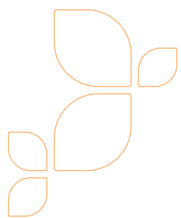




PROFILE OF THE *CRÉDITO AGRÍCOLA* FINANCIAL GROUP





1. Caixa Central Governing Bodies

BOARD OF THE ANNUAL GENERAL MEETING

Caixa de Crédito Agrícola Mútuo de Amares

Chairman

Paulo Rebelo Barbosa de Macedo

Caixa de Crédito Agrícola Mútuo de Cantanhede e Mira

Company Secretary

Carlos Alberto Pereira Martins

SENIOR BOARD

Caixa de Crédito Agrícola Mútuo de Pombal

Chairman

Carlos Alberto Courelas

Caixa de Crédito Agrícola Mútuo dos Açores

Francisco Amâncio Oliveira Macedo

Caixa de Crédito Agrícola Mútuo de Baixo Mondego

António João Mota Cachulo da Trindade

Caixa de Crédito Agrícola Mútuo de Gadiana Interior

José Artur Palma Estrela

Caixa de Crédito Agrícola Mútuo de Porto de Mós

Jorge Manuel da Piedade Volante

Caixa de Crédito Agrícola Mútuo de Póvoa de Varzim, Vila do Conde e Esposende

Alberto Gonçalo Resende Moreira Festa

Caixa de Crédito Agrícola Mútuo de S. Teotónio

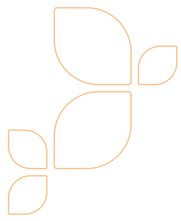
António Manuel Nobre Louçã

Caixa de Crédito Agrícola Mútuo de Terras de Viriato

Américo Afonso Cardoso Loureiro

Caixa de Crédito Agrícola Mútuo de Terras do Sousa, Ave, Basto e Tâmega

Artur Teixeira de Faria



EXECUTIVE BOARD

Chairman

João António Morais da Costa Pinto

Member

Licínio Manuel Prata Pina

Member

Renato Manuel Ferreira Feitor

Member

Mário Dúlio de Oliveira Negrão

Member

José Fernando Maia Alexandre



EXECUTIVE BOARD

From left to right:

Mário Negrão, Licínio Pina, João Costa Pinto (Chairman), Renato Feitor and José Maia Alexandre

CHARTERED ACCOUNTANT

Deloitte e Associados, S.R.O.C., S.A.

Represented by **Luís Augusto Gonçalves Magalhães**

ADVISORY BOARD

Caixa de Crédito Agrícola Mútuo de Sotavento Algarvio

Chairman

João Lázaro da Cruz Barrote

Caixa de Crédito Agrícola Mútuo de Alto Corgo, Tâmega e Barroso

Alcino Pinto dos Santos Sanfins

Caixa de Crédito Agrícola Mútuo de Alto Douro

Paulo Alexandre Varela Martins

Caixa de Crédito Agrícola Mútuo de Beja e Mértola

Francisco José Salgueiro Correia

Caixa de Crédito Agrícola Mútuo de Baixo Vouga

José Luís Sereno Gomes Quaresma

Caixa de Crédito Agrícola Mútuo de Lourinhã

António Augusto Nascimento Mateus

Caixa de Crédito Agrícola Mútuo de S. Bartolomeu de Messines e S. Marcos da Serra

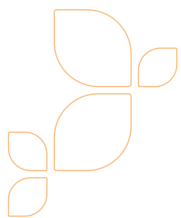
José Paulo Barbosa Moreira de Sousa

Caixa de Crédito Agrícola Mútuo de Vale do Sousa e Baixo Tâmega

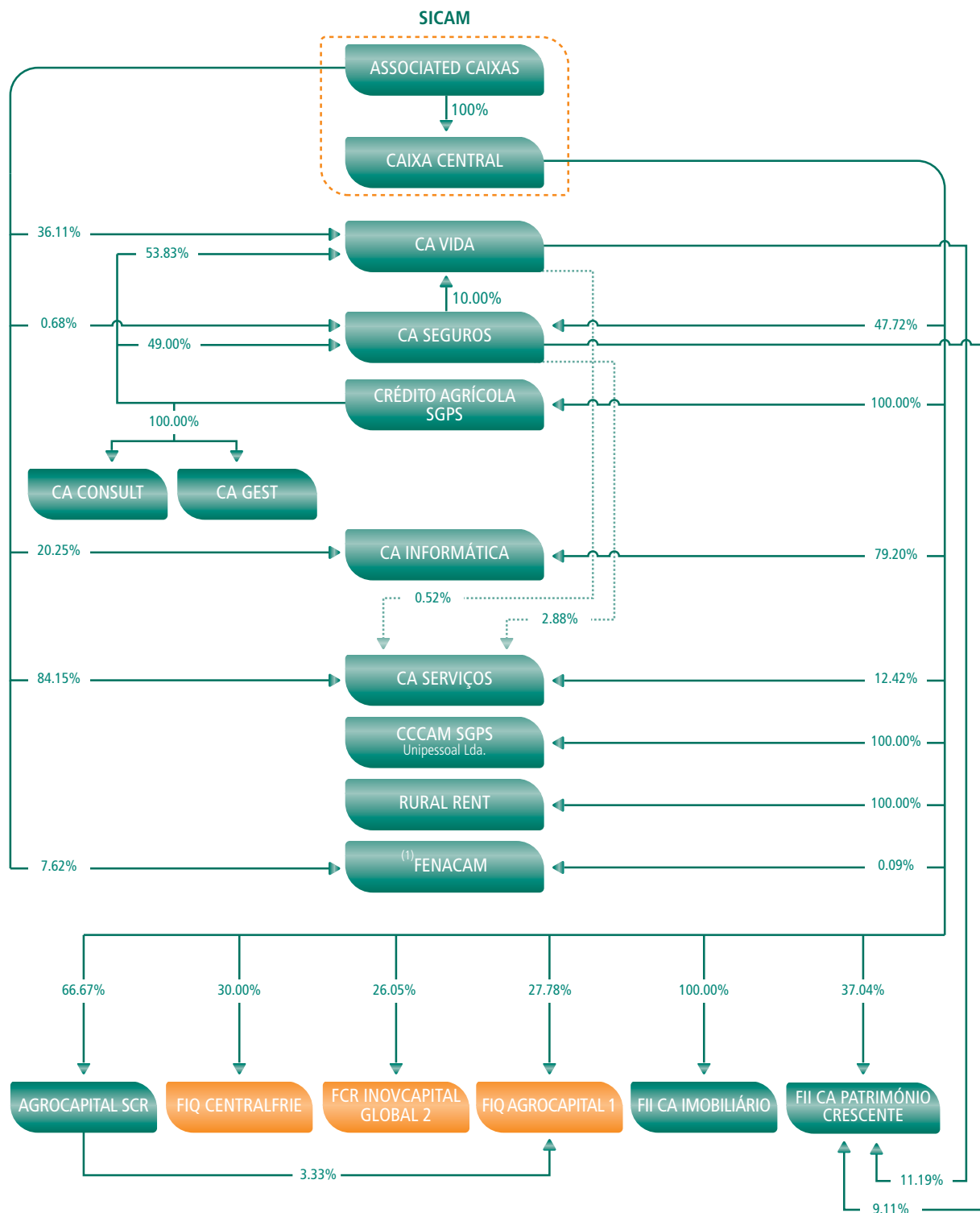
Henrique Vasconcelos Teixeira

Caixa de Crédito Agrícola Mútuo de Zona do Pinhal

Ângelo de Jesus Antunes



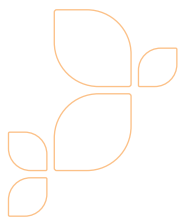
2. Organigram of the Group



■ FULL CONSOLIDATION

■ CONSOLIDATED BY ASSET EQUIVALENCE

(1) Fenacam holds 92.26% of its own capital » total GCA = 99.97%



3. Main features of Group operations

The financial consolidation of Caixa Central continued during the 12-month period and at year end the figures came in on the upside and growing – the fifth consecutive year that this has happened. At the same time, the policy of bolstering prudential reserves remained in place.

Results at CA Vida also continued to grow and Swiss Re, the biggest reinsurer operating in Portugal, selected it as the benchmark insurance company in the Iberian peninsula.

CA Seguros also produced a positive performance, continuing on the path already paved in recent years. For the first time in its history, the shareholders were able to approve a proposal at the Annual General Meeting for a dividend payment, to the amount of 525 thousand euros, corresponding to 12.5% of the net result for the year.

In the area of investment banking, CA Gest saw net results marginally down. Some funds lost a competitive edge, for example against term deposits, but the company recorded a small rise in market share, on the back of a policy of product diversification and growth in the amounts under management, reaching a figure above average for the sector.

The brokerage business was overhauled, with CA Dealer, held by Crédito Agrícola SGPS (CA SGPS), hived off to Corretage & Informação Monetária Y de Divisas, S. A. (CIMD). A partnership was agreed between the two for the supply of brokerage services and collaboration in specialist financial consultancy. At the same time, CA SGPS acquired a small holding in CIMD.

The company also took a holding in Floresta Atlântica – Sociedade Gestora de Fundos de Investimento Imobiliário, a company which will manage the Primeiro Fundo Floresta Atlântica. The central aim of this is to encourage sustained development of the forest through active participation by private initiative.

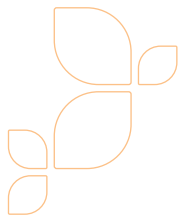
Near the end of the year, the shares in the insurance arms held by Caixa Central were transferred to CA SGPS. In the case of CA Vida, the total was passed over, and 49% of CA Seguros.

A securities department was created in Caixa Central to carry out financial intermediation in the capital market, specifically in terms of receiving and transmitting Stock Exchange orders for third parties and the record and deposit of securities. The new department will take up this specialist relationship with the associated Caixas and will manage the products and channels where the services are made available.

In the field of business banking, CA Consult took on a higher profile as a management advisor for agrobusiness. It has also been taking a position in other sectors. The most important of these during the year were renewable energy, health and public-private partnerships in terms of concessions.

Also worth a mention is the new positioning of RI and SICAMSERV, as a function of their mission and aims. As part of the process there was a reallocation of resources in both organisations. CA Informática – Sistemas de Informação, SA and CA Serviços – Centro de Serviços Partilhados, ACE are the new names for Rural Informática, Serviços de Informática, SA and SICAMSERV – Serviços Informáticos e de Gestão, ACE, in line with the new image and symbolism adopted by the Group.

There was a continuing focus during the year on encouraging CCAM mergers. This was seen as a way towards economic and financial consolidation and the structural organisation of SICAM, and not merely as a means of overcoming imbalance in some CCAMs. The total number of Caixas fell from 105 at end-2006 to 100 a year later.



These mergers have given enhanced size and financial solidity to the Caixas that are part of SICAM, leading to a sharper competitive edge in the markets where they operate. At year-end, the average value of assets per associated Caixas was above 100 million euros. In fact, net results in 13 Caixas topped 2 million euros, with 3 of these coming in at over 4 million.

While on the subject of improving results in the Group, the overall total came in for the first time at well over 100 million euros. The performance was good in practically all the Caixas and 17 of them posted individual results of over 2 million euros.

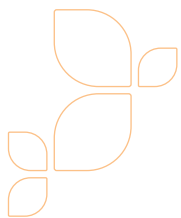
The year was also the final period of the **Crédito Agrícola Group's Modernisation Plan**. This was launched 4 years ago with the aim of providing the Group with an organisational and technological infrastructure that would allow it to face up to future challenges on a level playing field with its main competitors. The new tools would also allow it to consolidate its financial base.

During this final year, the modernisation plan was impacted in a major way by initiatives relating to regulations, supervision and control. The aims were to prepare SICAM for adaptation to the requirements of Basel II through the definition of a plan to transform risk management and to gain all the internal benefits that stem from these challenges and investments.

The modernisation plan is two-pronged: the programme for organisational development and quality (PDQD) on the structural side, and Ruris+ on the technological side.

In this context, the first of these (PDQD) focused on generating value by maximizing the means available through Ruris +. The main thrusts were improvements to efficiency and productivity, business development, risk management and compliance. The following points are the most salient:

- Formalisation of compliance procedures, the aim of which is to ensure that the executive management, group structures and staff in general fulfil the stipulations set out for internal procedures and comply with the rules laid down by the authorities;
- Roll-out of ALM procedures through an ALCO committee, ensuring effective management of the risks inherent in financial intermediation, above all liquidity risk and interest rate risk;
- Creation of risk management policies and models, the main aim at the moment being to improve risk and credit management procedures, in accordance with guidelines set out by the Basel Committee;
- Creation of a middle-office and definition of a branch model, this being a vital project to underpin expansion of Caixa Central network, providing also a concept that could be used by associated Caixas, above all those with a more urban setting;
- Creation and empowerment of a bureau for companies to bolster the supply of business solutions through the development of complementary services in the Crédito Agrícola, and create value and more diversified risk in the market;
- Bringing the securities department on stream, given that this has enabled the Group to keep its financial custodian operations, to manage Caixa Central investment securities issues, to oversee transmission and reception of third-party Stock Exchange orders and to act as custodian of investment funds;



- Revision of the standard organisation model for the Caixas, which has been an interdepartmental project carried out over 2007. This will provide an organisational platform for Group development in 2008, taking into consideration the regulatory demands stemming from Basel II and roll-out of the Banco de Portugal risk assessment model (MAR);
- Reorganisation of the DCCC, a project aiming at an overhaul of accounting procedures at the Caixa Central, which provides financial budgeting and asset information to back up management in the Caixa Central itself and throughout the Crédito Agrícola Group;
- Reorganisation and empowerment of DMEP – the electronic payments department;
- Overhaul of credit recovery procedures, in line with best market practice, a process grounded on properly structured principles, conditions and methodology to be used in recovery either through the courts or outside.

The **Ruris+ Programme** emerged as a response to a set of challenges which led to a competitive repositioning of the group through the application of new technology. A study carried out by external consultants concluded that in the 2007/2008 period, the Group was above average for the sector in 39% of the technological infrastructures reviewed.

The following projects – involving close co-operation between Caixa Central, CA Serviços and selected Caixas – were concluded during the year:

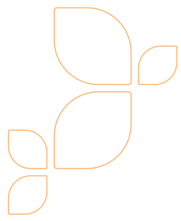
- International Accounting Standards
- Business Continuity - Swift and Consolidation
- Risk II – Proposals for ENI Scoring, Mortgage Credit and Credit Cards
- ALM – Infrastructure for management
- Infrastructure for risk support – requirements
- On Line Companies (Internet Banking)
- Direct Line 2
- Elo – Client Group
- Trevo +

Group activity was also impacted by the structural changes in the European payment system through the introduction of **SEPA** (Single Euro Payments Area). The Group, through Caixa Central, was one of the banks that took part in the initial assessment of possible impact on the business plan and on technological capacity.

In this field, emphasis should be given to the development of the technological infrastructure and connection to SIBS for the Scheme Credit Transfer and a role in the restricted group of Portuguese banks that carried out tests with the EBA (Pan-European Clearing House).

The Crédito Agrícola also took part in two studies with VISA PORTUGAL, within the scope of European Commission guidelines on Interchange Fees, aiming to bring the Portuguese into line with other European countries.

In terms of **image and communication**, the Group moved forward with its process of market positioning as a modern institution in touch with people. The new image was consolidated and the renovation process for the corporate image taken to be concluded. This has become an essential feature of Group development.



There was also a campaign focusing on the **new design for cards**, with the emphasis on innovation (vertical cards), security (chip and insurance) and other advantages (loyalty programmes).

During the year, the Crédito Agrícola reached the 3rd place in the ranking of financial operations working with *CoBranded* cards in Portugal, both in terms of the number of partnerships and the number of cards issued.

As regards pricing and complementary margin, there was a **value recovery campaign**, leading to greater awareness among SICAM members of how commissioning works, and this meant greater efficiency in collecting than in the previous year.

A multimedia campaign "**Back to School**" was also launched, the main aim being to present the Group's institutional image to youngsters, with a public figure present for the first time.

The Group bolstered and diversified its funds products with the launch of a special investment fund - Fundo Especial de Investimento Raiz Valor Acumulado – **CA Rendimento Duplo 2007** and **CA TOP CAPITAL**.

New Channels were also opened up and they have become significant, with the most salient being:

- The launch of the On-Line company service through Internet Banking, with specific characteristics for the segment – security, membership and range of functions;
- The direct line transaction service, which allowed Caixa Agrícola customers who joined the MultiCanal system to carry out financial transactions on their accounts, through a 24 h/day automatic service every day of the year, including personal service if requested.

New Links were created on our site in responses to a range of customer needs. Among these were **CA Imóveis** (Property) and **Sala de Imprensa** (Press Room).

A boost was given to commercial operations in agencies abroad, above all those in the EU.

The offshore branches (SFEs) in Cape Verde and Madeira continued to show that they are an important way of attracting funds, diversifying and providing complementary and competitive business for non-residents.

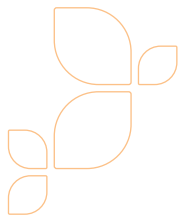
A point worth mentioning here is the new company geared to asset management. It is domiciled in Cape Verde and already has a number of schemes for managing both financial and non-financial funds.

During the year, Caixa Central became an agent for Western Union, with the aim of growing its business in the immigration area.

It is now mandatory to be linked to the Banco de Portugal banking supervision department via **BPnet** and the process of joining was concluded during the year. This link gives, among other important functions, on-line contact with the central bank's credit responsibilities centre, an important tool for assuming credit risk.

The **Pool of In-house Training Staff** was increased to take in staff at the Caixas and the first meeting of in-house training staff was held in May, followed by the first course in September.

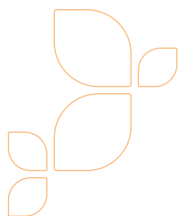
During the year there were also the first **e-initiatives**, with three pilot courses. These were credit to companies, Excel XP and tied insurance agents.



The **Third Crédito Agrícola Staff Meeting** took place, focusing on bolstering motivation and Group spirit. For the first time, a number of Caixas presented their “best practices” across a range of operations: commercial, overdue credit and litigation, internal auditing and quality certification.

The year also saw technological development and growth in the new model for the company archives. This is part of the modernisation plan and comes in the wake of start-up for the area of classification and documentation held in custodianship.

The last point is of the greatest relevance and the outcome is eagerly awaited by many Caixas. Caixa Central, working with the top management of FENACAM, handed in to the Banco de Portugal its project for a **revision of the legal framework of the Crédito Agrícola Mútuo**. A number of high-level contacts also took place to follow up and monitor progress.



4. SICAM Main indicators

Unit: thousands of euros except percentages

	2006		2007	VARIATION (IAS/IFRS)	
	PCSB	IAS/AFRS	IAS/AFRS	Absolute	Relative
Customer resources	8,630,478	8,662,858	9,157,713	494,855	5.7%
Credit to customers (net)	6,685,388	7,037,783	7,188,241	150,458	2.1%
Total assets (net)	10,090,190	10,069,658	10,565,607	495,950	4.9%
Operating income	828,237	757,138	873,589	116,451	15.4%
Financial margin	337,953	351,442	387,051	35,608	10.1%
Net worth	432,584	424,622	486,193	61,571	14.5%
Net results	95,577	96,721	113,330	16,609	17.2%
Cash Flow	163,434	160,864	198,582	37,718	23.4%
Solvency ratio (Group) ⁽¹⁾	14.4%	-	14.4%		
Return on equity (ROE) ⁽²⁾	12.2%	12.8%	13.9%		
Efficiency ratio (SICAM)	57.2%	59.0%	54.1%		
Transformation ratio (SICAM)	80.7%	85.4%	81.5%		
More than 90-day overdue credit ratio	4.3%	4.0%	3.5%		
Net default ratio ⁽³⁾	0.65%	-0.46%	-0.03%		
Ratio of cover by provisions for overdue credit (+ 90-day) ⁽⁴⁾	93.8%	119.2%	108.1%		
Number of CCAMs	105		100		
Number of branches	631		647		
Average net assets per Caixa ⁽⁵⁾	91,768	94,997	102,155	7,158	7.5%
Average number of branches per Caixa	6.0		6.4		

(1) Including results for the year

(2) Taking the average of extreme figures for the operating income of each year, except for NCA in 2006, when end-of-year balances were taken because there was no background history

(3) Defined in accordance with Banco de Portugal Instruction 16/2004

(4) Specific provisions

(5) Including Caixa Central and taking the average of extreme figures for net assets in each year, except for IAS/IFRS in 2006, when end-of-year balances were taken because there was no background history

All the main indicators were up on the previous year.

Net assets grew by 4.9%, coming in at over 10.6 thousand million euros.

Client funds also grew (by 5.7% as opposed to 5.9% a year earlier), in a context that did not favour savings and saw increasingly aggressive competition against a backdrop of a liquidity crisis in the financial system.

Credit to customers grew moderately (2.1%), and the transformation ratio fell and stood at 81.5% (in the new accounting terms, when compared with 2006). This has a positive repercussion in the liquidity of the system, expressed in the net interbank situation, which rose to 1,210 million euros (excluding cash balances at central banks).

Operating income grew markedly over the previous year (15.4% in the new accounting terms) and this was a result of the net results obtained.

The main indicators on the income statement all came in very healthy, with net results continuing to grow and moving above 113.3 million euros (17.2% more than a year earlier, in the new accounting terms).

The efficiency ratio was also better, falling to a level below 2005 (when it was 56.4%). This strengthened the SICAM position as one of the best in the banking system.

Average net assets per Caixa grew by 7.5%, as a result of an increase in business and also the merger process, to stand at 102.2 million euros. The average number of branches per Caixa is 6.4.