the U.S., there followed a string of subsequent, related disasters associated with an over-leveraged financial system and consumer base, which were loaded with assets that began to fall in value at an astonishing pace. A freezing of credit markets following the collapse of Lehman Brothers, a crisis in the credit default swaps area with AIG at its epicenter, massive write-downs by banks, and subsequent fragility of the capital bases of major institutions led to emergency measures of unprecedented proportions by the FED and major central banks and governments around the world and general pessimism as to the resilience of what is clearly an inter-related and inter-dependent world economy.

According to the IMF, world economic growth fell to 3.4% in 2008, (vs. 5.2% in 2007), with the main contributions to this level coming from developing economies: Africa (+5.2%), the Middle East (+6.1%) and emerging Asia (+7.8%). The overall retraction during the second half of the year was significant as it became clear that the major world economies would not be escaping recession. During the first part of the year, emerging markets registered solid growth as well as inflationary tension, led by higher prices of food and raw materials. With the slowdown in the consuming world during the latter half of the year, inflationary tendencies in the emerging economies subsided, thus confirming that any hypothetical de-coupling of developed and developing blocks would not be taking place. As major economies adopted expansionist policies to combat the recessionary climate, the fragile macro-economic situation and corporate prospects led to strong corrections in both equity and debt markets, with main indices recording falls in the range of 40% - 50% for 2008 and credit spreads widening significantly. Commodities fell significantly during the second semester of the year as well, along with increasing volatility in foreign exchange, with the dollar gaining against the Euro, both a reflection of the currency as a refuge and the accelerated deterioration of the Euro-zone economies.

With lending by a weakened banking sector likely to be limited for some time, corporate M & A activity may be reduced. Forecasts by the IMF point to slowdown in world growth to 0.5% in 2009, including further contraction in developed economies, which could reach 2% of PIB, or one of the weakest indicators witnessed since the 1950s.

USA
Overall, the U.S. economy expanded by 1.1% during 2008 in spite of the financial crisis and deterioration of the real estate sector, although the year was clearly divided into two distinct economic periods. During the first semester of 2008, the economy behaved favorably because of growth in exports and incentives designed to increase private consumption and corporate activity. The second semester was recessionary in spite of an aggressive, expansionist monetary policy by the FED which led, among other measures, to a reduction in the discount rate to 0.25% by year end. Instability in the credit markets was aggravated by further deterioration in the real estate sector, as reflected in a rise in mortgage defaults and foreclosures. Industrial production registered an abrupt drop, especially in the fourth quarter of the year, the result of lower levels of private consumption and a rise in the value of the dollar, which affected exports. On the other hand, violent corrections in the prices of commodities and a marked increase in unemployment, which rose to 7.2% by December 2008, had the effect of reducing inflationary pressures. For 2009, the IMF projects negative growth of 1.6% for the U.S. economy, as a result of progressive contagion of the financial crisis to the rest of the real economy.

Europe
While there were signs of a slowdown in Europe by year end 2007, the past year was one of clear deceleration of the economy, which grew by 1.0% according to IMF estimates. Unemployment rose gradually during the year, picking up speed during the second semester and ending the year at a rate of 7.5%. A combination of factors, affecting especially the financial and automotive sectors, contributed to a significant decline consumer confidence year on year. Volatility in prices led to fears of inflation during the first semester, which reverted to concerns about possible deflationary pressures during the second half of the year. This was evident in monetary policy, as the BCE, after raising its discount rate to 4.25% in July in a clear demonstration that inflation was the priority, had to shift gears and cut rates successively to 2.5% by year end. While the recent correction in the Eur/USD exchange rates should have been favorable for exports, in fact economic activity is expected to decelerate in 2009, with the IMF projecting a 2.0% contraction for the region, led by some of the more important member of the EU, among which are Germany (-2.5%), France (-2.1%) and Spain (-1.7%).

Portugal
According to the Winter Bulletin of the Bank of Portugal, Portuguese GDP grew by just 0.3% in 2008, following growth of 1.9% for 2007, or in line with major world economies. The fall in economic activity was the result of significantly lower exports, and a decline in investment. Meanwhile, the consumer price index rose from 2.4% in 2007 to 2.7% in 2008, while the rate of unemployment increased from 7.4% to 7.5% year on year. For 2009, the Bank of Portugal projects that GDP will contract at a rate of 0.8% on lower investment, a decline in consumption and lower exports. Investment, in particular, is projected to drop 1.7% in 2009 after a fall of 0.8% in 2008, which reflects greater difficulty by companies in accessing credit and a rise in credit spreads. Private consumption is expected to slow somewhat in 2009 on greater pessimism about the economy and deterioration in the job market.

Guide to Presentation of Financials

The summary below reviews selected results based on the Bank's legal or reported accounts in accordance with International Accounting Standards (*IAS*), and should be read in conjunction with the *Consolidated Financial Statements* and attached *Notes* which follow the *Management Discussion*. In the section entitled *Operating Results by Business Segments*, results are presented on a management basis. This type of presentation of the same financials is used by Management to assess the performance of internal business areas, sales team or product groupings, among others, and to compare results internally against budgets and objectives. Although presented in a different format for such internal analysis, presentations on a management basis reconcile fully to the Bank's legal numbers. Further information may be found in *Consolidated Financial Statements*.

Financial Summary

- Consolidated Net Income of € 6,4 million for 2008, vs. € 11,3 million in 2007;
- Decline in Net Revenues to € 24 million;
- Net Commissions € 13,2 million, 23% less than 2007;
- Positive, but lower Net Trading Revenues;
- Efficiency ratio of 57% versus 58% year on year;
- Risk adjusted capital ratio of 31%.

The past year for Banco BiG was a period of containment, rather than expansion, of preserving capital in place of taking risks, and of reflection on the fundamentals of our business, as opposed to assuming the continuation of past trends. The effects of the financial crisis and the global economic downturn which followed were felt in all aspects of the banking sector and should continue into 2009. The majority of the banks in the world survived, many with assistance and direct government intervention, while others have failed and with reason.
The Bank has weathered the storm of 2008 and aftermath so far with its capital, retail funding base and reputation intact. However, economic slowdown had an impact on revenue generation for 2008, a trend which Management believes will continue for the foreseeable future.

For 2008, Net Operating Revenues declined 29% to € 24.3 million, while Net Income moved from € 11.3 million in 2007 to € 6.4 million in 2008, a drop of 43% year on year.

Most classes of income and business lines showed reductions across the board, with the largest being registered by the Trading area, the most directly exposed to the chaotic events of 2008. Only Net Interest Income rose for the year. The Bank's underweight position in credit risk combined with excess liquid positions prior to and throughout the crisis proved useful as the credit freeze worsened following the bankruptcy of Lehman. As a result, the Bank was able to apply funds in the interbank and corporate debt markets at higher than normal returns. Net Commissions of € 13.2 million were strong relative to recent years, led by retail and wholesale brokerage, but below 2008's record results. Other revenues came from executing block trades, and diversified income from guarantees, asset management, corporate advisory mandates and retail fees. Results from Trading and Markets were clearly in the black but substantially below the prior year and represented one of the worst years for this business since the Bank was established 10 years ago.

On a management basis, the Bank's retail client business generated € 9.6 million or 38% of total net revenues in 2008, versus € 12.1 million, or 35% of total net revenues in 2007. The largest components are revenues from brokerage activities and financial margin, deriving from treasury activities and lending to support trading by clients. The former remained unchanged, in spite of a substantial drop in credit usage as clients gradually liquidated positions and moved to less risky applications as the year progressed, while the latter declined by 25% on lower trading volumes. Wholesale client activities generated net revenues of € 10.8 million versus € 13.2 million for the prior year. Revenues from this client segment were 43% of the total in 2008 as compared to 37% in 2007 and featured higher fees from Corporate Advisory and continued strong earnings from block trades, market making and risk management solutions for corporate and institutional clients. Trading and Markets, which on a management basis is presented net of client business and margin, contributed € 1.0 million in net revenues in a very difficult environment, or well short of plan and 85% below the results of the previous year. The Bank was underweight in all asset classes and conservative in position taking for the full year. Average utilization of limits, as noted above, was approximatly

T.7 €/000

Income	2008	2007
Interest Income	21,626	16,202
Interest Expense	-11,936	-6,701
Net Interest Margin	**9,691**	**9,501**
Income from capital instruments	887	503
Income from services and commissions	21,520	28,013
Expense associated with services and commissions	-8,303	-10,745
Income from Market Trading	-7,242	7,147
Income from financial assets held for sale	4,417	599
Income from exchange revaluation	3,306	101
Other income	72	-1,092
Other Administrative Expenses	0	0
Net Operating Income	**24,348**	**34,020**

20%. Trading results, described further below, were positive in foreign exchange and fixed income, but negative in variable income positions.

Overall, the trends by clients and the Bank in the current environment favored growing liquidity and a general view toward lower risk applications versus higher risk investing. With a larger deposit base and growing opportunities to take advantage of widening spreads on good quality corporate securities, the Bank built on a strategy begun in 2007 and focused on accumulating a stable base of earning assets during the year. The strategy with respect to net interest margin, as opposed to a dependence on market-sensitive revenue, affected earnings but preserved capital.

The Bank's Operating expenses are dominated by three categories: (i) compensation expense, (ii) running costs which are linked closely to headcount and (iii) our management of investments in the Bank's retail strategy, which involves investments in both systems and physical offices. A portion of compensation expenses represents discretionary bonuses linked to performance targets and may vary from year to year. For 2008, overall expenses dropped by 25%, accompanying lower business activity, tight control of operating costs and a substantially reduced provision for variable compensation. When analyzed over the 2003-2008 five-year period, the average nominal rate of growth of expenses has been 11% against an 18% average growth in revenues for the same period.

During 2008, compensation expense declined in absolute terms by 37%. Headcount remained unchanged, but in view of market conditions and the actual performance of many areas in relation to Plan, Management decided to curtail the usually significant portion of compensation expense based on variable, performance-related incentive payments. These may be either commissions paid to sales staff or accrued bonuses paid on an annual, discretionary basis. Excluding allocations to the Bank's fully funded pension plan, fixed component of salaries rose by 5%, or at half the rate of the prior year. Compensation-related costs as a whole represented 55% of Total Costs, compared with 66% in 2007 and 65% in 2006. Personnel costs as a percentage of Total Operating Income declined slightly to 34% in 2008, from 39% in 2007 and 40% in 2006.

T.8 €/000

Expenses	2008	2007
Staff Costs	-8,357	-13,170
General Administrative Expense	-4,362	-5,482
Depreciation and Amortization	-1,142	-1,163
Net Provisions	1,795	-184
Imparity of credits net of reversals and recoveries	-30	-53
Imparity of other financial assets net of reversals and recoveries	-1,066	0
Imparity of other assets net of reversals and recoveries	-147	6
Negative differences in consolidation	0	0
Other Costs	0	0
Total Costs	**15,102**	**20,046**

Administrative expenses include communications, information services, publicity, license fees, arrangements with stock exchanges and related suppliers, occupancy and other expenses related to the normal functioning of the Bank. While they tend to be correlated closely with growth in personnel, costs in this category declined in 2008 by 20% to € 4.4 million. The reduction was due in part to provisions made in 2007 for projects completed in 2008 and also the result of careful overall expense management for the year. The average annual increase in administrative expenses over the period 2003-2008 was approximately 4%.

Amortization expenses at BIG are related principally to investments in hardware and other equipment, initial license fees and premises. The Bank makes investments and updates to its IT infrastructure to ensure quality execution, state of the art security and appropriate redundancy. We invest in outside IT solutions and equipment to support our infrastructure and also have dedicated resources to managing the infrastructure with in-house solutions. In addition to technology, the Bank has been investing in its branch network, which also impacts this category. Year on year, amortization expense declined 2% in absolute terms, which included a decline in IT-related expense of 18%. This more than offset an increase in amortizations related to physical expansion in 2007-2008. For the year, this expense category was lower than in 2000, a year of significant investment in base software. Over the past five years, the average annual increase in this expense category was (0.6)%.

T.9 €/000

Results	2008	2007
Operating results	**9,246**	**13,974**
Results of subsidiaries	-404	51
Income before tax and minority interests	**8,842**	**14,025**
Current Taxes	-2,453	-3,508
Deferred Taxes	37	751
Net Income before minority interests	**6,426**	**11,268**
Minority Interests	0	0
Net Income	**6,426**	**11,268**

T.10

Efficiency	2008	2007	Var % 2008 vs 2007
Net Margin / Earning Assets	1.94%	2.07%	-7%
Operating Expenses / Operating Income	56.93%	58.25%	-2%
Compensation Expenses / Operating Income	34.32%	38.71%	-11%

Solvency	2008	2007	Var % 2008 vs 2007
Capital Funds / Total Net Assets	19.07%	19.51%	-2%
Risk-Adjusted Capital Ratio	31.00%	35.50%	-13%

Profitability Indicators	2008	2007	Var % 2008 vs 2007
Return on Assets (ROA)	1.18%	2.41%	-51%
Return on Equity (ROE)	6.13%	11.40%	-46%
Pre-Tax Income / Average Net Assets	1.63%	11.40%	
Pre-Tax Income / Average Capital Funds	8.43%	3.00%	
Operating Revenues / Average Net Assets	4.48%	14.18%	

Significant other costs, totaling € 1.1 million for 2008, represented the negative market value of securities held in the investment portfolio and whose intrinsic value Management believes is higher than the market price.

Pre-tax income was € 8.8 million in 2008, compared to € 14 million in 2007, and includes the negative effect of the consolidation of mark to market losses in BiG Capital, SGPS. The current tax rate for the year rose to nearly 28% as compared to 20% for 2007, as there were fewer opportunities for tax savings in the Bank's investment strategy.

With declining revenues for 2008, but also aggressive, pro-active controls over the expense base, the Bank's efficiency ratio improved slightly year on year. BiG's capital base and solvency ratios continue exceptionally strong, while profitability indicators show the effects of the market turndown and lower net income for 2008. While Management had some flexibility with the expense base in 2008, we believe that we have less room to maneuver going forward. Identifying opportunities for growth by leveraging the current business, while controlling the negative effects of potential surprises, will be a top priority for Management throughout 2009.

Operating Results by Business Segment

The Bank is managed on the basis of a matrix of Business Segments, which include global client areas, our trading and principal investments business and a number of product areas. This section reviews BIG's operating results based on an internal management presentation of our revenues and expenses associated with the main internal profit and loss divisions. These accounts, although presented in a different formats are reconciled to the Bank's legal or reported financials. For additional information, see Note 4.

Specialized Retail

The Bank attracts new clients to its retail platform on a daily basis and the trend continued in 2008, albeit at a slower pace than in 2007, particularly as the market turmoil intensified during the year. While activity related to brokerage, banking services and asset management related

T.11 €/000

Operating Results by Business Segment

Retail	2008	2007	2006
Net Revenues	9,580	12,099	7,845
Operating Expenses	-7,440	-7,606	-5,736
Pre-tax Revenues	2,140	4,493	2,109
% Operating Revenues / Total	38%	34%	34%
% Operating Expenses / Total	63%	59%	54%

Wholesale	2008	2007	2006
Net Revenues	10,828	13,201	6,726
Operating Expenses	-2,865	-3,142	-3,055
Pre-tax Revenues	7,963	10,059	3,671
% Operating Revenues / Total	43%	37%	33%
% Operating Expenses / Total	24%	24%	29%

Trading	2008	2007	2006
Net Revenues	999	7,148	7,588
Operating Expenses	-1,568	-2,091	-1,842
Pre-tax Revenues	-569	5,057	5,746
% Operating Revenues / Total	4%	20%	34%
% Operating Expenses / Total	13%	16%	17%

products dominated client preferences for the year, absolute levels declined when compared to the previous year, as did the weight of overall fees to the total. Net Operating Revenues for our retail business were € 9.6 million, a 21% decline over the previous year. Of this total, Net Commissions were € 4.4 million or 45% of the total, versus 53% of the total in 2007. As clients sought refuge from falling markets, they tended to move to cash or time deposits. Revenues from margin related business therefore kept pace with the previous year, in spite of declining nominal interest rates and a significant drop-off in the use of leverage for trading or other purposes, backed by securities held as collateral.

This trend was global, as was the marked decline in volumes traded, as markets fell and the value of assets in nearly all classes reached significant low points.

During the year, the Bank opened few new branches, rationalized other aspects of the physical network and invested in its web platform. In addition to expanding the savings and banking services platform, Banco BiG developed a proprietary platform

T.12 €/000

Retail	2008		2007		Var % 2008 vs 2007
Net commissions for services to third parties	4,352	45%	6,369	53%	-32%
Margin	3,995	42%	4,114	34%	-3%
Banking Commissions	631	7%	517	4%	22%
Trading / Sales	602	6%	1,099	9%	-45%
Corporate Finance	0	0%	0	0%	0%
Other revenues	0	0%	0	0%	0%
Total	**9,580**	**100%**	**12,099**	**100%**	**-21%**

T.13

Market Share Brokerage - 2008	Market Share	Ranking	Market Volume €/000 (except order quantity)	Variation 08/07
Brokerage - Internet				
Equities and warrants	17%	1	16,121,028	-32%
Futures	22%	2	23,653,737	-3%
Nº executed orders	14%	1	2,149,470	-1%
Brokerage - Total				
Equities	4%	6	86,572,354	-35%
Warrants	31%	1	769,655	-42%
Futures	5%	4	217,464,118	22%

Source: CMVM Statistics report (Jan. - Dec.08).

T.14

Percentage of Revenue via Internet

2008	2007	2006	2005	2004	2003
80%	65%	66%	57%	58%	56%

Note: excludes Block Trading

for FX and re-designed its futures trading platform. Additional enhancements are planned for 2009.

With the fall in trading volumes, as market valuations dropped up to 50%, as in the case of the PSI 20 in Portugal, BiG maintained its share of the market in key trading products, relative to 2007.

The Bank's retail business has evolved continuously over the past eight years from a specialized trading and investment platform to a full service banking offering for the private individual, complete with checking accounts, debit and credit cards, payment services, credit arrangements, and a range of savings and investment products from general banking and credit arrangements for the client requiring assistance to more sophisticated online trading and investment platforms for self-directed clients. These include platforms for trading in equities, warrants, futures, foreign exchange and mutual funds. We place a number of integrated approaches at the disposal of individual clients, including internet, via www.bigonline.pt, telephone and personalized, assisted investment banking centers. A variety of product offerings and distribution approaches are designed to reach a large number of target clients with different investment profiles, appetites for risk and transaction needs profiles in an efficient manner.

Overall revenues from non-brokerage-related services were € 5.7 million for the retail segment. This compares to € 7.1 million in 2007 and € 2.9 million in 2006.

The largest components of revenues in this segment in 2008 were (i) services to third parties, including net commissions from online and full-service brokerage, asset management and (ii) margin-related income, which were € 8.4 million, as compared to € 10.7 million in 2007. In both years, these components represented 88% of total revenues for this business segment. Overall, the Bank moved to sixth place among financial intermediaries based on volumes transacted from all sources. The ranking in transactions via internet was number one, even with volumes and percentages declining relative to 2007.

While the relative weight of any product line may vary from year to year according to market conditions, the Bank sees itself as an overall manager of client assets. The business model stresses a mix of products, strategies,

T.15 €/000

Wholesale	2008		2007		Var % 2008 vs 2007
Net commissions for services to third parties	6,537	60%	8,451	64%	-23%
Margin	32	0%	25	0%	28%
Banking Commissions	1,574	15%	1,243	9%	27%
Trading / Sales	1,080	10%	1,954	15%	-45%
Corporate Finance	1,604	15%	1,527	12%	5%
Other revenues	0	0%	0	0%	0%
Total	**10,828**	**100%**	**13,201**	**100%**	**-18%**

and sales channels, backed by well trained advisors and service representatives, where we believe that we can not only make a difference, but clearly differentiate ourselves from traditional and non-traditional competitors. The Bank's strategy is to grow this business aggressively and to focus on client acquisition, client satisfaction and client retention. As an organization, we believe that profitability, the quality of the client experience and our ability to attract and retain clients are more important indicators of the health of our franchise than rankings based on gross volumes.

Wholesale Clients

The product areas of the Bank's Wholesale client segment are similar to those offered on the retail side, with the exception of Corporate Advisory. Where the retail business involves integrated sales channels based on the *bigonline* electronic platform, the Wholesale business relies on specialized sales teams and tailored solutions for corporate and institutional clients. Product areas include institutional brokerage, risk management, sales of investment products, and independent advisory services for corporate, banking and institutional clients. For 2008, this client segment generated net revenues for of € 10.8 million, or 18% lower than for 2007. Services marketed to wholesale client are varied, but tend to focus on brokerage and block trades, along with risk management and market related services, such as alternative investments, market making and trading in derivatives. Separately, the Corporate Advisory business focuses on mandates associated with valuations, capital raising equity finance and mergers and acquisitions, which is covered by Corporate Advisory. The components of our business with wholesale clients shifted along with market conditions and opportunities during the year. During 2008, fees from block trades and from structuring and executing market-related operations were strong at € 8.2 million, but lower than the prior year. In aggregate, these businesses and products accounted for 85% of revenues for the area. The remaining 15% came from advisory mandates, which rose for the year to € 1.6 million.

The business of alternative and derivative products comprises mainly over the counter investment solutions targeted to institutional clients (other banks, fund managers, insurance companies, among others). In 2008, appetite by clients for transactions implying a range of underlyings, such as equities, indexes, commodities, FX, among others was less pronounced than in 2007 and, therefore, this area was less profitable. As in 2007, the Bank used its derivatives book in market making contracts for quoted Portuguese companies.

Trading and Markets

The Trading and Markets business segment seeks to generate revenues, while managing the exposure of the Bank and the products sold to clients of the Bank in such areas as interest rates, foreign exchange, fixed income, equities and derivative instruments. In managing positions, generally the Bank trades in treasury bonds issued mainly by the U.S., the Euro-zone, investment grade corporate bonds, major foreign currency instruments, interest rate and equity futures, futures on major indices, commodities and a variety of options and similar instruments. The Bank historically and through 2008 has concentrated on the U.S. and European debt and equity markets with low or non-existent exposure to emerging or Asian markets. In this report, the Bank presents trading gains in essentially two formats: (i) based on legal reporting (*IAS or NIC*), which includes trading margin and encompasses all client-related activity and (ii) as in this section, on a management basis, which deducts internal funding costs and extracts sales margins allocated to sales teams. In managing the various trading books, the activity of the Trading and Markets team touches on many areas internally and is a source of expertise, market risk management and consistent profitability for the organization.

For 2008 on an internal management basis, BIG generated € 1.0 million in net market-related revenues, excluding transactions with clients and proprietary trading, as compared with € 7.1 million on an equivalent

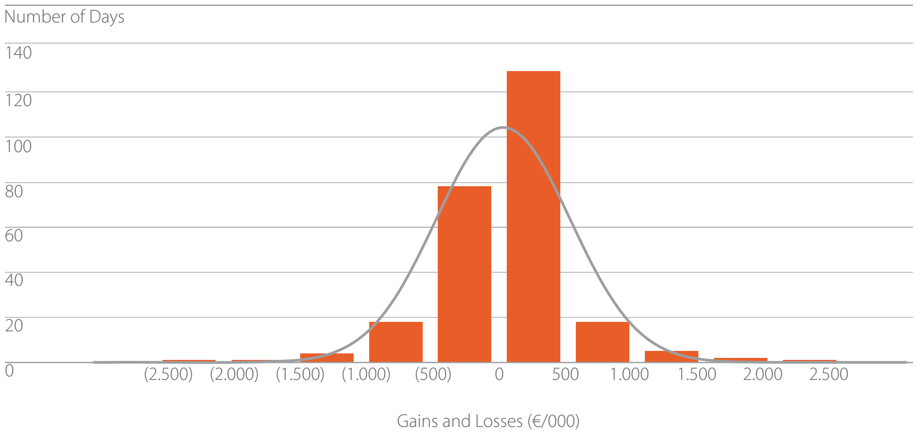
T.16 €/000

Trading	2008		2007		Var % 2008 vs 2007
FX: FX e Fut/FX	2,054	757%	1,647	27%	25%
OF: FX + OPTIONS + Fut/FX	0	0%	-3	0%	-100%
AF: Equity + Fut Equities/Indexes	-459	-169%	2,035	33%	-123%
OB: Bonds + Fut./Bonds	117	43%	-503	-8%	-123%
OA: Options on Equities and Indexes	662	244%	2,080	34%	-68%
SJ: Interest rates Spreads	-623	-229%	-251	-4%	148%
TA: Trading Arbitrage	-1,484	-547%	1,238	20%	-220%
TR: Equities Trading	6	2%	-160	-3%	0%
Total	**271**	**100%**	**6,083**	**100%**	**-96%**

T.17 €/000

Investment	2008		2007		Var % 2008 vs 2007
Interest rate - Capital	1,339	184%	-43	-4%	-3.205%
Foreign Public Debt	0	0%	0	0%	0%
Equity - Capital	-2,755	-379%	1,547	145%	-278%
Commissions - Investment	-46	-6%	-12	-1%	295%
Interest Rates - Revenues	2,187	301%	190	18%	1.049%
Equity - Revenues	-296	-41%	-108	-10%	175%
Futures	299	41%	-510	-48%	-159%
Total	**728**	**100%**	**1,065**	**100%**	**-32%**

Distribution of Gains and Losses



basis for 2007. The generation of revenues, as indicated in the following histogram, suggest a fairly normal distribution during the past and the prior years. Year on year, the components of revenue changed significantly, with the fixed income generating revenues while the equity trading books posted losses.

Trading Environment 2008

While the trading environment in 2007 was influenced by the sub-prime crisis, this was, in retrospect, merely the tip of a great debt iceberg which began to emerge from the depths during 2008. The beginning of the year saw a liquidity crisis, which generally squeezed overly levered investors and institutions, who responded by selling assets across all classes, thereby driving asset prices spiraling downward. This led to a phase of recapitalization of banks with central banks emphasizing fears of inflation over concerns for growth. With the collapse of Lehman and a quick succession of disasters involving Fannie Mae, Freddie Mac, AIG, Merrill Lynch, not to mention a number of problems in other markets, the crisis turned into a major challenge for the financial system as confidence deteriorated at a record pace. By the end of 2008, the crisis had become deeply entrenched in the real economy, leading to policy responses by governments of historic and unprecedented proportions. Europe as a whole and Portugal, in particular, have not escaped the effects of the current crisis, which is global. The year was characterized by extremes in markets, to say the least. The past 18 months have been a period when the very foundation of a financial institution's business model has meant much more than any positioning or trading strategies might achieve.

Contrary to 2007, where nearly all asset classes grew in value, during 2008 only

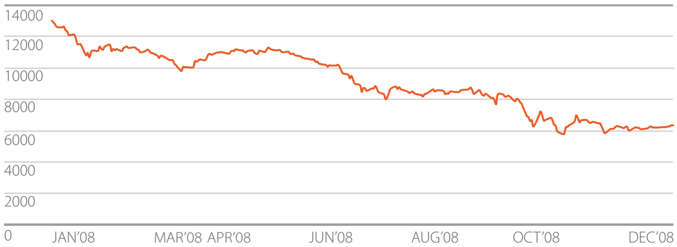
T.18

Recent Performance of Main Indexes

	PSI20	IBEX	SX5E	CAC	DAX	SPX	NDX	NKY
2003	15.84%	28.17%	15.68%	16.12%	37.08%	26.38%	49.12%	24.45%
2004	12.64%	17.37%	6.90%	7.40%	7.34%	8.99%	10.44%	7.61%
2005	13.40%	18.20%	21.28%	23.40%	27.07%	3.00%	1.49%	40.24%
2006	29.92%	31.79%	15.12%	17.53%	21.98%	13.62%	6.79%	6.92%
2007	16.27%	7.32%	6.79%	1.31%	22.29%	3.53%	18.67%	-11.13%
2008	**-51.29%**	**-39.43%**	**-44.37%**	**-42.68%**	**-40.37%**	**-38.49%**	**-41.89%**	**-42.12%**
2003-2008	8.87%	52.33%	2.57%	5.03%	66.29%	2.66%	23.09%	3.27%

G.2

SX5E Index

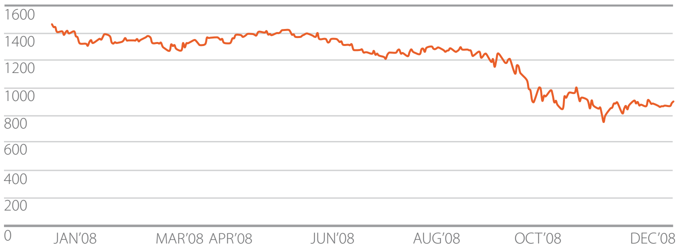


G.3

PSI20 Index

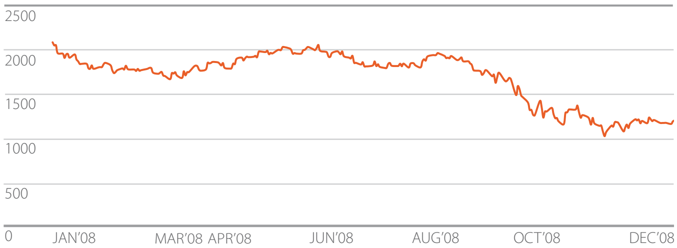
G.4

SPX Index



G.5

NDX Index



assets associated with exceptional stability and protection, such as treasury bonds and gold, and excluding real estate, increased in value. In a highly indebted world, where credit was driven by low rates, the main policy response in the short term has been, ironically, successive cuts in discount rates in order to prevent panic during an historic period of de-leveraging, combined with unprecedented measures to save and, eventually, nationalize, weak banks. As 2009 began, the process was in full swing with no prospects in sight for an economic turnaround.

For the first time in six years, main equity markets turned negative and with a vengeance.

Portugal's equity market, after registering one of the better performances in 2007 registered the worst among developed markets with a drop of more than 50% in the PSI 20.

Yields curves for European and U.S. treasury markets shifted significantly as interest rates reached historic lows based on poor prospects for growth and a general and long term flight to quality and cash.

Swift, successive cuts by the Federal Reserve, ECB and other major central banks were the order of the day as governments and policy-makers sought, and continue to seek, to avoid a meltdown in the financial markets and global economic chaos. During the process, the Euro/USD cross peaked at 1.60 before first dropping significantly in the fourth quarter, then regaining some ground by year end. Following the collapse or rescue of leading financial institutions during the third and fourth quarter of the year, implied volatilities rose to historic levels.

In broad terms, the Bank assumed less risk than in 2008, even compared to the lows of 2007, when measured by VaR as a percentage of average capital funds. Management also worked to manage shifts in the source of revenues across the various trading areas and focused heavily, on a daily and intra-day basis, on liquidity and earnings at risk.

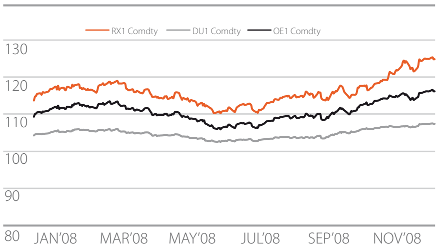
Trading results reflect the Bank's generally underweight positions in risk assets in the midst of a particularly difficult environment.

Analysis of the Balance Sheet

Total net assets at year end 2008 were € 562 million or 7% higher than for the prior year period. In line with the Bank's service versus commercial bank lending orientation and in view of market conditions, the Bank maintained excess levels of structural liquidity, low leverage and high capital adequacy as a policy for the year. As in 2007, more than 90% total assets were cash, short term exposures and high quality marketable securities. Earning Assets of € 497 million at

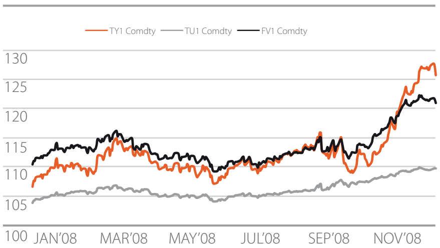
G.6

EUR Bonds



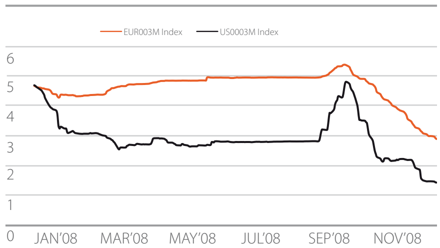
G.7

US Bonds

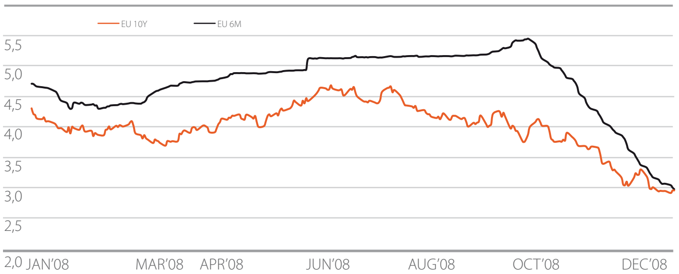


G.8

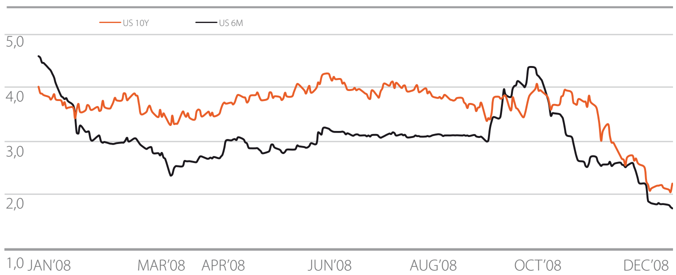
EURIBOR vs US LIBOR



G.9



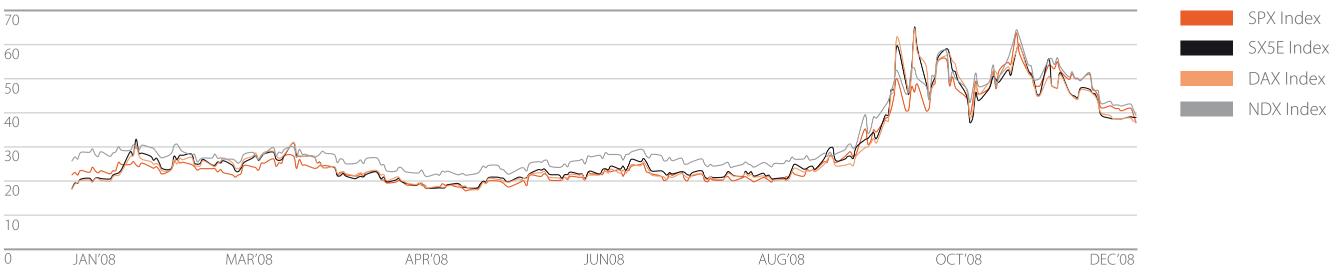
G.10



G.11

Evolution of major exchange rates

Market Implied Volatility



year end 2008 were 9% higher than at 31 December 2007. The modest growth reflects Management's concern for liquidity and the relatively limited options available for building a sound, investment strategy on the asset side.

Deposits with banks rose 6% to € 259 million and represented the Bank's main type of earning asset at year end 2008.

Loans to clients, which were mainly margin accounts used by clients to leverage trading positions, are short term in nature, structured to be self-liquidating in stressful conditions and were fully collateralized by liquid securities. Approximately 98% of the loan book was fully-collateralized and therefore low risk. Loans of this nature to clients tend to grow with a rising market and to decline in periods of stress. During the year, opportunities for margin lending declined considerably as clients closed out positions to cash or had their positions liquidated by the Bank's disciplined and automatic controls over this type of credit. Lending represented just 6% of total assets, versus 14% of total assets at year end 2007, and 28% of capital funds, as compared to 72% the same date the prior year.

Financial Assets held for Trading purposes included positions held by the Bank as part of its proprietary trading books and assets held for the purpose of structuring and hedging transactions contracted with clients. Those held for sale involve positions held for periods of longer than 6 months, while assets held to maturity are purchased as long term investments. The categories are year-end totals and do not necessarily reflect average amounts held during the year. Exposure to variable rate securities declined on average as a percentage of total assets. Meanwhile, the Bank increased its positions in investment grade fixed rate securities held for a variety of tenors as spreads widened to historic levels during the year, in particular during the fourth quarter. Factors that may affect the size of the portfolio include the opportunities for creating either margin or trading revenue during the year.

Total sources of funding, including capital, were € 413 million versus € 428 million at 31/12/07. Client deposits rose 5% to € 297 million, with growth tempered by two factors: (i) competition by banks willing to pay substantially above market rates to attract retail funding and (ii) the Bank's own comfortable position with respect to its liquidity needs. The Bank nevertheless continues to focus on attracting new clients to its platform and favors the building of a relatively stable base of retail deposits.

Capital Funds at 31/12/08 were € 107 million as compared with € 102 million for the same date in 2007. At year end 2008, BIG's risk-adjusted capital ratio was 31% versus 35% for the prior year on a comparable basis.

T.19 €/000

Earning Assets	2008	2007	Var (%)
Deposits with Banks	259,020	245,173	6%
Loans	29,233	73,149	-60%
Trading Securities	7,915	31,769	-75%
Available for Sale Securities	67,218	106,948	-37%
Held to Maturity	134,538	0	-
Total	**497,924**	**457,040**	**9%**

T.20 €/000

Main Liabilities and Capital	2008	2007	Var (%)
Interbank Deposits	9,789	43,025	-77%
Clients Deposits	296,490	282,238	5%
Capital Funds	107,369	102,407	5%

INTERNAL CONTROL

Banco de Investimento Global's systems of internal control are evolving continuously and feature comprehensive policies and procedures reviewed and approved by the Board, which oversees the respective functions, either as a group or by delegation, to one of more of its members. These systems and policies are designed, broadly, to ensure effective processing, reliable systems, appropriate risk taking, independent reporting and responsible behavior, as well as respect for and adherence to regulatory, legal and prudential guidelines designed to protect the interests of clients and shareholders, while preserving and protecting the reputation of the Bank. Key components of the governance structure for internal control are the *Board of Directors*, the various functions and committees overseeing *Risk Management*, discussed in detail below, along with the *Compliance* function and Audit and Control area of the Bank.

Board of Directors

Responsibility for monitoring risks throughout the Bank begins with the Board of executive Directors, whose members manage the following internal groups by delegation: the Market Risk Committee, the Credit Risk Committee, the Investment Committee and other groups responsible for such areas as Audit and Control, Compliance, Operating risks and Technology-related risks. Within limits established by the Board, these committees have decision-making authority in their respective areas. Daily events of an exceptional nature usually require the approval of at least two Executive Directors. Major exposures or significant policy decisions falling outside of these limits require review and approval of the general Board of Directors.

Management seeks to build a sound operating environment and to create a culture of bank-wide understanding of risks by frequently reviewing of the policies and procedures and communicating them clearly throughout the organization. Taken together, the governance structure for risk and the existence of clear policies aim to ensure that processes associated with identifying, measuring, controlling and reporting exposures to potential losses are implemented in accordance with best banking practices and regulatory standards. Internal communication of policies and their regular enforcement are key steps in the process, as well as the continuous review by the Board and Senior Executives of the Bank's business and operating areas of these potential exposures.

Compliance Function

The Bank's system of internal control is based on a set of policies, standards, systems, processes and procedures used throughout the Bank's operations and subsidiaries, as coordinated and defined by the Board of Directors. The principal objectives, are (i) to ensure respect for applicable legal and regulator requirements, including approved terms and standards of internal codes of conduct, (ii) to create of control mechanisms commensurate with the services offered, (iii) to secure efficient management and control of the bank risks and (iv) to protect the reputation of the institution.

The Bank's policy on internal control emphasizes rigor and transparency and is based on a standard of ethics present since the creation of the Bank. The organizational structure stresses clear and simple lines of responsibility among the various areas of the Bank. The Board of Directors is responsible directly for the adequacy of the control environment and oversight of the control functions attributed to each business area.

At BiG, compliance begins with a culture that encourages appropriate behavior, respect for rules and concern for the interests of clients, shareholders and counterparties. The function is responsible for monitoring systems and information, and for analyzing suspicious operations related to money laundering and financing of terrorism, so as to reduce the risk of non-compliance with rules or legislation that regulate banking activity, which might lead to financial losses or damage to the organization's reputation.

In addition, the compliance function is responsible for the analysis and preparation of opinions on new products and services, in the light of the regulations in force, and for promoting proactive management, control, and prior validation of the processes in order to prevent potential conflicts of interests.

With respect to anti-money laundering and risks associated with financing of terrorism, the Bank's compliance function is responsible for controlling and detecting suspect operations and for monitoring fulfillment of duties in accordance with current legislation regarding the opening of bank accounts and "know your client" rules. During 2008, the Bank began internal developments designed to monitor, efficiently and automatically, related operations and suspect transactions on a risk based approach. Internal training on basic issues directed to front and back offices of the Bank are the responsibility of the Compliance Officer. External training, often in coordination with the relevant authorities, forms a key part of the compliance function. Compliance in the financial markets area focused on MIFID issues and alterations during the year, as well as building internal mechanisms to monitor and control potential market abuse.

Risk Management

General

BIG is in the business of managing risk to create value for shareholders. In the process of managing risks, we focus on: *Market Risks, Credit Risks, Operating Risks,* including technology and processing risks. *Legal Compliance Risk, Fiduciary* and *Reputation Risk*, we believe, derive from our management of the major risk categories mentioned above.

In broad terms, the Bank is exposed to risk as a direct result of taking positions with respect to a particular market or combination of markets, products or clients, or as a result of unexpected interruption to the Bank's systems, normal operations or procedures.

In managing exposures to risk, the Bank is guided by the following basic principles:

- Frequent review of policies and procedures by Senior Management;
- Formal definition of responsibilities for risk management in the Bank;
- Existence of policies and procedures to promote independent oversight;
- Policy of appropriate diversification of risks;
- Systems of independent reporting;
- Overlapping systems to measure and control risk;
- Training to assist in identifying risk across business areas.

Market Risk

Market Risk represents the possible decline in the value of financial instruments as a result of changes in market conditions. Key risks that we manage in our trading businesses include:

Interest Rate Risk: resulting from exposure to changes in the level, slope and curvature of the yield curve, volatility of interest rates, duration and credit spreads.

Equity and Commodity Price Risk: resulting from exposures to changes in underlying prices and volatility.

Currency Rate Risk: resulting from exposure to changes in spot prices, forward prices and volatility.

Liquidity Risk: arises from the management of the Bank's assets and liabilities.

In managing the above risks, the Board delegates day to day oversight and control to its *Market Risk Committee*. This group is chaired by the CEO and includes other members of the Board, in addition to other business managers involved in trading and controls.

Jointly, they are responsible for reviewing methodologies for measuring risk and limits for all trading activities. They also control broad investment management decisions, review models and analytics associated with calculating value at risk limits within both Bank and client portfolios, and are responsible for conducting daily portfolio stress tests, as well as overseeing the independent control and enforcement of limits on risk taking by front office personnel. Market Risk also reviews and approves the risk component of new products designed to be sold to clients. In addition, the group seeks to ensure an efficient balance between risk and return, as well an appropriate level of volatility in operating results.

In its market and trading activities, BIG generates revenues while managing, on a continuous basis, its exposure to adverse changes in the value of financial instruments across various markets, products and portfolios. To manage and report risks, Management establishes and reviews, on a periodic basis, comprehensive procedures and systems designed to ensure levels of control commensurate with the Bank's capital and business objectives.

The Market Risk function also reviews policies and procedures on product development to ensure that levels of risk assumed by clients, and as marketed by BIG, are appropriate in the circumstances. A group linked to the Market Risk function is the Bank's *Investment Committee*, which oversees trends, allocations and policies with respect to the management of *third party assets*, including responsibilities associated with advisory and discretionary mandates. The activities of this area, while separate from the Bank's own portfolio, are subject to the same type of control

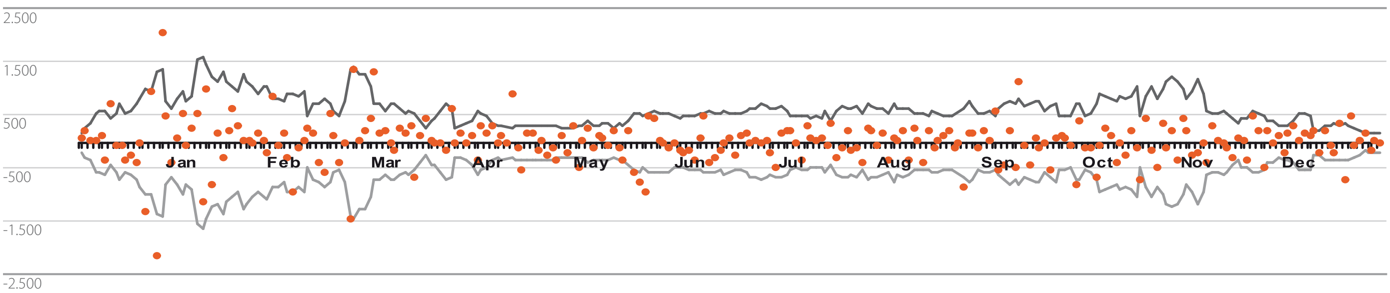
T.21 €

Trading VaR 2008 (vs 2007)	2008				2007			
	December	Annual Average	Max.	Min.	December	Annual Average	Max.	Min.
FX	3,026	30,817	101,357	1,311	54,668	50,732	89,514	14,323
Fixed Income	72,691	230,074	701,930	4,299	308,512	311,300	871,946	97,331
Equities	99,859	220,311	617,467	29,332	319,815	475,755	1,462,964	115,526
Commodities						3,036	122,408	3,254
Options	77,026	286,448	2,080,265	20,420	117,846	128,512	495,512	12,662
Diversification Effect	41%	39%			62%	49%		
	148,067	**468,411**	**2,702,945**	**18,271**	**306,949**	**512,690**	**1,462,349**	**184,881**

Summary of key terms used in this section:
VaR: *Worst-case loss expected within the confidence level indicated; larger losses may be possible, but have a correspondingly lower probability of happening.*
Back-testing: *Process of validating a model by comparing its predictions to actual results.*
Confidence level: *Probability that actual losses will not exceed the estimated value at risk. The greater the confidence level, the higher the value at risk.*
Diversification Effect: *Represents the gain, in risk terms, of having a diversified portfolio.*

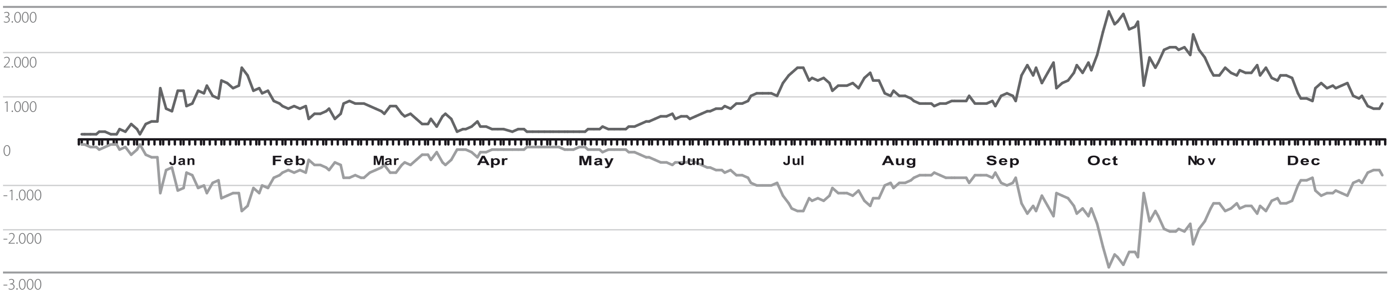
G.12

VaR Trading (€/000)



G.13

VaR Investment (€/000)



mechanisms and procedures as those exercised by the Bank in the management of its own capital. Both groups meet regularly and, as they normally include two or more Board members, have the authority to decide on day to day issues. Major exposures or significant policies are generally put before the general Board of Directors for prior review.

Measuring Risk

The Bank utilizes a number of different methodologies to measure and control exposure, which are analyzed in conjunction with information covering country and counterparty risks. Often risks are managed through a process of diversifying exposures, controlling position sizes, and establishing hedges in related securities or derivatives. Key quantitative tools used to measure and control exposures efficiently are:

Statistical measures:
- *Value at Risk (VaR).*

Non-statistical measures:
- *Economic Value stress testing;*
- *Earnings at Risk stress testing;*
- *Basis point values;*
- *Derivative Product sensivity ("greeks");*
- *Inventory position limits (for selected underliers).*

BIG employs overlapping systems that include *value at risk* (*VaR*) measures and loss advisories, along with non-statistical measures, such as stress testing, basis point values, *greek* sensitivities and daily controls over concentrations of risk, which together are designed to ensure the integrity of the process in the event that one or more methodologies should fail, as a result of some extraordinary event occurring in the markets. These measures, and others added during the past year, proved robust during the most volatile market conditions in 2008. At the level of the individual product lines and client portfolios, statistical measures, such as *VaR*, are combined with non-statistical measures, including *stress testing*, *back testing* and *earnings at risk advisories*, to ensure proper controls over expected returns by risk type under all market conditions. The Bank calculates *VaR* using a one-month time horizon (22 trading days) and a 99% confidence level. This means that the Bank would expect to incur losses greater than the predicted *VaR* estimates only once in every 100 trading days or approximately 2.5 times per year. Since *VaR* is a theoretical approach based on historical returns, the model has limitations and may not always produce accurate predictions of future market risk. Changes in *VaR* between reporting periods, for example, are due generally to changes in levels of exposure, volatility and correlation among securities.

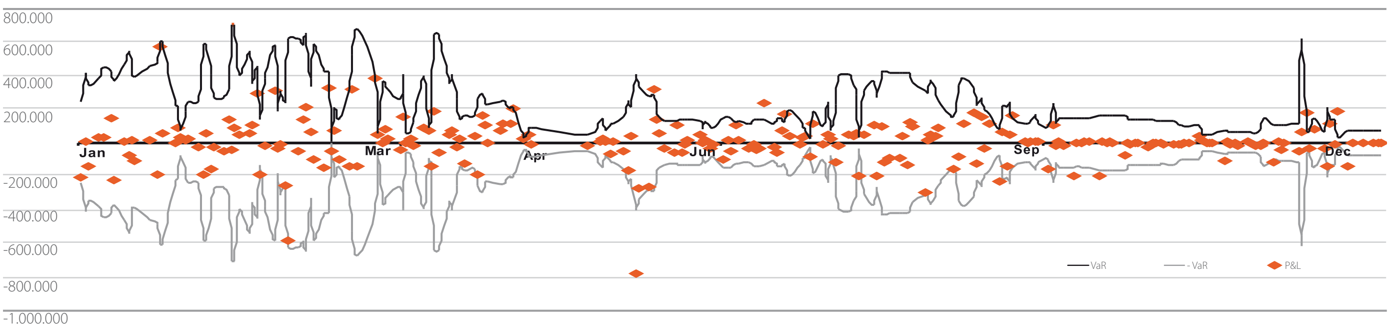
Periodically, back tests are made in order to verify the accuracy of the models we use. During 2008, this test demonstrates that there were six days in which profit and loss amounts exceeded *VaR* limits. Statistically, this means that the 99% confidence level was insufficient to observe the level of risk in the portfolio, given market conditions. VaR reached the highest levels during the first few months of the year, when market volatility increased markedly and the Bank's risk profile declined and remained low for the rest of the year. The Bank reduced VaR limits toward the end of the second quarter, which meant lower exposure to trading volatility during the more volatile fourth quarter of 2008. Average *VaR* for the Bank's trading portfolio was € 468,000 per day, or lower on average than 2007.

Interest Rate Risk

For 2008, the Bank was generally underweight in its fixed income portfolio, until the fourth quarter, when a significant trend toward re-pricing credit risk gained momentum. A forced deleveraging of

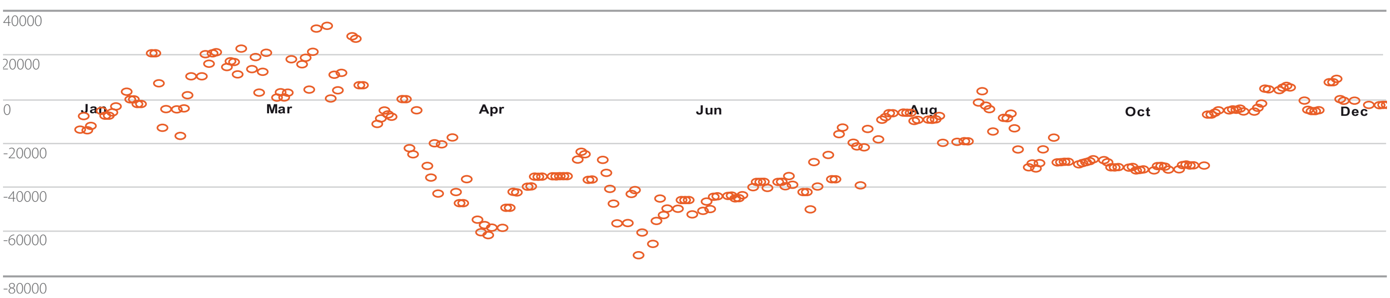
G.14

Interest Rate



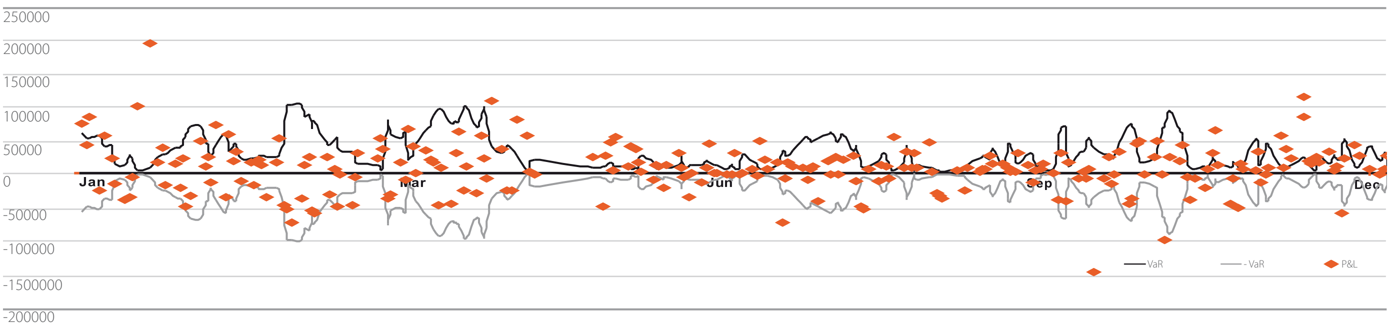
G.15

Bpv's / Rho



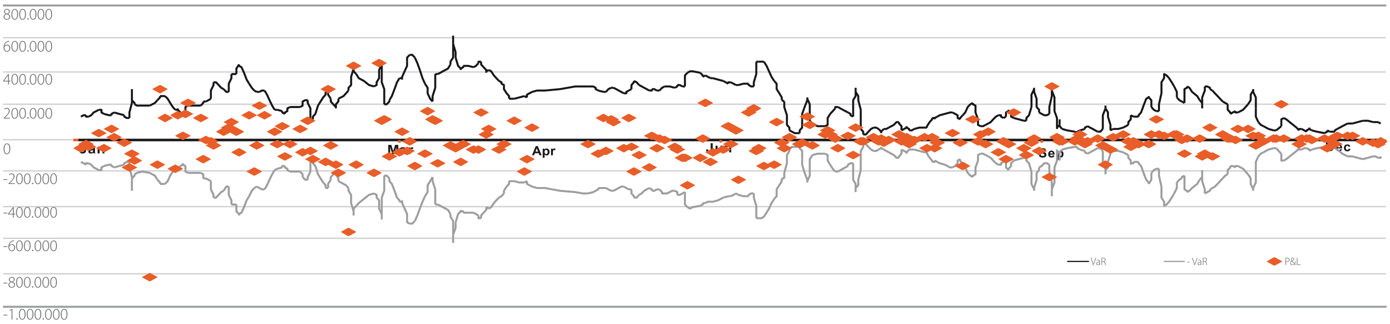
G.16

FX



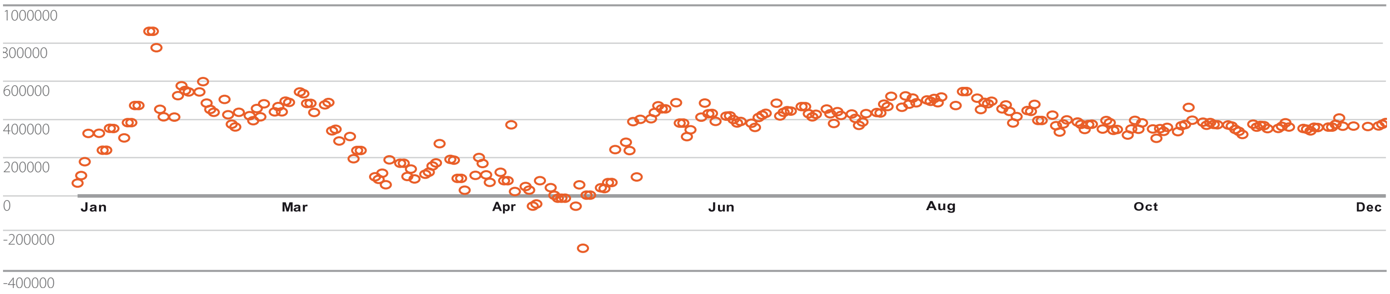
G.17

Equity



G.18

Delta



Delta: represents the sensibility of the price of the derivative to the price of the underlying asset.

financial positions provoked by the credit crisis led simultaneously to a widening of credit spreads to levels not seen in some time, at the same time that global monetary policies were resulting in historic declines in short and long term interest rates. As indicated in the graphs, the Bank's exposure to fluctuations remained within stipulated limits of +/- 60,000 bpv's *(basis point values).*

Currency Rate Risk
For the year, foreign exchange markets in general presented historic record levels of volatility, derived from the de-leveraging or un-winding of "carry strategies," where investors take long positions in the debt of a given currency, funded by short term financing in another where interest rates are lower. As these trades are unwound, typically, there are spikes in currency rates. BiG does not speculate in currencies, but rather manages its positions deriving from client flows on a regular basis. The management of risks within the FX trading books relatively modest approved limits with the exception of 4 days during the year, due to unexpectedly volatile movements in the respective markets. The distribution of results in comparison to risk assumed can be seen in the graph on page 36.

Equity and Commodity Price Risk
The VaR management for the Equity and Commodity portfolios was, in line with the observed on other business lines, within the established limits for 2008. During this period global exposure went from high levels of delta, observed at the beginning of the year, retracting to more modest exposure on the second half of the same period. Two exceptions to the VaR analysis were observed (but within 99% confidence level): first, for the SOCGEN fraud exposure in the last week of January and then in mid-March, with the Bear Stearns rescue by JP Morgan. 2008 delta profile on page 36 shows the Bank's generally long exposure to equity.

Liquidity and Funding Risk
As was made clearly evident when the interbank funding markets froze in October 2008, liquidity is of critical importance to the survivability of banks in a crisis scenario. Many failures of financial institutions are the result of insufficient liquidity arising out of unexpected, adverse conditions.

BiG's policy on liquidity and funding is based on the following principles: (1) pre-funding of assets prior to their acquisition; (2) the requirement that the majority of the balance sheet be convertible to liquidity within a very short timeframe; and (3) the assumption of complete independence from wholesale funding markets. Adherence to these principles, in effect, defines the Bank's business model, which is commission and service-based, is non-credit-intensive, and implies an asset base composed largely of highly-liquid securities. Moreover, the Bank focuses on building a stable retail base of deposits and holds more unencumbered debt securities than we require, to the extent that, during the past ten years and especially during the recent squeeze on liquidity, we occupy a fairy comfortable position as net placers of funding. For more information, please see Note 36.

Measuring Risk in Derivatives
The measurement of risk of the derivative trading books of the Bank depend upon a number of market related variables, including the price of the underlying asset, volatility, interest rates and time to maturity. The Bank measures its exposures to these variables by running sensitivity analyses known as "greeks," which are mathematical terms defined below. The following graphs summarize the evolution of these exposures throughout the year. In general terms, they suggest high sensitivity to volatilities (vega) for the first quarter, with the daily costs by the Bank to manage its exposure to options volatility being under control and within limits throughout the year. During the second semester, when market volatility rose, but the Bank took the view that volatility had reached historic levels and

T.22 €

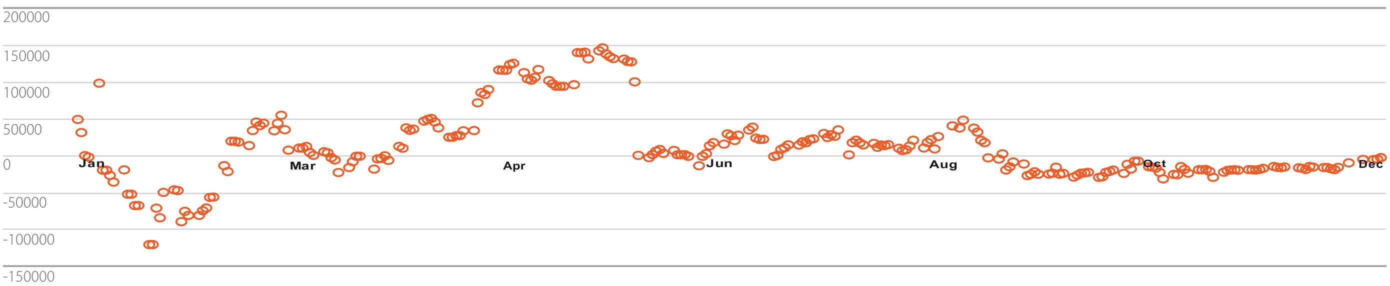
Greek exposure

Greeks	Rho	Vega	Delta	Theta
Min	-70,632	-120,657	-274,934	-177,263
Max	33,435	147,117	864,691	65,701
Average	-18,240	12,526	347,597	-2,878
Standard Deviation	22,065	49,766	161,324	19,542

Key terms:
Rho: *refers to sensibility to interest rate, with exposure measured by percentage movement interest rates.*
Vega: *efers to sensibility to volatility, with exposure measured by percentage movement in volatility.*
Delta: *refers to sensibility to price, with exposure measured by percentage movement in price.*
Theta: *refers to sensibility to the timeframe until maturity, also known as "decay" and represents the value of optionality in temporal terms, normally periods of one day.*

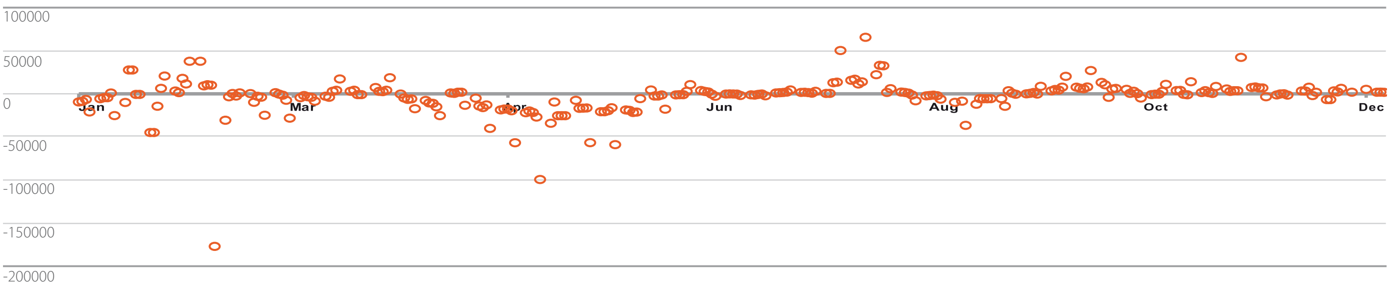
G.19

Vega



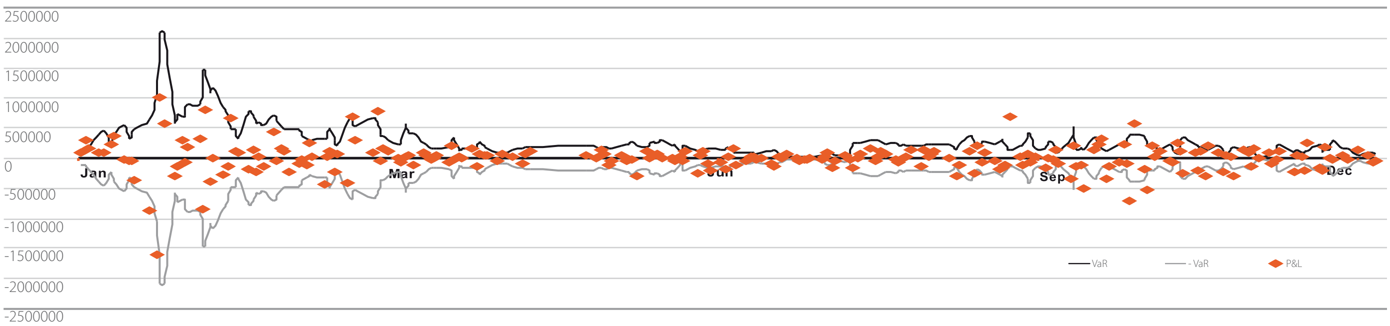
G.20

Theta



G.21

Options



decided to sell options to take advantage of this opportunity.

The graph on page 38 for Derivatives VaR shows a higher exposure to underlying assets during the first quarter, with risk being reduced toward the end of the year as a risk control measure in view of market conditions.

Economic Value stress testing and Earnings at Risk stress testing

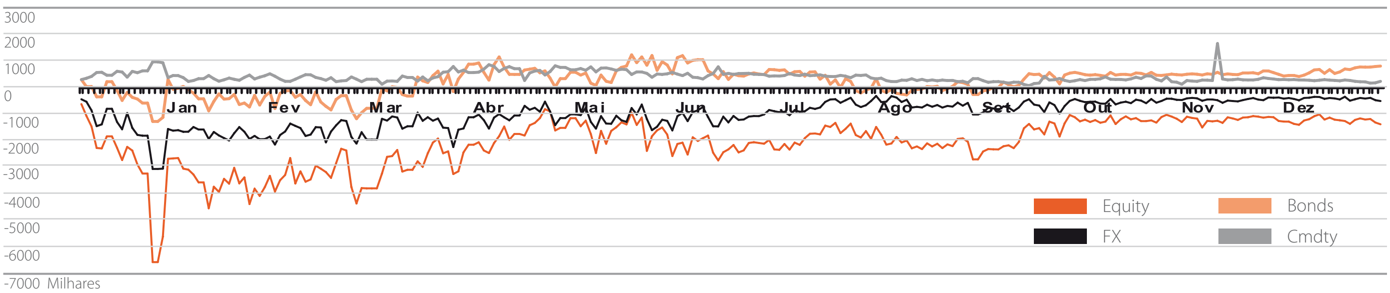
These are complementary to *VaR* limits and are an essential tool for managing market risk. With Economic Value stress testing, the Bank seeks to estimate the potential losses associated with an instrument, book or portfolio under different scenarios. Earnings at Risk stress testing give Management an estimate of the potential change in value of a given position, either current or contemplated, with the results of different scenarios used to take decisions on whether to assume, increase or close positions. On a daily basis, we perform tests on the Bank's portfolios assuming certain worst case historical market events or other scenarios to simulate our exposure and, in certain cases, our clients' exposure to potential losses. When historical data are not available, underlying assets from identical classes and with a higher level of correlation may be used.

Stress Testing the Bank's trading positions normally involves a number of different historical scenarios significant volatility since the year 2000, including among others:

Equities: 11 September 2001; Terrorist attack in New York
Bonds: 2 January 2001; Economic slowdown, FED rate cut
Foreign Exchange: 3 April 2001; European growth greater than that of the U.S.
Commodities: 1 December 2004; Increase in petroleum inventories

G.22

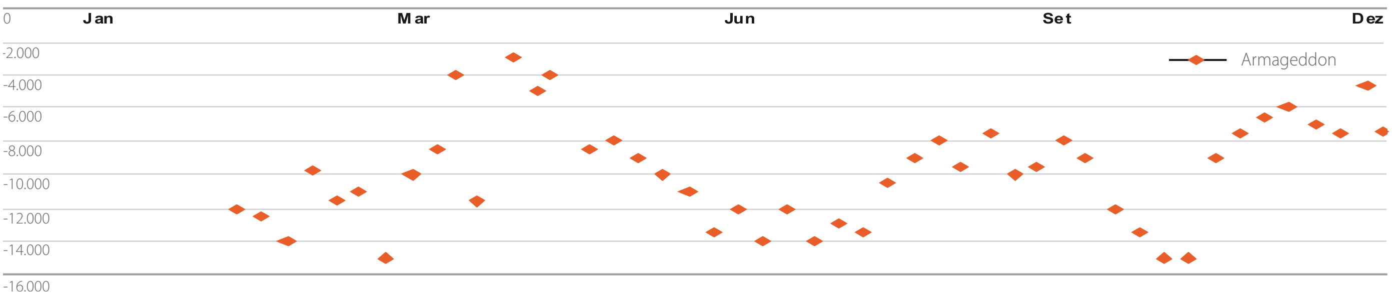
Stress Testing



('000 Assuming the worst case scenario – September 11 NYC Terrorist Attacks)

G.23

Armageddon Stress Test



In parallel with studies of the impact of simulated historical events on the Bank's trading positions at any given time, Management uses an additional risk measure on a daily basis, called the *Armageddon* stress test. While some markets fell up to 50% during the full year of 2008, this test is designed to measure the theoretical impact on the Bank's various exposures in the highly unlikely event that indices of the various global economies – DAX in Europe and S&P in the U.S. – were to suffer dramatic falls of 25-50% *in a single trading day* assuming asset correlations for one month. Designed to be deliberately remote in the possibility of an occurrence, the objective is to test the survivability of the Bank's business model under extreme circumstances and, as a result, to maintain discipline on limits and risk taking accordingly. The average daily exposure to theoretical trading losses under this scenario was € 9,8M, with a peak of € 14,5 million on a single day. Liquidity positions are managed, meanwhile, based on similar assumptions with regard to access to wholesale funding in the markets. The liquidity of our trading and investment positions is managed on the conservative assumption of the Bank not having access to the funding via the interbank market.

Management believes that these methodologies provide a reasonably accurate and objective assessment of how much risk is being taken at any time, across instruments and portfolios.

Limits

Limits on trading activity are essential to the process and involve approved restrictions by class of product, by tenor, and by individual trader and may be measured via a combination of *non-statistical measures*, including basis point values (bpvs), and *statistical measures*, such as value at risk (*VaR*), discussed above. The volatility and dynamic nature of the financial markets require that the Market Risk function ensure continuous update, daily reporting, dialogue and review of assumptions and models. A number of criteria are used for determining appropriate limits on trading, including our current and historical analyses of markets, statistics on volatility and liquidity, fundamental and technical analysis, the level of experience and performance of traders and managers, and importantly, the Bank's appetite for risk in accordance with market conditions.

Approved limits specifying authorized exposures by type are reviewed regularly and are communicated formally and periodically to managers, traders and back office personnel. Trading units are responsible for adhering to approved limits, which are monitored by separate and independent back office functions to ensure that positions are valued and recorded accurately.

Reporting

On a daily basis, back offices compile and report positions to Management based on established statistical and non-statistical measures. Exceeded limits are reported to Senior Management immediately and action is taken to guarantee compliance with the limit. Such formal controls are enhanced by informal systems of monitoring position-taking and limits, including at least daily meetings by Senior Management with trading areas to review positions, evaluate trends and results, and to modify strategies accordingly.

Credit Risk

Credit Risk represents the loss the Bank would incur if a borrower, counterparty or issuer of securities or other instruments we hold failed to perform under its contractual obligations to us.

The Bank is exposed to credit risks associated with a number of its activities. These include, broadly, direct exposure to clients who have contracted loans, direct exposure to credit risks associated with securities issued by third parties and held as investment or trading assets of the bank, and market or settlement risk associated with trading activities by clients. Those credit risks arising from dealings with professional counterparties as well as issuers of quoted securities are assessed in combination with procedures for managing market risks discussed above in *Market Risk*.

In general, credit exposures at BIG may include loans, corporate bonds, full value and replacement value inter-bank risks, securities-related settlement risk, receivables under derivative and foreign exchange contracts, and lending-related commitments under guarantees and similar facilities (Note 36). In its process of analysis and approval, the Bank assesses these exposures at a number of levels: at the level of individual transaction, at the level of maximum exposure to the client and, separately, at the level of respective portfolios to measure concentration of risks in a given sector or industry. As a matter of policy, all exposures are assessed and processed for approval, whether on or off-balance sheet in nature. Controls over Market risk, as a result, often overlap with assessments of credit risk. In the course of the Bank's day to day activity, integrated systems to monitor exposures are an essential element in the process of credit risk management.

Since the Bank is in the business of actively assuming and managing risks, as opposed to avoiding them, Management views credit risk as an accepted part of our business model and fundamental to generating revenue and value for our shareholders. Given the importance of developing profitable business while taking risk and using capital prudently, the credit risk process aims to preserve the independence of the approval process, while allowing an effective integration with the management of business objectives. This process begins with the Board of Directors, which approves general policies and guidelines for credit risks. The Board then delegates in the Chief Credit Officer and to other members of the Credit Risk Committee and support personnel the day to day implementation of these policies and responsibilities, which include:

- Analysis and control of counterparty risks;
- Quantitative and qualitative guidelines for credit reviews;
- Control of client, family and "house limit" risks;
- Documentation, control and filing systems;
- Management and control of risk monitoring systems and procedures;
- Maintenance of a credit scoring and approval matrix;
- Attention to the integrity and independence of the approval process;
- Adherence to regulatory guidelines;
- Pricing policy.

Nature of credit exposures
The nature of credit risks varies from cycle to cycle. During 2008, for example, potential credit exposure to assets underlying margin accounts declined as clients closed out positions and sought refuge in liquidity. As a result of these trends and larger deposits taken during the year, the Bank increased its exposure to short term bank instruments and, later in the year, to liquid investment grade corporate debt.

In broad terms, the Bank's business strategy reduces credit risk to two broad categories:

Secured facilities, which arise from our trading relationships with clients and which represent the largest percentage of loans managed in simple numerical terms. As a percentage of total loans, this category of credit represented 98% of the total in 2008.

Unsecured facilities, which arise out of our market trading activities with professional counterparties, portfolio investments in corporate or government issuers of debt, or on occasion, which include extensions of credit based to corporate borrowers based on an objective analysis of quantitative and qualitative criteria regarding the standalone creditworthiness of the client.

Other types of credit extension, such as consumer or commercial lending are not a significant part to the Bank's business. Moreover, lending to support advisory activities, or linked to investment banking or capital markets mandates is discouraged and is, in any case, subject to a separate decision process discussed in further detail below.

Credit Procedures
In accordance with the Bank's Credit Policy, the basis for approving credit exposures, whether secured or unsecured, generally includes a determination of a risk score for the credit exposure, calculated based on primarily objective criteria. The results of the process of financial analysis and risk-scoring serve as the basis for deciding the returns associated with the risk assumed, including considerations on minimum pricing, acceptable structure, tenor and appropriate documentation.

As part of the process of extending any type of credit exposure, the Bank follows a pre-established approval matrix, which combines the results of credit scoring, tenors, maximum levels of overall exposure including any transaction under consideration, and the pre-approved levels of lending authorities granted to members of the Credit Risk Committee. Other criteria for determining levels of signature include the existence and type of collateral underlying the full-value exposure.

Controls on margins
Margin accounts comprised the largest portion of the Bank's relatively modest loan book. The Bank manages the inter-related market, operational and credit risks arising from margin accounts via an automatic system of controls over limits as well as mechanisms for automatic execution when pre-established levels of risk have been reached. This mechanism of control is based on a risk weighting allocated to different types of equities based on market volatility, as a basis for determining levels of leverage permitted in the loan account as a percentage of collateral. These levels are monitored on a real-time basis. The objective is to identify differences in lower and higher risk securities and to adjust automatically, levels of potential exposure and eventual call and execution margins to the varying levels of risk. Our experience has been that this type of lending can be a profitable use of capital and represents a relatively low risk to the Bank, based on empirical data. More importantly, this type of disciplined, secured lending has experienced negligible levels of credit-related losses, even under extreme market conditions experienced during the past year (Note 21).

Mortgage, equity and auto loans are also available to our clients as add-on products. Considering the nature of the credit cycle and extreme competition offered by specialized lenders, these loan products are seen currently as enhancements to our core offering and did not represent a significant portion of the loan portfolio in 2008.

T.23 €/000

Interbank Market	Duration up to 1 year		Duration over 1 year	
	2008*	2007	2008	2007
Central Bank	-	1,434	-	-
Resident Banks	217,987	96,072	10,000	-
Non Resident Banks	29,083	59,281	-	-
Total	**247,070**	**156,787**	**10,000**	-

* Includes current account deposits

Unsecured exposures
Such extensions of credit or related exposures that are not fully-collateralized, or where the collateral offered may not be liquid, require an objective review of historical financials and conservative projections as a basis for approving any type of facility. Other criteria used as part of the approval process include qualitative considerations, such as ownership, the quality and reputation of management, the borrower's positioning and performance within its peer group and other relevant information. In addition to in-house analysis, the Bank may rely, in part, on information and analysis provided by other independent sources, including international rating agencies, particularly in the case of non-domestic issuers and financial institutions.

The extreme conditions during 2008 led to significant changes in the types of credit exposure managed by the Bank. While utilization of approved limits for margin lending by clients declined, available liquidity was channeled to the interbank market and to applications in liquid, investment grade corporate debt instruments. This shift in type of exposure led to regular reviews of counterparty bank risk, as part of the Bank's *crisis planning* described in *Market Risk*, and to a complete strategic review of the balance sheet options for the Bank's available liquidity.

As with other portfolios, whose risks are measured in a variety of manners on a daily basis, the Bank's corporate debt portfolio is subject to a number of daily stress tests so as to provide Management with an assessment of potential losses, assuming a number of different scenarios. The most extreme scenario, or *Armageddon* stress test, represents a daily measure of potential losses by portfolio, by largest individual potential loss, and by industrial sector. The scenarios usually assume at drop in the value of the Bank's exposure to an issue of corporate debt, or entire category of corporate debt, of 50% in one trading day and test the earnings at risk, assuming a worst case scenario.

An additional tool used by Management to gauge potential losses on rated credit instruments is the following Moody's *Rating Transition Matrix*, which estimates the probability that a bond issue may move from one rating to another, following a downgrade, during a period of 4 years, which was the average duration of the Bank's portfolio at 31/12/08.

Exposure to Derivatives
Derivatives contracts are instruments, such as futures, forwards, swaps and options, which derive their value from underlying assets, indices, or other financial concepts. BIG utilizes derivative financial instruments and foreign exchange instruments to manage the Bank's exposures to the markets, to meet the financial needs of its customers and to generate revenues through its trading activities. In assessing risks, the Bank follows the same credit procedures for derivatives and foreign exchange-related exposures, as it does for traditional lending products described above. Credit limits for these products are calculated and controlled on the basis of potential exposure, which takes into consideration current market values and estimates of future movements in market rates based on statistical criteria. As part of the process, BIG calculates the cost of replacing a derivative or foreign exchange contract as the primary measure of exposure to credit risk. This is defined as the cost of replacing a contract at extreme market conditions should a counterparty default prior to the date of settlement. The Bank uses mark to market procedures and Value at Risk measures to assess the cost of replacing a derivative or foreign exchange contract in the open market.

In managing its potential exposure, the Bank seeks to reduce overall risk by dealing to a large degree with investment grade financial institutions, with which the Bank generally exchanges Credit Support Agreements (CSA's). In the case of other clients with whom the Bank may close contracts from time to time in connection with its portfolio management activities, risk is further mitigated by the inclusion of collateral arrangements covering normally 100% of potential exposure.

Concentration of Risks
The Bank's risk area prepares and reports to Management on a daily basis our top ten concentrations of risk, including direct, indirect and contingent exposures. The reports among others serve as a management tool to monitor large

T.24

Four-year Broad Rating Migration Rates 1970 – 2007 Average

Rating	Aaa	Aa	A	Baa	Ba	B	Caa–C	Default	Wr
Aaa	60.37%	22.18%	4.00%	0.17%	0.26%	0.03%	0.01%	0.02%	12.95%
Aa	2.94%	57.55%	19.80%	2.38%	0.47%	015%	0.02%	0.10%	16.59%
A	0.18%	7.28%	59.81%	13.24%	2.35%	0.70%	0.16%	0.34%	15.93%
Baa	0.19%	0.94%	12.80%	53.52%	8.99%	2.66%	0.63%	1.33%	18.94%
Ba	0.04%	0.16%	1.87%	11.65%	34.99%	12.61%	1.54%	6.73%	30.41%
B	0.04%	0.08%	0.30%	1.60%	8.41%	29.20%	6.11%	18.77%	35.50%
Caa–C	0.00%	0.00%	0.02%	0.62%	2.34%	7.72%	11.95%	39.16%	38.20%

T.25

€/000

Equity Swaps	Notional		Risk	
	2008	**2007**	**2008**	**2007**
Non Financial Institutions	48,795	79,326	35	100
Financial Institutions	18,395	97,046	506	915
Total	67,190	176,373	541	1,014
Risk / Notional	**0.81%**	**0.58%**		

Interest Rate Swap	Notional		Risk	
	2008	**2007**	**2008**	**2007**
Non Financial Institutions	–	18,000	–	–
Financial Institutions	5,000	76,200	37	3,977
Total	5,000	94,200	37	3,977
Risk / Notional	**0.74%**	**4.22%**		

Financial Options	Notional		Risk	
	2008	**2007**	**2008**	**2007**
Non Financial Institutions	11,843	7,154	86	63
Financial Institutions	40,413	116,466	2,264	4,901
Total	52,256	123,620	2,350	4,965
Risk / Notional	**4.50%**	**4.02%**		

exposures regularly and serve as a basis for periodic reporting of regulatory limits, including *grandes riscos*, or exposures equal to 10% of own funds and legal lending limits, representing 25% of consolidated capital funds (non-banks).

Provision for Credit Risks

The Bank's legal provision for credit risks is based on prudential criteria and Bank of Portugal regulations and is available to absorb potential losses deriving from the loan portfolio. Based on central bank regulation 3/95 of June 30, with alterations introduced by the Bank of Portugal under *Avisos* nº 2/99 and 8/03 of 26 and 30 January, respectively, the provision represents 1% of the totals loans and guarantees outstanding (1.5% in the case of consumer loans and 0.5% for mortgage loans and real estate leasing, in both cases where the real estate is occupied by the mortgagee or lessee). Specific provisioning, as necessary, is subject to the same *Aviso*. Calculations for economic provisions are made periodically on specific risks deemed by Management to require special attention and are subject to an internally-produced model.

Operating Risk

Operating risk is part of our day to day business and our exposure to losses may arise as a result of inadequate procedures or systems, human risk or external events.

The Bank, given the nature of its business, has exposure to potential losses and/or risk to our reputation, as a result of human or systems-related operational errors, unexpected interruptions in business processing or insufficient execution on the part of third party suppliers of significant components of our complete business model. In the process of managing operating risks pro-actively to keep exposures to minimal levels, the Bank reviews its system of internal governance on a regular basis to ensure the smooth running of the business under both normal and unusual circumstances. These systems and procedures are designed to reduce the risks of fraud from internal or external sources, or of errors or breakdowns, which can be the result of unexpected events associated with the technology and systems infrastructure, procedures and telecommunications.

Responsibility for managing operating risks lies with the heads of individual business units. To monitor risks and the execution and enforcement of procedures throughout the Bank is a separate governance structure, consisting of the following internal oversight groups reporting to the Board:

Operational Risk Committee, which reviews the appropriateness of internal procedures, adequacy of human and systems support to conduct normal business functions and day to day risks to which the Bank is exposed, based on both self- assessment processes and planned internal and external audits; meets at least monthly and reports to the Chief Operating Officer.

Technology Risk Committee, which oversees the adequacy and security of the complex technical infrastructure supporting every aspect of the Bank's internal processing, reporting and links with third party suppliers of information and execution services; meets at least weekly and reports to the Chief Operating Officer.

Audit and Control, responsible for conducting regular internal audits of operating and front office areas, including reviews of documentation andprocedures, and monitoring of operational losses, with a direct reporting line to the Chief Executive Officer; meets several times per week.

Compliance Committee, combining members of the Board and the Bank's audit area, whose responsibilities include monitoring the Bank's adherence to regulatory and legal issues, enforcement of internal operating procedures, code of ethics and related matters; meets at least weekly to review evolving regulatory issues or more frequently as necessary.

The internal committees also regularly conduct self-assessment exercises and to identify and take action on risks associated with operations, technology, and regulatory compliance. The control processes include, as examples, continuous review of relevant operating procedures, adherence to regulatory guidelines, internal and external audits of operating departments, systems, commercial and trading areas, back-up procedures and the maintenance of outsourcing arrangements and an appropriate business recovery plan to reduce the effects of any unforeseen interruption of the Bank's business activities.

While operating errors do occur on occasion, it is the aim of the above governance structure, and adherence to established guidelines, to ensure that the costs of such errors are kept to levels commensurate with our capital and business strategy. To assist in this control, the Bank has internal procedures for reporting data associated with operational errors to Senior Management on a regular basis. Such analyses and reporting allow for problems to be identified at their source and amended accordingly.

Management believes that an additional component in managing such risks, when combined with an evolving structure of governance, is the creation of a culture of risk identification and mitigation, which encourages both communication of potential problems to senior managers and their pro-active resolution. Taken together, the Bank seeks to limit operating risks to a reasonable degree, considering the Bank's capital, earnings flow and business environment, while improving execution, permitting scalability of key areas of our business and maintaining the integrity of our internal controls in a secure environment.

Processing and Systems

The priorities of Management when designing the integration of front office business generation and the processing areas include the need for scalability, security and building straight-through processing capabilities. All areas of processing, therefore, involve Management at the highest levels to ensure reasonable controls and compliance with prudent banking practices and regulatory guidelines along the steps beginning with the initial client request, to registering deals, producing outputs and confirmations necessary for internal controls and external reporting to clients, shareholders and regulators.

The Bank's Information Technology team (IT) and Operations Support areas (Operations) are responsible for the efficient processing and related controls and together accounted for 28% of total staff. Other support areas, such as Accounting and Internal Audit and Control are also involved in the implementation of new systems, processing strategies and new products to guarantee efficient reporting and appropriate compliance with regulatory and statutory issues.

The Bank's IT team designs, installs and maintains BIG's technology and communications infra-structure, which is essential to the smooth running of the organization on a continuous basis. This area supports every business segment of the Bank, from internal information and basic communication services to the technology and programming supporting the Bank's complex, transactional online platform, Bigonline.

The Bank has created and maintains a sophisticated IT platform that supports a consistent view of client information across the different existing system. It is part of the overall Bank vision that the latest and cutting edge technology should be used as a value added tool for the development of client services and products.

The existing platform is currently using Web Services as a tool to integrate different online systems. This platform makes extensive use of distributed transactions over different database systems such as Oracle, SQL Server and DB/2.

The online system incorporates now most of the standard and cutting-edge Web technologies such as Microsoft.Net amongst others. Standardization in C# programming language and ASP.NET has enabled the bank to leverage on existing technologies and business in order to enhance its existing platform into a robust distributed service infrastructure. The current web solution has evolved to a software bundle serving both clients, as a front office tool, and the intranet of the Bank as a control tool to support the growing retail network.

During the year, the Bank replicated its current technology infrastructure, located outside the city of Lisbon, at a remote site in the city of Porto, as part of its ongoing business continuity plan and in accordance with international best practices. This infrastructure is based on VMWare virtualization and features replication of data in real time supported by optic fiber circuits of 100Mbs. This architecture permits mirror systems of key central systems in production in Lisbon to be placed into production with minimal possible interruption in case of need.

Meanwhile, the Bank makes continuous updates to the trading platforms and to their security, designed to maintain the physical integrity of the infrastructure and to ensure an environment that is free from external contamination. Going forward, the goal is to offer powerful, lighter, easy to maintain tools robust enough to support a wider range of client segments, backed by a continuous updates to the security architecture.

Lisbon, 9 March 2009

Board of Directors

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
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AUDITORS' REPORT
CONSOLIDATED FINANCIAL STATEMENTS

(ISSUED BY THE STATUTORY AUDITOR)

(This report is a free translation to English from the original Portuguese version)

Introduction

1. We have audited the consolidated financial statements of **Banco de Investimento Global, S.A.** ("Bank"), which comprise the consolidated balance sheet as at 31 December 2008 (showing total consolidated assets of Euro 563,068,350 and total equity of Euro 107,369,380, including a net profit of Euro 6,425,930), the consolidated statements of income, of cash flows and of the recognized income and expenses for the year then ended, and the corresponding Notes.

Responsibilities

2. The Board of Directors is responsible for the preparation of consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union which present fairly, in all material respects, the financial position of the Bank, the consolidated results of its operations, the consolidated recognized income and expenses and the consolidated cash flows, as well as for the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system.

3. Our responsability is to express a professional and independent opinion on those financial statements based on our audit.

Scope

4. We conducted our audit in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. For this purpose our audit included:

- verification that the financial statements of the companies included in the consolidation have been properly audited and, in those significant cases in which they were not, verification, on a test basis, of the information underlying the figures and its disclosures contained therein, and an assessment of the estimates, based on the judgements and criteria defined by the Board of Directors, used in their preparation;
- verification of the consolidation procedures and the equity method of accounting;
- the assessment of the adequacy of the accounting principles used and their disclosure, considering the circumstances;
- the assessment of the aplicability of the going concern basis of accounting; and
- the assessment of the adequacy of the overall presentation of the financial statements.

5. Our audit also inclued the verification that the financial information included in the Report of Board of Directors is consistent with financial statements presented.

6. We believe that our audit provides a reasonable basis for our opinion.

Opinion

7. In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of **Banco de Investimento Global, S.A.** as at 31 December 2008, the consolidated results of its operations, the consolidated recognised income and expenses and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Lisbon, 30 March 2009

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)
represented by
Inês Maria Bastos Viegas Clare Neves Girão de Almeida (ROC nº967)

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended 31 December 2008 and 2007
(Amounts in Euros)

Consolidated profit and loss statement

for the years ended 31 December 2008 and 2007

€

	Notes	2008	2007
Interest and similar income	5	21,626,128	16,201,938
Interest and similar costs	5	11,935,517	6,701,276
Net Interest Margin		**9,690,611**	**9,500,662**
Income from capital instruments	6	887,313	503,000
Income from services and commissions	7	21,519,805	28,013,034
Charges with services and commissions	7	(8,303,344)	(10,744,831)
Profit / loss of assets and liabilities at fair value through Profit & Loss	8	(7,242,155)	7,146,586
Profit / loss of financial assets available for sale	9	4,416,762	592,869
Profit / loss from exchange revaluation	10	3,306,143	100,544
Other operating results	11	72,368	(1,092,006)
Operating income		**24,347,503**	**34,019,858**
Staff costs	12	8,357,235	13,170,237
General administrative costs	14	4,361,652	5,481,828
Depreciation and amortization	23 and 24	1,141,907	1,163,283
Provisions net of cancellations	30	(1,795)	184,021
Impairment of credit net of reversals and recoveries	21	30,199	52,599
Impairment of other financial assets net of reversals and recoveries	19	1,065,565	-
Impairment of other assets net of reversals and recoveries	26	146,791	(6,095)
Operating costs		**15,101,554**	**20,045,873**
Operating result		**9,245,949**	**13,973,985**
Results from associated companies	25	(404,110)	51,127
Pre-tax profit		**8,841,839**	**14,025,112**
Taxation			
Current	31	2,453,172	3,508,301
Deferred	31	(37,263)	(751,454)
Profit after taxation		**6,425,930**	**11,268,265**
Net profit of the year		**6,425,930**	**11,268,265**
Earnings per basic share (in Euros)	15	0,08	0,15
Earnings per diluted share (in Euros)	15	0,08	0,15

The attached notes form part of these consolidated financial statements.

Consolidated balance sheet
on 31 December 2008 and 2007

	Notes	2008	2007
			€
Assets			
Cash and deposits in central banks	16	2,633,391	1,749,589
Deposits in other banks	17	96,520,228	56,338,009
Financial assets held for trading	18	7,914,674	31,769,382
Financial assets available for sale	19	67,217,560	106,948,393
Applications in banks	20	162,499,861	188,834,939
Loans to clients	21	29,232,808	73,149,367
Investments held to maturity	22	134,538,441	-
Tangible assets	23	11,747,327	7,940,709
Intangible assets	24	472,242	838,277
Investments in associated companies	25	5,614,917	6,603,020
Current tax assets		729,722	1,248,352
Deferred tax assets	31	-	411,925
Other assets	26	43,947,209	49,167,680
Total Assets		**563,068,380**	**524,999,642**
Liabilities			
Deposits from central banks	27	84,011,667	-
Financial liabilities held for trading	18	5,346,592	12,023,914
Deposits from other banks	28	9,788,544	43,024,543
Deposits from clients	29	296,489,764	282,237,884
Provisions	30	150,000	162,021
Deferred tax liabilities	31	158,596	-
Other liabilities	32	59,753,837	85,144,295
Total Liabilities		**455,699,000**	**422,592,657**
Equity			
Capital	33	87,570,000	75,082,920
Issue premiums	33	8,886,393	5,756,889
Treasury stock	33	(2,116,274)	(589,028)
Fair Value Reserve	33	(13,942,332)	(2,347,115)
Other reserves and retained earnings	33	20,545,663	13,235,054
Net profit of the year		6,425,930	11,268,265
Total Equity		**107,369,380**	**102,406,985**
Total Liabilities and Equity		**563,068,380**	**524,999,642**

The attached notes form part of these consolidated financial statements.

Consolidated cash flow statement

for the years ended 31 December 2008 and 2007

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	Notes	2008	2007
Cash flow from operating activities			
Interest and income received		21,361,094	16,159,945
Interest and costs paid		(11,237,599)	(6,752,981)
Services and commissions		13,250,263	17,147,453
Cash payments to employees and suppliers		(16,669,606)	(18,020,414)
Other costs and income paid/received		164,211	(1,094,428)
		6,868,363	**7,439,575**
Change in operating assets and liabilities:			
Deposits in central banks		(516,691)	1,593,124
Assets and financial liabilities at fair value through Profit and Loss		15,545,321	55,042,820
Applications in banks		26,291,725	(109,857,170)
Deposits from central banks		84,000,000	-
Deposits from banks		(33,231,192)	18,809,490
Loans to clients		43,952,753	1,616,350
Deposits from clients		13,563,256	53,907,073
Other operating assets and liabilities		(17,135,608)	42,319,465
Cash flow net of the operating activities, before taxation on profits		**139,337,927**	**70,870,727**
Taxation on profits paid / received		(1,934,541)	(6,129,662)
		137,403,386	**64,741,065**
Cash flow from investment activities			
Acquisition of investments in subsidiary and associated companies		-	(562,138)
Dividends received		1,543,686	8,429,885
Financial assets available for sale		(86,236,049)	(60,940,976)
Investments held to maturity		(19,945,801)	-
Purchase of financial investments		(4,582,490)	(2,118,216)
		(109,220,654)	**(55,191,445)**
Cash flow from financing activities			
Treasury stock		485,965	1,144,644
Increase in capital		15,616,584	-
Dividends from ordinary shares paid		(3,735,951)	(2,984,287)
Cash flow net of financing activities		**12,366,598**	**(1,839,643)**
Net variation in cash and cash equivalents		**40,549,330**	**7,709,977**
Cash and cash equivalents at the beginning of the period		56,681,726	48,971,749
Cash and cash equivalents at the end of the period		97,231,056	56,681,726
		40,549,330	7,709,977
Cash and cash equivalents includes:			
Cash	16	710,828	343,717
Deposits in other banks	17	96,520,228	56,338,009
Total		**97,231,056**	**56,681,726**

The attached notes form part of these consolidated financial statements.

Consolidated statement of recognised gains and losses
for the years ended 31 December 2008 and 2007

€

	Notes	2008	2007
Changes in fair value of financial assets available for sale	33	(13,417,083)	(2,790,255)
Actuarial gains and losses on the pension fund	13	(192,851)	227,622
Deferred tax	31	2,429,650	90,341
Current tax	31	(607,784)	467,542
Recognised gains and losses directly in reserves		**(11,788,068)**	**(2,004,750)**
Net profit of the year		6,425,930	11,268,265
Total recognised gains and losses in the year		**(5,362,138)**	**9,263,515**
Attributable to:			
Shareholders of the Bank		(5,362,138)	9,263,515
Total recognised gains and losses in the year		**(5,362,138)**	**9,263,515**

The attached notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the years ended 31 December 2008 and 2007
(Amounts in Euros)

INTRODUCTION

Banco de Investimento Global, SA (Bank or BiG) was created by public deed on 10 December 1998, and began its banking activity on 1 March 1999. The Bank is licensed to perform all transactions and provide all services allowed in the banking sector, with no legal restriction.

On 31 December 2008 and 2007, the Bank held a shareholding of 41.01% in the share capital of B.I.G. Capital, SGPS, SA (BiG Capital). This company was founded on 29 November 1999, its main object being to manage shareholdings in other entities with the indirect purpose of exercising economic activities.

During 2007, BiG Capital increased its capital, which gave rise to issue of 10 000 000 new shares with a nominal value of 1 Euro each, of which 2 562 138 were subscribed by BiG and the remainder subscribed by other shareholders, thereby diluting a BiG's 100% participation in the Company on 31 December 2006, to the current 41.01%. Consequently BiG ceded control over BiG Capital and so the latter Company is included in the consolidated accounts by the equity pick-up method.

BiG Serviços Financeiros, SA fully owned by the Bank, was founded on the 11th of September 2008, and has the principal object of performing diverse financial services and activities..

NOTE 1. BASIS OF PRESENTATION

Pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, in its transposition into Portuguese legislation through Law no. 35/2005, of 17 February and of Notification no. 1/2005, of the Bank of Portugal, the consolidated financial statements of Banco de Investimento Global, SA ("BiG" or "Group") are prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted in the European Union.

The IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and by the respective preceding bodies.

The consolidated financial statements presented here relate to the year ended 31 December 2008 and were prepared in accordance with the IFRS, as adopted in the European Union up to 31 December 2008. The accounting policies used by the Group in the preparation of the financial statements reported on 31 December 2008 are consistent with those used with reference to 31 December 2007. The main standards adopted in 2008 are referred to separately.

In the preparation of the consolidated financial statements referring to 31 December 2008, were adopted the alterations to IAS 39 Financial Instruments - Recognition and measurement and to IFRS 7 Financial Instruments – Disclosure of information, relating to the transfer of financial assets between categories, published by the IASB in October 2008.

Arising from these alterations, the Group adapted its accounting policy referring to transfers between categories (as per the accounting policy described in note 2.6.). The effects arising from the application of these alterations in 2008 are included in note 22.

The financial statements are expressed in Euros. These were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, specifically derivative financial instruments, financial assets at fair value through profit and loss and financial assets available for sale.

The preparation of financial statements in accordance with the IFRS requires the Group to make judgements and estimates and uses assumptions which affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Alterations in these assumptions or differences between these and the actual situation can have an impact on the actual estimates and judgements. The areas which involve a greater degree of judgement or complexity, or where significant assumptions and estimates are used in the preparation of the financial statements are analysed in Note 3.

These financial statements were approved in a meeting of the Board of Directors on 9 March 2009.

NOTE 2. MAIN ACCOUNTING POLICIES

2.1. Consolidation principles

The consolidated financial statements presented here reflect the assets, liabilities and results of BiG and of its subsidiary companies (“Group” or “BiG Group”) and the results attributable to the Group referring to its shareholding in associated companies. The accounting policies were applied consistently to all of the companies in the Group.

Subsidiary companies

Subsidiary companies are classified as companies over which the Group exercises control. Control is normally presumed when the Group has the power to exercise the majority of the voting rights. Control may also exist when the Group has the power, direct or indirectly, to manage the financial and operational policy of a given company in order to obtain benefits from its activities, even if the percentage of equity that it holds is less than 50%. Subsidiary companies are fully consolidated from the moment that the Group assumes control over its activities until the time that this control ceases.

When the accumulated losses of a subsidiary exceed the minority interest in the equity of this subsidiary, the excess is attributable to the Group in the measure in which it was incurred. Subsequent profit obtained by this subsidiary is recognised as revenue of the Group until the losses previously absorbed are recovered.

Associated companies

Associated companies are classified as all companies over which the Group has the power to exercise significant influence over its financial and operational policy, although it may not have control. Normally it is presumed that the Group exercises significant influence when it has the power to exercise more than 20% of the voting rights of the associate company. Even when the voting rights are less than 20%, the Group may exercise significant influence through shareholding in the management of the associate company or in the composition of the Boards of Directors with executive powers. Investments in associated companies are recorded in the consolidated financial statements of the Bank by the equity pick-up method from the time that the Group acquires significant influence until the time this ends.

When the value of accumulated losses incurred by an associate company and attributable to the Group equals or exceeds the accounting value of the shareholding and of any other medium and long term interests in this associate company, the equity pick-up method is interrupted, except if the Group has the legal or constructive obligation to recognise these losses or has made payments in the name of the associate company.

Balances and transactions eliminated in the consolidation

Balances and transactions between Group companies, including any unrealised gains or losses resulting from intra-group operations, are eliminated in the process of consolidation, except in the cases in which unrealised losses indicate that there is impairment which should be recognised in the consolidated accounts.

Unrealised gains resulting from transactions with associated entities are eliminated in the proportion of the Group’s participation in them. Unrealised losses are also eliminated, but only in situations where they do not indicate that there is impairment.

2.2. Transactions in foreign currency

Transactions in foreign currency are converted at the rate of exchange in force on the date of the transaction. Monetary assets and liabilities expressed in foreign currency are converted into Euros at the rate of exchange in force on the date of the balance sheet. The exchange differences resulting from this conversion are recognised in profit and loss.

Non-monetary assets and liabilities recorded at historical cost expressed in foreign currency are converted at the rate of exchange on the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted at the rate of exchange in force on the date on which the fair value was determined. The resulting exchange differences are recognised in profit and loss, except in respect of differences related with shares classified as financial assets available for sale, which are recorded in reserves.

2.3. Derivative financial instruments

Derivative financial instruments are recognised on the date on which they are traded, at their fair value. Subsequently, the fair value of these instruments is revaluated on a regular basis, with the gains or losses resulting from this revaluation being recorded directly in the results.

The fair value of derivative financial instruments corresponds to their market value, when available, or it is determined based on evaluation techniques including cash flow discount models and option evaluation models, as appropriate.

Embedded derivatives

Derivatives which are embedded in other financial instruments are treated separately when their economic characteristics and their risks are not related with the main instrument. These embedded derivatives are recorded at fair value with any variations being recognised in profit and loss.

2.4. Hedge accounting

Derivatives which qualify as hedge instruments are recorded at fair value and gains or losses are recognised in accordance with the hedge accounting model adopted.

Hedge accounting is applied when the following requisites are cumulatively met:
- formal documentation of the hedging relationship, including identification of the item hedged, and of the hedge instrument;
- expectation that the hedging relationship will be highly effective;
- the hedge is expected to be effective throughout the life of the operation;
- the effectiveness of the hedge can be reliably measured throughout the life of the operation.

Fair Value Hedging

Changes in the fair value of a hedge instrument are recognised in profit and loss, together with the variations in the fair value of the hedged asset.

2.5. Loans to clients

Loans to clients include the loans originated by the Group, the intention of which is not their short term sale, and which are recorded on the date on which the amount of the loan is made available to the clients.

Loans to clients are not recognised in the balance sheet when (i) the contractual rights of the Group relating to the respective cash flow have expired, (ii) the Group substantially transferred all the risks and benefits associated with holding them, or (iii) notwithstanding the fact that the Group may have retained part, but not substantially all, of the risks and benefits associated with holding them, control over the assets was transferred.

Loans to clients are initially recognised at fair value plus transaction costs and are subsequently valued at amortised cost, based on the effective rate method, less impairment losses.

Impairment

The Group regularly assesses if there are objective signs of impairment in its credit portfolio. Impairment losses identified are charged against income and subsequently the charge is reversed if the amount of the estimated impairment loss is reduced in a later period.

A loan or loan portfolio, defined as a group of loans with similar risk characteristics, granted to clients may be classified as impaired when: (i) there is objective evidence of impairment resulting from one or more events which occurred after their initial recognition and (ii) when this event (or events) has an impact on the recoverable value of the future cash flow of this loan or loan portfolio, which can be reasonably estimated.

Initially, the Group evaluates if there exists objective evidence of impairment individually for each loan. For this evaluation and in the identification of loans with impairment on an individual basis, the Group uses the information input in the credit risk models implemented and considers the following factors, amongst others:

- the aggregate exposure to the client and if there are any overdue loans;
- the economic-financial viability of the client's business or professional activity and its capacity to generate sufficient cash flow to service its debt obligations in the future;
- the existence, nature and the estimated value of the collateral associated to each loan;
- if there are privileged creditors;
- the client's level of indebtedness in the financial sector;
- the amount and timing of estimated recovery.

If for a given loan there is no objective evidence of impairment on an individual basis, this loan is included in a group of loans with similar credit risk characteristics (credit portfolio), which is evaluated collectively – analysis of the impairment on a collective basis. Loans which are evaluated individually and for which an impairment loss is identified are not included in the collective evaluation.

If an impairment loss is identified on an individual basis, the amount of the loss to be recognised corresponds to the difference between the accounting value of the loan and the actual value of the estimated future cash flow (considering the recovery period) discounted at the effective original interest rate of the contract. The loan is presented in the balance sheet net of the impairment. For a loan with a variable interest rate, the discount rate to be used to determine the respective impairment loss is the effective current interest rate, determined by the rules in each contract.

The calculation of the present value of the estimated future cash flow of a guaranteed loan reflects the cash flow which might result from the recovery and sale of the collateral, less the costs inherent with its recovery and sale.

With regard to the analysis of the impairment on a collective basis, the loans are grouped together based on similar credit risk characteristics, according to the evaluation of risk defined by the Group. The future cash flow for a credit portfolio, the impairment of which is evaluated collectively, is estimated based on the contractual cash flow and on the historical loss experience. The methodology and the assumptions used to estimate the future cash flow are regularly revised by the Group in order to monitor the differences between loss estimates and the real losses. When the Group considers that a given loan cannot be collected, having recognised an impairment loss of 100%, this is written off from assets. Subsequent recoveries of loans previously written off in assets are recognised in profit and loss by the reduction in the amount of the impairment losses of the period.

2.6. Other financial assets

The Group classifies its other financial assets at the time of their acquisition considering the underlying intention, in accordance with the following categories:

Financial assets held for trading
This category includes financial assets for trading, which are those which are acquired with the main objective of being traded in the short term, and financial assets designated at the time of their initial recognition at fair value through profit & loss.

Investments held to maturity
Investments held to maturity are financial assets with defined maturities and fixed or determinable payments, which the Group has the intention and capacity of holding to maturity.

Financial assets available for sale
Financial assets available for sale are non-derivative financial assets which the Group has the intention of keeping for an indefinite period, which are designated as available for sale at the time of their initial recognition or which are not classified in the above category.

Initial recognition, measurement and non-recognition

The acquisition and disposal of financial assets at fair value through profit & loss and of financial assets available for sale is recognised on the date of the negotiation, or rather, on the date on which the Group undertakes to acquire or dispose of the assets (trade date).

Financial assets are initially recognised at their fair value plus transaction costs, except with regard to financial assets at fair value through profit & loss, in which case the transaction costs are recognised directly in profit and loss.

These assets are not recognised when (i) the contractual rights of the Group to receive their cash flow expire, (ii) the Group substantially transfers all the risks and benefits associated to their detention or (iii) notwithstanding the fact that it may keep part, but not substantially all the risks and benefits associated to their detention, the Group has transferred control over the assets.

Subsequent measurement

After their initial recognition, financial assets at fair value through profit & loss are evaluated at fair value, with any variations being recognised in profit and loss.

Financial assets held for sale are also recorded at fair value although respective variations are recognised in reserves until the financial assets are no longer recognised or an impairment loss is identified, at which time the accumulated value of the potential gains and losses recorded in reserves is transferred to profit and loss. Exchange variations associated to these financial assets are also recognised in reserves in the case of shares and in profit and loss in the case of debt instruments. Interest and dividends are also recognised in the profit and loss statement.

The fair value of listed financial assets is their current purchase price. If there is no listing, the Group estimates the fair value using (i) evaluation methodologies, such as the use of recent, similar transaction prices made in such market conditions, with discounted cash flow techniques and option evaluation models adapted so as to reflect the particular features and circumstances of the instrument, and (ii) evaluation assumptions based on market information.

Financial instruments for which it is not possible to reliably measure their fair value are recorded at acquisition cost net of impairment losses.

Transfers between categories

The Group makes the transfer of non-derivative financial assets with fixed or determinable payments and defined maturities from the category of financial assets available for sale to the category of financial assets held to maturity, provided it has the intention and the capacity to keep these financial assets to their maturity.

Transfers between these two categories are made based on the fair value of the assets transferred, determined on the date of the transfer. The difference between fair value and nominal value is recognised in profit and loss upon the maturity of the assets, based on the effective rate method, as well as the Fair Value Reserve on the date of the transfer.

Impairment

In line with the IFRS, the Group regularly assesses if there is objective evidence that financial assets, or a group of financial assets, show signs of impairment. For financial assets which show signs of impairment, the respective recoverable value is determined, with impairment losses being charged against income.

Financial assets, or a group of financial assets, are impaired whenever there is objective evidence of impairment resulting from one or more events which occur after their initial recognition, such as (I) for listed securities, a continued devaluation or significant drop in listed value, and (II) for unlisted securities, when this event has an impact on the estimated value of the future cash flow of the financial assets, or group of financial assets, which may be reasonably estimated.

Impairment losses on investments held to maturity correspond to the difference between the book value of the assets and the current value of the estimated future cash flow, discounted at the original effective interest rate of the financial assets. In the case of variable interest rate assets, the discount rate to be used to determine the impairment loss is the effective current interest rate, based on the rules of each contract.

If the amount of the impairment loss reduces in a subsequent period, and this reduction is related with an event which occurred after recognition of the impairment, this is reversed against the results of the year.

When there is evidence of impairment in the financial assets available for sale, the accumulated potential loss in reserves, corresponding to the difference between acquisition cost and the current fair value, less any impairment loss in the assets previously recognised in profit and loss, is transferred to profit and loss. If the amount of the impairment loss reduces in a subsequent period, the impairment loss previously recognised is reversed in the profit and loss of the year up to the reinstatement of the acquisition cost, except with regard to shares or other capital instruments, in which case the reversal of the impairment is recognised in reserves.

2.7. Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for it to be settled by the payment of money or other financial assets, irrespective of its legal type.

Non-derivative financial liabilities include funding from credit institutions and clients, loans and short selling securities.

These financial liabilities are initially recorded for their fair value less the transaction costs incurred and subsequently at amortised cost, based on the effective rate method, with the exception of the short sales and financial liabilities designated at fair value through profit & loss, which are recorded at fair value.

The fair value of liabilities quoted on a market is their quotation value. If this does not exist, the Group estimates the fair value using methods of assessment considering assumptions based on market information.

2.8. Capital instruments

An instrument is classified as a capital instrument when there is no contractual obligation for its settlement to be made by payment of money or any other financial asset, irrespective of its legal form, showing a residual interest in the assets of an entity after deduction of all liabilities.

Costs directly attributable to the issue of capital instruments are charged against equity capital as a deduction against the amount of the issue. Amounts paid and received for the purchase and sale of capital instruments are entered in equity capital, net of transaction costs.

Distributions made on behalf of capital instruments are deducted from equity capital as dividends when declared.

Treasury stock

Treasury Stock is entered in capital accounts at acquisition value and is not subject to revaluation. Capital gains and capital losses made on the sale of Treasury Stock are entered directly in equity capital without affecting the result for the year.

2.9. Compensation of financial instruments

Financial assets and liabilities are compensated and the net value is entered in the balance sheet when the Group has a legal right to compensate the amounts recognised and there is the intention to settle them at their net value, or to realise the asset and settle the liability at the same time.

2.10. Assets with repurchase agreement

Securities sold with a repurchase agreement for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are recognised in the balance sheet, being classified as assets given as guarantee. The corresponding liabilities are entered as amounts payable to other financial institutions or to clients, as appropriate.

Securities purchased with a resale agreement for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are recognised in the balance sheet, with the purchase value being entered as a loan to other financial institutions.

2.11. Tangible assets

The tangible assets of the Group are valued at cost less the respective accumulated depreciation and impairment losses. The cost includes expenses which are directly attributable to the acquisition of the goods. Subsequent costs with tangible assets are recognised only if it can be proven that future economic benefits will result from them for the Group. All expenses with maintenance and repairs are recognised as a cost, in accordance with the accrual accounting principle.
Land is not depreciated. The depreciation of other tangible assets is calculated using the straight-line method, at the following rates of depreciation which reflect the expected useful life of the goods:

	Anos
Works on rented buildings	5
Furniture and material	8 to 10
Machines and tools	5 to 7
Computer equipment	3 and 4
Interior installations	4 to 8
Transport material	4
Safety equipment	8

When there is an indication that assets may be impaired, IAS 36 requires that their recoverable value be estimated, and that an impairment loss should always be recognised when the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the profit and loss statement.

The recoverable value is determined as the higher of its net sale price and its usage value, which is calculated based on the current value of the estimated future cash flow which is expected to be obtained from the continued use of the assets and of their disposal at the end of their useful life.

2.12. Intangible assets

Intangible assets are recorded at cost and are depreciated linearly over the expected useful life of these assets, in this case 3 years.

2.13. Leasing

The Group classifies leasing operations as financial leasing or operational leasing, according to their substance and not their legal form, fulfilling the criteria defined in IAS 17 - Leasing. Operations in which the risks and benefits inherent to the ownership of assets are transferred to the lessee are classified as financial leasing. All other leasing operations are classified as operational leasing.

Operational leasing

Payments made by the Group under operational leasing contracts are entered in costs in the periods they relate to.

Financial leasing

As lessor
Financial leasing contracts are entered on their start date, in assets and in liabilities, at the acquisition cost of the property leased, which is equivalent to the current value of the lease instalments due. Instalment payments comprise (i) the financial charge which is debited in profit and loss and (ii) the financial amortization of the capital which is deducted from liabilities. Financial charges are recognised as costs through the period of the lease in order to produce a constant periodic rate of interest on the remaining balance of the liability in each period.

As lessee
Financial leasing contracts are entered in the balance sheet as loans granted for the value equivalent to the net investment made in the leased property. The interest included in the instalment payments debited to clients are entered as income while the amortizations of the capital also included in the instalment payments are deducted from the value of the loan granted to clients. The recognition of the interest reflects a constant periodic rate of return on the net remaining investment of the lessor.

2.14. Employee Benefits

Employees under contract with the Banco de Investimento Global are all registered with the Social Security.
The responsibilities of the Bank with pensions thereby consist in the payment of a contribution which will complement the eventual retirement payment from the Social Security system.

Up to 2005, the employees of the Bank and the members of the Board of Directors were covered by a Defined Contribution Plan.

On 8 April 2005, in the General Meeting of Shareholders, a proposal of the Remunerations Commission on the Retirement of the Directors was approved relating to the creation of a Defined Benefit Pensions Plan, which generically consists of the awarding of a retirement benefit for old age or disability, based on a percentage which increases according to the length of service in the Bank, of the last basic salary less the pension from the Social Security. The General Meeting delegated the formal establishment of this plan to the Board of Directors, as well as the specific definition of its terms.

On 29 December 2005 the Board of Directors of the Bank established the generically approved Plan, limiting the benefits and extending the Plan to the other employees of BiG, giving them the possibility of choosing, solely and unilaterally, between remaining in the Defined Contribution Plan or changing to the Defined Benefit Plan. This possibility for the others to choose was given in June 2006.

On this basis, the Bank has a Defined Contribution Plan and a Defined Benefit Plan in force.

Defined Contribution Plan

The contributions made are updated annually, based on eligible remunerations. Contributions made are recorded as a cost of the year in the caption Payroll Costs – Commitments with Pensions.

Defined Benefit Plan

Costs with past services, arising from the introduction of the Defined Benefit Plans in line with the decision of the Board of Directors of 29 December 2005, determined by independent actuaries based on the Projected Unit Credit Method and mutually compatible actuarial and financial assumptions, were recognised in accordance with *IAS 19* – Employee Benefits as an asset and will be allocated to results over the remaining life of the services of the employees covered by the plan, which on average is 11.5 years, on the date that the plan was introduced.

Liabilities with retirement pensions are calculated annually on the closing date of the accounts by independent actuaries based on the Projected Unit Credit Method. The discount rate used in this calculation is based on the market rates associated to obligations of highly rated companies, denominated in the currency in which the benefits will be paid and with a similar maturity on the date that the obligations of the plan end.

Actuarial gains and losses determined annually, resulting (i) from the differences between the actuarial and financial assumptions used and the values effectively verified and (ii) from the alterations in actuarial assumptions, are recognised in reserves.

Annually, the Bank recognises a total net value which includes the cost of the current service, the cost of the interest, the expected income from the assets of the fund, and an amount relating to the amortisation of the costs with past services deferred as a cost in its profit and loss statements.

The Bank makes payments to the funds in order to ensure their solvency, with the minimum levels being fixed as follows: full financing at the end of each year of the actuarial responsibilities for pensioners and a minimum financing of 95% of the actuarial value of the responsibilities for past services of employees in service.

On each balance sheet date the Bank evaluates the possibility of recovering any excess of the fund in relation to responsibilities with retirement pensions, based on an expectation of a reduction in future contributions necessary.

Stock options remuneration plan

The remuneration plan with stock options allows employees to acquire shares of the BiG at the option exercise price. Considering the terms and conditions of this plan, specifically the physical settlement of the options, this is accounted in accordance with IFRS 2, as an equity settled share based payment. On this basis, the fair value of the options attributed, determined on the date of attribution, is recognised in profit and loss as an entry against equity capital, during the vesting period.

Variable remunerations to Employees and Corporate Offices

In accordance with *IAS 19* – Employees' Benefits, variable remunerations attributed to employees and to the corporate officers are accounted in the profit and loss of the year to which they relate.

2.15. Provisions

Provisions are recognised when (i) the Group has a present, legal or constructive obligation, (ii) it can be proven that payment will be required and (iii) when a reliable estimate of the value of this obligation can be made.

2.16. Taxation on profits

Taxation on profits includes current taxation and deferred taxation. Taxation on profits is recognised in the profit and loss statements, except when related with items which are moved in equity capital, a fact which implies their recognition in equity capital. Taxation on profits recognised in equity capital arising from the revaluation of financial assets available for sale is subsequently recognised in profit and loss at the time the gains and losses which gave rise to it were recognised in profit and loss.

Current taxation is that which is expected to be paid based on the taxable income calculated in accordance with the tax rules in force and using the tax rate in force.

Deferred taxation is calculated in accordance with the liability method based on the balance sheet, considering temporary differences between the accounting amounts of the assets and liabilities and the base amount used for tax purposes, using the tax rates in force and which are expected to be applied when the temporary differences are reversed.

2.17. Recognition of income from services and commissions

Income from services and commissions is recognised as follows:

- Income from services and commissions obtained in the execution of a significant act, for example such as commissions in the syndication of loans, are recognised in profit and loss when the significant act has been concluded.
- Income from services and commissions which are obtained as the services are provided are recognised in profit and loss in the period to which they relate.
- When income is part of the effective interest rate of a financial instrument it is stated in profit and loss by the effective interest rate method.

2.18. Recognition of interest

Results referring to interest from Financial Instruments measured at amortised cost using the effective rate method are recognised in Interest and Similar Income or Interest and Similar Costs. In relation to financial assets and liabilities at fair value through profit and loss as well as to derivative financial instruments, the interest component inherent to the variation in fair value is not separated and is classified in results of assets and liabilities at fair value through profit and loss.

The effective interest rate is the rate which exactly discounts estimated future payments or receipts during the expected life of the financial instrument, or when appropriate, a shorter period, for the current net balance sheet value of the financial asset or liability. The effective interest rate is established upon the initial recognition of the financial assets and liabilities and is not subsequently revised.

For the calculation of the effective interest rate the future cash flow is estimated considering all the contractual terms of the instrument, but without considering, however, possible future credit losses. The calculation includes commissions which are an integral part of the effective interest rate, transaction costs and all the premiums and discounts directly related with the transaction.
In the case of financial assets or groups of similar financial assets for which impairment losses were recognised, the interest recorded in profit and loss is determined based on the interest rate used in the measurement of the impairment loss.

2.19. Earnings per share

Earnings per ordinary share are calculated by dividing the profit attributable to the shareholders of the Group by the average weighted number of ordinary shares in circulation, excluding the average number of Treasury Stock held by the Group.

For the calculation of results per diluted share, the average weighted number of ordinary shares in circulation is adjusted so as to reflect the effect of all potentially dilutive ordinary shares.

2.20. Cash and cash equivalents

For the purpose of the cash flow statement, cash and its equivalents include the amounts recorded in the balance sheet with a maturity of under three months as from the date of acquisition / contracting, where cash and deposits in other credit institutions are included.

Cash and cash equivalents exclude deposits of an obligatory nature made with central banks.

2.21. Standards and interpretations not yet adopted

The Standards and Interpretations not yet adopted by the Group are presented in Note 37.

2.22. Report by segments

A business segment is a group of assets and operations which are subject to specific different risks and revenues from other business segments.

A geographic segment is a group of assets and operations located in a specific economic environment which is subject to risks and revenues which are different from other segments which operate in other economic environments.

NOTE 3. MAIN ESTIMATES AND JUDGEMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The IFRS establish a series of accounting procedures and require management to make necessary judgements and estimates in order to decide the most appropriate accounting procedure. The main accounting estimates and judgements used by the Group in the application of the accounting principles are presented in this note with the objective of improving the understanding of how its application affects the results reported by the Group and their notification. A more detailed description of the main accounting policies used by the Group is presented in point 2.

3.1. Impairment of financial assets available for sale

The Group decides that there is impairment in its financial assets available for sale when there is a continued devaluation or significant drop in value in their fair value. The determination of a continued devaluation or significant drop in value requires judgement. In the judgement made, amongst other factors, the Group evaluates the normal volatility of the price of the shares. For the purpose and as a result of the high volatility and reduced liquidity of the markets during 2008, the following triggers for the existence of impairment were considered:

- Capital securities: devaluations in the acquisition value or market value of more than 30% lower than acquisition value for a period of over twelve months.
- Debt securities: whenever there is objective evidence of events which impact on the recoverable value of the future cash flow of these assets.

Furthermore, evaluations are obtained through market prices or evaluation models which require the use of given assumptions or judgements in the establishment of estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates may result in a different level of impairment losses recognised, with the consequent impact on the results of the Group.

3.2. Fair value of derivative financial instruments

Fair value is based on market quotations, when available, and, in the absence of a quotation, it is based on recent, similar transaction prices made in market conditions, or based on evaluation methodologies, based on discounted future cash flow techniques considering market conditions, the temporal value, the profitability curve and volatility factors. These methodologies can require the use of assumptions or judgements in the estimate of fair value.

Consequently, the use of different methodologies or of different assumptions or judgements in the application of a certain model may lead to financial results different from those reported.

3.3. Impairment losses on loans and advances to clients

The process of evaluation of the credit portfolio in order to determine if an impairment loss should be recognised is subject to diverse estimates and judgements. This process includes factors such as the frequency of non-fulfilment, risk notations, rates of recovery of losses and estimates both of future cash flow and of the time of their receipt.

Alternative methodologies and the use of other assumptions and estimates may result in different levels of impairment losses recognised, with the consequent impact on the results of the Group.

3.4.Investments held to maturity

Investments held to maturity are financial assets with defined maturities and fixed or determinable payments which the Group has the intention and capacity to keep until their maturity, in accordance with the requisites of IAS 39.

The Group regularly assesses if there are objective signs of impairment in its portfolio of investments held to maturity. The use of alternative methodologies and different assumptions from those used in the calculations made could have a different impact on results.

3.5. Taxation on profits

The Group is subject to the payment of taxation on profits in diverse jurisdictions. The determination of the global amount of taxation on profits requires certain interpretations and estimates. There are diverse transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle.

Other interpretations and estimates may result in a different level of current and deferred taxation on profits recognised in the period. The Tax Authorities are empowered to review the Group's calculation of its annual taxable earnings for a period of four or six years in the case of there being tax losses brought forward. In this way it is possible that there may be corrections to the annual taxable earnings resulting mainly from differences in the interpretation of tax law. However, the Board of Directors of the Group is confident that there will be no material corrections to the taxation on profits recorded in the financial statements.

3.6. Pensions and other Employee Benefits

Determining the responsibilities for defined benefit retirement pensions requires the use of assumptions and estimates, including the use of actuarial projections, the estimated profitability of investments and other factors which may have an impact on costs and on the responsibilities of the pensions plan.

Alterations in these assumptions could materially affect the values determined.

NOTE 4. BUSINESS SEGMENTS

The Group internally prepares a presentation of the results on a management basis, founded on models which allocate the results to the Business Areas, analysed in Activities by Business Area of the Management Report. The Management Board uses the internal reports to evaluate the results of the Group by Business Area, sales team or product categories, amongst others, and to compare results internally against budgets and objectives.

Although organised differently, for the purpose of internal analysis, presentations of results on a management basis reconcile fully with the results on a legal basis.

Business segments

For the purpose of the presentation and analysis of management results, the activities of the Group are organised into three business areas:

€

	2008				
	Specialized Retail Banking	**Institutional Investment Banking**	**Trading**	**Other**	**Total**
Net commissions from services provided to third parties	4,351,512	6,537,412	-	-	10,888,924
Net interest income	3,994,708	31,715	-	-	4,026,423
Banking commissions	581,379	1,573,562	-	-	2,154,941
Trading / Sales	602,137	1,080,436	998,984	-	2,681,557
Financial Consulting	-	1,604,388	-	-	1,604,388
Other Income	50,099	-	-	2,941,170	2,991,269
Net Income per segment	**9,579,835**	**10,827,513**	**998,984**	**2,941,170**	**24,347,502**
Staff costs attributable to segments	(3,819,242)	(1,572,031)	(858,797)	-	(6,250,070)
General administrative expenses attributable to segments	(2,820,505)	(1,061,602)	(609,797)	-	(4,491,904)
Depreciation and amortization attributable to segments	(800,118)	(231,367)	(99,015)	-	(1,130,500)
Other costs not attributable to segments	-	-	-	(3,633,189)	(3,633,189)
Net operating costs per segment	**(7,439,865)**	**(2,865,000)**	**(1,567,609)**	**(3,633,189)**	**(15,505,663)**
Pre-Tax Profits					**8,841,839**

€

	2007				
	Specialized Retail Banking	**Institutional Investment Banking**	**Trading**	**Other**	**Total**
Net commissions from services provided to third parties	6,369,201	8,451,677	-	-	14,820,878
Net interest income	4,113,804	24,730	-	-	4,138,533
Banking commissions	517,244	1,243,488	-	-	1,760,732
Trading / Sales	1,099,250	1,954,065	7,148,311	-	10,201,627
Financial Consulting	-	1,527,094	-	-	1,527,094
Other Income	-	-	-	1,566,581	1,566,581
Net Income per segment	**12,099,499**	**13,201,054**	**7,148,311**	**1,566,581**	**34,015,445**
Staff costs attributable to segments	(3,183,317)	(1,771,832)	(975,526)	-	(5,930,676)
General administrative expenses attributable to segments	(3,632,653)	(1,176,949)	(947,372)	-	(5,756,974)
Depreciation and amortization attributable to segments	(790,124)	(193,052)	(168,600)	-	(1,151,776)
Other costs not attributable to segments	-	-	-	(7,150,907)	(7,150,907)
Net operating costs per segment	**(7,606,095)**	**(3,141,833)**	**(2,091,498)**	**(7,150,907)**	**(19,990,333)**
Pre-Tax Profits					**14,025,112**

Specialized Retail Banking

This business segment aims to help and encourage clients to perform banking operations, manage their savings and invest in a clear and safe manner. The Group provides banking solutions and services to various segments of clients: self directed clients, clients who seek consultancy and asset management clients who are looking for personalised services and to preserve capital.

Service Active Investment
Investment with consultancy
Savings and asset management
Banking Services and Loans

€

	Private Investment Banking		
	2008	2007	Var %
Net revenues	9,579,836	12,099,499	-20.82%
Net operating costs	(7,439,865)	(7,606,095)	-2.19%

Institutional Investment Banking

Institutional Investment Banking works with institutional clients and large or medium-sized companies in relation to asset management, trading on the main markets, risk coverage and in the financing and optimization of their businesses. In this segment the Group concentrates on designing specific solutions for clients in the areas of asset management, structuring of investment strategies, market risk coverage or the resolution of issues related with the financial strategy and structure of organizations.

Service Structured Investments
Risk Management
Mergers and Acquisitions
Equity & Debt Finance
Private Equity

€

	Institutional Investment Banking		
	2008	2007	Var %
Net revenues	10,827,514	13,201,054	-17.98%
Net operating costs	(2,865,000)	(3,141,833)	-8.81%

Trading and Markets

The area of Trading and Markets is the central area of the organization of the Group. This business provides expertise and information on markets for internal consumption, being responsible for the risk coverage component in the solutions sold to clients, and is active in designing products and managing the Group's treasury positions and risk.

Service Management of the Group's own portfolio
Investment and capital structure
Capital Markets

€

	Trading		
	2008	2007	Var %
Net revenues	998,984	7,148,311	-86.02%
Net operating costs	(1,567,609)	(2,091,498)	-25.05%

NOTE 5. NET INTEREST MARGIN

The value of this item is comprised by:

€

	2008	2007
Interest and similar income		
Interest from applications	7,611,366	4,397,376
Interest from securities available for sale	3,898,932	4,004,245
Interest from deposits	3,539,183	2,730,880
Interest from investments held to maturity	3,268,032	-
Interest from loans to clients	2,841,874	4,365,724
Interest from financial assets held for trading	4,600	-
Other interest and similar income	462,141	703,713
	21,626,128	**16,201,938**
Interest and similar costs		
Interest from financing from clients	(10,039,564)	(5,991,766)
Interest from funding from banks	(1,125,567)	(691,506)
Interest from financing from central banks	(434,211)	-
Other interest and similar charges	(336,175)	(18,004)
	(11,935,517)	**(6,701,276)**
	9,690,611	**9,500,662**

NOTE 6. INCOME FROM CAPITAL INSTRUMENTS

On 31 December 2008, this caption, amounting to 887 313 Euros (on 31 December 2007: 503 000 Euros) comprises dividends from financial assets available for sale.

NOTE 7. RESULTS FROM SERVICES AND COMMISSIONS

The value of this item is comprised from:

€

	2008	2007
Income from services and commissions		
For transactions on behalf of third parties	15,955,658	21,622,757
For services rendered	2,137,340	1,092,641
For guarantees provided	251,037	1,016,672
For commitments before third parties	9,490	20,500
Other income from services and commissions	3,166,280	4,260,464
	21,519,805	**28,013,034**
Charges with services and commissions		
For transactions performed by third parties	(7,759,552)	(10,044,236)
For banking services from third parties	(278,498)	(252,895)
For operations on financial instruments	(192,187)	(399,787)
Other commissions paid	(73,137)	(47,913)
	(8,303,344)	**(10,744,831)**
	13,216,461	**17,268,203**

NOTE 8. PROFIT / LOSS OF ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS

The value of this item is comprised by:

€

	2008			2007		
	Income	Costs	Total	Income	Costs	Total
Assets and liabilities held for trading						
Bonds and other fixed return securities						
From public issuers	37	-	37	316,132	(40,590)	275,542
From other issuers	939,310	(3,828)	935,482	323,253	(110,200)	213,053
Shares	24,163,279	(33,302,942)	(9,139,663)	29,259,899	(18,668,791)	10,591,108
Derivative financial instruments						
Contracts on exchange rates	112,411	(126,552)	(14,141)	4,194	(19,935)	(15,741)
Contracts on interest rates	811,500	(1,117,572)	(306,072)	172,034	(59,576)	112,458
Contracts on shares / indices	51,577,550	(40,573,977)	11,003,573	31,078,067	(36,066,102)	(4,988,035)
Contracts on credit events	905,952	(428,516)	477,436	-	-	-
Contracts on futures	29,078,050	(39,276,857)	(10,198,807)	22,156,168	(21,040,834)	1,115,334
Other	-	-	-	5,399	(162,532)	(157,133)
	107,588,089	**(114,830,244)**	**(7,242,155)**	**83,315,146**	**(76,168,560)**	**7,146,586**

NOTE 9. PROFIT / LOSS OF FINANCIAL ASSETS AVAILABLE FOR SALE

The value of this item is comprised by:

€

	2008			2007		
	Income	Costs	Total	Income	Costs	Total
Bonds and other fixed return securities						
From public issuers	4,823	(24,850)	(20,027)	95	(43,208)	(43,113)
From other issuers	1,854,560	(115,231)	1,739,329	171,010	(515,845)	(344,835)
Shares	2,980,230	(282,770)	2,697,460	1,099,736	(118,919)	980,817
	4,839,613	**(422,851)**	**4,416,762**	**1,270,841**	**(677,972)**	**592,869**

NOTE 10. PROFIT / LOSS FROM EXCHANGE REVALUATION

The value of this item is comprised by:

€

	2008			2007		
	Income	Costs	Total	Income	Costs	Total
Exchange revaluation	3,306,143	-	3,306,143	100,544	-	100,544
	3,306,143	**-**	**3,306,143**	**100,544**	**-**	**100,544**

This item includes the results arising from the exchange revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.2.

NOTE 11. OTHER OPERATING RESULTS

The value of this item is comprised by:

€

	2008	2007
Other operating income		
Provision of diverse services	17,637	12,277
Repayment of expenses	12,612	9,486
Other	413,734	89,061
	443,983	**110,824**
Other operating costs		
Direct and indirect taxation	(105,436)	(125,507)
Contributions to deposit guarantee fund	(63,969)	(33,326)
Dues and donations	(23,430)	(25,726)
Other	(178,780)	(1,018,271)
	(371,615)	**(1,202,830)**
	72,368	**(1,092,006)**

NOTE 12. STAFF COSTS

The value of this item is comprised by:

€

	2008	2007
Remunerations	(6,032,510)	(10,900,854)
Costs with retirement pensions		
of defined Benefits (See Note 12)	(1,034,758)	(1,093,838)
of defined Contributions (See Note 12)	(93,950)	(102,169)
Obligatory social charges	(932,112)	(856,953)
Other payroll costs	(263,905)	(216,423)
	(8,357,235)	**(13,170,237)**

Costs with remunerations and other benefits attributed to the Corporate Officers on 31 December 2008 amounted to 1 427 187 Euros (31 December 2007: 1 448 387 Euros).

Costs with remunerations and other benefits attributed to key middle management staff with on 31 December 2008 amounted to 1 382 935 Euros (31 December 2007: 1 535 056 Euros).

By professional category, the number of employees of BiG during 2008 and 2007 is shown as follows:

	2008	2007
Senior management functions	19	21
Middle management functions	25	20
Specific functions	81	63
Administrative functions	12	10
Auxiliary functions	1	1
	138	**115**

NOTE 13. EMPLOYEE BENEFITS

Retirement pensions

The main actuarial and financial assumptions used in the calculation of responsibilities for pensions are:

	Assumptions		Verified	
	2008	2007	2008	2007
Demographic assumptions				
Mortality table	TV 88/90	TV 88/90		
Invalidity table	Suisse Re 2001	Suisse Re 2001		
Financial assumptions				
Rate of profitability of the fund	5.5%	5.0%	-11.3%	-0.3%
Rate of salary growth	3.0%	3.0%	1.6%	1.6%
Revaluation rate	2.0%	2.0%		
Discount rate	5.5%	5.0%		

In accordance with the accounting policy described in note 2.14, the discount rate used to estimate liabilities with retirement pensions corresponds to the market rates in force on the date of the balance sheet, associated to obligations of companies with a high rating.

The participants in the Fund are 6 employees in service. In accordance with the terms of the Plan, the benefits defined are acquired by right after 60 years of age with a minimum number of 10 years service.

With regards to the Defined Benefits Plan, the application of IAS 19 produces the following liabilities and levels of cover relating to 31 December 2008 and 2007:

€

	2008	2007
Responsibilities on 31 December	6,479,179	6,433,081
Balance of funds on 31 December	7,041,985	7,168,598
(Excess) / deficit of cover (note 26)	**562,806**	**735,517**
Deferred costs with past services (note 26)	2,983,008	3,334,364
Net assets in balance sheet on 31 December	**3,545,814**	**4,069,881**
Deferred actuarial gains and losses on 31 December	**98,902**	**(93,949)**

As mentioned in note 2.14., on 29 December 2005 the Bank introduced a defined benefit Pensions Plan for the employees who opted for this benefit.

On 31 December 2005, the Bank made its best estimate of its responsibility with defined benefit pensions, taking into consideration the number of employees it expected to opt for this benefit. The value of the responsibilities corresponding to past services, net of the value of the fund will be deferred over a period of 11.5 years, corresponding to the estimated period of service of these employees.

The evolution of responsibilities may be analysed as follows:

€

	2008	2007
Responsibilities on 1 January	**6,433,081**	**5,934,306**
Cost of current service	720,178	767,501
Cost of interest	321,654	267,020
Actuarial (gains) and losses with responsibilities	(972,442)	(535,746)
Payment of benefits and charges	(23,292)	-
Responsibilities on 31 December	**6,479,179**	**6,433,081**

The evolution of the value of the pension funds in 2008 and 2007 can be analysed as follows:

		€
	2008	**2007**
Balance of the fund on 1 January	**7,168,598**	**5,133,998**
Real income from the fund	(806,863)	(16,085)
Contributions from the Bank	703,542	2,050,685
Payment of benefits and charges	(23,292)	-
Balance of the fund on 31 December	**7,041,985**	**7,168,598**

The assets of the pension fund can be analysed as follows:

		€
	2008	**2007**
Public debt securities	3,365,073	2,760,855
Shares	1,187,005	499,001
Investment fund units	73,237	1,236,817
Other	2,416,670	2,671,925
Net assets in balance sheet	**7,041,985**	**7,168,598**

The evolution of the deferred cost of past services in the years 2008 and 2007 can be analysed as follows:

		€
	2008	**2007**
Balance on 1 January	**3,334,364**	**3,685,720**
Amortization	(351,356)	(351,356)
Balance on 31 December	**2,983,008**	**3,334,364**

Actuarial differences recognised in reserves may be analysed as follows:

	2008	**2007**
Accumulated actuarial differences in reserves on 1 January	(93,949)	133,673
Actuarial (gains) and losses in the year:		
Responsibilities	(972,442)	(535,746)
of the fund	1,165,293	308,124
	192,851	**(227,622)**
Accumulated actuarial differences in reserves on 31 December	**98,902**	**(93,949)**

The costs of the year may be broken down as follows:

		€
	2008	**2007**
Cost of current service	720,178	767,501
Cost of interest	321,654	267,020
Expected income from the fund	(358,430)	(292,039)
Depreciation in the year	351,356	351,356
Cost of the year	**1,034,758**	**1,093,838**

On 31 December 2008, the Bank recognised the amount 93 950 Euros (31 December 2007: 102 169 Euros) as a cost relating to the Defined Contribution Plan.

The evolution of net assets in the balance sheet can be analysed as follows:

€

	2008	2007
Net assets in the Balance Sheet on 1 January	**4,069,881**	**2,885,412**
Cost in the year	(1,034,758)	(1,093,838)
Actuarial gains / (losses) in reserves	(192,851)	227,622
Contributions in the year	703,542	2,050,685
Net assets in the Balance Sheet on 31 December	**3,545,814**	**4,069,881**

The evolution of the liabilities and balance of the fund for 2008 and 2007 as well as (gains) / loss experience obtained is as follows:

€

	2008	2007
Liabilities	(6,479,179)	(6,433,081)
Balance of the funds	7,041,985	7,168,598
(Under) / over financed liabilities	**562,806**	**735,517**
(Gains) / Loss experience arising from liabilities	(423,796)	3,316
(Gains) / Loss experience arising from assets of the fund	1,165,293	308,124

Remuneration plan with shares

The main characteristics of each plan are presented as follows:

€

Plan	Expected date of the end of the plan	Number of options on the start date of the plan	Exercise price	Number of options on 31/12/08
1999	May-2012	4,000,000	1,00	23,450
2005	Nov-2018	9,000,000	1,15	7,934,000
2007	Mar-2020	1,824,000	1,26	1,090,060
2007	Mar-2020	66,800	1,34	50,696
2007	Mar-2020	15,600	1,35	12,036
2008	Jan-2018	7,425,000	1,36	610,000
2008	Mar-2021	9,000	1,36	9,000
2008	Mar-2021	55,000	1,35	55,000
2008	Mar-2019	100,000	1,15	100,000

NOTE 14. GENERAL ADMINISTRATIVE COSTS

The value of this item is comprised by:

€

	2008	2007
Rents	(897,843)	(727,759)
Supplies	(599,798)	(703,700)
Communications	(460,024)	(464,611)
Travel, hotel and representation costs	(310,844)	(318,849)
Advertising and publications	(288,607)	(598,578)
Specialized services		
Information	(697,812)	(26,743)
Information Technology	(364,883)	(43,809)
Fees	(92,364)	(88,538)
Databases	(48,037)	(539,675)
Security and surveillance	(22,635)	(716,502)
Manual labour	(19,016)	(76,279)
Other specialized services	(340,304)	(882,793)
Other	(219,485)	(293,992)
	(4,361,652)	**(5,481,828)**

NOTE 15. EARNINGS PER SHARE

Earnings per basic share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

Earnings per diluted share are calculated by adjusting the effect of all potential dilutive ordinary shares to the average weighted number of ordinary shares in circulation and to the net result attributable to the shareholders of the Bank.

€

	2008	2007
Net income	**6,425,930**	**11,268,265**
Weighted average number of ordinary shares issued	80,718,750	75,082,920
Weighted average number of Treasury Stock in portfolio	(216,643)	(413,356)
Average number of ordinary shares in circulation	**80,502,107**	**74,669,564**
Earnings per share (in Euros)	**0,08**	**0,15**

Earnings per diluted share are no different from Earnings per ordinary share as there were no dilutive shares on 31 December 2008 and 2007.

NOTE 16. CASH AND DEPOSITS IN CENTRAL BANKS

On 31 December 2008 and 2007, this caption was composed as follows:

€

	2008	2007
Cash	710,828	343,717
Demand deposits in central banks		
Bank of Portugal	1,922,563	1,405,872
	2,633,391	**1,749,589**

The caption “Demand deposits in the Bank of Portugal” includes the deposits made to satisfy the requirements of the Minimum Reserve System of the European System of Central Banks (ESCB). These deposits are remunerated and correspond to 2% of deposits and 2 year debt securities, excluding deposits and institutional debt securities subject to the ESCB’s regime of minimum reserves.

NOTE 17. DEPOSITS IN OTHER BANKS

On 31 December 2008 and 2007, this caption was composed as follows:

€

	2008	2007
Deposits in other banks in Portugal		
Demand deposits	87,987,023	37,318,599
	87,987,023	**37,318,599**
Deposits in other banks abroad		
Demand deposits	8,533,205	19,019,410
	8,533,205	**19,019,410**
	96,520,228	**56,338,009**

The average interest rate during the year ending on 31 December 2008, was 3.49% (31 December 2007: 3.54%).

NOTE 18. ASSETS AND FINANCIAL LIABILITIES HELD FOR TRADING

On 31 December 2008 and 2007, this caption was composed as follows:

€

	2008	2007
Financial assets held for trading		
Securities		
Bonds and other fixed income securities		
Other issuers	28,020	-
Shares	2,151,523	20,178,104
Other variable income securities	3,993,036	1,624,030
	6,172,579	**21,802,134**
Derivatives		
Derivative financial instruments with positive fair value	1,742,095	9,967,248
	7,914,674	**31,769,382**
Financial liabilities held for trading		
Short sales	2,981,649	1,522,800
Derivatives		
Derivative financial instruments with negative fair value	2,364,943	10,501,114
	5,346,592	**12,023,914**

In line with the accounting policy described in note 2.6. Securities held for trading are those acquired with the objective of being transacted in the short term, irrespective of their maturity.

On 31 December 2008 and 2007, the caption Financial assets held for trading - Securities was composed as follows with regard to listed and unlisted securities:

€

	2008			2007		
	Listed	**Unlisted**	**Total**	**Listed**	**Unlisted**	**Total**
Bonds and other fixed income securities						
Other issuers	28,020	-	28,020	-	-	-
Shares	2,151,523	-	2,151,523	20,178,104	-	20,178,104
Other variable income securities	3,993,036	-	3,993,036	1,624,030	-	1,624,030
	6,172,579	-	**6,172,579**	**21,802,134**	-	**21,802,134**

The Derivative Financial Instruments caption on 31 December 2007 and 2006 is analysed as follows:

€

	2008			2007		
	Notional	Value		Notional	Value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Contracts on exchange rates						
Currency Options	6,375,848	112,848	148,195	6,339,651	-	34,362
	6,375,848	**112,848**	**148,195**	**6,339,651**	**-**	**34,362**
Contracts on interest rates						
Interest Rate Swaps						
Purchases	5,000,000	36,786	-	94,200,000	3,972,631	1,524,315
Sales	5,000,000			94,200,000		
	10,000,000	**36,786**	**-**	**188,400,000**	**3,972,631**	**1,524,315**
Contracts on shares/indexes						
Equity / Index Swaps						
Purchases	67,568,010	1,192,159	386,136	155,203,054	1,246,224	6,796,166
Sales	67,568,010			155,203,054		
Equity / Index Options	45,879,897	400,302	1,830,612	127,377,452	4,748,393	2,146,271
	181,015,917	**1,592,461**	**2,216,748**	**437,783,559**	**5,994,617**	**8,942,437**
Total	**197,391,765**	**1,742,095**	**2,364,943**	**632,523,210**	**9,967,248**	**10,501,114**

On 31 December 2008 and 2007, securities held for trading by maturity are as follows:

€

	2008	2007
Securities		
From 1 to 5 years	28,020	-
Unspecified duration	6,144,559	21,802,134
	6,172,579	**21,802,134**

On 31 December 2008 and 2007, Financial Instruments derivatives by maturity are as follows:

€

	2008		2007	
	Notional	Fair Value	Notional	Fair Value
Derivative Financial Instruments				
3 months to one year	138,277,955	(959,071)	214,053,189	1,060,583
From one to five years	54,209,242	340,092	189,389,989	(1,531,295)
Over five years	-	-	143,680,032	(1,459,180)
Unspecified duration	4,904,568	(3,869)	85,400,000	1,396,026
	197,391,765	**(622,848)**	**632,523,210**	**(533,866)**

NOTE 19. FINANCIAL ASSETS AVAILABLE FOR SALE

On 31 December 2008 and 2007, this caption was composed as follows:

€

	Cost (1)	Fair Value Reserve		Impairment Losses	Balance Sheet Value
		Positive	Negative		
Bonds and other fixed income securities					
Public issuers	9,096,874	204,763	-	-	9,301,637
Other issuers	12,969,271	33,198	(4,884,862)	-	8,117,607
Shares	61,731,011	-	(10,866,960)	(1,065,735)	49,798,316
Balance on 31 December 2008	**83,797,156**	**237,961**	**(15,751,822)**	**(1,065,735)**	**67,217,560**
Bonds and other fixed income securities					
Public issuers	7,958,787	59,370	-	-	8,018,157
Other issuers	86,612,304	26,217	(2,026,831)	-	84,611,690
Shares	12,544,826	-	(739,526)	(170)	11,805,130
Other variable income securities	2,513,416	-	-	-	2,513,416
Balance on 31 December 2007	**109,629,333**	**85,587**	**(2,766,357)**	**(170)**	**106,948,393**

(1) amortised cost for debt securities and acquisition cost with regard to shares.

The average interest rate during the year ended 31 December 2008, was 4.05% (31 December 2007: 5.57%).

In accordance with the accounting policy described in note 2.6., the Group regularly assesses whether there is objective evidence of impairment in its portfolio of assets available for sale following the criteria of judgement described in note 3.1..
On 31 December 2008, the capital losses of the main exposures in financial assets
available for sale were stated in the fair value reserves, as they did not meet the criteria of judgement for the recognition of impairment, namely they had not devalued by more than 30% from their acquisition value, nor were their market values lower than their acquisition value for a period of more than twelve months.

The securities in the Group's portfolio which are given by it as a guarantee are analysed in note 34.

On 31 December 2008 and 2007, the caption "Financial assets available for sale" is made up as follows with regard to listed and unlisted securities:

€

	2008			2007		
	Listed	Unlisted	Total	Listed	Unlisted	Total
Bonds and other fixed income securities						
Public issuers	9,301,637	-	9,301,637	8,018,157	-	8,018,157
Other issuers	8,117,607	-	8,117,607	84,611,690	-	84,611,690
Shares	37,246,289	12,552,027	49,798,316	11,804,800	330	11,805,130
Other variable income securities	-	-	-	2,513,416	-	2,513,416
	54,665,533	12,552,027	**67,217,560**	**106,948,063**	330	**106,948,393**

During 2008 the Bank signed a contract with the TAP group, through which it was to acquire a 19.9% stake in SPdH – Serviços Portugueses de Handling, SA for the value of 12 551 697 Euros. In this same contract, the TAP Group undertook to acquire this holding, with an immediate pre-payment to the Bank of the full acquisition price of the shareholding. These securities are stated in the caption Shares.

On 31 December 2008 and 2007, financial assets available for sale set out by maturity is as follows:

		€
	2008	**2007**
Up to 3 months	-	5,292,258
3 months to 1 year	722,601	8,707,853
1 to 5 years	16,696,643	67,247,929
Over 5 years	-	13,895,223
Unspecified duration	49,798,316	11,805,130
	67,217,560	**106,948,393**

The movements in impairment losses in financial assets available for sale are presented as follows:

		€
	2008	**2007**
Opening balance	170	170
Additions	1,065,565	-
Closing balance	**1,065,735**	**170**

NOTE 20. APPLICATIONS IN BANKS

On 31 December 2008 and 2007, this caption was composed as follows:

		€
	2008	**2007**
Applications in banks in Portugal		
Deposits	141,201,238	45,131,111
Loans	19,582	-
Interbank money market	-	50,141,459
Operations with resale agreement	-	2,146,764
	141,220,820	**97,419,334**
Applications in banks abroad		
Deposits	15,458,821	56,347,483
Operations with resale agreement	5,820,220	14,265,335
Loans	-	20,802,787
	21,279,041	**91,415,605**
	162,499,861	**188,834,939**

The average interest rate during the year ended 31 December 2008, was 4.73% (31 December 2007: 5%).

The residual periods of applications in banks was structured as follows:

		€
	2008	**2007**
Up to 3 months	132,009,990	164,635,177
3 months to 1 year	30,470,289	18,697,419
1 to 5 years	19,582	5,502,343
	162,499,861	**188,834,939**

NOTE 21. LOANS TO CLIENTS

On 31 December 2008 and 2007, this caption was composed as follows:

		€
	2008	**2007**
Domestic loans		
To companies		
Loans	7,469,371	6,405,483
Loans at sight	2,959,499	13,196,134
Leasing	704,389	516,315
Overdrafts	535,625	424,624
Other specialized loans	19,515	29,392
To private individuals		
Loans at sight	10,081,358	45,441,314
Mortgages	4,348,023	2,737,820
Leasing	1,266,183	998,151
Overdrafts	327,691	1,118,928
Loans	55,131	634,801
Other specialized loans	1,433,600	1,209,895
	29,200,385	72,712,857
International loans		
To companies		
Overdrafts	502	318,065
Loans at sight	500	45,000
To private individuals		
Loans at sight	97,244	128,318
Overdrafts	2,099	2,619
	100,345	494,002
Past due loans and interest		
Over 90 days	113,761	112,882
	113,761	112,882
	29,414,491	**73,319,741**
Provisions for loan impairment	(181,683)	(170,374)
	29,232,808	**73,149,367**

The average interest rate during the year ended 31 December 2008, was 6.9% (31 December 2007: 6.24%).

On 31 December 2008 and 2007 the Loans At Sight caption reflects loans granted under the margin account, which are collateralised with deposits or securities held in the Group.

On 31 December 2008, the credit portfolio of the Group included loans granted to a member of the Board of Directors for 983 318 Euros arising from the staff policy, pursuant to no. 4 of art. 85 of the General Regime of Credit Institutions and Financial Companies (31 December 2007: 134 373 Euros).

The residual periods of the loans to clients, including past due loans and interest, was structured as follows:

		€
	2008	**2007**
Up to 3 months	20,774,230	61,715,768
3 months to 1 year	46,723	4,328
1 to 5 years	3,351,208	7,618,413
Over 5 years	5,128,569	3,868,350
Unspecified duration	113,761	112,882
	29,414,491	**73,319,741**

The movements in the provisions for loan impairment are as follow:

	2008	2007
		€
Opening balance	**170,374**	**117,775**
Additions	30,199	52,599
Reversals	(18,890)	-
Closing balance	**181,683**	**170,374**

The movements in the provisions for loan impairment are as follow:

	2008	2007
		€
Variable rate	28,338,346	73,218,185
Fixed rate	1,076,175	101,556
	29,414,491	**73,319,741**

The reconciliation of leased capital may be presented as follow:

	2008	2007
		€
Instalments and residual values due	2,226,909	1,751,227
Interest due	256,337	236,761
Capital due	**1,970,572**	**1,514,466**

The residual periods of leased capital were structured as follow:

	2008	2007
		€
Instalments and residual values due		
Up to 3 months	1,035	-
3 months to 1 year	11,572	-
1 to 5 years	1,805,458	1,147,102
Over 5 years	408,844	604,125
	2,226,909	**1,751,227**
Interest due		
Up to 3 months	6	-
3 months to 1 year	201	-
1 to 5 years	188,795	132,735
Over 5 years	67,335	104,026
	256,337	**236,761**
Capital due		
Up to 3 months	1,029	-
3 months to 1 year	11,371	-
1 to 5 years	1,616,663	1,014,367
Over 5 years	341,509	500,099
	1,970,572	**1,514,466**

NOTE 22. INVESTMENTS HELD TO MATURITY

On 31 December 2008, this caption is fully made up from Bonds and other fixed income securities – of other listed issuers.

The periods in which the Investments held to maturity fall due are presented as follow:

€

	2008
3 months to 1 year	5,789,405
1 to 5 years	111,862,493
Over 5 years	16,886,543
	134,538,441

The fair value of the portfolio of Investments held to maturity is presented in note 35.
During 2008 the Bank transferred securities from the portfolio of Financial assets available for sale to Investments held to maturity, as shown in the following table:

€

	On the transfer date of 1 July 2008						Market value Dec 08	Fair Value Reserve for depreciation Dec 08	Impact on results
	Aquisition value	Balance Sheet value	Fair Value Reserve		Future cash flows	Effective rate			
			Positive	Negative					
Bonds and other fixed income securities									
Other issuers	119,020,655	114,592,641	22,622	5,496,581	129,914,003	7%	108,165,482	5,337,168	(136,791)
	119,020,655	**114,592,641**	**22,622**	**5,496,581**	**129,914,003**		**108,165,482**	**5,337,168**	**(136,791)**

On 31 December 2008, the Bank assesses if there is objective evidence of impairment in its portfolio of investments held to maturity, considering that there are no events which will affect the foreseeable amount of future cash flow.

The securities in the Group's portfolio which are given by it as a guarantee are analysed in note 34.

NOTE 23. TANGIBLE ASSETS

On 31 December 2008 and 2007, this caption was composed as follows:

€

	2008	2007
Buildings		
Improvements to buildings	2,219,741	1,317,102
For own use	1,148,353	958,783
	3,368,094	**2,275,885**
Equipment		
Computer equipment	3,954,593	3,557,958
Furniture and material	529,988	497,328
Installations and interiors	308,497	306,513
Security equipment	103,402	66,249
Machines and tools	91,836	82,995
Computer equipment in financial leasing	-	153,781
	4,988,316	**4,664,824**
Fixed assets in progress		
Buildings for own use	8,520,414	5,470,185
	8,520,414	**5,470,185**
	16,876,824	**12,410,894**
Accumulated depreciation	(5,129,497)	(4,470,185)
	11,747,327	**7,940,709**

The caption Fixed assets in progress relates essentially to the new head office building, which is still under construction.

The movement in this item was the following:

€

	Buildings	Equipment	Fixed asstes in progress	Total
Acquisition cost				
Balance on 1 January 2007	**2,201,430**	**3,859,448**	**4,527,366**	**10,588,244**
Additions	74,455	805,376	942,819	1,822,650
Balance on 31 December 2007	**2,275,885**	**4,664,824**	**5,470,185**	**12,410,894**
Additions	110,907	323,492	4,031,531	4,465,930
Transfers	981,302	-	(981,302)	-
Balance on 31 December 2008	**3,368,094**	**4,988,316**	**8,520,414**	**16,876,824**
Depreciation				
Balance on 1 January 2007	**657,934**	**3,235,624**	**-**	**3,893,558**
Amortization of the year	168,919	407,708	-	576,627
Balance on 31 December 2007	**826,853**	**3,643,332**	**-**	**4,470,185**
Amortization of the year	259,011	400,301	-	659,312
Balance on 31 December 2008	**1,085,864**	**4,043,633**	**-**	**5,129,497**
Net balance on 31 December 2008	**2,282,230**	**944,863**	**8,520,414**	**11,747,327**
Net balance on 31 December 2007	**1,449,032**	**1,021,492**	**5,470,185**	**7,940,709**

NOTE 24. INTANGIBLE ASSETS

On 31 December 2008 and 2007, this caption was composed as follows:

		€
	2008	**2007**
Acquired from third parties		
Automatic data processing system	5,618,419	5,501,859
Other	586,747	586,747
	6,205,166	**6,088,606**
Fixed assets in progress	27,560	27,560
	6,232,726	**6,116,166**
Accumulated depreciation	(5,760,484)	(5,277,889)
	472,242	**838,277**

The movement in this caption was the following:

			€
	Automatic data processing system	**Other intangible assets**	**Total**
Acquisition cost			
Balance on 1 January 2007	**5,177,185**	**643,415**	**5,820,600**
Additions:			
Acquired from third parties	272,616	22,950	295,566
Transfers	52,058	(52,058)	-
Balance on 31 December 2007	**5,501,859**	**614,307**	**6,116,166**
Additions:			
Acquired from third parties	116,560	-	116,560
Balance on 31 December 2008	**5,618,419**	**614,307**	**6,232,726**
Depreciation			
Balance on 1 January 2007	**4,103,741**	**587,492**	**4,691,233**
Depreciation in the year	586,656	-	586,656
Balance on 31 December 2007	**4,690,397**	**587,492**	**5,277,889**
Depreciation in the year	482,595	-	482,595
Balance on 31 December 2008	**5,172,992**	**587,492**	**5,760,484**
Net balance on 31 December 2008	**445,427**	**26,815**	**472,242**
Net balance on 31 December 2007	**811,462**	**26,815**	**838,277**

NOTE 25. INVESTMENTS IN ASSOCIATED COMPANIES

On 31 December 2008 and 2007, this caption was composed as follows:

€

	2008				
	N.º of shares	Direct Shareholding in the capital	Nominal value (euros)	Cost of participation	Balance Sheet value
BiG Capital - SGPS, SA	6,562,138	41.01%	6,562,138	6,562,138	5,614,917
					5,614,917

€

	2007				
	N.º of shares	Direct Shareholding in the capital	Nominal value (euros)	Cost of participation	Balance Sheet value
BiG Capital - SGPS, SA	6,562,138	41.01%	6,562,138	6,562,138	6,603,020
					6,603,020

On 31 July 2007 the following was decided in a General Meeting of shareholders of BiG Capital
(i) the restitution of supplementary capital contributions to the Bank amounting to 2 000 000 Euros, (ii) the conversion of 2 000 000 ordinary shares into non-voting preference shares and (iii) a capital increase of BiG Capital from 4 000 000 Euros to 16 000 000 Euros. Under this capital increase the Bank subscribed 1 281 069 new ordinary shares for their nominal value (1 euro per share) and 1 281 069 new non-voting preference shares for their nominal value of (1 euro per share). After these operations the investment of the Bank in BiG Capital amounted to 6 562 138 Euros, corresponding to 3 281 069 ordinary shares and 3 281 069 non-voting preference shares, representing 41.01% of the o share capital of BiG Capital. With the dilution of the shareholding after these operations BiG recognised a dilution loss amounting to 381 866 Euros.
On 31 December 2008 and 2007, the details of BiG Capital are presented as follows:

€

	2008			2007		
	Total assets	Total Equity	Net result for the year	Total assets	Total Equity	Net result for the year
BiG Capital - SGPS, SA	15,977,020	13,660,663	(795,809)	16,572,065	16,099,679	222,249

The net consolidated result of BiG Capital up to 31 July 2007 was consolidated line by line in the consolidated financial statements of BiG prepared with reference to 31 December 2007.

NOTE 26. OTHER ASSETS

On 31 December 2008 and 2007, this caption was composed as follows:

		€
	2008	**2007**
Margin applications	1,955,967	6,028,126
Debtors on futures trading	1,078,501	2,468,768
Debtors and other applications	425,491	199,821
Public sector	120,589	126,864
Other debtors	409,582	433,355
	3,990,130	**9,256,934**
Provision for impairment losses on other assets	(265,739)	(126,766)
	3,724,391	**9,130,168**
		-
Income receivable	769,205	631,918
Expenses with deferred costs	771,409	445,919
Other accruals and deferrals		
Pending Stock Market transactions	34,847,598	34,231,553
Net assets relating to retirement pensions (Note 13)	562,806	735,517
Other operations pending	288,792	658,241
	35,699,196	**35,625,311**
Retirement pensions - costs with past services deferred (Note 13)	2,983,008	3,334,364
	43,947,209	**49,167,680**

Where securities sale and purchase operations were settled after the date of the Balance Sheet, these are recorded in the item Pending Stock Market transaction.

The movements in Provisions for impairment losses for other assets are presented as follows:

		€
	2008	**2007**
Opening balance	126,766	35,386
Additions	746,791	-
Usage	(7,818)	(469)
Transfers	-	97,944
Reversals	-	(6,095)
Closing balance	**265,739**	**126,766**

NOTE 27. FINANCING FROM CENTRAL BANKS

On 31 December 2008, this caption, stated at 84 011 667 Euros, relates to funding from the European System of Central Banks, fully collateralised by securities in the portfolios of Financial assets available for sale and Investments held to maturity, with maturity dates of up to one week. The value of the securities provided as guarantee amounts to 87 336 914 Euros (note 34).

NOTE 28. DEPOSITS FROM OTHER BANKS

On 31 December 2008 and 2007, this caption was composed as follows:

		€
	2008	**2007**
Domestic		
Deposits	224,985	176,669
	224,985	**176,669**
Abroad		
Deposits	2,185,399	251,300
Resources at very short term	195,000	2,512,520
Other resources	7,183,160	40,084,054
	9,563,559	**42,847,874**
	9,788,544	**43,024,543**

The average interest rate during the year ended 31 December 2008, was 4.25% (31 December 2007: 1.26%).

The residual periods of financing from other banks, were structured as follows:

		€
	2008	**2007**
Up to 3 months	8,426,138	20,967,989
3 months to 1 year	-	16,554,211
1 to 5 years	1,362,406	5,502,343
	9,788,544	**43,024,543**

NOTE 29. DEPOSITS FROM CLIENTS

On 31 December 2008 and 2007, this caption was composed as follows:

		€
	2008	**2007**
Demand deposits	127,782,004	125,627,345
Term deposits	135,769,083	113,936,762
Other	32,938,977	42,673,777
	296,489,764	**282,237,884**

The residual periods of funding from clients, was structured as follows:

		€
	2008	**2007**
Up to 3 months	254,568,459	223,900,969
3 months to 1 year	39,279,197	48,084,679
1 to 5 years	2,642,108	10,252,236
	296,489,764	**282,237,884**

NOTE 30. PROVISIONS

On 31 December 2008 and 2007, this caption was composed as follows:

	€
	Other provisions
Balance on 31 December 2006	**75,945**
Additions	184,021
Transfers	(97,945)
Balance on 31 December 2007	**162,021**
Reintegration	(1,795)
Usage	(10,226)
Balance on 31 December 2008	**150,000**

NOTE 31. TAXATION

The Bank and its subsidiary companies are subject to taxation pursuant to the regime of Corporation Tax (IRC) and corresponding local taxes. The calculation of the current tax of the years 2008 and 2007 was made by the Bank and its subsidiary companies based on a nominal tax and municipal surtax rate of 26.5%, in accordance with Law no. 2/2007, of 15 January. The calculation of the deferred tax for 2008 and 2007 was based on a rate of 26.5%, which was substantially approved on the date of the balance sheet after approval of the local finance law which changed the form of the calculation of the municipal surtax on corporate income tax as well as the respective rate to be applied.

The self-assessment declarations of the Bank and its subsidiary companies are subject to inspection and possible adjustment by the Tax Authorities for a period of four years. Thus, there is a possibility of there being additional tax payments due essentially to different interpretations of tax legislation. However, the Board of Directors of the Group is confident that there will be no material additional tax payments to be recorded in the financial statements.

The assets and deferred tax liabilities recognised in the Balance Sheet in 2008 and 2007 can be analysed as follows:

		€
	2008	**2007**
Reportable tax losses	827,911	-
Provisions	345,539	254,577
Financial assets held for trading	(34,567)	(51,851)
Financial assets available for sale	(1,369,377)	56,749
Other	71,898	152,450
Net deferred tax assets / (liabilities)	**(158,596)**	**411,925**
Tax movement in the year	**(570,521)**	**841,795**

The movement of deferred tax in 2008 and 2007 is explained as follows :

						€
		2008			**2007**	
	Recognised in results	**Recognised in reserves**	**Total**	**Recognised in results**	**Recognised in reserves**	**Total**
Reportable tax losses	-	827,911	827,911	-	-	-
Provisions	90,962	-	90,962	(68,687)	-	(68,687)
Derivative financial instruments	-	-	-	672,263	-	672,263
Financial assets available for sale	9,569	(1,435,695)	(1,426,126)	9,568	90,341	99,909
Financial assets held for trading	17,284	-	17,284	17,284	-	17,284
Other	(80,552)	-	(80,552)	121,026	-	121,026
	37,263	**(607,784)**	**(570,521)**	**751,454**	**90,341**	**841,795**

The tax on income reported in profit and loss and reserves is explained as follows:

€

	2008	2007
Recognised in reserves		
Current tax	2,429,650	467,542
Deferred tax	(607,784)	90,341
	1,821,866	**557,883**
Recognised in results		
Current tax		
Of the year	(2,507,846)	(3,526,020)
From previous years	54,674	17,719
	(2,453,172)	**(3,508,301)**
Deferred tax	37,263	751,454
	(2,415,909)	**(2,756,847)**
	(594,043)	**(2,198,964)**

The reconciliation of the tax rate for the years 2008 and 2007 can be analysed as follows:

€

	2008		2007	
	Tax rate	**Value**	**Tax rate**	**Value**
Pre-tax profit		8,841,839		14,025,112
Estimated tax charge	26.50%	2,343,087	26.50%	3,716,655
Pension fund non-deductible	3.15%	278,638	-1.49%	(209,208)
Tax exempt dividends	-1.35%	(119,090)	-7.46%	(1,046,226)
Corrections due to tax credits	0.00%	-	0.21%	28,904
Non-deductible costs for tax purposes	0.64%	56,186	1.95%	273,817
Tax benefits	-0.49%	(43,706)	-0.17%	(24,352)
Other	-0.27%	(23,856)	0.58%	80,948
Autonomous taxation and double taxation	-0.86%	(75,350)	-0.46%	(63,691)
	27.32%	**2,415,909**	**19.66%**	**2,756,847**

NOTE 32. OTHER LIABILITIES

On 31 December 2008 and 2007, this caption was composed as follows:

		€
	2008	**2007**
Creditors and other dues		
On futures and options transactions	2,224,816	1,725,860
Other dues	835,000	2,320,000
Public sector	731,337	697,591
Securities transactions	3,839	6,131
Suppliers of goods	119	-
Other creditors	50	4,545
	3,795,161	**4,754,127**
Costs payable		
Staff charges	3,345,100	6,056,892
Other charges payable	929,803	1,455,490
	4,274,903	**7,512,382**
Revenue from deferred income	742,339	980,848
Accurals and deferrals		
Pending securities transactions	37,070,298	35,670,083
Other pending transactions	13,871,136	36,226,855
	50,941,434	**71,896,938**
	59,753,837	**85,144,295**

The sale and purchase of securities transactions, which were settled after the date of the balance sheet, are recorded in the Pending Securities Transactions item.

The caption Other pending transactions includes, on 31 December 2008, the amount of 12 551 697 Euros referring to a contract signed with the TAP Group, as referred to in note 19. On 31 December 2007 this caption includes the amount of 33 971 825 Euros, referring to amounts pending settlement with clients, where payment occurred in the first days of January 2008.

NOTE 33. CAPITAL, ISSUE PREMIUMS, TREASURY STOCK AND RESERVES

The movement of the net situation is detailed as follows:

€

	Capital	Issue Premiums	Treasury Stock	Fair Value Reserves	Legal Reserves	Other Reserves	Net Result of the year	Total Equity
Balances on 31 December 2006	**75,082,920**	**5,756,889**	**(1,787,013)**	**(114,743)**	**1,368,811**	**7,761,366**	**7,281,336**	**95,349,566**
Distribution of profits of the year 2006								
Transfer to reserves	-	-	-	-	703,619	3,593,430	(4,297,049)	-
Distribution of dividends	-	-	-	-	-	-	(2,984,287)	(2,984,287)
Change in treasury stock	-	-	165,216	-	-	(53,338)	-	111,878
Change in loans to employees for the acquisition of treasury stock	-	-	1,032,769	-	-	-	-	1,032,769
Recognised gains and losses	-	-	-	(2,232,372)	-	-	-	(2,232,372)
Change in fair value net of tax	-	-	-	-	-	227,622	-	227,622
Actuarial difference in pension fund	-	-	-	-	-	15,410	-	15,410
Stock option program for employees	-	-	-	-	-	(381,866)	-	(381,866)
Net profit of the year	-	-	-	-	-	-	11,268,265	11,268,265
Balances on 31 December 2007	**75,082,920**	**5,756,889**	**(589,028)**	**(2,232,372)**	**2,072,430**	**11,132,624**	**11,268,265**	**102,406,985**
Distribution of profits of the year 2007								
Transfer to reserves	-	-	-	-	1,102,668	6,429,646	(7,532,314)	-
Distribution of dividends	-	-	-	-	-	-	(3,735,951)	(3,735,951)
Change in treasury stock	-	-	535,068	-	-	(49,104)	-	485,964
Change in loans to employees for the acquisition of treasury stock	-	-	(2,062,314)	-	-	-	-	(2,062,314)
Recognised gains and losse						-		
Change in fair value net of tax	-	-	-	(11,595,217)	-	-	-	(11,595,217)
Actuarial difference in pension fund	-	-	-	-	-	(192,851)	-	(192,581)
Stock option program for employees	-	-	-	-	-	20,250	-	20,250
Increase in capital	12,487,080	3,129,504	-	-	-	-	-	15,616,584
Net profit of the year	-	-	-	-	-		6,425,930	6,425,930
Balances on 31 December 2008	**87,570,000**	**8,886,393**	**(2,116,274)**	**(13,942,332)**	**3,175,098**	**17,370,565**	**6,425,930**	**107,369,380**

Capital

On 31 December 2008 the capital of the Group was represented by 87 570 000 shares (31 December 2007: 75 082 920), with the nominal value of 1 Euro each, fully subscribed and paid up.

On 31 December 2008 and 2007, the shareholder structure of the Group was the following:

	2008	2007
António da Silva Rodrigues	12.34%	14.40%
Adger – SGPS, S.A.	10.98%	12.80%
Carlos Adolfo Coelho Figueiredo Rodrigues	8.44%	7.89%
JRI – SGPS, S.A.	5.17%	6.04%
MSF – SGPS, S.A.	5.00%	5.70%
WWC World Wide Capital - SGPS, S. A.	4.99%	4.40%
Manuel Domingos Vicente	4.99%	-
Carlos Pompeu Ramalhão Fortunato	4.69%	5.47%
Nicholas Leo Racich	4.54%	4.04%
José António de Melo Pinto Ribeiro	3.32%	3.11%
Alfredo Milne e Carmo	2.11%	2.46%
Endutex – SGPS, S.A.	1.71%	2.00%
Other	31.72%	31.69%
	100.00%	**100.00%**

During 2008 the Bank increased its capital from 75 082 920 Euros to 87 570 000 Euros through the issue of 12 487 080 ordinary registered shares with a nominal value of 1 Euro each, to take account of the exercise of options on share subscriptions.

Issue premiums

On 31 December 2008, issue premiums for the amount of 8 886 393 Euros (31December 2007: 5 756 889) refer to the premiums paid by the shareholders in the capital increases made.

Treasury stock

The movement in Treasury Stock is as follows:

€

	2008		2007	
	Nº of shares	**Value**	**Nº of shares**	**Value**
Treasury stock				
Balance at start of year	363,893	537,394	475,768	702,610
Disposals	(362,318)	(535,368)	(111,875)	(165,216)
Balance at the year end	**1,575**	**2,326**	**363,893**	**537,394**
Loans for acquisition of treasury stock				
Balance at start of year	39,718	51,634	834,156	1,084,403
Movement	1,779,090	2,062,314	(794,438)	(1,032,769)
Balance at year end	**1,818,808**	**2,113,948**	**39,718**	**718,634**
Closing balance	**1,820,383**	**2,116,276**	**430,411**	**589,028**

Legal reserve

Pursuant to article 97 of the General Regime of Credit Institutions and Financial Companies approved by Law no. 298/91, of 31 December and altered by Law no. 201/2002, of 25 September, the Group should set aside a portion of net profits of not less than 10% for the creation of a legal reserve, up to a limit equal to the value of the share capital.

Fair Value Reserve

The fair value reserves represent potential capital gains and losses relating to the portfolio of financial assets available for sale less impairment recognised in profit and loss. The value of this item is presented net of deferred taxation and current taxation.

The Fair Value Reserve for the years ended 31 December 2008 and 2007, is analysed as follows:

€

	2008	**2007**
Cost of the financial assets available for sale (1)	83,797,156	109,629,333
Impairment losses	(1,065,735)	(170)
Market value of financial assets available for sale	67,217,560	106,948,393
Potential losses recognised in Fair Value Reserve	**(15,513,861)**	**(2,680,770)**
Fair Value Reserve of associated companies	(853,746)	(269,754)
Deferred tax	(522,330)	85,454
Current tax	2,947,605	517,955
	(13,942,332)	**(2,347,115)**

(1) amortised cost for debt securities and acquisition cost with regard to shares

The movement in the Fair Value Reserve, net of taxation, for the years 2008 and 2007 is analysed as follows:

€

	2008	2007
Balance on 1 January	**(2,347,115)**	**(114,743)**
Change in fair value	(12,833,091)	(2,790,255)
Fair Value Reserve of associated companies excluded from consolidation	(583,992)	-
Current tax recognised in the year in reserves	2,429,650	467,542
Deferred tax recognised in the year in reserve	(607,784)	90,341
	(11,595,217)	**(2,232,372)**
Balance on 31 December	**(13,942,332)**	**(2,347,115)**

NOTE 34. OFF-BALANCE SHEET ACCOUNTS

On 31 December 2008 and 2007, this caption was composed as follows:

€

	2008	2007
Guarantees provided and other liabilities		
Assets given as guarantee	100,862,104	7,500,000
Guarantees and sureties	1,504,541	29,433,406
	102,366,645	**36,933,406**
Guarantees received		
Personal guarantees		
Guarantees and securities	258,455	-
Other	995,130	655,795
Real guarantees		
Securities	19,255,887	102,649,966
Loans	18,576,323	81,239,772
Marketable securities	11,829,843	8,884,251
	50,915,638	**193,429,784**
Commitments before third parties		
Irrevocable commitments		
Term transactions	78,895	-
Potential liability to the Investor Compensation System	1,111,294	775,893
Revocable commitments		
Bank overdraft facilities	82,165,386	120,727,654
	83,355,575	**121,503,547**
Liabilities for services provided		
Asset custody and deposit	664,700,434	981,284,426
For asset administration	33,754,744	47,025,243
For collection of amounts	10,145	1,007,447
	698,465,323	**1,029,317,116**

On 31 December 2008 and 2007, the balance of the caption Assets Given as Guarantee includes:

- securities provided as a guarantee to the Bank of Portugal under the Large Transactions Payment System amounting to 7 000 000 Euros (31 December 2007: 7 000 000 Euros); these securities are classified in the balance sheet in the portfolio of Financial assets available for sale;
- securities provided as a guarantee to the Investor Compensation System for the amount of 700 000 Euros (31 December 2007: 500 000 Euros); these securities are classified in the balance sheet in the portfolio of Financial assets available for sale;
- securities provided as a guarantee to the European System of Central Banks for the amount of 87 336 914 Euros; these securities are classified in the Balance Sheet in the portfolio of Financial assets available for sale and Investments held to maturity;
- securities provided as a guarantee to the LCH.Clearnet for the amount of 5 825 190 Euros; these securities are classified in the Balance Sheet in the portfolio of Financial assets available for sale.

On 31 December 2008 and 2007, the balance of the caption Potential liability to the Investor Compensation System corresponds to the irrevocable obligation which the Group assumed, pursuant to the applicable law, to pay into that System, in the event of it being actioned, the amounts necessary for the payment of its share of any indemnities which may be due to the investors.

NOTE 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the assets and financial liabilities on 31 December 2008 and 2007 is presented as follows:

€

	Fair Value		Others at amortised cost	Total Balance Sheet value	Fair Value
	Listed	Valuation models			
31 December 2008					
Cash and deposits in central banks	-	-	2,633,391	2,633,391	2,633,391
Deposits in other banks	-	-	96,520,228	96,520,228	96,520,228
Financial assets held for trading	6,172,579	1,742,095	-	7,914,674	7,914,674
Financial assets available for sale	54,665,533	-	12,552,027	67,217,560	67,217,560
Applications in banks	-	-	162,499,861	162,499,861	162,499,861
Loans to clients	-	-	29,232,808	29,232,808	29,232,808
Investments held to maturity	-	-	134,538,441	134,538,441	126,732,530
Financial assets	**60,838,112**	**1,742,095**	**437,976,756**	**500,556,963**	**492,751,052**
Financing from central banks	-	-	84,011,667	84,011,667	84,011,667
Financial liabilities held for trading	2,981,649	2,364,943	-	5,346,592	5,346,592
Financing from other banks	-	-	9,788,544	9,788,544	9,788,544
Financing from clients	-	-	296,489,764	296,489,764	296,489,764
	2,981,649	**2,364,943**	**390,289,975**	**395,636,567**	**395,636,567**
31 December 2007					
Cash and deposits in central banks	-	-	1,749,589	1,749,589	1,749,589
Deposits in other banks	-	-	56,338,009	56,338,009	56,338,009
Financial assets held for trading	21,802,134	9,967,248	-	31,769,382	31,769,382
Financial assets available for sale	106,948,063	-	330	106,948,393	106,948,393
Applications in banks	-	-	188,834,939	188,834,939	188,834,939
Loans to clients	-	-	73,149,367	73,149,367	73,149,367
Financial assets	**128,750,197**	**9,967,248**	**320,072,234**	**458,789,679**	**458,789,679**
Financial liabilities held for trading	1,522,800	10,501,114	-	12,023,914	12,023,914
Financing from other banks	-	-	43,024,543	43,024,543	43,024,543
Financing from clients	-	-	282,237,884	282,237,884	282,237,884
	1,522,800	**10,501,114**	**325,262,427**	**337,286,341**	**337,286,341**

The main methodologies and assumptions used in the estimate of the fair value of the assets and financial liabilities recorded in the balance sheet at amortised cost are analysed as follows:

Cash and deposits in central banks, Deposits in other banks and Applications in banks

Considering the short terms associated to these financial instruments, the Balance Sheet value is a reasonable estimate of the respective fair value.

Assets and financial liabilities held for trading and Financial assets available for Sale

These financial instruments are stated at fair value. Fair value is based on the quotations available on official markets disclosed by the main financial operators.

Hedging and trading derivatives

In the case of those which are listed on organised markets the respective market price is used. With regard to over the counter derivatives, evaluation models of options are applied considering market variables, namely the interest rates applicable to the instruments in question, as well as the respective volatilities.

Market interest rates are based on information provided by Bloomberg, namely resulting from the quotations of interest rate swaps. The values for short term interest rates are obtained in the Euro Money Market.

The main parameters used in the valuation models were the following:

The interest rate curves of the main currencies for the years 2008 and 2007, may be analysed as follows:

	2008		2007	
	EUR	USD	EUR	USD
Overnight	2,050	0,000	4,250	1,900
1 month	2,603	0,436	4,288	4,600
3 months	2,892	1,425	4,684	4,702
6 months	2,971	1,750	4,707	4,596
9 months	3,018	1,898	4,725	4,378
1 year	3,049	2,004	4,745	4,224
3 years	2,955	1,749	4,502	3,905
5 years	3,250	2,133	4,555	4,178
7 years	3,479	2,310	4,611	4,416
10 years	3,470	2,563	4,721	4,670
15 years	3,923	2,733	4,859	4,888
20 years	3,883	2,743	4,908	4,980
25 years	3,698	2,706	4,910	5,017
30 years	3,568	2,707	4,888	5,028

The 90 day volatility of interest rate instruments, calculated on the price of public debt instruments for the most liquid terms (bond futures), in the years 2008 and 2007, may be analysed as follows:

	2008		2007	
	EUR	USD	EUR	USD
3 years	54,21	129,93	16,35	23,93
5 years	2,90	3,69	1,59	2,27
7 years	6,10	8,18	3,16	4,98
10 years	8,52	13,24	4,65	6,73

The evolution of the exchange rates of the main currencies for the years 2008 and 2007, and respective historic volatilities used in the evaluation of exchange derivatives may be analysed as follows:

	2008	2007	Volatilities		
			3 months	6 months	1 year
EUR/USD	1,3971	1,4589	19,99	15,55	12,57
EUR/GBP	0,9548	0,7350	15,71	12,33	10,35
EUR/JPY	126,70	163,04	32,46	23,75	19,07
EUR/CHF	1,4930	1,6538	12,99	9,85	8,16

The evolution of the main share indices for the years 2008 and 2007 and the respective volatilities used in the evaluation of derivatives on shares and share indices may be analysed as follows:

	2008	2007	Variation	1 month	3 months	Call	Put
PSI20	6,341,34	13,019,36	(51,29)	29,16	46,80	36,14	39,34
Eurostoxx	2,447,62	4,399,72	(44,37)	52,31	58,02	38,60	38,91
DAX	4,810,2	8,067,32	(40,37)	52,35	56,00	37,52	37,76
S&P	903,25	1,468,36	(38,49)	59,92	64,12	35,56	36,95
Nasdaq	1,211,65	2,084,93	(41,89)	56,70	63,15	36,22	37,52
Dow Jones Ind.	8,776,39	13,264,82	(33,84)	51,79	58,50	35,58	38,32

Loans to clients

The fair value of loans to clients is an estimate based on the updated cash flow expected from capital and interest, considering that the provisions are paid on the contractually defined dates, The discount rates used are the current rates practised for loans with similar characteristics, Considering that the Group's credit portfolio is made up essentially of short term loans and loans originated recently, the balance sheet value is considered a reasonable estimate of the fair value of loans to clients.

Financing from other banks

Considering the short periods associated to these financial instruments, the balance sheet value is a reasonable estimate of the respective fair value.

Financing from clients

The fair value of these financial instruments is estimated based on the updated cash flow expected from capital and interest, considering that the provisions occur on contractually defined dates. The discount rate used is that which reflects the current rates practised for instruments with similar characteristics. Considering that the interest rates applicable are variable in nature and the period of maturity of the deposits is substantially less than one year, there are no materially relevant differences in fair value.

NOTE 36. RISK MANAGEMENT

Risk Management – General

In the Risk Management processes implemented by the Group, we focus on the management of (i) market risks, (ii) credit risks and (iii) operational risks, including technological risks and the processing of transactions.

The formal responsibilities of risk control in the Group begin with the Board of Directors, the members of which manage by delegation: the Market Risk Committee, the Credit Risk Committee, the Investment Committee and other groups responsible for areas such as Audit and Control, Compliance, Operational Risks and Technological Risks. Within the limits established by the Board of Directors, these committees have authority to take decisions in their respective areas. Large exposures or significant decisions which exceed the scope of these limits require analysis and approval from the Board of Directors.

In the management of its exposure to risk, the Group is guided by the following basic principles:

- Regular review of policies and procedures by the Administration
- Formal establishment of responsibilities for Risk Management in the Group
- Independent process of surveillance of business units
- Policies and procedures intended to ensure an appropriate diversification of risk categories
- Maintenance of an appropriate system of internal reporting
- Evaluation and disciplined measurement of risks, including statistical and qualitative measures
- Training in the identification of risks in the diverse business units

Market Risk

Market Risk represents the possible loss in value of Financial Instruments as a result of changes in market conditions.

The main risks are:

Interest Rate Risk: resulting from exposure to changes, oscillations and trends in yield curves, interest rate volatility, credit duration and spreads.

Share and Commodity Price Risk: resulting from exposure to variation in the price of underlying assets and volatility.

Exchange Risk: resulting from exposure to variations in spot and forward exchanges and inherent volatility.

Liquidity Risk: resulting from the general need for funding and asset management and the liabilities of the Group.

Risk measurement

The Group uses a number of different methodologies to measure and control its exposure to risk, which are analysed together with information on the specific counterparty or country risk, amongst which are:

Statistical indicators:
Value at Risk (VaR)

Non- statistical indicators:
Stress tests of Economic Value
Stress tests of Earnings at Risk
Basis Point Values

In terms of the product lines and portfolios of private clients, the statistical measures, such as VaR, are combined with non-statistical measures, including stress tests, back testing and measures of earnings-at-risk advisories, to ensure that there are adequate controls over the expected results by risk type in any market conditions.

The Group calculates VaR using a time horizon of one month (22 working days) and a confidence interval of 99%. This means that the Group can expect to incur losses greater than the estimated VaR only once every 100 working days, or approximately 2.5 times per year.

The VaR for the years ended 31 December 2008 and 2007, is presented as follows:

€

	2008				2007			
	December	**Annual Average**	**Maximum**	**Minimum**	**December**	**Annual Average**	**Maximum**	**Minimum**
Exchange risk	3,026	30,817	101,357	1,311	54,668	50,732	89,514	14,323
Interest rate risk	72,691	230,074	701,930	4,299	308,512	311,300	871,946	97,331
Shares	99,859	220,311	617,467	29,332	319,815	475,755	1,462,964	115,526
Goods	-	-	-	-	-	37,036	122,408	3,254
Options	77,026	286,448	2,080,265	20,420	117,846	128,512	495,512	12,662
Effect of diversification	41%	39%			62%	49%		
	148,067	**468,411**	**2,702,945**	**18,271**	**306,949**	**512,690**	**1,462,349**	**184,881**

The margin of the banking portfolio assuming average interest rates of remuneration for the years ended 31 December 2008 and 2007 is presented as follows:

€

	2008			2007		
	Av. balance of the year	**Interest**	**Average interest rate**	**Av. balance of the year**	**Interest**	**Average interest rate**
Deposits in other banks	93,247,930	3,252,565	3.49%	72,061,333	2,730,880	3.79%
Securities available for sale	96,246,941	3,898,932	4.05%	76,950,417	4,004,245	5.20%
Applications in banks	160,815,772	7,611,366	4.73%	132,468,472	4,397,376	3.32%
Loans to clients	41,137,178	2,837,926	6.90%	76,831,245	4,365,724	5.68%
Investments held to maturity	41,084,617	3,268,032	7.95%	-	-	-
Other interest and similar income	--	757,307	-	-	703,713	-
Financial assets	**432,532,438**	**21,626,128**	**4.82%**	**358,311,467**	**16,201,938**	**4.33%**
Financing from other banks	26,485,659	1,125,567	4.25%	54,686,135	691,506	1.26%
Financing from clients	355,914,585	10,039,562	2.82%	276,199,207	5,991,766	2.19%
Other interest and similar costs	-	770,388	-	-	18,004	-
Financial liabilities	**382,400,244**	**11,935,517**	**2.92%**	**330,885,342**	**6,701,276**	**2.02%**
Financial Result		**9,690,611**	**1.90%**		**9,500,662**	**2.31%**

Exchange risk

The distribution of the Balance Sheet by currency for the years ended 31 December 2008 and 2007 is presented as follows:

€

	2008					
	Euros	North American Dollars	Pounds	Japanese Yen	Other	Total
Assets by currency						
Cash and deposits in central banks	2,619,642	8,773	4,976	-	-	2,633,391
Deposits in other banks	90,395,281	5,103,859	699,797	69,541	251,750	96,520,228
Financial assets held for trading	7,873,949	32,424	8,301	-	-	7,914,674
Financial assets available for sale	65,597,211	1,620,349	-	-	-	67,217,560
Applications in banks	141,220,819	21,279,042	-	-	-	162,499,861
Loans to clients	28,678,831	553,917	-	60	-	29,232,808
Investments held to maturity	132,137,474	1,039,790	1,361,177	-	-	134,538,441
Tangible assets	11,747,327	-	-	-	-	11,747,327
Intangible assets	472,242	-	-	-	-	472,242
Investments in subsidiary companies and associated companies	5,614,917	-	-	-	-	5,614,917
Current tax assets	729,722	-	-	-	-	729,722
Other assets	40,119,286	3,778,604	28,444	19,299	1,576	43,947,209
Total Assets	**527,206,701**	**33,416,758**	**2,102,695**	**88,900**	**253,326**	**563,068,380**
Liabilities by currency						
Financing from central banks	84,011,667	-	-	-	-	84,011,667
Financial liabilities held for trading	5,270,479	66,142	9,971	-	-	5,346,592
Financing from other banks	557,984	9,227,757	-	24	2,779	9,788,544
Financing from clients	283,478,262	13,004,448	7,033	-	21	296,489,764
Provisions	150,000	-	-	-	-	150,000
Deferred tax liabilities	158,596	-	-	-	-	158,596
Other liabilities	53,909,033	5,417,066	360,975	66,763	-	59,753,837
Total Liabilities	**427,536,021**	**27,715,413**	**377,979**	**66,787**	**2,800**	**455,699,000**
Net assets - liabilities by currency	**99,670,680**	**5,701,345**	**1,724,716**	**22,113**	**250,526**	**107,369,380**
Total Equity	**108,211,750**	**(621,420)**	**(220,950)**	**-**	**-**	**107,396,380**
Net Exposure	**(8,541,070)**	**6,322,765**	**1,945,666**	**22,113**	**250,526**	**-**

€

	2007					
	Euros	North American Dollars	Pounds	Japanese Yen	Other	Total
Assets by currency						
Cash and deposits in central banks	1,724,918	4,510	20,161	-	-	1,749,589
Deposits in other banks	45,893,057	8,248,426	919,387	413,543	863,596	56,338,009
Financial assets held for trading	26,240,199	5,282,650	144,593	-	101,940	31,769,382
Financial assets available for sale	102,398,173	2,513,416	2,036,804	-	-	106,948,393
Applications in banks	97,458,697	91,376,242	-	-		188,834,939
Loans to clients	73,149,367	-	-	-	-	73,149,367
Tangible assets	7,940,709	-	-	-	-	7,940,709
Intangible assets	838,277	-	-	-	-	838,277
Investments in subsidiary companies and associated companies	6,603,020	-	-	-	-	6,603,020
Curent assets	1,248,352	-	-	-	-	1,248,352
Deferred tax assets	411,925	-	-	-	-	411,925
Other assets	44,726,770	4,376,342	52,199	12,369	-	49,167,680
Total Assets	**408,633,464**	**111,801,586**	**3,173,144**	**425,912**	**965,536**	**524,999,642**
Liabilities by currency						
Financial liabilities held for trading	11,040,705	840,010	143,199	-	-	12,023,914
Financing from other banks	1,107,084	41,798,084	-	119,375	-	43,024,543
Financing from clients	272,343,468	9,738,426	155,971	-	19	282,237,884
Provisions	162,021	-	-	-	-	162,021
Other liabilities	20,921,464	59,637,903	2,910,953	709,076	964,899	85,144,295
Total Liabilities	**305,574,742**	**112,014,423**	**3,210,123**	**828,451**	**964,918**	**422,592,657**
Net assets - liabilities by currency	**103,058,722**	**(212,837)**	**(36,979)**	**(402,539)**	**618**	**102,406,985**
Total Equity	**102,406,985**	**-**	**-**	**-**	**-**	**102,406,985**
Net Exposure	**651,737**	**(212,837)**	**(36,979)**	**(402,539)**	**618**	**-**

Asset Re-pricing Risk

Included in the non-statistical earnings at risk indicators, the repricing bands for the years ended 31 December 2008 and 2007 are presented as follows:

€

	2008					
	Balance Sheet Value	Non-sensitive	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Cash and deposits in central banks	2,633,391	2,633,391	-	-	-	-
Deposits in other banks	96,520,228	96,520,228	-	-	-	-
Financial assets available for sale	67,217,560	49,798,316	-	722,601	16,696,643	-
Applications in banks	162,499,861	-	132,009,990	30,470,289	19,582	-
Loans to clients	29,414,491	113,761	20,774,230	46,723	3,351,208	5,128,569
Investments held to maturity	134,538,441	134,538,441	-	-	-	-
Total	**492,823,972**	**283,604,137**	**152,784,220**	**31,239,613**	**20,067,433**	**5,128,569**
Financing from central banks	84,011,667	84,011,667	-	-	-	-
Financing from other banks	9,788,544	-	8,426,138	-	1,362,406	-
Financing from clients	296,489,764	127,782,004	126,786,455	39,279,197	2,642,108	-
Total	**390,289,975**	**211,793,671**	**135,212,593**	**39,279,197**	**4,004,514**	**-**
GAP (Assets - Liabilities)	**102,533,997**	**71,810,466**	**17,571,627**	**(8,039,584)**	**16,062,919**	**5,128,569**

€

	2007					
	Balance Sheet Value	Non-sensitive	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Cash and deposits in central banks	1,749,589	1,749,589	-	-	-	-
Deposits in other banks	56,338,009	56,338,009	-	-	-	-
Financial assets available for sale	21,802,134	21,802,134	-	-	-	-
Applications in banks	106,948,393	11,805,130	5,292,258	8,707,853	67,247,929	13,895,223
Loans to clients	188,834,939	-	164,635,177	18,697,419	5,502,343	-
Investments held to maturity	73,319,741	112,882	61,715,768	4,328	7,618,413	3,868,350
Total	**448,992,805**	**91,807,744**	**231,643,203**	**27,409,600**	**80,368,685**	**17,763,573**
Financing from other banks	43,024,543	-	20,967,989	16,554,211	5,502,343	-
Financing from clients	282,237,884	-	223,900,969	48,084,679	10,252,236	-
Total	**325,262,427**	**-**	**244,868,958**	**64,638,890**	**15,754,579**	**-**
GAP (Assets - Liabilities)	**123,730,378**	**91,807,744**	**(13,225,755)**	**(37,229,290)**	**64,614,106**	**17,763,573**

Interest rate Risk

Included in the non-statistical Basis Point Value indicators, the sensitivity to interest rate risk for the years ended 31 December 2008 and 2007, is presented as follows:

€

	2008				2007			
	Parallel increase of 100 pb	Parallel reduction of 100 pb	Increase after 1 year of 50 pb	Reduction after 1 year of 50 pb	Parallel increase of 100 pb	Parallel reduction of 100 pb	Increase after 1 year of 50 pb	Reduction after 1 year of 50 pb
On 31 December	(679,707)	672,910	(300,826)	294,809	(2,878,968)	2,619,861	(1,563,518)	1,407,166
On 30 June	(204,128)	202,087	(313,893)	307,615	(2,827,489)	2,573,015	(1,471,433)	1,324,289

Liquidity Risk

The Bank's treasury GAP reduced slightly in relation to the same period for the previous year. The management of the Bank's immediate resources is carried out so as to minimise the risk of an increase in lending activities which might imply a decrease in liquidity, or rather, a rate of growth in loans which is greater than that of resources.

The treasury GAP for the years ended 31 December 2008 and 2007, is presented as follows:

	2008	2007
Treasury GAP (millions of Euros)*	6,72	7,26
Treasury GAP / Net assets (%)	1.4%	1,.4%
Liquidity ratio (%)**	100.6%	285.5%

(*) Treasury GAP — immediate liquidity / short term interbank loans less interbank debits of up to one year.

(**) As per Instruction 1/2000 of the Bank of Portugal

Limits and Reporting

Limits on trading activity are essential to the process, with limits approved by class of product, content and by market operator and which may be calculated by means of a combination of non-statistical measures, including BPV's (Basis Point Value), and statistical measures, such as VaR (Value at Risk), analysed beforehand. A report is prepared for management with all of the relevant indicators and positions, based on the statistical and non- statistical measures.

Credit Risk

Credit Risk is the risk of loss as a result of a default by a borrower or counterparty.
The Group is exposed to credit risks in a number of its activities. These necessarily include direct exposure to clients who have contracted loans, direct exposure to credit risks associated with securities issued by third parties and held as investment or trading assets of the Group, and market or settlement risk associated with trading activities by clients.

Credit risk arising from dealings with professional counterparties as well as issuers of quoted securities, is assessed in combination with procedures for managing market risks discussed above in Market Risk.

The quality of the credit risk of Held-to-Maturity debt products, by rating, referring to the last day of 2008 is represented in the following table:

€

	2008
Corporate debentures	
AA- a AA+	6,258,624
A- a A+	43,258,157
BBB- a BBB+	58,558,617
BB- a BB+	6,546,066
CCC- a CCC+	2,962,144
CC- a CC+	762,247
Asset-backed securities	
AAA	8,386,675
	126,732,529

Credit exposures at BiG may include loans, corporate bonds, full value and replacement value inter-bank risks, securities-related settlement risk, receivables under derivative and foreign exchange contracts, and lending-related commitments under commercial paper programs.

The split over sectors of activity for the years ended 31 December 2008 and 2007 is presented as follows:

€

	2008					
	Loans to Clients		**Financial assets held for trading**	**Financial assets available for sale**	**Investments held to maturity**	**Guarantees and securities**
	Gross Value	**Provision**	**Gross Value**	**Gross Value**		
Agriculture and silviculture	9,492	-	219	-	-	-
Mining industries	-	-	265,667	-	4,883,460	-
Food, drink and tobacco	8,842	736	15	-	8,147,630	60,000
Paper, graphics and editorials	-	-	86,331	1,833,591	6,066,388	-
Chemical industry	-	-	-	2,078,200	5,155,263	-
Manufacture of machines and equipment	79,108	-	-	-	-	-
Transport machines and material	-	-	-	1,215,000	11,965,111	-
Electricity, water and gas	-	-	1,668,895	15,135,791	6,262,556	-
Construction and public works	337,637	8,261	66	1,169,996	1,832,643	-
Bulk and retail trade	17,706	-	11	519,915	16,240,572	-
Transports and communications	-	-	51,295	12,868,827	9,714,870	-
Financial activity	107	-	4,903,512	15,529,839	52,343,226	744,500
Real estate	4,216,507	-	6	-	-	-
Other service companies	6,609,128	97	122,598	7,564,764	11,926,722	-
Administration and public services	-	-	-	9,301,637	-	-
Other collective services	-	-	6	-	-	-
Mortgages	4,011,041	-	-	-	-	-
Loans to private individuals	14,048,830	-	816,053	-	-	700,041
Other	76,093	172,589	-	-	-	-
	29,414,491	**181,683**	**7,914,674**	**67,217,560**	**134,538,441**	**1,504,541**

€

	2007				
	Loans to Clients		Financial assets held for trading	Financial assets available for sale	Guarantees and securities
	Gross Value	Provision	Gross Value	Gross Value	
Agriculture and silviculture	93,475	-	231,574	-	24,000
Mining industries	-	-	762,242	2,016,361	-
Food, drink and tobacco	1,635	-	87,241	3,112,999	-
Textiles, clothing and leather	89,129	-	-	-	-
Paper, graphics and editorials	-	-	1,321,291	3,858,497	-
Petrol products	-	-	-	2,115,025	-
Chemical industry	-	-	209,497	5,227,179	-
Metal industries	-	-	-	5,240,275	-
Manufacture of machines and equipment	133,877	-	343	1,028,113	-
Transport machines and material	-	-	914,340	10,594,575	-
Electricity, water and gas	-	-	2,104,449	7,160,000	-
Construction and public works	453,199	-	2,148,550	-	-
Bulk and retail trade	-	-	119,812	12,106,192	-
Tourism	6	-	-	-	-
Transports and communications	-	-	-	14,598,336	
Financial activity	31	-	17,093,230	14,181,172	704,500
Real estate	1,567,020	-	9,944	-	-
Other service companies	6,553,057	26	3,833,613	7,430,698	27,747,911
Administration and public services	-	-	-	8,018,157	-
Other collective services	-	-	364,798	-	-
Mortgages	2,737,820	-	-	-	-
Loans to private individuals	61,528,635	170,348	1,668,367	10,260,814	956,995
Other	161,857	-	900,091	-	-
	73,319,741	**170,374**	**31,769,382**	**106,948,393**	**29,433,406**

In its process of analysis and approval, the Bank assesses its exposure in terms of individual transactions, in terms of the maximum exposure per client and, separately, in terms of the respective portfolios, to ensure there is adequate control over risk concentrations in each sector or industry. As a matter of policy, all exposures are assessed and processed for approval, whether on or off-balance sheet in nature. Controls over Market risk, as a result, often overlap with assessments of credit risk. In the course of the Bank's day to day activity, integrated systems to monitor exposures are an essential element in the process of credit risk management.

The Credit Risk Management process begins with the Board of Directors, which approves general policies and guidelines for credit risks. The Board then delegates in the Chief Credit Officer and to other members of the Credit Risk Committee and support personnel the day to day implementation of these policies and responsibilities, which include:

- Analysis and control of counterparty risks
- Quantitative and qualitative guidelines for credit reviews
- Control and monitoring of client, family and "house limit" risks
- Documentation, control and filing systems
- Management and control of risk monitoring systems and procedures
- Maintenance of a credit scoring and approval matrix
- Attention to the integrity and independence of the approval process
- Strict adherence to regulatory guidelines
- Pricing policy

Operational Risk

Operating risk is part of our day to day business and may arise as a result of inadequate procedures or systems, human risk or external events.

Responsibility for managing operating risks lies with the heads of individual business units. To monitor risks and the execution and enforcement of procedures throughout the Bank is a separate governance structure, consisting of the following internal oversight groups reporting to the Board of Directors:

- Operational Risk Committee, which reviews the appropriateness of internal procedures, adequacy of human and systems support to conduct normal business functions and day to day risks to which the Bank is exposed, based on both self-assessment processes and planned internal and external audits; meets at least monthly and reports to the COO.
- Technology Risk Committee, which oversees the adequacy and security of the complex technical infrastructure supporting every aspect of the Bank's internal processing, reporting and links with third party suppliers of information and execution services. Reports to the COO.
- Audit and Control, responsible for conducting regular internal audits of operating and front office areas, including reviews of documentation and procedures. Has a direct reporting line to the CEO. Meets several times per week.
- Compliance Committee, combining members of the Board of Directors and the Group's Compliance Officer, whose responsibilities include monitoring the Group's adherence to regulatory and legal issues, fulfilment of internal operating procedures, code of ethics and related matters. It meets at least weekly or more frequently as necessary to review ongoing regulatory and legal issues.

Operations and systems

The main priorities of Management when designing the integration of front office business generation and the processing areas include the need for scalability, security and building of straight-through processing capabilities. Areas responsible for ensuring efficient processing are the Bank's Information Technology team (IT) and Operations Support areas.

Capital and solvency ratio management

Equity Funds for the years ended 31 December 2008 and 2007 are presented as follows:

€

		2008	2007
A - Equity Funds			
Ordinary paid-up capital, issue premiums and treasury stock		94,340,120	80,250,781
Results and reserves formed from retained earnings		20,545,663	13,235,054
Intangible and diverse assets		(15,175,957)	(6,938,997)
Equity Funds to determine the Ratio Core Tier I	**(A1)**	**99,709,826**	**86,546,838**
Deductions from total equity		(5,166,795)	-
Core Tier I	**(A2)**	**94,543,031**	**86,546,838**
45% of positive fair value revaluation reserves		-	38,514
TIER II		**-**	**38,514**
Supplementary Equity Funds		**-**	**1,971,916**
Eligible Equity Funds	**(A3)**	**94,543,031**	**88,557,268**
B- Equivalent-Risk Assets			
Calculated in accordance with Notification 1/93 (Banking Portfolio)		-	217,685,775
Calculated in accordance with Notification 7/96 (Trading Portfolio)		-	32,000,788
Calculated in accordance with Notification 5/2007 (Credit Risk)		249,223,425	-
Calculated in accordance with Notification 8/2007 (Market Risk)		3,040,013	-
Calculated in accordance with Notification 9/2007 (Operating Risk)		52,481,950	-
Total Equivalent-Risk Assets	**(B)**	**304,745,388**	**249,686,563**
C- Prudential Ratios			
Ratio Core Tier 1	(A1/B)	32.7%	34.7%
Ratio Tier 1	(A2/B)	32.7%	34,7%
Solvency ratio	(A3/B)	31.0%	35.5%

The movement in Equity Funds for the years ended 31 December 2008 and 2007 is presented as follows:

		€
	2008	**2007**
Opening Balance	**88,557,268**	**82,572,249**
Ordinary paid-up capital, issue premiums and treasury stock	14,089,339	1,197,985
Results and reserves formed from retained earnings	7,310,609	4,104,880
Intangible and diverse assets	(8,236,960)	(721,389)
45% of positive fair value revaluation reserves	(38,514)	(87,340)
Deduction of shareholdings in financial and diverse institutions	(5,166,795)	(481,033)
Supplementary Equity Funds	(1,971,916)	1,971,916
Closing Balance	**94,543,031**	**88,557,268**

NOTE 37. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Recently issued accounting standards and interpretations, but which have not yet come into force and which the Group has not yet applied in the preparation of its financial statements, may be analysed as follows.

IFRS 1 (altered) – First time adoption of the International Financial Reporting Standards and IAS 27 – Consolidated and separate financial statements

The alterations to the IFRS 1 First time adoption of the International Financial Reporting Standards and to the IAS 27 Consolidated and separate financial statements are effective as of 1 January 2009.

These alterations mean that entities which are adopting the IFRS for the first time in the preparation of their individual accounts, adopt the respective fair value on the date of the transition for the IFRS or the Balance Sheet value based on the previous accounting reference as deemed cost of its investments in subsidiary companies, joint ventures and associated companies.

The Group does not expect that this interpretation will have any impact on its financial statements.

IFRS 2 (altered) – Payments based on shares: conditions of acquisition

In January 2008 the International Accounting Standards Board (IASB) issued an alteration to the IFRS 2 which becomes effective as from 1 January 2009.

This alteration to the IFRS 2 (i) clarified that of acquisition of the rights inherent to a share-based payments plan are limited to conditions of service or performance, (ii) introduces the concept of non-vesting conditions and (iii) determines that any cancellation of such programs, either by the employer or by third parties, has the same treatment in terms of accounting.

No significant impact is expected from the alteration to IFRS 2.

IFRS 3 (revised) – Concentrations of corporate activities and IAS 27 (altered) Consolidated and separate financial statements

In January 2008 the International Accounting Standards Board (IASB) issued the IFRS 3 (revised) Concentration of corporate activities and an alteration to the IAS 27 Consolidated and separate financial statements.

The main impact of the alterations to these standards relate: (i) to the treatment of partial acquisitions, where non-controlling interests (previously called minority interests) could be measured at fair value (which implies the full recognition of goodwill entered against non-controlling interests) or as the attributable part of the fair value of the net assets acquired (as is currently required); (ii) to step acquisitions where the new rules require, upon the calculation of goodwill, the revaluation, as a counter-entry in profit and loss, of the fair value of any non-controlling interest held prior to the acquisition which led to the obtaining of control; (iii) to the recording of costs directly related with the acquisition of a subsidiary which are then directly attributed to results; (iv) to contingent prices the alteration to the estimate of which over time is recorded in results and does not affect goodwill and (v) to alterations in the percentages of subsidiaries held which do not result in a loss of control and which are recorded as movements in equity.

Furthermore, the alterations to the IAS 27 also mean that accumulated losses in a subsidiary will be attributed to non-controlling interests (recognition of negative non-controlling interests) and that, upon the disposal of a subsidiary leading to the loss of control, any non-controlling interest retained is measured at fair value determined on the date of the disposal.

This revision of the IFRS 3 and alteration to the IAS 27 are effective for years which begin as from 1 July 2009. The Group is assessing the impact of the adoption of these changed standards.

IFRS 8 – Operating segments

On 30 November 2006 the International Accounting Standards Board (IASB) issued IFRS 8 - Operating Segments, which was adopted for use in the European Union on 21 November 2007.

The IFRS 8 defines the presentation of information on the operating segments of an entity.

This standard specifies how an entity should report its information in the annual financial statements, and as a result will alter IAS 34 Interim Financial Reporting with regard to the information to be selected for interim financial reporting. An entity will also have to make a description of the information presented by segment, specifically, results and operations, as well as a brief description of how the segments are made up.

The application of this standard is mandatory for years after 1 January 2009.

The Group is evaluating the effect of the adoption of this standard.

IAS 1 (altered) – Presentation of financial statements

In September 2007 the International Accounting Standards Board (IASB) issued the IAS 1 (altered) Presentation of financial statements, the application of which is mandatory as from 1 January 2009.

The IAS 1 (altered) requires that financial information be aggregated in the preparation of the financial statements, according to its basic characteristics and introduces the comprehensive income statement.

Following the alterations imposed by this standard the users of financial statements can more easily distinguish variations in the equity of the Group arising from transactions with shareholders, as shareholders (e.g. dividends, transactions with Treasury Stock) and transactions with third parties, which are summarised in the comprehensive income statement.

The alterations imposed by the IAS 1 will affect the presentation of the Group's financial statements, and work is currently in hand to determine the extent of the modifications necessary

Furthermore, whenever comparative information is rewritten or reclassified, namely following the introduction of new accounting standards, it becomes necessary to include a Balance Sheet reported as at the start date of the comparative period in the financial statements.

The Group is evaluating the effect of the adoption of this standard.

IAS 23 (altered) – Cost of loans obtained

In March 2007 the International Accounting Standards Board (IASB) issued the IAS 23 (altered) – Borrowing costs, the application of which is mandatory as from 1 January 2009.

This standard requires entities to capitalise the cost of loans obtained which is directly attributable to the acquisition cost, construction or production of qualifiable assets, as an integral part of the acquisition cost, construction or production of these assets. The option to record such costs directly in profit and loss is therefore eliminated.

Qualifiable assets are those which need a substantial period of time to be ready for their intended use of for sale.

The Group does not expect this alteration to the IAS 23 to have a significant impact on its financial statements.

Alteration to IAS 32 - Financial instruments: presentation – Puttable financial instruments and bonds arising on liquidation

In February 2008 the International Accounting Standards Board (IASB) issued an alteration to IAS 32 - Financial Instruments: Presentation – Puttable Financial Instruments and obligations arising on liquidation, the application of which is mandatory as from 1 January 2009.

This alteration affects the classification of Puttable Financial Instruments and of obligations arising on liquidation. In accordance with the current requirements of IAS 32, Financial Instruments (i) repayable in cash or through other financial assets or (ii) which grant the holder a right to require the issuer to re-acquire them ('puttable' instruments), are classified as financial liabilities. This alteration to this standard implies that some instruments which currently qualify as financial liabilities will be recognised as capital instruments, if these have certain characteristics, namely that: (i) they represent the last residual interest in the net assets of an entity, (ii) they form part of a class of instruments subordinated to any other class of instruments issued by the entity and that (iii) all the instruments of this class have the same terms and conditions.

The IASB also altered the IAS 1 Presentation of financial statements including additional requirements on disclosure relating to this type of instrument.

This alteration to the IAS 32 is not expected to have any impact on the Group's financial statements.

Alteration to IAS 39 – Financial instruments: recognition and measurement – eligible hedged assets and liabilities

The International Accounting Standards Board (IASB) issued an alteration to IAS 39 Financial instruments: recognition and measurement – eligible hedged assets and liabilities the application of which is mandatory for years starting from 1 July 2009.

This alteration clarifies the application of the principles which determine the risks or cash flows which are eligible for inclusion in a hedging operation.

The Group is assessing the impact of the adoption of this standard in terms of its financial statements.

IFRIC 13 – Customer loyalty programs

The IFRIC 13 Customer loyalty programs was issued in July 2007 and comes into force for years beginning from 1 July 2008, and is only relevant for the Group as from 1 January 2009.

This interpretation applies to customer loyalty programs where loans are adjudicated to clients as part of a sale or provision of services and the client may exchange these loans, in the future, for free or discounted services or goods.

This standard is not expected to have any impact in terms of the Group's financial statements.

IFRIC 15 – Agreements for the construction of real estate

IFRIC 15 Agreements for the construction of real estate comes into force for years starting from 1 January 2009.

The Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 18 Recognition of revenue or IAS 11 Construction Contracts. It is expected that IAS 18 will apply to a greater number of transactions.

The Group does not expect this interpretation to have a significant impact on its financial statements.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation is applicable to years starting from 1 October 2008.

This interpretation aims to clarify that:

- the hedging of an investment in a foreign operation may only be applied to exchange differences arising from the conversion of the financial statements of subsidiary companies from their functional currency to the presentation currency of the parent company and only for an amount equal to or less than the net assets of the subsidiary;
- the hedge instrument may be contracted by any entity of the Group, except by the entity which is to be the object of the hedge; and
- upon the sale of the hedged subsidiary, the accumulated gain or loss referring to the effective component of the hedge is reclassified to profit or loss.

This interpretation allows an entity which uses the step-by-step method of consolidation to choose an accounting policy for determining the accumulated currency conversion adjustment which is reclassified for results on the sale of the subsidiary, just as it would if the method of consolidation adopted were the direct method.

This interpretation is to be applied prospectively. The Group does not expect this interpretation to have a significant impact on its financial statements.

IFRIC 17 – Distributions of non-cash assets to shareholders

IFRIC 17 – Distributions of non-cash assets to shareholders comes into force for years starting from 1 July 2009.

This interpretation aims to clarify the accounting treatment of distributions of non-cash assets to shareholders. It thereby establishes that distributions of non-cash assets should be recorded at the fair value of the assets distributed with the difference in the respective Balance Sheet value being recognised in Profit and Loss upon distribution.

The Group does not expect this interpretation to have a significant impact on its financial statements.

IFRIC 18 – Transfers of assets from customers

IFRIC 18 – Transfers of assets from customers comes into force for years starting from 1 July 2009.

This interpretation aims to clarify the accounting treatment in agreements entered into by which an entity receives assets from clients for its own use and with the intention of subsequently connecting the client to a network or granting the client ongoing access to the supply of goods or services.

The Interpretation clarifies:

- the conditions in which assets come within the scope of this interpretation;
- the recognition of the assets and their initial measurement;
- the identification of identifiable services (one or more services in exchange for the transferred assets);
- the recognition of income;
- the accounting of cash transfers by clients.

The Group does not expect this interpretation to have a significant impact on its financial statements.

Annual Improvement Project

In May 2008 the IASB published the Annual Improvement Project which altered certain standards in force at that time. The date of effect of the alterations varies according to the standard in question, most of them being of mandatory application in 2009.

The main changes of the Annual Improvement Project can be summarised as follows:

- Alteration to IFRS 5 - Non-current assets held for sale and discontinued operating units, effective for years starting from 1 July 2009.

This alteration clarified that all the assets and liabilities of a subsidiary should be classified as non-current assets held for sale in accordance with IFRS 5 if there is a partial sale plan of the subsidiary which would lead to a loss of control. The coming into force of this alteration will not affect the Group's financial statements;

- Alteration to IAS 1 - Presentation of financial statements, effective from 1 January 2009. The alteration clarifies that only some, and not all, financial instruments classified in the trading category are examples of current assets and liabilities. The coming into force of this alteration will not affect the Group's financial statements;

- Alteration to the IAS 16 - Fixed tangible assets, effective from 1 January 2009. The alteration made establishes rules of classification (i) of revenue from the disposal of assets held for rental which are subsequently sold and (ii) of these assets during the time which passes between the date of the cession of the rental and the date of its disposal. This alteration to the IAS 16 will have no impact on the Group's financial statements;

- Alteration to IAS 19 – employee benefits, effective from 1 January 2009. The alterations made help to clarify (i) the concept of negative costs with past services arising from the alteration of the defined benefit plan (ii) the interaction between the expected return of the assets and the administrative costs of the plan, e (iii) the distinction between short, medium and long term benefits. The coming into force of this alteration will not affect the Group's financial statements;

- Alteration to IAS 20 – Accounting of government subsidies and disclosure of government support, effective from 1 January 2009. This alteration establishes that the benefit arising from the obtaining of a loan from the government with lower rates than those practised on the market, should be measured as the difference between the fair value of the liabilities on the date they were contracted, determined in accordance with IAS 39 Financial instruments: recognition and measurement and the value received. This benefit should be subsequently stated in accordance with IAS 20. This alteration should have no effect on the Group's financial statements;

- Alteration to IAS 23 – Cost of loans obtained, effective from 1 January 2009. The concept of the cost of loans obtained was altered so as to clarify that these should be determined in accordance with the effective rate method established in IAS 39 Financial instruments: recognition and measurement, thereby eliminating the inconsistency between IAS 23 and IAS 39. This alteration is not expected to have any significant impact in terms of the Group's financial statements;

- Alteration to IAS 27 - Consolidated and separate financial statements, effective from 1 January 2009. The alteration made to this standard determines that in cases where an investment in a subsidiary is recorded at its fair value in the individual accounts, in accordance with IAS 39 Financial instruments: recognition and measurement, and this investment qualifies for classification as non-current assets held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operating units, this should continue to be measured under IAS 39. This alteration will have no impact on the Group's financial statements in as much as investments in subsidiary companies are recorded at acquisition cost in accordance with IAS 27;

- Alteration to IAS 28 - Investments in associated companies, effective from 1 January 2009. The objective of the alterations introduced to IAS 28 were to clarify (i) that an investment in an associate company should be treated as a single asset for the purpose of impairment tests to be made in the light of IAS 36 Impairment of assets, (ii) that any impairment loss to be recognised should not be allocated to specific assets namely to goodwill and (iii) that reversals of impairment are recorded as an adjustment to the investment balance of the associate company provided that and to the extent that the recoverable amount of the investment increases. This alteration should have no effect on the Group's financial statements;

- Alteration to IAS 38 - Intangible assets, effective from 1 January 2009. The amendment clarifies that an expense with deferred cost, incurred in relation to advertising and promotional activities, may only be recognised in the Balance Sheet when advance payment has been made in relation to goods or services which will be received at a future date. The recognition in profit and loss should occur when the entity has the right of access to the goods and the services when received. This alteration is not expected to have an impact on the accounts of the Group;

- Alteration to IAS 39 - Financial instruments: recognition and measurement, effective from 1 January 2009. These alterations fundamentally consist of (i) clarifying that it is possible to make transfers from and to the category of Fair Value through profit and loss in relation to derivatives whenever these begin or end a hedge relationship in cash flow hedge models or of a net investment in an associate or subsidiary company, (ii) altering the definition of financial instruments at fair value through Profit and Loss with regard to the category of trading, in order to establish that in the case of portfolios of financial instruments managed jointly and in relation to which there is evidence of recent activities which would likely generate short term gains, these should be classified as trading when initially recognised, (iii) altering the requisites concerning documentation and effectiveness tests in the hedge relationships established in terms of the operational segments determined under the application of IFRS 8 operating segments, and (iv) clarifying that the measurement of financial liabilities at amortised cost, after interruption of the respective fair value hedge, should be based on the new rate effective calculated on the date of the interruption of the hedge relationship. The adoption of this amendment is not expected to have an impact on the Group's accounts;

- Alteration to IAS 40 – Investment property, effective from 1 January 2009. Following this alteration, property under construction or development for future use as an investment property will be included under IAS 40 (previously covered by IAS 16 Fixed tangible assets). Such property under construction may be recorded at fair value except if it cannot be reliably measured, in which case it should be recorded at acquisition cost. Currently this alteration should have no impact on the Group's financial statements.

ADDENDUM

ADOPTION OF THE RECOMMENDATIONS OF THE FINANCIAL STABILITY FORUM (FSF) AND OF THE COMMITTEE OF EUROPEAN BANKING SUPERVISORS (CEBS) RELATING TO THE TRANSPARENCY OF INFORMATION AND TO THE VALUATION OF ASSETS. CIRCULAR LETTER 97/08 DSB OF THE BANK OF PORTUGAL.

I – Business Model

1. ***Description of the business model***
   The Bank's business model is based on the supply of savings, investment, risk management, intermediation and counselling banking services to our client base, as detailed in point 1.1. and 1.3. of the Annual Report of the Board of Directors.

2. ***Strategy and objectives of the Bank***
   In 2009 the Board of Directors foresees the continuation of a prolonged period of risk aversion and the accelerated de-leveraging of the global financial system (see Point 1.14 of the Annual Report). The Bank, with a diversified business model, an excess of liquidity and capital and a strong Balance Sheet expects to be able to overcome the adversities presented by the current economic climate.

3. ***Description of the activities undertaken and their contribution towards the business***
   The Annual Report of the Board of Directors of the Bank presents information on the activities undertaken and their respective contribution towards business development in section 1.1, 1.3 and 1.5.

4. ***Description of the type of activities undertaken, including a description of the instruments used, their functioning and criteria of qualification that the products / investments should meet***
   This information is replicated in notes 2 and 3 of the notes to the consolidated accounts. Additional information on this topic is available in chapter 4 - Risk Management in the Annual Report of the Board of Directors.

5. ***Description of the objective and scope of involvement of the institution in relation to each activity undertaken***
   The Annual Report of the Board of Directors of the Bank presents a summary of this information in section 3.3.

II – Risk and Risk Management

6. ***Description of the nature of the risks incurred***
The Annual Report sets out the nature of the risks incurred by the Bank in detail in points 4.4, 4.5 and 4.6. In the notes to the consolidated financial statements, this information is conveyed in note 36.

7. ***Description of risk management practices***
The Annual Report of the Board of Directors of the Bank presents the risk management practices adopted by the Bank in detail, thereby promoting the market perception of the risks incurred and management mechanisms for their monitoring and control (See section 4.4, 4.5 and 4.6). In note 36 of the Notes to the Consolidated Accounts the type of risks incurred by the Bank is presented in detail, as well as the respective management processes.

III – Impact of the period of financial turbulence on the results

8. ***Qualitative and quantitative description of the results, with emphasis on losses, and impact of the write downs of the results***
The qualitative description is reflected in section 1.2 of the Annual Report of the Board of Directors. The quantitative description of the results by type of portfolio and product as well as a brief explanation is presented over the different notes which make up the Notes to the Accounts, specifically notes 19, 22 and 35.

9. ***Breakdown of the write downs / losses by types of products and instruments affected by the period of turbulence, specifically, of the following: commercial mortgage-backed securities (CMBS), residential mortgage backed securities (RMBS), collateralised debt obligations (CDO), asset backed securities.***
The Bank suffered no write down or loss associated to the type of assets indicated above.

10. ***Description of the motives and factors responsible for the impact suffered***
See Point 9.

11. ***Comparison of i) impact between periods (relevant) and of ii) financial statements before and after the impact of the period of turbulence***
Not applicable.

12. ***Breakdown of the write downs between realised and unrealised amounts***
See Point 9. In any case, the unrealised result of the financial assets available for sale appears in Note 19 of the Notes to the consolidated accounts.

13. ***Description of the influence of the financial turbulence on the quotation of the shares of the entity***
Not applicable.

14. ***Disclosure of the risk of maximum loss and description of how the institution's situation may be affected by the prolonging or worsening of the period of turbulence or by the recovery of the market***
Chapter 4 - Internal Control of the Annual Report of the Board of Directors of the Bank discloses the relevant information on losses which might be incurred in extraordinary situations of market turbulence, including information relating to stress tests performed with the objective of simulating the impact and the potential losses in extreme scenarios of major turbulence.

15. ***Disclosure of the impact which the evolution of spreads associated to the institution's liabilities had on results, as well as of the methods used to determine this impact.***
Sections 4.4 and 4.5 of the Bank's Annual Report discuss the instruments and methods used to determine the potential impact. Note 21 and Note 36, both in the Notes to the Consolidated Accounts, indicate, respectively, the detail of the credit portfolio at the year end and the structure of the Bank's credit risk on the same date.

IV – Levels and types of exposure affected by the period of turbulence

16. ***Nominal value (or amortised cost) and fair value of outstanding exposures***
The nominal value and fair value of outstanding exposures is described in the Notes to the Consolidated Accounts relating to the Bank's different portfolios, specifically in notes 19, 22 and 35.

17. ***Information on steps to mitigate credit risk (e.g. through credit default swaps) and the respective effect on existing exposures***
Not applicable.

18. ***Detailed disclosure on the exposures affected by the period of crisis***
This information is included in section 1.2 of the Bank's Annual Report, in the section relating to the impact of the market events of 2008. This section specifically refers to the Notes to the Consolidated Accounts which may be consulted for more detailed information.

19. ***Movements occurred in exposures between relevant reporting periods and the underlying reasons to these variations (sales, write downs, purchases, etc)***
See Point 18.

20. ***Explanations about the exposures (including vehicles and, in this case, the respective activities) which were not consolidated (or which were recognised during the crisis) and the associated reasons***
Not applicable.

21. ***Exposure to monoline insurers and the quality of insured assets***
Not applicable.

V – Accounting policies and valuation methods

22. ***Classification of transactions and structured products for accounting purposes and the respective accounting treatment***
These situations are discussed in Note 2 of the Notes to the Consolidated Accounts, in relation to the main accounting policies adopted by the Bank.

23. ***Special Purpose Entities and consolidation***
Not applicable.

24. ***Detailed disclosure of the fair value of financial instruments***
This information is disclosed in Note 2 and in Note 35 of the Notes to the Consolidated Accounts.

25. ***Fair value of financial instruments***
See Point 24.

VI – Other relevant aspects in the disclosure

26. ***Description of the policies of disclosure and of the principles which are used in the reporting of the disclosures and financial reporting***
Since it was founded, the Banco de Investimento Global, S.A. has adopted a transparent policy of disclosure of accounting and financial information in line with the best market practices, in fulfilment of the legal and regulatory standards applicable. Amongst the information regularly provided to the market, we would make special mention of the Management Report, the Financial Statements and the respective Notes.

CORPORATE BODIES

General Shareholders' Assembly

President
Diogo Pereira Duarte

Secretary
João Manuel de Jesus Rufino

Board of Directors

Chairman and Chief Executive Officer
Carlos Adolfo Coelho Figueiredo Rodrigues

Vice-Chairman and Chief Operating Officer
Nicholas Leo Racich

Executive Directors
Mário João Abreu Galhardo Bolota
Diogo Batista Russo Pereira da Cunha

Fiscal Board

Effective CPA
KPMG & Associados, SROC, S.A., representado por
Inês Maria Bastos Viegas Clare Neves Girão de Almeida

Alternate CPA
Ana Cristina Soares Valente Dourado

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