



09

THE POWER OF OUR VALUES

SUSTAINABILITY
REPORT



CONFIDENCE



HUMANISM



EFFECTIVENESS



INNOVATION



AMBITION



BANIF

FINANCIAL
GROUP

SUSTAINABILITY REPORT '09 BANIF FINANCIAL GROUP

THE POWER OF OUR VALUES

We can measure Man's power by his achievements. By the height to which he rises, the speed he reaches, the impact he causes on the world in which he lives. But it is in the way in which Man achieves his goals that lies the real essence of his attainments. It is in the values that feed his imagination that we see the basis of great ideas. It is in the values that inspire him to build that we discover the principle of creation. It is in the values that drive change that we find the origin of evolution. Sustainability also depends on what Mankind, what each one of us, seeks to achieve. But more than a goal, Sustainability is a path to be travelled by all. And it is our values that mark each step of this challenging way.



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Message from the Board of Directors of the Banif Financial Group

The challenges posed by the economic and financial situation currently faced around the world have encouraged the Banif Financial Group to adopt a strategy of sound growth, in the form of developing business operations in various sectors based on the three pillars of sustainability: economic, environmental and social. This is the background to the publication of the third Sustainability Report of the Banif Financial Group, which records the performance of the Group in Portugal, with a special emphasis on the activities of Banif, SA, Banif - Banco de Investimento and Açoreana.

The Banif Financial Group regards sustainability as a broadly-based approach, as borne out by growth in the number of points of sale, in the workforce, in the products and services offered, growth in geographical reach and in institutional recognition. All these objectives have been achieved without compromising the standards of quality which have always defined the Group. Our successful performance has also been reflected in the positive results of internal initiatives, such as Mystery Shopping and Mystery Calls, and in external initiatives, such as the Customer Satisfaction Survey.

Because sustainable development has to be an ongoing commitment, the Banif Financial Group sought in 2009 to follow through the environmental and social issues arising in its core business. The Group is currently pioneering the introduction of financial products and services for personal and corporate customers with a significant environmental component.

Reflecting its social concerns, the Banif Financial Group has pressed ahead with its high profile initiatives in the fields of education, the arts and sport, aiming its work primarily at local communities. This has also involved providing special credit facilities for small and medium-sized businesses, which make up the majority of Portugal's business fabric.

Internationally, the Banif Financial Group has given its backing to the Global Compact Anti-Corruption Letter, the only Portuguese financial institution to sign the letter, demonstrating the degree of the Group's commitment to business ethics and openness.

Sustainability was also evoked internally through the launch, in 2009, of the CentaurValues: Confidence, Humanity, Effectiveness, Innovation and Aspiration. These values encapsulate the corporate essence of the Banif Financial Group and inculcate in us the "Power of Believing" to achieve more for the benefit of all.

Also with a view to putting the Sustainability Strategy into practice, a number of commitments were defined for the period 2009-2010, relating to issues of governance, core business, customers, employees, the company, the environment and monitoring. The essential aim is to assure that economic growth is compatible with respect for the environment and the society around us. The Banif Financial Group believes that sustainable development is not just a specific aim for the present, but a future which we have to bring into being.

"These values (confidence, humanity, effectiveness, innovation and aspiration) encapsulate the corporate essence of the Banif Financial Group and inculcate in us the "Power of Believing" to achieve more for the benefit of all."

The Board of Directors of Banif SGPS, SA

Messages from the Sustainability Steering Group

Ethics, transparency and environmental and social issues are topics consistently close to the top of the management agenda in the Banif Financial Group, and we are therefore pleased to record the achievements made in these fields, over the course of 2009, in yet another Sustainability Report.

Special attention is drawn to the CentaurValues Project, which is designed to establish a common thrust for the Group's mission, vision and values, and to build a culture with a unifying effect within the various Group companies.

At the same time, the Banif Financial Group provided clear proof of the sincerity of its concern with issues relating to compliance with the law, codes of conduct and good practice in the banking sector by signing the Global Compact Anti-Corruption Letter which the Banif Financial Group, as the only Portuguese financial institution to sign the letter, is proud to be associated with.

In the field of strategic giving, the Group pressed ahead in 2009 with a range of welfare projects, in partnership with a number of social charities, and continued to pursue its work in the fields of education, the arts and sport, which it regards as vitally important to the well-being and development of our communities and citizens.

We are confident that, thanks to all our environmental and social projects, we have made an active contribution to building a fairer and more balanced society.



Dr. Marques dos Santos

Vice-Chairman of the Board of Directors of Banif SGPS, SA, Chairman of the Executive Board and Vice-Chairman of the Board of Directors of Banif, SA and member of the Sustainability Steering Group

In terms of sustainability, the Banif Financial Group has distinguished itself through the originality of the financial products it markets. Special efforts have been made to develop environmental and social products, leading the market to see the Group as a game-changer, especially with regard to environmentally responsible products, such as special investment funds - the Luso Carbon Fund and the New Energy Fund. Significantly, our work in this area has not been limited to investment banking, as we also offer a number of products through our retail banking and insurance arms, designed to encourage environmentally responsible behaviour.

Another development has been the offering of credit facility aimed specifically at students (to finance their education), accounts designed for low-income individuals and credit facilities for business and self-employment start-ups. This facility, combined with others aimed at small and medium-sized companies in less developed areas, are evidence of the concern felt by the Banif Financial Group for the society and communities in which it does business.

In terms of implementation of our Environmental Policy, we have remained committed to raising awareness of these topics internally and to a policy of climate responsibility, leading us to offset the carbon emissions associated with a number of events and publications. This allows us to help fight one of the main problems facing the world today: the issue of climate change.



Dr. Raúl Marques
 Director of BBI and member
 of the Sustainability
 Steering Group

In 2009, issues associated with environmental and social risks were further explored by our working parties involved in implementing the sustainability strategy. We are aware that environmental and social risks are increasingly important to the financial sector, due in great part to increasingly stringent legislation on companies.

A number of internal meetings were accordingly held in order to assess the potential implementation of environmental criteria in the analysis of lending risk, especially in the construction sector. The environmental criteria analyzed include issues of energy efficiency and climate change. The procedures under study relate to the purpose of finance and the respective property guarantees given as collateral. In the field of project finance, the Group is currently looking at the possibility of signing up to the Equator Principles.

And because people represent our greatest asset, we implemented measures to improve the satisfaction levels of our workforce, with a commitment to training and plans for voluntary projects in 2010. The well-being of our human capital is a concern for all times and for the future.



Dr. Carlos Brites
 Director of Açoreana
 and member of the
 Sustainability Steering
 Group

01

THE BANIF FINANCIAL GROUP

To see Sustainability as a present and future reality, we need a value to inspire us to believe: Confidence.



CONFIDENCE



HUMANISM



EFFECTIVENESS



INNOVATION



AMBITION



**A POWER
WHICH
CARRIES US
FORWARD**



01. The Banif Financial Group

1.1 ABOUT US

1.1.1 The Banif Financial Group

The Banif Financial Group celebrated its 21st anniversary in 2009 and we have been especially proud to observe the continued momentum of expansion of growth, which has been a constant feature of the Group since its inception, as the Group has consolidated its position in the Portuguese and international markets. We have increased our capacity to create value for shareholders, customers and other stakeholders.

The Group has a multi-channel distribution network which operates on an increasingly international scale and seeks to serve as a benchmark for service quality and excellence in the range of products and services offered. A constant focus on the customer and his or her needs is the touchstone of our daily efforts and the success of our response is clear in the sustained growth which the Group has experienced.

Without compromising our principles or the quality of our services, the Group has recorded uninterrupted growth in terms of wealth created and distributed, points of sale, workforce, market share, range of products marketed, geographical reach and institutional recognition.

We wish this growth to be sustainable and to be accompanied by the Group's integration into the Portugal's economic, social and cultural fabric. This is the context in which the Banif Financial Group has drawn up its sustainability strategy, designed to strengthen a culture of integrity and delineated in practice to offer a new vision of risk management, the provision of financial products and services which promote good environmental, social and economic practice, a policy of support for the arts and sponsorship and donations to varied social, cultural and sporting initiatives, as well as responsible management of human resources.

Equity Structure

In August 2009, the share capital of Banif SCPS, SA was increased from €350,000,000 to €490,000,000, resulting in a substantial change in the equity structure.



Banif Financial Group headquarters, in Lisbon

The shareholder Horácio da Silva Roque ceased to have a qualifying holding in excess of two thirds (maintaining a holding of more than one half) of the share capital and voting rights in the Banif Financial Group. The change in the size of this shareholder's interest was the result of the effect of dilution caused by the issue of 70,000,000 new shares reserved for the (former) shareholders in Tecnicredito SCPS, SA (in connection with the 2nd tranche in the capital increase).

All the operations and transactions involved in these changes resulted in an equity structure at year-end 2009 with the following characteristics, in terms of qualifying holdings:

HOLDINGS IN EXCESS OF 2% - IMPUTATION OF VOTING RIGHTS	% OF SHARE CAPITAL (NO. OF SHARES)
Horácio da Silva Roque	56.35% (276,125,160)
Auto-Industrial - Investimentos e Participações SGPS, SA	12.12% (59,405,000)
Joaquim Ferreira de Amorim	2.29% (11,196,884)
Jorge Sá	2.08% (10,200,000)
Total	72.84% (356,927,044)

1.1.2 Mission, Vision and Values

CENTAUR'S VALUES: CONFIDENCE HUMANISM EFFECTIVENESS INNOVATION AMBITION



MISSION

THE MISSION EXPRESSES WHAT WE ARE, WHAT DRIVES US AND OUR PURPOSE AS A FINANCIAL GROUP.
TO BE A SOLID AND CONTINUOUSLY GROWING FINANCIAL GROUP, WITH BOTH NATIONAL AND INTERNATIONAL OPERATIONS, WORKING TOWARDS THE CREATION OF VALUE; A BUSINESS AND FAMILY PARTNER THAT STRIVES TO VALUE ITS ASSETS, DELIGHT ITS CUSTOMERS AND SATISFY ITS EMPLOYEES, ALWAYS DRIVEN BY THE HIGHEST PRINCIPLES OF ETHICAL AND SOCIAL RESPONSIBILITY.

BANIF  FINANCIAL GROUP

CENTAUR'S VALUES: CONFIDENCE HUMANISM EFFECTIVENESS INNOVATION AMBITION



VISION

THE VISION SETS FORTH WHAT WE WANT TO BE AND WHAT THE AMBITION OF BANIF FINANCIAL GROUP IS.
TO BE A FINANCIAL GROUP IN CONSTANT SUSTAINED GROWTH, WITH AN INTERNATIONAL PRESENCE, INNOVATIVE, AND CLOSE TO ITS CUSTOMERS. A GROUP THAT IS ABLE TO CREATE VALUE AND WITH THE ASPIRATION OF BEING RECOGNISED AS A BEACON IN THE MARKET AND AS AN EXAMPLE BY THE COMMUNITY.

BANIF  FINANCIAL GROUP

Values

To reflect the **CentaurValues** in all our conduct and activities.

CONFIDENCE

To establish lasting relationships, based on rigour, integrity and openness, on respect for the interests of our shareholders and customers, believing in our venture as a going concern, and in its aims and guiding principles.

HUMANISM

To look at our customers, and all those we deal with, as individuals with unique life stories, whom we want to support in fulfilling their expectations, from a perspective of commitment and social responsibility.

EFFECTIVENESS

To act at the right time, with innovation and a quality service, backed up by knowledge of the context and anticipation of opportunities, geared at all times to the common goal of creating value.

INNOVATION

To understand and interpret new trends in the market, in order to be ready with solutions which are distinctive and better matched to our customers' interests, confirming our ability to compete and to be an agent of change.

AMBITION

To have the "power of believing" which lets us make dreams – even "impossible" dream – come true, to build new futures and to overcome difficulties, without giving way or losing heart, bettering our achievements for the benefit of all.

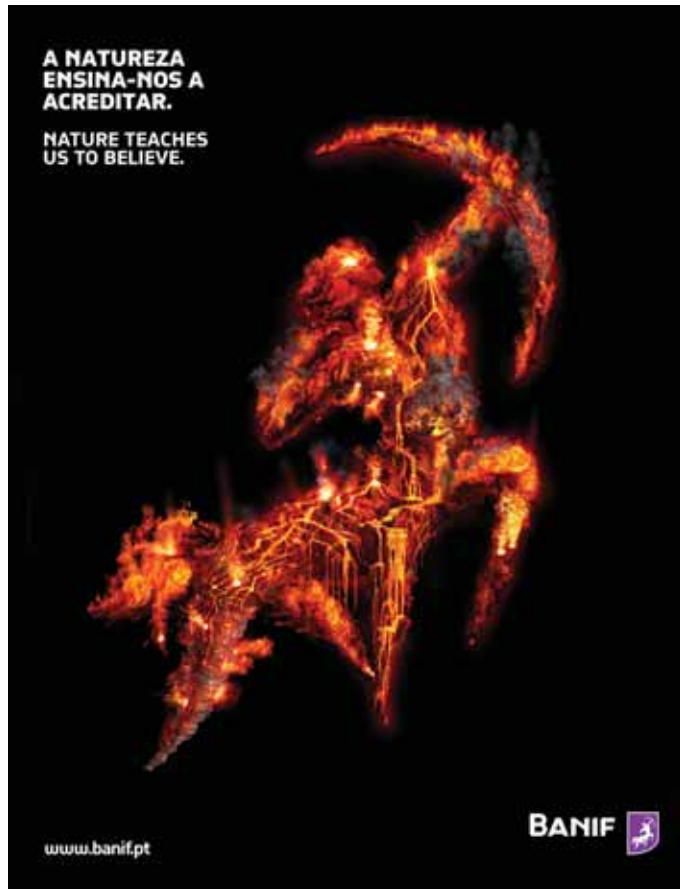
CENTAUR'S VALUES

-  CONFIDENCE
-  HUMANISM
-  EFFECTIVENESS
-  INNOVATION
-  AMBITION

BANIF  FINANCIAL GROUP

1.2 OUR COMPANIES

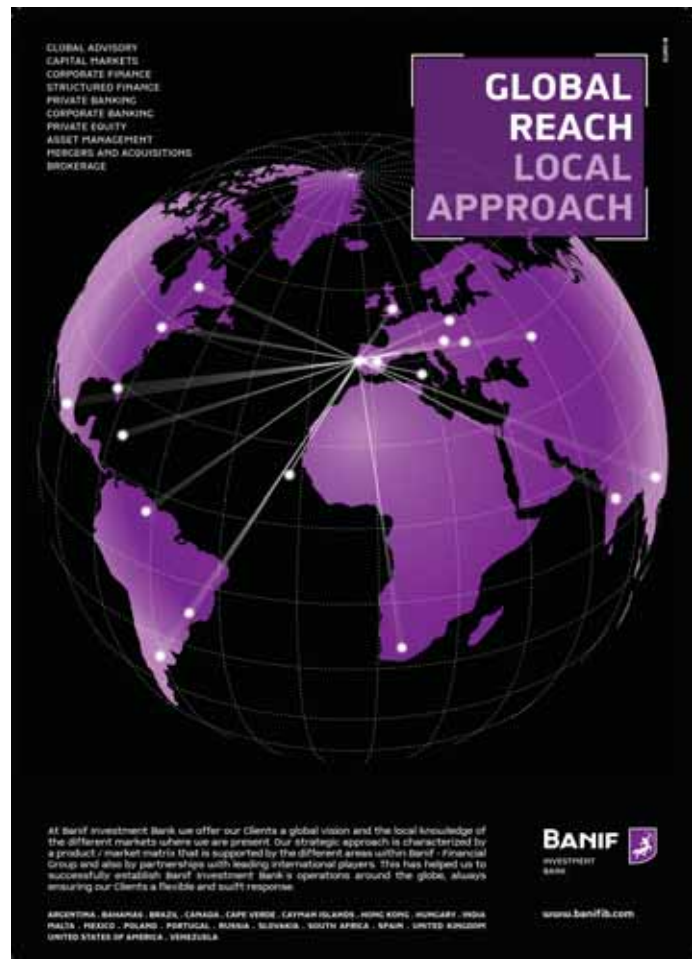
The Banif Financial Group is currently made up of companies with a high degree of expertise in specialist areas of commercial and investment banking, insurance and specialist credit, offering innovative solutions for the financial needs of their customers, nationally and internationally.



Banif Institutional Campaign

The organizational support structure enabling the Group to offer a wide range of products and services is based on a central holding company – Banif SGPS, SA – which organizes its different business segments into subholdings – Banif Comercial SGPS, SA, Banif Investimentos SGPS, SA and Tecnigrédito SGPS, SA – each of which controls companies operating in specific business areas.

Banif Comercial SGPS, SA controls companies involved in commercial banking and specialist lending, consisting at present of Banif - Banco Internacional do Funchal, SA (referred to below as Banif, SA), Banif - Banco Internacional do Funchal (Brasil), SA, Banif Co and Banif Rent.



Banif Investment Bank Institutional Campaign

Banif Investimentos SGPS, SA, controls companies involved in international banking, investment banking and asset management, including Banif - Banco de Investimento, SA (abbreviated below to BBI), Banif - Banco de Investimento (Brasil), Banif Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliário SA (abbreviated below to Banif Gestão de Activos), Banif Açor Pensões - Sociedade Gestora de Fundos de Pensões, SA, Banif Capital - Sociedade de Capital de Risco, SA, and Gamma - Sociedade de Titularização de Créditos, SA.

In 2009, the Banif Financial Group incorporated the companies making up the Tecnigrédito Group, including Tecnigrédito ALD, Banco Mais, which specialises in automobile credit, Margem Mediação de Seguros, Lda., TCC Investments Luxembourg and Banif Plus Bank Co., Ltd (Hungary).

Banif SGPS, SA also has a holding in Companhia de Seguros Açoreana, SA (referred to below as Açoreana), which carries on all our insurance business. In November 2009, Açoreana signed



Banif Mais Institutional Communication

an agreement for acquisition of Global and Global Vida, thereby creating the third largest insurance group in Portugal, in terms of market share in non-life business, and the sixth largest in terms of market share in life business.

On 31 December 2009, the Group launched Ecotrader, a company owned in equal parts by Banif Banco de Investimento, SA and FomentInvest, a spin-off from the trading business of Ecoprogresso SA. The company will be called Banif Ecoprogresso Trading, SA, and is the first trader specialised in energy and environmental assets in Portugal. It will operate in the national

and international market under the Ecotrader brand. This new company clearly illustrates the integration of sustainability into the Group's core business.

The aim of this operation is to make Ecotrader the *prime mover* in the Portuguese market, positioning itself as the prime broker for energy and environmental assets, able to offer a full portfolio of services, which will include operations in the spot and futures markets, as well as the capacity to structure tailor-made operations for customers.

At the same time, MCO2, a new securities fund management company already licensed by the CMVM is due to take over management of the Luso Carbon Fund and New Energy Fund (special investment funds), currently managed by Banif Gestão de Activos.

MCO2 has been incorporated by Carbono, Sustentabilidade e Desenvolvimento, SCPS, SA (50%), ESSI, SCPS, SA (25%) and Banif - Banco de Investimento, SA (25%).

1.3 A WORLDWIDE PRESENCE

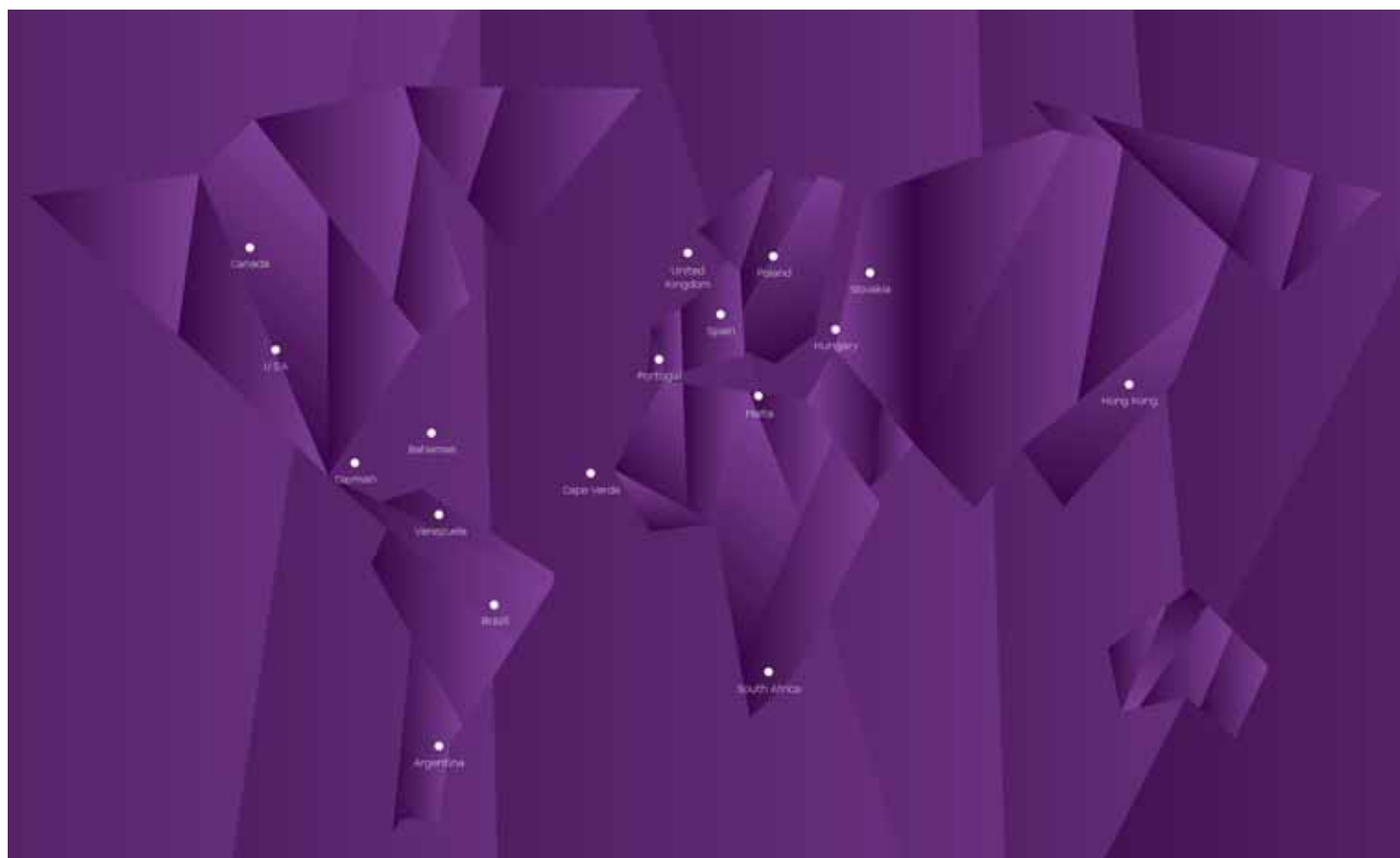
The Banif Financial Group consists of 59 companies in 17 countries and 5 continents, with approximately 593 points of sale¹ and a workforce of currently 4,102 employees² who bring the value of our products and services to our 1.4 million customers.

At 31 December 2009, the Banif Financial Group had 371 bank branches in Portugal, including 127 branches in the island regions. In the course of 2009, the Group opened 38 new branches (25 in mainland Portugal, 1 in Madeira, 1 in the Azores, 2 in Cape Verde, 4 in Malta and 5 in Brazil), as well as opening Açoreana offices in Ribeira Brava, João Tavira, Estreito de Câmara de Lobos and Santana, thereby meeting the targets set by the Group for the financial year of 2009 and helping to create new jobs.

The Banif Financial Group has 205 points of sale abroad, with Brazil and the United States representing the bulk of international operations. An important development in 2009 was the opening of a representative office for Banif, SA in Hong Kong, making the Banif Financial Group the first Portuguese bank to operate in this Special Administrative Region of the People's Republic of China.

¹ Excluding Banca Pueyo (Spain), with 84 branches and Bankprime (Spain), with 23 branches in which the Banif Financial Group is not the majority shareholder.

² This figures does not include the employees of companies included in the consolidated accounts by the equity method and in which the Group does not have a majority holding.



Banif Financial Group around the world

1.4 CREATING AND DISTRIBUTING WEALTH

The leading financial indicators of the Banif Financial Group show that, despite a reduction of 8.7% in its net profits, the other business indicators improved in relation to the previous year.

This was achieved thanks to the period of growth and consolidation currently being enjoyed by the Group, and is reflected in the solvency ratio and in the other indicators in the following table, most significantly in Operating Revenues and Customer Lending.

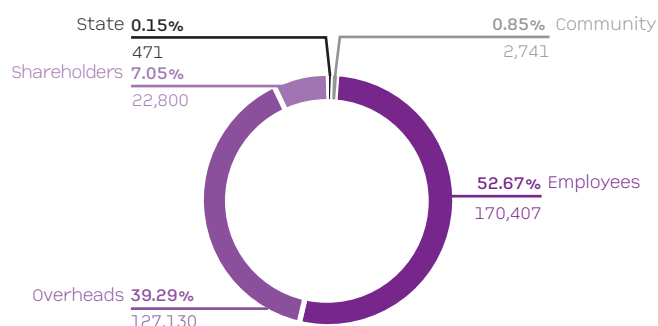
Solvency Ratio of 10.03% on an IAS / IFRS and Basel basis, demonstrating a sound equity to assets structure.

Market capitalization of 612.5 million euros at 31 December 2009.

	2008	2009	PERCENTAGE VARIATION IN RELATION TO 2008
Operating revenues	470,043	509,053	+8.3%
Net profits	59,237	54,075	-8.7%
Dividends	22,750	22,800	+0.22%
Contribution to CVA	335,804	381,923	+13.73%
Customer lending	10,590,663	11,889,493	+12.26%
Customer deposits and other borrowing	6,514,863	6,743,017	+3.50%

In 2009, the Banif Financial Group distributed 323.5 million euros to its stakeholders, as detailed in the following chart. Direct investment in the community (aid, sponsorship and donations) totalled 2.74 million euros, accounting for 4.11% of the Group's pre-tax profits.

DISTRIBUTION OF WEALTH CREATED TO STAKEHOLDERS (Thousand Euros)



The Banif Financial Group's international activities are significant as approximately 21% of our Operating Revenues are generated by operations abroad.

Accrued Economic Value (Banking Revenue – Economic Value Distributed) stood at € 185,504 thousand euros.

In addition, Banif is a Financial Group with a strong sense of responsibility, always looking to the future, as demonstrated by the fact that 58% of net profits was retained for investment.

In 2009, the Banif Financial Group received no significant support from government agencies. It also made no contribution in cash or in kind to political parties or related institutions.

The insurance operations carried on by the Banif Financial Group, through Companhia de Seguros Açoreana, presented total premiums written in 2009 of 446.4 million euros (down by 0.2% on 2008), with growth of 4% in non-life premiums.

RATINGS: BANIF, SA

	LONG TERM	SHORT TERM	OUTLOOK
Moody's*	Baa1	P-2	Stable
Fitch Ratings**	BBB+	F-2	Stable

* Confirmed in April 2009

** Confirmed in January 2009

02

SUSTAINABILITY IN OUR OPERATIONS

Seeing beyond our objectives is the way to exceed them. Effectiveness is the measure for achieving new goals, every day.



CONFIDENCE



HUMANISM



EFFECTIVENESS



INNOVATION



AMBITION



**A POWER
THAT GUIDES
US IN
EVERYTHING**



02. Sustainability in our business

2.1 SUSTAINABILITY STRATEGY AND GOVERNANCE MODEL

For the Banif Financial Group, sustainability means integrating business, environmental and social issues into its core business and into its ties with the community. The Group is accordingly committed not only to complying with all the relevant legislation, but also to keeping one step ahead and adapting as well as possible to every type of risk and opportunity of an environmental or social nature.

At the Banif Financial Group we believe in our continued growth, with the constant goal of international expansion and of innovation to set us apart from the market. In our business operations we reassert our commitment to making a positive contribution to preserving wildlife and to assuring the well-being of future generations. The Banif Financial Group looks on sustainability as a vital aspect of its core business, as a distinctive factor in the market and as a means of creating value. It is therefore regarded as an essential variable for both growth and for risk management.

This is also why the sustainability strategy envisages the integration of sustainability into Group business, with the design and offering of financial products which promoted environmental and social well-being. We should also not forget the Group's direct investment in the community, through strategic giving and minimization of environmental impacts from the consumption of natural resources. We regard the incorporation of sustainability as a central strategic option, cutting across all business areas. A route we believe should be followed with all seriousness, with systematic planning, with the active participation of each of our companies and the involvement of the entire workforce.

We are aware that the success of this strategy depends largely on the involvement and motivation of our workforce. This means we need to provide them with excellent working conditions and then to train and raise their awareness of these issues.

In order to assure that the Banif Financial Group's sustainability strategy can be implemented, a specific governance model was devised in 2008 for sustainability. In this model, ultimate authority on sustainability issues is formally entrusted to the Board of Directors.

BANIF FINANCIAL GROUP: GOVERNANCE MODEL FOR SUSTAINABILITY



The Board of Directors (BD) of Banif SGPS, SA, comprising seven executive directors, is the only executive body in the Group, responsible for defining its strategy. It is supported by a corporate centre, comprising ten corporation functions, each function reporting to a member of the BD³.

The remuneration of company offices is set by a Remuneration Committee, whose members are elected directly by the General Meeting. In keeping with reasonable criteria and market forces, a balance is accordingly sought between providing adequate remuneration to assure the quality and dedication of the managers of the various Group companies and due proportion with the results obtained by the Group.

Issues relating to conflicts of interests are also of fundamental importance in matters of conduct. Questions of conflicts of interests are safeguarded in the Codes of Conduct of the Banif Financial Group and Banif, SA, and are also treated specifically in the Conflicts of Interest Management Policies of Banif, SA and BBI.

Also in 2009, the Banif Financial Group also approved its Whistleblowing Policy, currently being implemented. This document applies to all companies in the Group, and details the system for giving notice of irregularities relating to management acts in the fields of accounting, internal accounting controls, auditing, the fight against corruption and banking and financial crime. This Policy takes on board the recommendations of the Portuguese Securities Market Commission and the positions taken on this matter by the National Data Protection Council.

Interaction with Stakeholders

At the Banif Financial Group we are aware that our future depends on how we conduct our dealings with our stakeholders. It is by remaining effectively involved without main stakeholders that we can best respond to their principal concerns, aspirations and needs, enabling us to manage risks more effectively and identify the Group's business, social and environmental opportunities.

BANIF FINANCIAL GROUP: STAKEHOLDERS



The following table details how the Banif Financial Group conducts its dealings with its stakeholders, along with the main areas of interest identified and the measures adopted by the Group in order to respond to the expectations of stakeholders.

³ For further information on corporate governance within the Banif Financial Group, please consult the 2009 Corporate Governance Report of Banif SGPS, SA.

DEALINGS WITH STAKEHOLDERS

Stakeholders	Forms of Interaction	Frequency	Areas of Interest	Action taken by Banif Financial Group
Workforce	<ol style="list-style-type: none"> 1. Newsletters 2. Magazines 3. Internet and Intranet 4. Satisfaction surveys 5. Management meetings and staff meetings 6. Christmas lunch 7. <i>Clube Banif</i> 	<ol style="list-style-type: none"> 1. Monthly 2. Quarterly 3. Continuous 4. Biannual 5. Annual 6. Annual 7. Continuous 	<ul style="list-style-type: none"> - Training needs - Cultivating the Banif Financial Group spirit - Environmental and social awareness raising 	<ul style="list-style-type: none"> - Sustainability report - CentaurValues Project - "Evolve" Training - Integrated training plans - Performance assessment - Promotion of communication with top management - Cultural and sports activities - Educational desk calendar - Sustainability report
Customers	<ol style="list-style-type: none"> 1. Network of points of sale 2. Customer Complaints Office 3. Customer support (telephone / e-mail) 4. Banif@st 5. Letters 6. <i>Vantagem</i> magazine 7. Satisfaction assessment 8. Events 9. Internet 10. Statement flyer 	<ol style="list-style-type: none"> 1. Continuous 2. Continuous 3. Continuous 4. Continuous 5. Continuous 6. Quarterly 7. 6-monthly 8. Continuous 9. Continuous 10. Quarterly 	<ul style="list-style-type: none"> - Value for money of products and services - Access using new technologies - Processing of suggestions and complaints - Innovation in products and services - Environmental and social awareness raising - Financial literacy - Close relationship with banking customers 	<ul style="list-style-type: none"> - Quality certification - Satisfaction surveys - Mystery Shopping and Mystery Calls - Educational desk diary - Reports and accounts - Sustainability report - Golf tournaments
Shareholders	<ol style="list-style-type: none"> 1. General Meeting 2. Investor Relations Office 	<ol style="list-style-type: none"> 1. Annual 2. Continuous 	<ul style="list-style-type: none"> - Assure creation of shareholder value in the long term - Cultivate the Banif Financial Group spirit 	<ul style="list-style-type: none"> - CentaurValues Project - Report and accounts - Corporate Governance Report - Sustainability Report
Communities	<ol style="list-style-type: none"> 1. Partnerships 2. Aid 3. Donations and sponsorship 4. Events 	Continuous	<ul style="list-style-type: none"> - Charitable giving - Culture and education - Financial literacy - Environment - Sport 	<ul style="list-style-type: none"> - Support for projects and institutions, donations, arts and sports sponsorship and Group initiatives benefitting communities - Sustainability Report - Participation in national and international associations/organizations
Regulatory Authorities	<ol style="list-style-type: none"> 1. Communication with regulator and the markets 2. Investor Support Office 3. Mandatory disclosures 	Continuous	<ul style="list-style-type: none"> - Quality of reporting to market - Openness - Quality of corporate governance model - Efficiency of internal control and auditing procedures 	<ul style="list-style-type: none"> - Report and accounts - Corporate Governance Report - Sustainability Report - Participation in public consultation processes

The Banif Financial Group is also in continuous communication with its suppliers, by email and telephone and face to face.

One of the most important aspects identified in our dealings with customers and employees is the raising of environmental and social awareness and promotion of financial literacy. In keeping with this, Banif produced educational desk calendars for 2009, with suggestions of how to contribute to economic, environmental and social causes and websites to help in shifting attitudes.

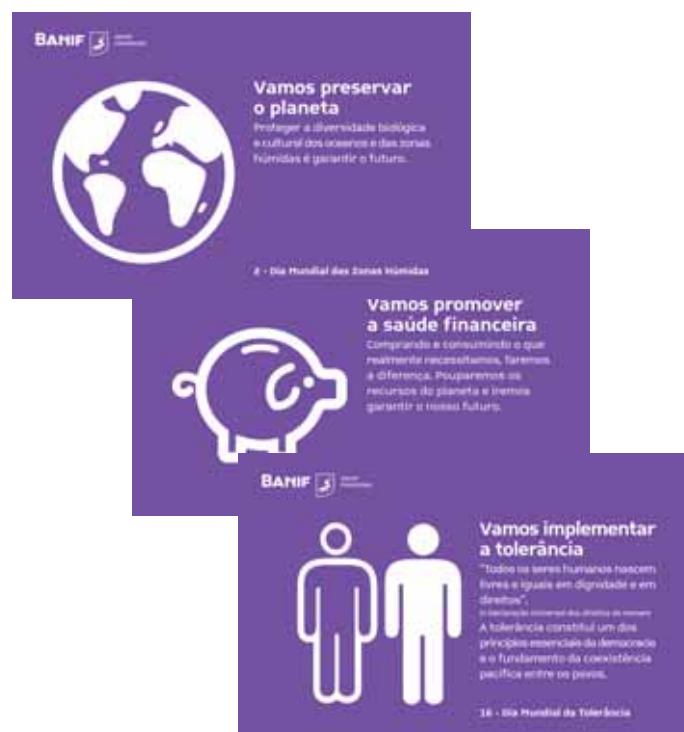
There has been a visible increase in interaction with our main stakeholders on environmental, social and ethical issues, including through participation in events and award schemes, and by establishing contacts and partnerships. The Group is a member of BCSD Portugal (Business Council for Sustainable Development) and has been active in the working party on "Sustainability in the Financial Sector" (which it has sponsored), designed to encourage and disseminate good sustainability practice amongst the companies taking part and society in general.

A specific channel for dialogue with stakeholders remained in use in 2009 (sustentabilidade@banif.pt) whilst internal and external communication efforts continued to disseminate the action taken and to raise awareness amongst different sectors of the public. In addition to publication of the Sustainability Report, this involved answering surveys and internal and external publications.

All the companies in the Banif Financial Group take an active part in public consultation processes organization by industry associations and by the regulators. In 2009, Banif SA took part in the following public consultation processes:

- Organized by the Bank of Portugal:
 - Mandatory information on mortgage lending;
 - Mandatory information on prices charged by Credit Institutions;
 - Mandatory information on marketing of index-linked deposit accounts, dual deposit accounts and complex financial products;
 - Characteristics of bank deposits;
- Organized by the Securities Market Commission (SMC):
 - Professional certification system for financial brokers;
 - Regulations on information and advertising of complex financial products subject to SMC supervision;
 - SMC proposal on use of alternative disputes resolution;
- Organized by the Portuguese Association of Banks (PAB):
 - Reform of financial supervision in Portugal;
 - Consultation by the Committee of European Securities Regulators (CESR) on best execution.
- Preliminary draft of the Code of Good Corporate Governance of the Portuguese Institute of Corporate Governance.

In addition, the Banif Financial Group and all its companies are members of associations which put them in direct contact with other companies in all industrial sectors. Through their membership of these associations, the companies of the Banif Financial Group are involved in knowledge-sharing processes.



ORGANIZATIONS IN WHICH THE BANIF FINANCIAL GROUP IS REPRESENTED

Portuguese Associations	APAF - Portuguese Association of Financial Analysts APB - Portuguese Association of Banks APFIPP - Portuguese Association of Investment, Pension and Asset Funds APPM - Portuguese Association of Marketing Professionals APS - Portuguese Association of Insurers BCSD Portugal - Business Council for Sustainable Developments FOREX-ACI - Financial Markets Association - Portugal Portuguese Green Card Office ICAP - Civil Institute of Advertising Self-Regulation
International Associations	EFMA - European Financial Management & Marketing Association GEB - Groupement Européen de Banques (CEB) IFA - International Forfaiting Association
Chambers of Commerce	Lisbon Commercial Association/Portuguese Chamber of Commerce and Industry American Chamber of Commerce in Portugal Angolan Chamber of Commerce and Industry Cape Verde Chamber of Commerce and Industry Portuguese-South African Chamber of Commerce Portuguese-Venezuelan Chamber of Commerce Portuguese-German Chamber of Commerce Portuguese-Brazilian Chamber of Commerce Portuguese-Spanish Chamber of Commerce Portuguese-Japanese Chamber of Commerce Portuguese-Moroccan Chamber of Commerce Portuguese-Ukrainian Chamber of Commerce Portuguese-Namibian Chamber of Commerce Portuguese-British Chamber of Commerce

In addition to actively seeing through the work carried on by the associations, the Group's involvement has included participation by Banif, SA in the Working Party on the Architecture of Oversight and Crisis Prevention, Management and Resolution of the Portuguese Association of Banks, and Açoreana's membership of the Portuguese Insurance Association's working party on self-regulation which resulted in a proposed Market Code of Conduct, as well as participation by various managers in several working parties and monitoring

committees of the PAB, including self-regulation, statistics, risk and solvency.

Our Commitments

In order to put our Sustainability Strategy into practice, a series of commitments were defined for 2009-2010, for which the progress is stated in the following table:

	Commitments made for 2009-2010	Degree of progress
Governance	<ul style="list-style-type: none"> - Strengthen the governance model for sustainability. - Promote structured dialogue with stakeholders. - Continuous monitoring of compliance with code of conduct. 	<p>Underway</p> <p>Underway</p> <p>Underway</p>
Core Business	<p>Products: Launch the following products:</p> <ul style="list-style-type: none"> - Finance for hybrid vehicles - "Comprehensive car insurance" - Green Environment. <p>Risk:</p> <ul style="list-style-type: none"> - Assess environmental and social impacts in the lending portfolio. - Assess customers' environmental risks. - Implement policies which incorporate environmental and social risks in the granting of credit, assessment and monitoring of risks. 	<p>Cancelled</p> <p>Completed*</p> <p>Underway</p> <p>Underway</p> <p>Underway</p>
Customers	<ul style="list-style-type: none"> - Publish 3rd Sustainability Report; - Step up communication of sustainability issues on Group website. 	<p>Completed</p> <p>Completed</p>
Workforce	<ul style="list-style-type: none"> - Draw up a sustainability training plan; - Develop voluntary schemes; - Promote agreements for implementing holiday camp system. 	<p>Underway</p> <p>Underway</p> <p>Underway</p>
Society	<ul style="list-style-type: none"> - Develop partnerships with NGOs, universities and other organizations, in order to implement measures greater current relevance to society. 	<p>Underway</p>
Environment	<ul style="list-style-type: none"> - Communicate and implement the Group environmental policy; - Define and communicate a policy for suppliers. 	<p>Underway</p> <p>Underway</p>
Monitoring	<ul style="list-style-type: none"> - Regular monitoring of key aspects relating to Group sustainability. 	<p>Underway</p>

* Discount on insurance premium for hybrid vehicles.

The various commitments taken on in 2009 include the approval of the programme for "Voluntary Work by Employees of Banif, SA". Under this project, the bank's employees will have seven working hours in 2010 and 2011 to devote to voluntary initiatives relating to financial literacy, business enterprise, biodiversity and climate change. These events will take place in mainland Portugal and the island regions, helping to raise further the environmental and social awareness of our employees and their involvements in the sustainability strategy of the Banif Financial Group.

In terms of products, hybrid vehicles may benefit from a reduced insurance tariff in relation to other petrol or diesel fuelled vehicles

with similar characteristics under Açoreana's Seguro MultiProtecção Auto.

2.2 ETHICS

Code of Conduct

Following through the work undertaken by the Banif Financial Group in 2008, Banif, SA and Banif Go established formal guidelines in 2009 for ethical and transparent conduct by their staff by adopting a Code of Conduct applicable to all their employees.

The staff of these two companies are now subject to the provisions of the Code as regards **personal, relational and**

institutional integrity and are required to conduct themselves on a daily basis in line with high standards of ethics and competence, reflecting their education as individuals, as professionals and as citizens, in other words, their **personal integrity**.

As regards relations with customers, the Code assigns particular importance to scrupulous respect for their rights as banking customers, and specifically the right to information and the right to complain, considering the various banking products and services offered by the bank. In this way the Code of Conduct provides a foundation for employee relations with customers, other stakeholders and with each other, based on a culture of **relational integrity**.

The Code of Conduct also attaches considerable importance to the reputation of our organization, as a respected credit institution, in keeping with a culture of **institutional integrity**. The Code accordingly places medium and long term interests above immediate and short term interests, thereby creating value for shareholders and for the communities in which our companies operate.

Signing of the Global Compact Anti-Corruption Letter

In October 2009, the Banif Financial Group signed the Global Company Anti-Corruption Letter, a worldwide voluntary initiative by business leaders, promoted in Portugal by APEE - the Portuguese Business Ethics Association. The letter is addressed to the UN Secretary-General and calls for more structured, firm and effective action against corruption. In addition to signing



Anti-Corruption Letter: Signing ceremony

the letter, the Banif Financial Group sponsored the signing ceremony which took place in Lisbon and a publicity campaign entitled "the United Nations Anti-Corruption Convention: Acting to create an effective mechanism for review of implementation."

Support for the letter and this campaign resulted from the work of the Corporate Compliance Division and Task Force 1 - Codes of Conduct and Business Principles in the field of sustainability, reinforcing the Group's commitment to business ethics and openness.

Policy on Prevention and Detection of Money Laundering

In 2009 the Banif Financial Group announced a declaration of principles in the form of a Policy for Prevention and Detection of Money Laundering, reflecting the extreme importance attached to issues of organized crime and the laundering of income from criminal activities. This assures the adoption of high levels of protection and ethical conduct, compliance with the law and security for our customers.

In practical terms, the management model for the Group's money laundering risk is based on a process in which ongoing efforts are devoted to two main areas of action:

- Environment of Control - this consists of raising awareness of the need to combat and prevent money laundering, ethically stringent policies on contracting and staff training programmes;
- Monitoring Activities - procedures and mechanisms implemented in order to operate a system of effective control of money laundering and terrorism financing activities, in line with the policy mapped out.

The Corporate Compliance Division has implemented software tools for monitoring and filtering, allowing for greater effectiveness in internal procedures for preventing and controlling activities of this type.

Banif, SA conducts internal audits *in situ* (in other words, at the branches) and continuous distance audits (remote monitoring). These audits are designed to detect the existence of potential frauds (internal frauds, in Banif@st and relating to card use).

BBI has also implemented internal control procedures for preventing and detecting money laundering.

Prevention of money laundering and terrorism financing are issues which have also commanded attention from Açoreana. A training programme was implemented in 2009 in partnership with APS and KPMG, involving 58 employees, from internal and sales areas. This programme, which involved a total of 406 training hours, dealt with the background to money laundering, the relevant legislation, forms of behaviour and types of transactions used by the perpetrators of this type of crime and the procedures instituted by the company with a view to prevention and detection.

Also in this field, the Group provided training to employees on prevention and detection of money laundering in e-learning and induction training formats. In 2009, 3.4% of the employees of Banif, SA⁴ and 70% of employees of BBI received this type of training.

2.3 RESPONSIBLE LENDING AND INVESTMENT

The Group's Codes of Conduct reassert the commitment to responsible lending. In accordance with these codes, customers should receive all the relevant information needed to reach a properly informed decision.



This means that any lending relationship to be entered into with customers should be preceded by an assessment of their respective risk profile, allowing the Group to reach a conclusion

⁴ As a result of the changes introduced by the 3rd Community Directive and by Law 25/2008, it was necessary to review and develop the content of training in this area during the course of 2009. Most of the training will effectively be provided in 2010.

as to the customer's ability to keep to repayment plans regularly and without experiencing financial difficulties. At the same time, when we invest our customers' savings in the capital markets, we keep to the highest standards of communication and openness, in particular those stipulated in the Markets and Financial Investments Directive (MFID).

Internal Regulations and other product liability initiatives at BBI

In order to keep up with changes in the law and to assure that bank employees are working to the same standards, BBI reviewed and updated its Internal Regulations, in particular with regard to conflicts of interest.

This review strengthened the internal rules on responsible dealings with customers and suppliers. In addition to these Regulations, BBI also drew up and disseminated the Lending Risk Management Manual, which includes responsible lending procedures. A number of internal governance measures were also approved, including the creation of the New Products and Services Committee, Procedures for Complaints Processing and the Policy on Dealings with Supervisory Authorities.

Compliance with the Markets and Financial Investments Directive - MFID

The MFID is a European Union directive, transposed into Portuguese law, applicable to all financial instruments. Its main aims are to harmonize and create a single market for financial products and services within Europe.

One of the prime aims of this directive is to establish measures protecting investing customers. In view of the new MFID, Banif, SA and BBI have started to grade all investment products marketed using four distinct levels of complexity, which is assessed in the light of the risks associated with the products, with priority being given to the security of customer investments.

The protection assigned to customers also depends on their particular risk profile and their experience and knowledge of investment matters. The Banif Financial Group is eager to accept its responsibility in assuring all customers the highest level of protection required by law, and contractually assigns to all personal customers the category of non-professional investor, allowing them, nonetheless, to opt for a different category if they meet the necessary legal requirements.

Employee performance is of the utmost importance to implementation of the MFID in practice, especially in the case of employees in direct contact with customers. In view of this, Banif SA and BBI have provided training in this field to their employees since 2007. In addition, the MFID rules were reviewed as part of the *KYC - Know Your Customer* training provided by BBI to 70% of its staff in 2009. An e-learning module on this subject is currently being prepared by Banif, SA.

Conflict of Interests Policy at Banif, SA and BBI

Whenever Banif, SA and BBI identify a conflict of interests, they consider all the situations in which the Bank, a controlled or controlling entity or any other relevant person might find themselves in positions which could give rise to such a conflict.

In their respective Conflict of Interests Policies, Banif, SA and BBI set down all the procedures for identification, notification of customers and action, allowing them to manage the risk of such situations occurring.

It should be noted that, in addition to these policies, there are a number of rules on the prevention of conflicts of interests in the Code of Conduct of the Banif Financial Group, in the Code of Conduct of Banif, SA and in the Internal Regulations of BBI, assuring that these principles are adopted by all employees of the Group.

2.4 RESPONSIBLE PRODUCT COMMUNICATION

The open and responsible manner in which it deals with its customers lies at the heart of the corporate identity of the Banif Financial Group. In addition to compliance programmes designed to assure that the information provided to the customer about its products and services complies with the provisions of laws and regulations, the Group also subscribes to voluntary codes which reinforces the quality and reliability of its communication and marketing activities.

The Banif Financial Group regards this issue as crucial to its operations, as reflected in the Code of Conduct which contains principles and rules governing the activities of the company and all its employees in providing information and advising customers.

Proof of the Group's commitment to openness and responsibility in the marketing of products and services may be seen in the fact that it goes beyond the basic legal requirements and complies with the **Code of Conduct of the ICAP - the Civil Institute of Advertising Self-Regulation**. This Code sets down guidelines relating to honesty, veracity, decency, legality and social responsibility in communication activities with customers and advertising.

Banif, SA has also signed up to the **Voluntary Code of Conduct on Mortgage Lending**, of the European Mortgage Federation, in keeping with the recommendations of the Bank of Portugal and the European Union. This Code seeks primarily to promote greater openness and to improve the standard of customer service, setting rules governing the provision of contractual and non-contractual information to be supplied to customers in relation to their home loan.

Compliance with Legislation and customer communication rules at Açoreana

In keeping with its existing practice, which the new insurance contract law has reinforced, the relevant pre-contractual information is duly explained to customers. Similarly, the general and particular conditions of the policy are delivered to the customer, prior to his or her signing the proposal, with explicit confirmation by the customer that he or she received the respective information and conditions.

2.5. RISK MANAGEMENT AND SUSTAINABILITY

A number of meetings were held of the Environmental and Social Risk Task Force in 2009 in order to analyze the potential environmental and social risks in various sectors of the economy, paying special attention to the construction sector. In view of the extreme complexity of the issues involved, priority was assigned to a detailed analysis of the possibility of the Group signing up to the Equator Principles.



Although 2009 was devoted to increasing our knowledge of this new area of risks, we may already identify a number of examples of environmental risks being included in the assessment of lending risks. Some risk analysis relating to lending in the form of project finance include environmental impact studies for the project. In these operations, the environmental audit is required by law, as an environmental opinion is mandatory in the form of an Environmental Impact Declaration (EID) and/or

an Environmental Impact Assessment (EIA) for practically all important infrastructure projects, including in the energy field. In these cases, the finance is not provided without prior confirmation of environmental licensing in the legal due diligence, if and when applicable. In acquisition finance projects, an environmental due diligence is conducted only in industrial companies. In these cases, on most occasions, an Environmental Assessment Report is outsourced from specialist contractor.

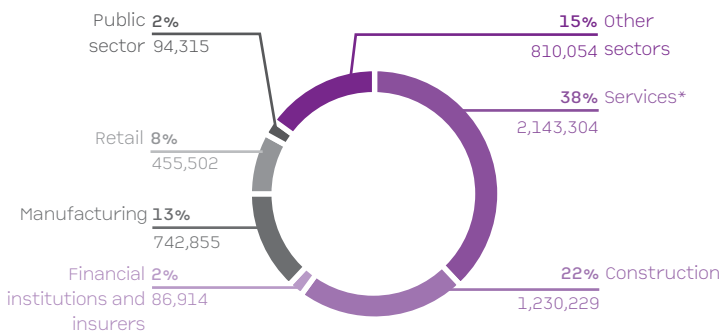
This type of operation also involves technical consultants, who independently and exclusively validate that the technical and environmental assumptions for projects as required by the Bank(s) (including all the relevant licenses) are respected during the construction and operation phases.

In addition, several representatives from the risk sector took part on a regular basis in conferences and seminars on matters of this kind.

The importance of assuring that the Banif Financial Group has expertise on environmental and social risks of lending is borne out by an analysis of the loans portfolio structure. This analysis shows that:

- 62% of total lending is to companies (38% to personal customers);
- Lending to companies in the construction and manufacturing sectors accounts for 35% of total lending to the corporate sector;
- This exposure to environmental risks is increased by the fact that most of the companies in question are small or medium-sized enterprises⁵.

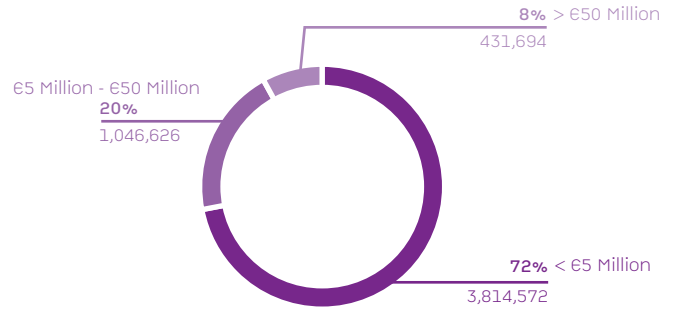
BUSINESS LENDING BY SECTOR (Thousand euros)



* includes real estate activities and other business services.

⁵ Moreover, 99% of lending is in Portugal.

LENDING TO COMPANIES BY TURNOVER (Thousand euros)



Note: The amounts indicated in the above charts are not directly comparable with those in the Report and Accounts (R&A) of the Banif Financial Group. The amounts in the above charts relate to the operations of the Banif Financial Group in Portugal, and specifically to the business carried on by Banif, SA, BBI and Banif Co, and do not include intra-group operations. In contrast, the figures stated in the Report and Accounts include all the companies in the Banif Financial Group.

Comparing the financial year of 2009 with that of 2008, we may observe slight growth in the proportion represented by lending to large companies, to the detriment of smaller businesses.

Compliance with the Basel II Accord

The Basel II Accord has brought the Banif Financial Group improved knowledge of its customers. It has made it possible to define their socio-economic status and the lending, operational and market risks to which the Group, and consequently its customers, are subject. Developments have taken place at various levels:

- Internal risk assessment models;
- Introduction of new technologies and methodologies for identifying and measuring risks;
- Improvement in the quality of data used in risk analyses and recorded in systems;
- Staff training with a view to more timely management and control of risks.

As a result, the Group is better prepared and has better knowledge of its customers, of the potential risks it runs and, above all, it pays more attention to the alters and signs of risk which allow it to take more effective preventive action. By taking on board the various pillars of the Basel II Accord, the Group has caused risk management to be disseminated throughout the organization, in an effective manner.

Also in this regard, thanks to the implementation of the Accord,

the sales areas have reinforced their perception of the lending risks accepted, techniques for mitigating these risks and risk-adjusted pricing policies for operations.

Business Continuity Plan

The Banif Financial Group has undertaken a broad range of measures and initiatives to create a Business Continuity Plan (BCP) based on individual and Partial Contingency Plans, draw up in keeping with regulations and market conditions.

At the same time, significant efforts have been made by entities in the Banif Financial Group to promote response scenarios to potential crises.

In connection with the BCP, a project was launched in 2009 for assessment, structuring and systematization of existing information in order to assure that the Banif Financial Group has the foundations needed to assure it is better attuned to the regulatory requirements, along with a clear notion of the degree of resilience in existence and/or desired.

2.6 QUALITY

The excellence of service standards and the transparency of customer information have been borne out by the excellent grading assigned to the Banif, SA in the *Summary of Behavioural Supervision Activities - 2009* of the Bank of Portugal (BoP). In this summary, the BoP presented the results of its analysis of compliance by credit institutions with rules on rigour and transparency and customer information duties in the marketing of retail banking products.

Service Quality and Transparency of Information at Banif, SA

- Mortgage Lending: 13 complaints per 10 thousand contracts in force, below the average of 20 for the Portuguese banking system;
- Current accounts: 15 complaints per 100 thousand accounts, below the average of 18 for the Portuguese banking system;
- Cheques processed: 12 complaints per million, below the average of 15 for the Portuguese banking system.

Quality Certification

In 2009, Banif SA obtained confirmation of its Quality Certification (ISO Standard 9001) for the following processes:

- e-banking (Banif@st);
- Phone banking (Banifone);
- Customer Complaints;
- Mortgage Lending;
- Personal loans;
- Service at branches.



At Banif, SA, the process which involves customer service at branches continues to be monitored by the Quality Management System (QMS), through Internal Quality Audits (IQA) of all the branches, with information relating to Quality Certification being automatically processed by a tool known as the Quality Management Software.

With a view to obtaining quality certification, Banif, SA embarked in June 2005 on an Overall Certification Plan (OCP), which was then extended in 2009 to include the Azores Region. The extension of certification to the Azores has proceeded smoothly, culminating in full compliance with all the conditions to retaining certification. As the aim is to extend quality certification to all of its activities, Banif SA will continue to pursue a strategy in 2010 of consolidation, improvement and extension of its Quality Management System.

Also in 2009, Açoreana extended the scope of its quality certification (ISO Standard 9001) to cover all its processes, making it the first multi-sector Portuguese insurance company to achieve this and thereby demonstrating its increased commitment to the quality of its products and services and of its customer

relations. As at Banif, SA, this is a quality management system which is audited periodically to check that it is functioning correctly, through internal and external quality audits (conducted by an accredited institution belonging to Aenor Internacional).

Customer Complaints Office

The Customer Complaints Office is the Banif, SA body which receives, analyzes and coordinates the resolution of suggestions and complaints from customers and non-customers, presented either directly to the bank or else through bodies such as the Securities Market Commission, the Credit Mediator and the Bank of Portugal, and consumer bodies, and seeks to help improve the quality of services provided by Banif, SA and consequently to improving the Bank's image.

In 2009, this office received a total of 2,107 cases, of which 252 (12%) were upheld. The various issues raised by customers and non-customers included, in decreasing order of frequency, questions relating to the Banif@st service, accounts, cards and mortgage lending. Special mention should be made of banking secrecy, an area in which only 6 complaints were received, and none deemed to be justified.

At the end of 2009, the Customer Complaints Office once again received confirmation of its Quality Certification, which has served

to consolidate the office's role as a prime channel for contact with our customers.

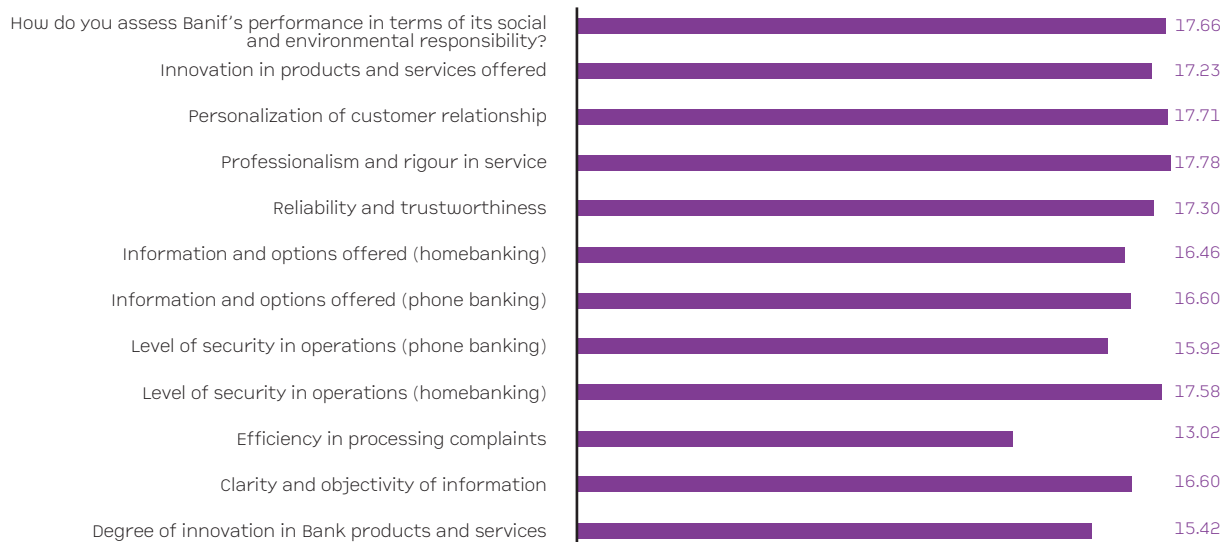
Açoreana also set up a Customer Complaints service in 2009. Designed to assure maximum transparency, rigour and fairness in the processing of complaints, the new Customer Complaints Service is provided by an independent external body: CIMPAS - Centro de Informação, Mediação, Provedoria e Arbitragem de Seguros. The complaints service is operated in accordance with the respective regulations, and involves no fees payable by customers (the cost of the service is borne in full by Açoreana).

It should also be stressed that there is no limit on the submittal of complaints to this service but, as required by law, it is important to remember that the service can only receive complaints which have already been made to Açoreana and where the complainant disagrees with the response received from the company or where he or she failed to receive a reply to their complaint, within the time limits to which the company is committed, as indicated on its website.

Customer Satisfaction Survey

The quality of the service provided to customers of the Banif Financial Group is clear from the findings of satisfaction surveys. An excellent level of satisfaction – **16.15⁶** – was recorded in 2009 amongst customers of Banif, SA.

MAIN RESULTS OF SATISFACTION SURVEY OF CUSTOMERS OF BANIF, SA



⁶ Scale of 0 to 20. In 2009, the survey included for the first time Banif customers in the Azores.

This survey also showed that 60.8% of those surveyed think that Banif should increase its social responsibility in areas related to social welfare (e.g. poverty and social inclusion).

Açoriana also conducted a Satisfaction Assessment Study of its customers in 2009. As part of its project for certifying all aspects of company operations, this study was designed to assess the overall level of customer satisfaction with Açoreana and to identify the main areas for intervention in order to improve customer satisfaction in relation to each product marketed.

The main results obtained show that most of those surveyed assess the company very positively in all the aspected suggested:

- 75% replied that they are satisfied overall;
- Only 6% said that Açoreana had failed to meet expectations;
- 66% revealed that they are fairly loyal to Açoreana;
- 75% say they would recommend Açoreana to their family/friends;
- Only 10% said they had made a complaint.

In addition to this, Açoreana conducted two other satisfaction surveys in 2009: one relating to the claims settlement process and the other seeking to identify the reasons for policy cancellations.

These surveys resulted in detailed reports, identifying the areas which had contributed most to customer satisfaction/dissatisfaction and identification of the main opportunities for improvement, with a view to improving customer satisfaction.

Açoreana Customer Satisfaction Surveys in 2009

- Overall satisfaction with Açoreana: aimed at the company’s active customers, involving 1,500 telephone interviews;
- Satisfaction with claims settlement process: involved 1,000 telephone interviews with claimants;
- Identification of reasons for cancellations: involved 200 telephone interviews each month, over five months.

Mystery Shopping and Mystery Calls

In the course of 2009, the *Mystery Shopping* survey involved visits to 337 branches of Banif, SA (mainland Portugal and the Madeira and Azores regions), in other words, 3.4% more than in the previous year.

In comparison with the 1st half of 2009, after three consecutive

six-month periods in 4th place, we dropped to 54th place in the general market ranking, with an average score of 83.3%, remaining nonetheless above average for service quality in the banking sector (81.7%). The banking market recorded a positive variation of 0.8 p.p. (81.7%).

In the *Mystery Calls* survey, despite a drop in performance, we continued in 1st place in the general ranking for commercial banking (82.0%, as compared to 87.8% in the previous six-month period), whilst in operational banking, after several periods in first place, we dropped to 2nd place (92.9%, as compared to 96.7%).

**TOP PERFORMING BRANCHES:
2ND HALF 2009**

BRANCH	AREA	DIVISION	PERFORMANCE SCORE
Fátima	Central South	BND	100%
Praia da Graciosa	Area 3	Azores	99.6%
Paul do Mar	Rural West	MBN	99.3%
Coimbra	Interior Centre	BND	98.9%
Sangalhos	Interior Centre	BND	98.7%

Performance and availability of websites

The Banif, SA website has ranked amongst the top five Portuguese websites in the financial sector in terms of performance and availability. These measurements are produced by Marketware, and published weekly in the form of an index.

A Commitment to Fresh and Distinctive Ideas

In October 2009, Banif, SA launched its Hello Kitty cards (debit and credit), a new product aimed at the female market and based on the world famous character, created 34 years ago.

Number of Hello Kitty cards in issue at 31 December 2009:

- 6,068 debit cards
- 1,143 credit cards



This launch is in line with the Bank’s commitment to fresh ideas, offering distinctive and exclusive products.

**A FORCE
THAT CARRIES
US TO NEW
PLACES**



03

ENVIRONMENTAL COMMITMENT

Sustainability is not a destination, but rather a collective quest. And the best way to pursue it is to improve it step by step, through a fundamental value: Innovation.



CONFIDENCE



HUMANISM



EFFECTIVENESS



INNOVATION



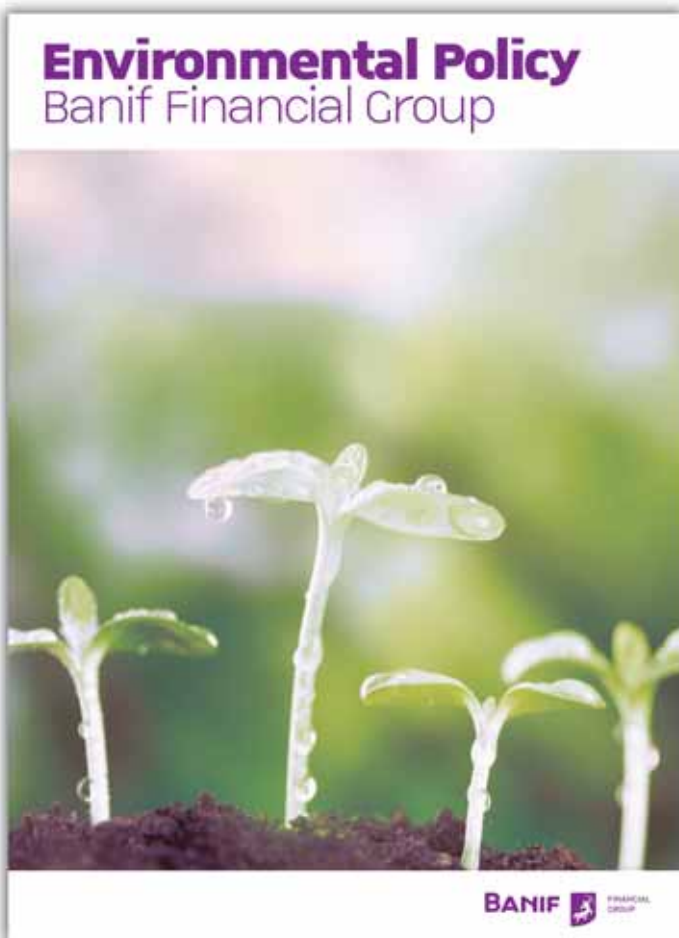
AMBITION



03. Environmental Commitment

3.1 ENVIRONMENTAL POLICY

As part of its Sustainability Strategy, the Banif Financial Group seeks to protect and manage the environment and to promote a broad range of environmentally responsible practices, both in the financial products and services it offers to its customers, and in the management of its daily activities. Aware of the important contribution which the financial markets, and banks and insurance companies in particular, can play in the furthering of environmental well-being, the Banif Financial Group has defined an Environmental Policy designed to make an effective contribution to sustainable developments, responding to society's expectations.



Aims of the Banif Financial Group's Environmental Policy

To promote continuous improvement in the environmental performance of the business operations of Group companies and to prevent pollution.

To raise awareness on environmental issues along the entire value chain represented by Group companies, including employees, customers and business partners.

To assure procedures for analyzing lending risks which include environmental aspects.

To offer financial products and services which promote better environmental practices.

To optimize eco-efficiency through practices which promote more efficient use of energy, natural resources and materials, including paper use.

To minimize production of waste and to promote reuse and recycling.

To contribute to mitigating the problem of climate change and loss of biodiversity.

To assure procedure geared to compliance with the relevant legal requirements, as well as others subscribed to by Group companies and relating to environmental issues.

3.2 FINANCIAL PRODUCTS

The Banif Financial Group is proud to be one of the pioneers in the offering of financial products and services with a significant environmental component. The Group offers this type of product in its different business area: retail banking, project finance, asset management and insurance.

Luso Carbon Fund (LCF)

The Fund has a commitment for **more than 7 million tons of carbon credits**, originated by some **20 projects**. The first CERs were generated in the course of 2009, corresponding to more than **20,000 tons of carbon credits**.

There was a significant increase in investment in the projects in which the Fund is involved, with a new holding being taken up in Brascarbon, with a view to developing approximately **2 million tons of additional carbon credits**.

The financial crisis which swept through the markets in 2008 and early 2009 and the consequent worldwide recession meant that the value of carbon credits/CERs) stood at 7.6 €/ton in February 2009. This figure represents a drop of 65% in relation to the average value of credits in 2008.

The financial year of 2009 was also marked by other factors, including a reduction in industrial emissions and a decrease in power generation, resulting in a reduction in CO₂ emissions and in the consequent sale of licences.

The impact of this on the primary market was very significant:

- The spot price fell below the average value of trades, causing many projects to lose their appeal at the prices prevailing during much of the year.
- The supply of projects in the market was drastically reduced, especially as regards more robust projects, with the capacity to wait for a market recovery.

All assets generated by the **LCF** and the **NEF** are subject to positive environmental screening as they are required to carry out environmental impact studies and/or to registered with UNFCCC – United Nations Framework Convention on Climate Change.

11.2% of the total assets under the management of Banif Gestão de Activos (**€121 million**) are subject to environmental screening – **LCF** and **NEF**.

40% of **BBI's project finance** portfolio is committed to the financing of renewable energy projects.

BBI is financing **4 photovoltaic solar farms** (with total capacity of **24 MW**) and its portfolio includes finance for approximately **600 MW** in wind power.

New Energy Fund (NEF)

Despite the crisis in the financial markets, subscriptions to this fund exceeded **€ 20 million** in 2009. At year-end, the fund held investments in projects with power capacity in excess of **120 MW**. Also in the course of 2009, the first projects in which the Fund invested started to generate power, with total output of approximately 5 MW.

The difficulty experienced by the renewable energy sector in access to finance had an impact on the development projects during 2009. However, the Fund's business proceeded smoothly with the analysis and acquisition of new projects, extending its geographical reach to South America, with new holdings in Brazil and Uruguay.

Creation of solar heating credit facility for voluntary sector bodies. Under a cooperation agreement with the Portuguese state, this scheme is designed to finance investment by charitable organizations or the equivalent, sports clubs and public sports facilities in acquisition of solar heating equipment.



LINE OF BUSINESS	PROPORTION OF PRODUCTS WITH POSITIVE IMPACTS ON THE ENVIRONMENT
Asset management	11.2%
Project Finance	40%
Banif, SA: consumer credit	0.21%
Açoreana: non-life insurance	0.04%

From 2010 onwards, the comprehensive home insurance produce offered by Açoreana will include an environmental discount, awarded to housing with grade A energy certification.

PRODUCT/SERVICE	AIMS	DESCRIPTION	VALUE
Luso Carbon Fund (LCF)	To identify, assess and select projects generating tradable CERs under the Kyoto Protocol on the basis of the Clean Development Mechanisms and the Joint Implementation Mechanisms.	Special closed-end investment fund. The fund invests in credits generated by projects or companies contributing to reduction of CO ₂ emissions and traded off the regulated markets. These projects may involve renewable and alternative energy or energy efficiency and conservation, and present a high degree of geographical dispersal, with investments in Russia, China, Thailand and Brazil.	€76.7 million (value under management at 31 December 2009)
New Energy Fund (NEF)	To identify, assess and select assets and projects developing and/or operating in the field of renewable energy. Encompasses the entire value chain, from extraction of raw materials through to technological development and the application and operation of new technologies.	This fund is especially geared to institutional investors. During the six months of operation, the fund analyzed various renewable energy projects, with a special focus on solar energy (photovoltaic and thermal), advancing with its first investment in May in a photovoltaic project in Spain with capacity of up to 10 MW. Up to the end of 2008, the fund also invested in biogas projects in Portugal and acquired a holding in an Australian-based company which is developing a power generation model using wave energy.	€44.3 million (value under management at 31 December 2009)
Mais Ambiente Loans	Lending for investments in ecological solutions for personal and corporate customers.	Credit facility designed to finance projects where the customer has free choice of the supplier of equipment and service, in the following areas: - Renewable energy systems - Plans for improving energy efficiency - Ecological building solutions - Technologies for recycling and processing waste - Nature conservancy projects.	€638,964 in lending at 31/12/2009
Solar Heating Credit – Personal Customers	Finances investment by personal customers in acquisition of solar heating equipment.	Credit facility set under a cooperation agreement with the Portuguese State, designed to finance projects where the customer has free choice of the supplier of equipment and services, for solar heating equipment.	€174,925 lending balance at 31/12/2009
Positive discrimination for hybrid vehicles – comprehensive car insurance	Positive discrimination for hybrid vehicles in terms of insurance premium.	Comprehensive car insurance in which hybrid vehicles benefit from a lower tariff in comparison with petrol or diesel fuelled vehicles with similar characteristics.	€66,350 in annual premiums at 31 December 2009, corresponding to 150 insurance policies.

3.3 CLIMATE RESPONSIBILITY

The Banif Financial Group contributes to the emission of greenhouse gases (GHC) through systems such as air conditioning and lighting in buildings and branches and through activities such as transport and business travel. However, the greatest environmental impacts of the Banif Financial group are those resulting from the use of the funds it lends and invests. Accordingly, a significant portion of the Group's climate responsibility is expressed in the offering of innovative financial products, such as the Luso Carbon Fund and the New Energy Fund, which have broken new ground by minimizing and monitoring the carbon footprint of their activities, and by seeking to offset of their unavoidable carbon emissions.

In 2009, the Group offset 105 tons of carbon relating to its Reports and Accounts and Sustainability Report, the 2010 Diaries and the Christmas Lunch. The respective emissions are offset by supporting the Oxigénio Project. This project is promoted by Cascais Natura and seeks to raise the awareness of companies and citizens in relation to climate change and the loss of biodiversity, through promotion and protection of biodiversity – fauna and flora – in the Cascais-Sintra Natural Park. Activities include the planting of indigenous tree species, eradication of invasive species, erosion control and placement of nests.

The production of this Sustainability Report is also carbon neutral. The emissions are offset using carbon credits in accordance with the highest international standards.

In 2009, maintaining its commitment to transparency regarding climate responsibility practices, the Group took part voluntarily in the ranking for "Climate Change: Climate Change and Corporate Management Index 2009", organized by Euronatura – Centro para o Direito Ambiental e Desenvolvimento Sustentado. Out of a total of 21 Portuguese financial institutions, the Group was ranked in fourth place.

3.4 ENVIRONMENTAL AWARENESS

As part of its environmental policy, the Group was involved in a number of initiatives designed to raise public awareness of environmental affairs, in conjunction with institutions from civil society.

Movimento ECO - Business Against Fires

The Banif Financial Group has supported Movimento ECO - Business Against Fires. This initiative seeks to raise awareness with a view to preventing and fighting the wildfires which ravage Portugal's forests each year. A communication campaign was mounted internally and externally, aimed above all at employees and customers, ending only at the close of the

The Banif Financial Group supports



critical period in the National Defence System against Forest Fires.

In the last 6 year, approximately 1 million hectares of woodlands have been lost to fire. Approximately 52% of forest fires are the result of negligence, meaning that it is essential for everyone to take responsibility for prevention.

Collection of Used Mobile Phones: Campaign organized by the Banif Financial Group / AMI - Assistência Médica Internacional

As part of its Sustainability Strategy, the Banif Financial Group has joined forces with the medical charity AMI - Assistência Médica Internacional in a campaign to collect used mobile phones.



The campaign started in the second half of 2009 at branches of Banif and Açoreana and at the office buildings of the Banif Financial Group, including Banif, SA, Banif Banco de Investimento (BBI) and Açoreana, with special collection boxes for this purpose.

The aims of the campaign are:

- To encourage environmentally responsible behaviour, one of the objectives of the Banif Financial Group's environmental policy. The discarded telephones are sent for recycling and processing, thereby saving natural resources and avoiding their being dumped at landfill sites. This protects the soil and water from possible contamination by hazardous materials, harmful to the environment and to public health. Also for environmental reasons, the campaign has used the least possible quantity of promotional materials.
- To help combat poverty and social exclusion. The proceeds from this campaign are donated in full to AMI, and in particular to the work of its night shelters for the homeless.



Collecting box for discarded mobile phones at a Banif branch

BBI's Sponsorship and Participation in Conferences

As part of the series of conferences organized by *Diário Económico*, BBI sponsored and took part in the events on *Alternative Funds* and *Renewable Energy*.

By taking an active part in these initiatives, BBI has cemented its position as one of the leading investors in the Portuguese market in clean technologies and renewable energy.

3.5 ENVIRONMENTAL PERFORMANCE

The monitoring of our direct environmental impacts is of extreme importance to the development and implementation of a strategy aligned with our environmental commitment.

Consumption of raw materials

Paper is an essential material for our daily activities. Efficient consumption and recycling of paper are the mitigation operations we have used in our operations.

Paper Saving Measures

In partnership with a supplier, we have installed on all our printers options for booklet printing and for printing on both sides of paper, in order to achieve greater efficiency in the use of each sheet of paper.

In addition, the following measures have been taken to cut paper consumption in the various Group companies:

- Review of customer correspondence, eliminating redundant and unnecessary correspondence (reduction of more than 400,000 letters a year, in the case of Açoreana);
- Online submission of personal income tax declarations;
- Elimination of salary receipts on paper (saving more than 7,000 documents / year, in the case of Açoreana).

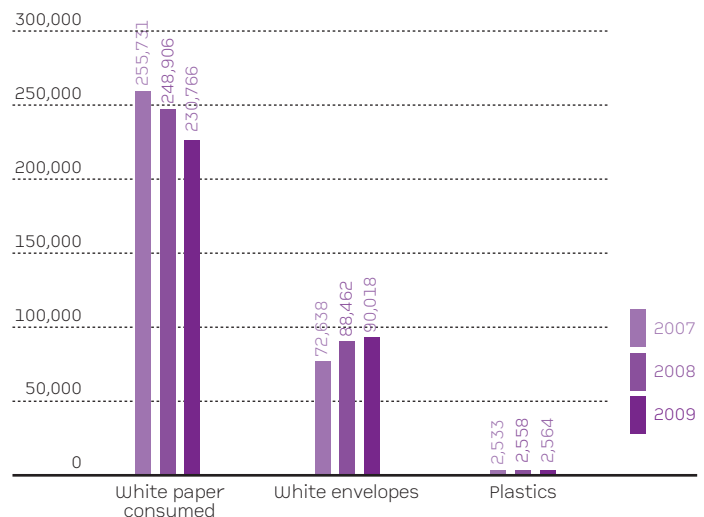
Examples of dematerialization of processes at Açoreana

- Review of correspondence with brokers, replacing information presented on paper with information presented through the Brokers' Portal, cutting the volume of correspondence sent by approximately 300,000 letters per year;
- Replacing correspondence on paper, in claims management procedures, by communication through texting, email or provision of constantly updated information through the Claimants' Portal. This involved the sending in 2009 of more than 10,000 text messages, and receipt of more than 42,600 claims by electronic means, with the respective elimination of an equal number of printed documents.

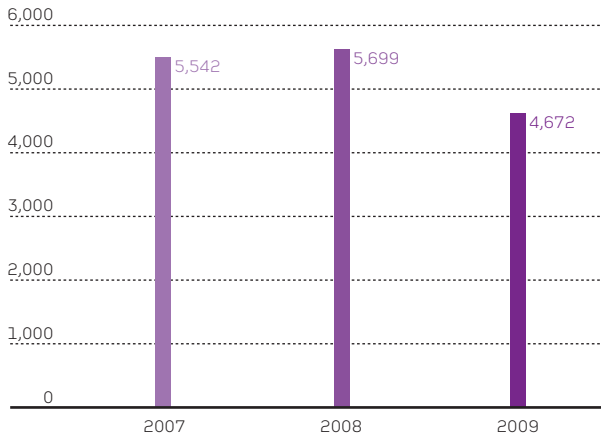
- Reduction of 9.7% in consumption of white paper from 2007 to 2009.
- Reduction of 7.3% from 2008 to 2009.
- Reduction of 18% in consumption of toner from 2008 to 2009.

At BBI, all toners used are recycled by the supplier (clause stipulated in supply contract).

PRINCIPAL RAW MATERIALS CONSUMED (kg)



PRINTER AND PHOTOCOPIER TONERS CONSUMED (units)



PAPER AND CARDBOARD SENT FOR RECYCLING (ton)



Production of Waste

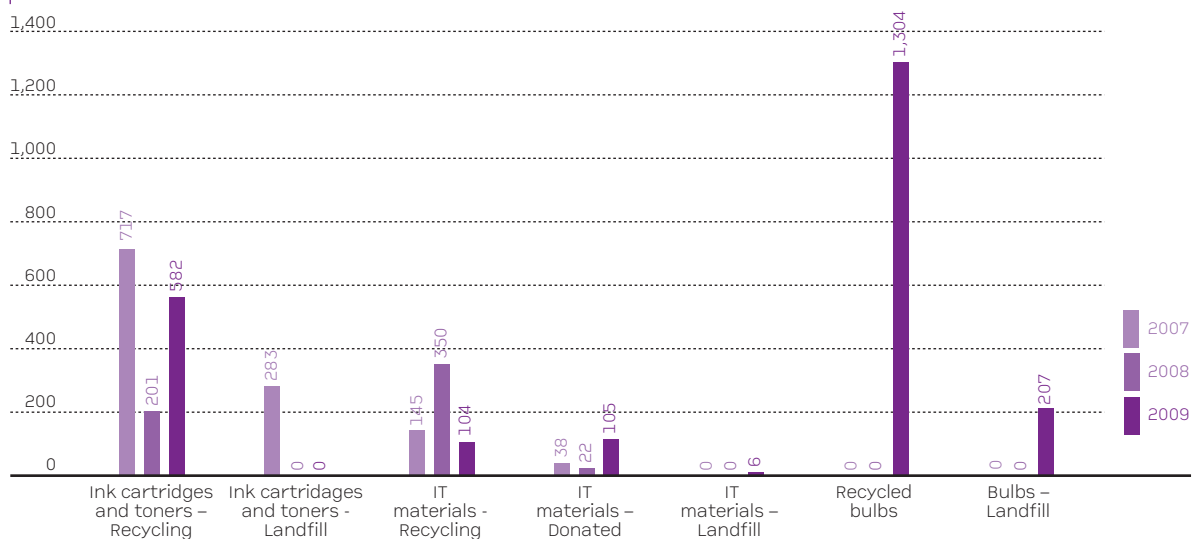
At the Banif Financial Group we concern ourselves not only with the quantity of waste produced, but also with the form of its disposal.

We have accordingly implemented a number of measures for the recycling of paper, plastic, light bulbs, IT materials, toners and ink cartridges. When recycling is not possible, we seek always to send waste to the most sustainable form of final disposal.

The quantity of paper sent for recycling more than tripled from 2007 to 2009, rising by 65% from 2008 to 2009.

Reduction of 1,027 units of toner consumption from 2008 to 2009.

WASTE PRODUCED BY FORM OF FINAL DISPOSAL (units)

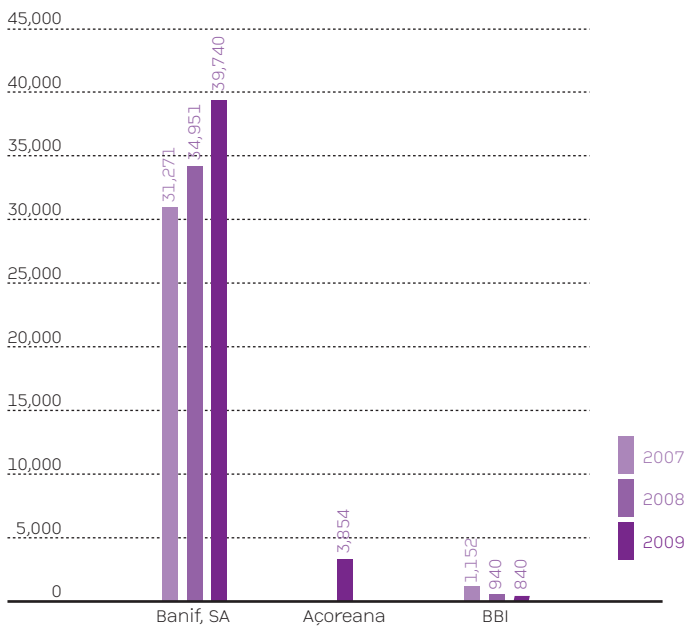


Water Management

One of the priorities of the Banif Financial Group is efficient water management. We are aware that our water consumption depends not on the size of our workforce, but also on the quality of the equipment we have installed, we are progressively implementing an important measure which will make it possible to reduce individual consumption.

Leaving aside the water consumption at the Solmar Building (the Group's new headquarters), there would have been a reduction of 1% in total water consumption from 2008 to 2009, despite the opening of 27 new branches of Banif, SA.

WATER CONSUMPTION (m³)

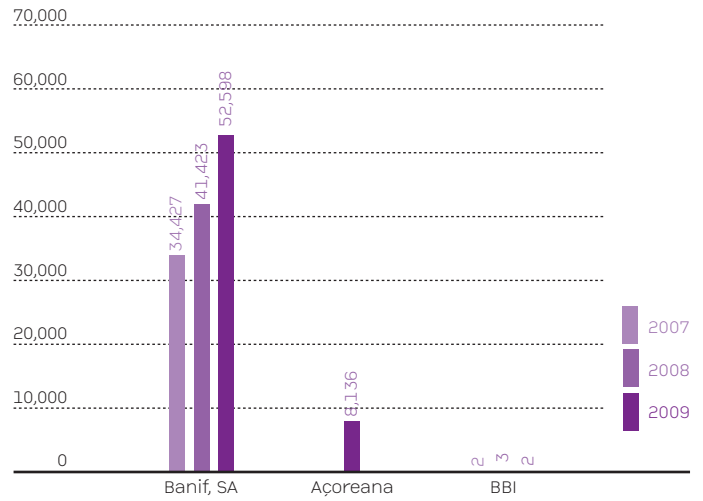


Energy Management

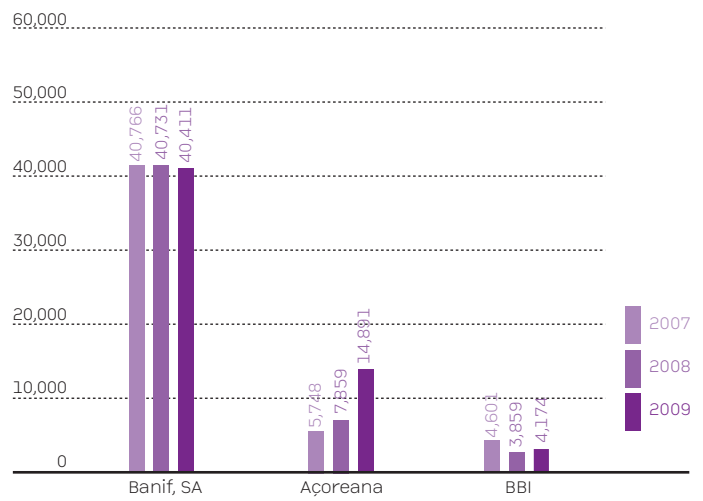
The Banif Financial Group has sought to improve the level of energy efficiency of its facilities, and has published its energy performance annually since 2007.

In 2009, Banif, SA included in its calculations the energy consumption of the new Solmar Building, which explains the 34% increase in power consumption and respective emissions of greenhouse gases from 2008 to 2009 for Banif, SA (the remainder is explained by an increase of 1.5% in the workforce and expansion of the sales network with 27 new branches).

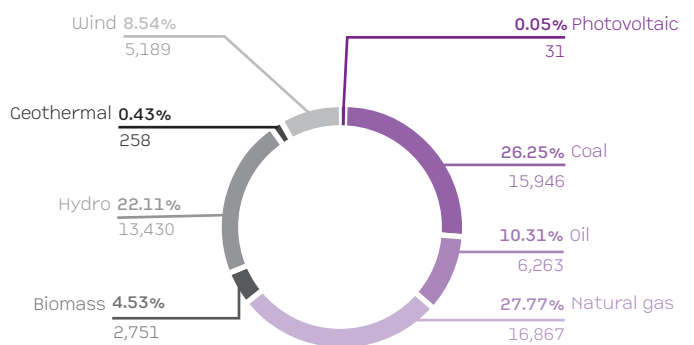
POWER CONSUMPTION (GJ)



PETROL AND DIESEL CONSUMPTION (GJ)



INDIRECT ENERGY CONSUMPTION BY PRIMARY SOURCE IN 2009 (GJ)



Energy Efficiency Measures

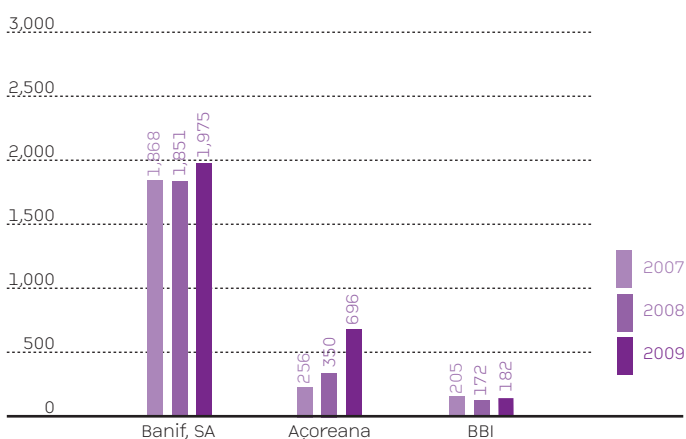
At Banif, SA the ferromagnetic ballasts for the lighting at the central offices on Avenida dos Aliados in Porto have been replaced by electronic ballasts, allowing for a reduction in consumption of reactive energy. At the central offices on José Malhoa in Lisbon, a set of capacitor batteries has been installed in order to offset the low load factor, the cube lighting has been replaced with LEDs and air conditioning equipment has been replaced by new, more efficient models.

At BBI, it was possible to cut energy consumption thanks to the revamping of the Lisbon offices, with all facilities being concentrated on two storeys and the adoption of more efficient technical solutions, including the use of lighting sensors, movement sensors, replacement of air conditioning equipment, electronic ballast and energy saving T5 light bulbs.

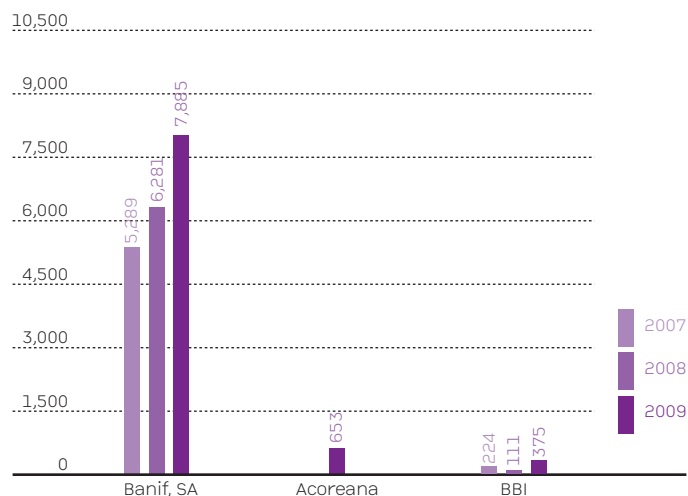
Greenhouse Gas Emissions (GHG)

The Banif Financial Group's main sources of GHG emissions are power consumption (lighting, climatization and operation of equipment) and business travel by air, train and car by its staff.

DIRECT EMISSIONS (ton CO₂)
(Resulting from consumption of petrol and diesel)



INDIRECT EMISSIONS (ton CO₂)
(Resulting from power consumption, rail and air travel)



Both power consumption and CO₂ emissions were up on the year. However, we should bear in mind that these increases were largely due to the following factors:

- Opening of 27 new branches in Portugal;
- Inauguration of a new central building (Solmar Building, accounting for 34% of the total increase in power consumption and associated GHG emissions);
- A large increase in air travel by BBI staff, due to the increasingly international scale of BBI's operations, reflecting new business areas and the need to seek out new business opportunities;
- An increase in the workforce of 1.5%.

Measures to cut indirect energy consumption and emissions of greenhouse gases

Both Banif, SA and BBI are concerned to avoid superfluous travel, and seek whenever possible to use video conference technology, conference calls and travel in very large groups.

BBI continues to instruct its staff to use the train on journeys between Porto and Lisbon, rather than to drive.

In 2009, the Banif Financial Group was not subject to any fines or non-pecuniary penalties for noncompliance with environmental laws or regulations.

04

ENGAGEMENT WITH SOCIETY

To follow Sustainability as the only possible model leads us to want more than we already have, with a value that drives us in the best possible way: Ambition.



CONFIDENCE



HUMANISM



EFFECTIVENESS



INNOVATION



AMBITION



**A POWER
THAT
MAKES US
WANT MORE**



04. Engagement with Society

4.1 FINANCIAL PRODUCTS

Our sustainability strategy has been designed in order to encourage the creation of products and services which make for an improvement in the quality of life and wellbeing of the communities with which we deal.

We therefore offer a range of products specifically aimed at customers in sensitive age ranges.

BUSINESS LINE	RELATIVE PROPORTION OF PRODUCTS WITH POSITIVE IMPACTS ON SOCIETY
Consumer credit - Banif, SA	1.93%
Deposit accounts - Banif, SA	3.11%
Business lending - Banif, SA	4.55%



PRODUCT / SERVICE	DESCRIPTION	FIGURES IN 2009
Student Loans	Banif offers 2 credit products designed for students in higher education, including students aged 18 years and older on technological specialization courses, first degree, post-graduate, MA and PhD studies. The financing covers registration, fees, other academic expenses, travel, accommodation and associated personal expenses during the time they are studying.	€ 7,322,448 – loans portfolio balance at 31/12/2009
Mutually Assured Student Loans		€ 194,806 – loans portfolio balance at 31/12/2009
Conta Nova Geração	As part of its strategic approach to the youth market (0 to 25 years), Banif launched a new account product in September 2008 - Conta Nova Geração. With this new account Banif is seeking to offer a distinctive product for this customer segment, designed to encourage saving and to confront young people with the importance of managing their money.	€ 64,760,54 – account balance at 31/12/2009
Conta Nova Vida	Launched in 2009, this account product offers a range of advantages and highly advantageous conditions for customers aged 50 years and over, including: interest on current account, highly competitive, risk-free savings products personal loans and full health and assistance insurance on preferential terms. Contra Nova Vida is complemented by a specific credit product, designed to finance leisure and lifestyle activities, such as health services, beauty treatments, travels, education, multimedia equipment, sports equipment, etc.	€ 83,675,684 – Balance of savings account at 31/12/2009
Microcredit in the Azores	Created under an agreement signed with the Azores Regional Government in 2007, with a view to supporting enterprise by people with problems of economic and social integration, through the granting of microcredit to the unemployed who lack the economic resources to allow them access to normal bank credit.	€ 26,899 – balance of loans portfolio at 31/12/2009

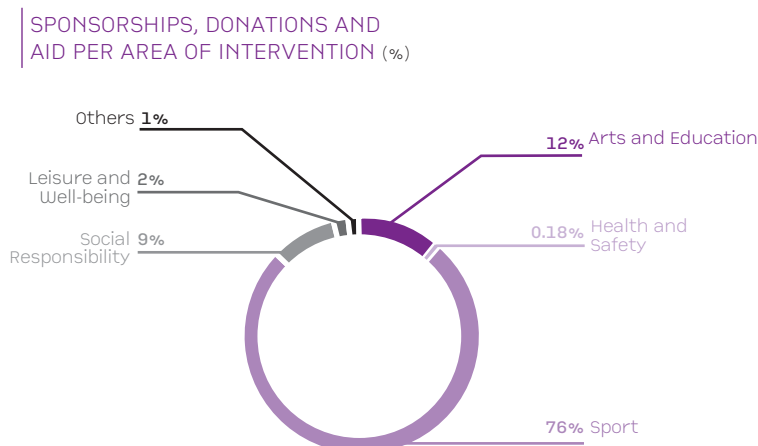
Recognizing the role of the financial sector as a driving force in economic development, we have prepared a range of products designed to foster new businesses in areas with a population density and purchasing power below the national

average. We also offer a number of credit options aimed specifically at small businesses (SMEs), which are crucial to the Portuguese economy in terms of wealth creation and employment.

PRODUCT / SERVICE	DESCRIPTION	FIGURES IN 2009
Small-scale Fishing Credit	Banif Açores' credit facility is designed to support investment projects by the owners of fishing craft, with a view to renovating and modernizing the traditional fishing fleet, and to supporting fishermen's associations and cooperatives in financing projects for onshore support for local and coastal fishing, so as to support production, improve product quality and refocus operations.	€ 3,970,844 – balance of loans portfolio at 31/12/2009
Credit facility for reorganizing the bank borrowing of companies in the Azores	Launched under a cooperation agreement with the regional government of the Azores, designed to support the reorganization of the bank borrowing of companies based in the Azores region, not principally engaged in primary production of agricultural produce.	€ 90,783,028 – balance of loans portfolio at 31/12/2009
Açores Investe Credit Facility	Launched under a cooperation agreement with the regional government of the Azores, this credit facility seeks to support investment in tangible and intangible assets or in the working capital or capital structure of companies based in the Azores, operating in one of the business sectors defined by the management body, not related to primary production of agricultural produce.	€ 4,247,389 – balance of loans portfolio at 31/12/2009
Subsidized Credit Facility for Small Businesses in Madeira	Launched under a cooperation agreement with the regional government of Madeira, designed to support the financing of investment in fixed assets, tangible or intangible, and the permanent capital needs of micro-enterprises and small companies based in the Madeira region, operating in one of the business sectors defined by the management body and not principally engaged in the primary production and marketing of agricultural produce.	€ 462,831 – balance of loans portfolio at 31/12/2009
SME Credit Facilities Investe II, III and IV/OREN - Banif	Launched under cooperation agreements with the management authorities for OREN (Operational Programme: Competitiveness Factors and Lisbon and Algarve Regional Operational Programmes) and with the Mutual Guarantee Companies, designed to support new investment in fixed assets, tangible or intangible, and working capital, so as to boost the activities of small businesses (SMEs).	€ 8,249,605 – balance of loans portfolio at 31/12/2009

4.2 SHARING WITH THE COMMUNITY

In 2009, total investment in society by the Banif Financial Group stood at €2,740,496, of which 14% was related to arts sponsorship. This amount represents 4.11% of the Group's pre-tax profits.



In addition to offering financial products geared to improving the quality of life and social development, the Banif Financial Group has been directly engaged in various initiatives, including in the arts, sport and health, education and social responsibility.

Some of these social projects have involved direct support from employees belonging to Clube Banif, whilst others have been pursued through partnership with a range of institutions.

At the same time, the Group's corporate giving activities have included both one-off donations to projects and institutions with specific needs and continuous support over recent years for other initiatives.

The following is a representative selection of the many events and projects enjoyed support from the Banif Financial Group in 2009.

The Arts

The Group is committed to promoting Portuguese art and artists, especially through initiatives in Madeira and the Azores, where access to the arts is often restricted, due to the limited number of events.

Casa da América Latina / Banif Literary Prize 2009



Award of the Casa da América Latina / Banif 2009 Literature Prize - Literary Translation

Reflecting its commitment to the arts, Banif, SA has established a partnership with the Casa da América Latina, awarding an annual prize for different *metiers* in the field of Latina American literature. After awarding the prize for the best translation in 2009, the Casa da América Latina / Banif Literary Prize in 2010 will be awarded for the "best original literary work". Banif's aim with this venture is to encourage the publication and reading of Latin American authors in Portugal, helping to support the Casa da América Latina in one of its objectives, and promoting increased awareness of Latina American culture in Portugal.

Zarco Prize

The Zarco Prize was instituted by Banif, SA and Empresa Diário de Notícias, and is awarded every two years to natives of Madeira who have achieved distinction in the arts, literature and science. In 2009, the prize was awarded *ex aequo* to Francis Zino and José Sousa Câmara, for their work in the field of ornithology, promoting the Madeira Freira, and in the field of food chemistry and medical chemistry, helping to improve the quality of grape varieties used in Madeira wine.

Land Art

Banif, SA put its weight behind the Land Art project, taking six

Portuguese artists to spend 30 days at a residency for artists from all over the world in the town of Jiuxian, in China, to debate the importance of the art of today and tomorrow, our world and the future of the environment.

Land Art reached Portugal for the first time, with an innovative concept, consisting of creating works in different media – sculpture, painting, photography, performance, video art and multimedia –, as part of a dynamic, worldwide project, at the cutting edge of sustainability and in search of biodiversity.

Coliseu Micaelense

Banif, SA renewed its cooperation agreement with the Coliseu Micaelense, renewing an alliance first created by Banif Comercial dos Açores in 2005. This is an excellent opportunity to press ahead with our policy of cultural engagement and to strengthen our ties with the public in the Azores, where the Coliseu has served as a prime arts venue, hosting a wide range of quality events and attracting a broad audience, with annual audience figures for recent years in the order of 270,000.

Education

The Banif Financial Group is aware that its commitment to social responsibility should involve public education, by promoting financial literacy and by organizing educational activities involving different generations and population groups.

Holy Trinity School (Fall River)

Strategically, Banif SA has built up its presence in markets with concentrations of Portuguese expatriates. In this area, the Bank has for many years sought to provide active support for cultural, social and sporting activities which help to preserve the Portuguese identity in places far from the homeland.

A practical example of this stance was the donation made to Holy Trinity School, in Fall River (USA), for the purchase of Portuguese language text books, for children of Portuguese descent.

Massachusetts Institute of Technology - MIT

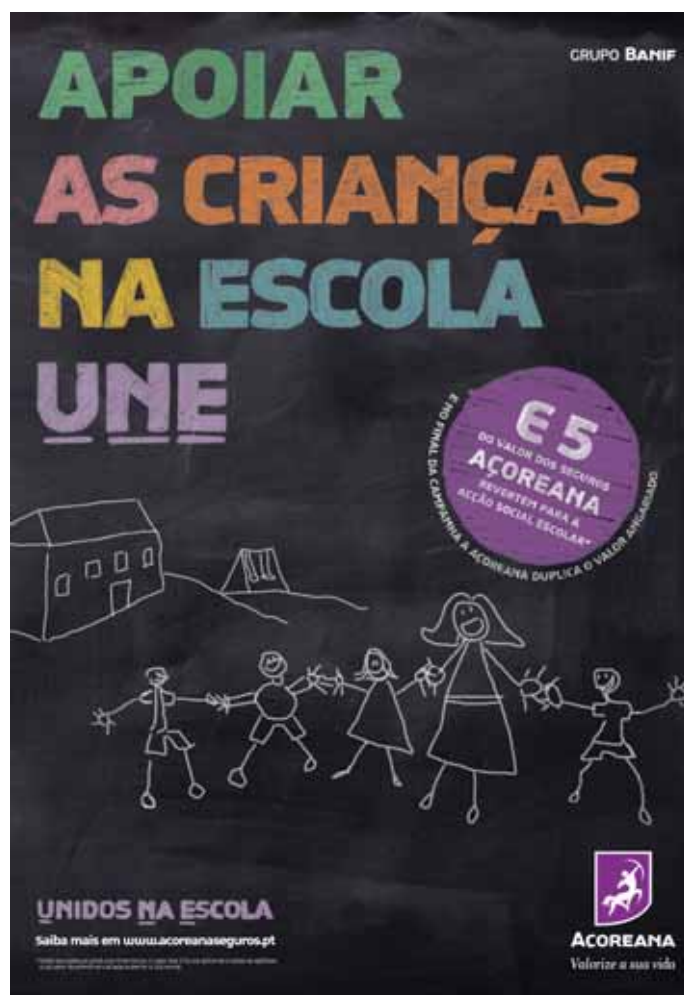
Banif remains committed to the MIT Program, under an agreement between the Fundação para a Ciência e a Tecnologia, representing the MIT-Portugal Program and the Madeira Regional Energy and Environment Agency. This partnership is designed to further a research project into Sustainable Islands, by mobilizing Portuguese and MIT research teams, in close collaboration with companies.

Education in Madeira

Agente X is the regional online mathematical problem solving championship. This project has been underway since the academic year of 2006/07, with Banif as its official sponsor. The main aim is to promote mathematics as an accessible academic subject, involving all the schools in the region. This project reaches more than 14,000 students each year.

United at School Campaign – Support for Education in the Azores

Açoreana has long demonstrated a commitment to social causes, seeking to make a difference to the daily lives of the community as a whole and to children in particular.



UNE Campaign – United at School

Because education has been defined as one of the prime target areas for the company's social responsibility policy, Açoreana launched the United at School campaign in the Azores in September 2009.

The scheme is being undertaken in partnership with the Regional Government, and is designed to support five schools on the islands – in Rabo de Peixe, Água de Pau and Lagoa, on São Miguel, and in Terra Chã and Biscoitos, on Terceira.

The United at School campaign had two main aims: to increase the company's sales and raise its profile in the Azores, and to contribute towards academic success, encouraging and boosting the motivation of children in the first cycle. For all sales in the Azores (except financial products) between 1 September and 31 December 2009, and for each policy with an annual premium in excess of one hundred euros, five euros were donated to a school fund for welfare work. At the end of the campaign, Açoreana doubled the money raised.

In keeping with its responsibilities as the largest insurance company operating in the Azores, Açoreana clearly demonstrated with this project its commitment to people, families and the Azorean community.

With the United at School Campaign now at an end, Açoreana will distribute the sums fairly between the five schools covered by the project.

The *Escola Básica Integrada de Rabo de Peixe* is set to receive 10,000 €, the *Escola Básica Integrada de Água de Pau* 10,000 €, the *Escola Básica Integrada da Lagoa* 10,000 €, the *Escola Básica e Secundária Tomás de Borba* 10,000 € and the *Escola Básica Integrada dos Biscoitos* 10,000 €. All in all, the campaign will benefit 705 children at first cycle level.

The funds donated will be used to support the children at the five schools, seeking to encourage and motivate them to achieve educational success, through acquisition of learning materials (software, hardware, games, programs and teaching exercises) for the students, and training packages for the teaching staff, designed to help them work with children needing to improve their educational performance.

The aid provided is set to be used in programmes created by the management boards of the schools, with a minimum duration of three years, starting in the 2010/2011 academic year.

Promoting Financial Information

Ruca teaches children about saving

As part of its Social Responsibility programme, Banif, SA has undertaken a number of initiatives designed to encourage and

develop the idea of saving, and to improve financial literacy amongst the young.

With the cartoon character, Ruca, used to promote the Nova Geração account, the aim has been to teach children (0 to 6 years) in Madeira and the Azores the concept and habit of saving. The savings game was organized at two shopping centres in April and May.

The aim of the game was to teach children (aged 0-6 years) the habit and concept of saving, by leading them to choose which of two objects best transmits the idea of saving. In comparing the objects, the children had to decide which would be most economical.

At the end of the game, the children were given a Ruca participation diploma, a colouring book and pencils. The colouring book is given over to themes related to the idea of saving.

Banif and Ruca also visited the children's wards at Funchal Central Hospital and at the Hospital do Divino Espírito Santo in Ponta Delgada, São Miguel, where Ruca and his friend Violeta handed out colouring books and coloured pencils to the children.

A total of 42 nurseries and infant schools were contacted in Madeira to take part in the initiative, with some 1,415 children joining in the savings game. In the Azores Region, 13 schools took part in the scheme, which reached around 830 children.



Savings Game at a shopping centre

Sharing with Society

Generations Meeting

The 7th Generations Meeting was held at the Portuguese Centre in Caracas, organized by Banif, SA, Correio da Venezuela and Diário de Notícias.

The Generations Meeting is an event which brings together Portuguese emigrants from all over Venezuela, promoting unity and debate within the large Portuguese community in the country.

The main theme for this year's event was tourism, as a "Factor for Unity between Peoples", with a view to discussing the advantages and drawbacks of tourism in Portugal, and how to get to know the whole country, from one end to another.

Support for Enterprise and Entrepreneurship

rs4e Project

An agreement was signed in October 2007 under which Banif has supported the rs4e (Road Show for Entrepreneurship). This is a pioneering initiative in Europe, and Banif has been involved from the outset.

The project is devoted to fostering entrepreneurship and is organized by CEIM: Centro de Empresas e Inovação da Madeira, with a view to drawing young people's attention to the business and wealth creation opportunities of self employment, as means of promoting economic efficiency and social stability. Approximately 4,200 young people are involved each year, aged 16 to 25 years.

AJEM Enterprise Award

Banif, SA has signed a cooperation agreement with AJEM (Madeira Young Enterprise Association), supporting the "AJEM Enterprise Award".

The "AJEM Enterprise Award" is designed not only to promote enterprise in the region's business fabric, but also to reward the individual efforts of entrepreneurs whose achievements have a significant impact on the regional economy.

The prize will be awarded to projects supported by innovative and viable business plans, which respond to market needs and result in new products, processes or systems in the market whether they operate, or else in significant improvements to existing products, processes or systems.

Support for Charities

The Banif Financial Group has consistently supported social, humanitarian and healthcare charities, as a way of actively helping to minimize social problems in critical and needy areas.

Christmas Donations

Since 2001, Banif, SA and Banif Açores have made charitable donations equivalent to the amount normally set aside for

Christmas gifts. These donations are allocated on a rotating and equitable basis, to institutions in mainland Portugal, Madeira and the Azores.

Support for Associação SOL

In line with its policy of engagement with the community, Banif - Banco de Investimento has continued to support Associação SOL. This association was founded in 1992 to help children orphaned by AIDS, to support HIV positive mothers and to make up for the lack of the children's biological families.



Children from Associação Sol

Banif Financial Group / AMI - Assistência Médica Internacional: Campaign for collection of used mobile phones

This campaign for the collection of used mobile phones has been launched with the aim of combating poverty and social exclusion, with the proceeds reverting in full to AMI, and in particular to the work of its night shelters for the homeless. The campaign also has an element of environmental awareness raising, as referred to above in this Sustainability Report.

Sport in the Community

Participation in sport should be a right at all ages, irrespective of each person's spending power. Essential for everyone's health and wellbeing, sport helps to create balance and to bring communities together, and we are therefore keen to provide ongoing or occasional support for both professional and amateur events and activities.

Women's Run, Portuguese Half Marathon and Lisbon Half Marathon

Banif has been the official bank for the Women's Run, the

Portuguese Half Marathon and the Lisbon Half Marathon since 2006, as part of its partnership with the Portuguese Marathon Club. Entry numbers have been growing from year to year, and the three events attracted more than 65,000 runners in 2009.

The Women's Run is a very special event, designed not only to promote sport but also to raise funds for equipment for screening and treatment for breast cancer, a disease affecting increasing numbers of women around the world. The event attracted 15,000 runners, raising around 57 thousand euros.



Women's Run 2009

Nike Camp

As the official sponsor of *Nike Camp*, a holiday camp for young people aged 7 to 16 years, Banif, SA donated resident places, free of charge, to the Casa do Gaiato de Lisboa, providing these youngsters with an unforgettable experience and first-hand contact with their football heroes.

Lenine Cunha

Through its cooperation with the National Association for Sport for the Intellectually Disabled, Banif SA has since 2009 sponsored Lenine Cunha, the national and world record holder in various special events.

In the course of 2009, Lenine Cunha won a number of gold medals, as well as beating world records, some of them his own, and was one of the athletes nominated for Sportsman of the Year, in the Male Athletics category, a prize awarded by the Portuguese Sports Federation.

Fundação Pauleta and Clube Desportivo Santa Clara

Football is a sport which draws large crowds and maintains close ties with local communities. We were therefore happy

in 2009 to continue to support the Fundação Pauleta, in view of its valuable work in instilling values and discipline in young students, and also the Clube Desportivo Santa Clara, a football team which plays in the nationwide *Vitalis* league.

School Sports

Banif, SA was once again the official sponsor of School Sports Week, a project organized by the Regional Education Department as from the start of the school year, with tournaments between middle and secondary schools in Madeira, involving more than 10,000 young athletes.



School Sports Week 2009

Support for amateur sport in Madeira

As part of its sponsorship of Marítimo da Madeira - Futebol SAD and Clube Desportivo Nacional da Madeira, Banif supports the amateur sports activities of these club. This support has furthered the Group's commitment to developing sport in Madeira and contributing to a balance society and healthy citizens. The contract involves support for amateur hockey, basketball, handball, athletics, futsal and volleyball.

This sponsorship activity is complemented by initiatives of a more social nature in conjunction with these clubs. The Banif Charity Trophy was awarded for the third time in 2009, bringing the two teams together in a charity match. Banif, SA bought all the tickets to the game and donated the revenues to the Chapéu de Esperança project, which seeks to combat poverty and social exclusion. Other initiatives included autograph sessions with the clubs' players, which provide a boost for young fans.

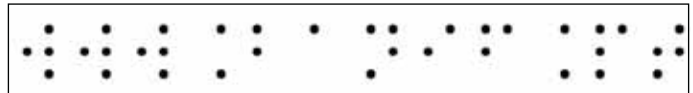


The Banif Charity Trophy

Initiatives for improving access to financial services for persons with physical and/or neuromotor handicaps

Text-to-speech

In 2009, Banif was the first bank in Portugal to offer the new "Text-to-speech" technology on its website. This new function allows blind, partially sighted and illiterate people to gain easier access to information on Banif's financial products. This tool allows users not only to hear the site contents but also a major innovations – users can navigate around the site using spoken messages, allowing them to find the information they want. This new function was developed and validated with the involvement of APEC (Associação Promotora do Ensino dos Cegos).



Wheelchair ramps

The Banif Financial Group is especially concerned with access to financial services by persons with reduced mobility.

More than 300 Banif branches currently offer facilitated access, with wheelchair ramps or lifts. Plans are currently underway to redesign and adapt a number of branches to provide access to more people with reduced mobility, allowing them to use the financial services we offer.

The Banif Financial Group in Regions of Low Population Density and Economically Depressed Regions

Banif Micro-Branches

Banif has launched a new point of sales concept, consisting of the micro branches. These offices have floor space of no more than 60 square metres and are staffed by just two Bank employees, who serve as point of contact between the Banif and

communities where the opening of a traditional branch is not justified.

At the micro branches, customers can carry out basic operations, such as deposits and withdrawals, as well as consult credit simulations, with applications for lending products being routed to the nearest full branch.

Banif, SA on the island of Corvo and in Curral das Freiras

The Banif Financial Groups has points of service in regions with a low population density and economically depressed regions. Examples of these are the micro branches of Banif, SA on the island of Corvo and in Curral das Freiras.

Corvo is the smallest island in the Azores. With an area of just 17 square kilometres, it has only settlement, Vila Nova do Corvo, with some 400 inhabitants (24 inhabitants/km², below the national average). Per capita spending power is well below the national average.

Curral das Freiras is a parish in the municipality of Câmara de Lobos, in Madeira. The population density is 69.21 inhabitants / km² (well below the national average and that for the Madeira region) and it belongs to a municipality where the per capita spending power is little more than half the national average.*

* Source: INE - Instituto Nacional de Estatística: Population Density per Parish – Census 2001 (last revised 2007); *Per capita* spending power per municipality 2007.



05

DEVELOPMENT OF HUMAN RESOURCES

Sustainability is a common purpose, it is achieved by all and for all. People are always at the centre of everything, as the foundation of a value that keeps us clearly focussed: Humanism.



CONFIDENCE



HUMANISM



EFFECTIVENESS



INNOVATION



AMBITION



**A POWER
THAT
REMINDS US
WHAT MATTERS**

05. Development of Human Resources

5.1 OVERVIEW

The human capital of the Banif Financial Group is crucial to its development. For this reason, responsibility for human resources management is assigned to the highest level in the Group.

The strategic management of the human resources of the Banif Financial Group lies in the hands of the Board of Directors, which sets down policies and strategies in this area for all the Group's companies. In terms of operational responsibilities, there is a Group Head of Human Resources, whose mission is "to support the Board of Directors of Banif SCPS in fostering ethical conduct, the Banif Financial Group culture and values, to propose policies for management of employee potential and on the convergence of human resources management practices across the Group, with specific regard to attracting, developing and retaining employees with a good skills profile."

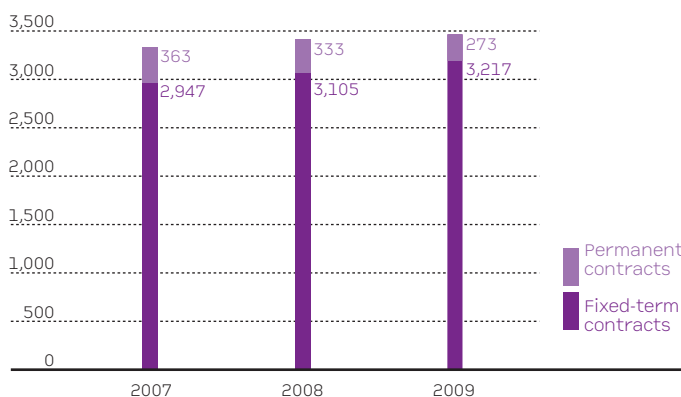
The HR strategy and policies, whose principal objective is to build a strong and motivated team, which can make an active contribution to the Group's success, are implemented through Internal Rules and Procedures which, in the cases of Banif and Açoreana, already include Quality Management Systems certified under ISO 9001. These management systems include target setting and monitoring, through performance indicators, for issues related to HR management and training.

At year end 2009, the Banif Financial Group workforce numbered 3,490⁷ employees, in Portugal, representing growth of 1.5% in relation to 2008, and 5.4% in relation to 2007. These figures show that, even during a period of economic and financial crisis and rising unemployment, the Banif Financial Group has continued to create jobs in Portugal⁸.

The concern with creating a sound team is reflected in the fact that 92% of employees have permanent contracts, with an average pay 83% above the national minimum wage. In addition, only 0.23% of employees of the Banif Financial Group in Portugal work part time.

Of the total workforce, 99.8% is employed on a full time basis. During 2009, 10 trainees worked in the companies covered by this report; whilst not contracted by the Group, these trainees were subject to the values, policies and guidelines applying to the conduct of all personnel.

EMPLOYEES OF THE BANIF FINANCIAL GROUP BY TYPE OF CONTRACT



The focus on the long term, energy, drive and innovation is borne out by the fact that approximately 70% of all Group employees in Portugal are aged less than 44 years.

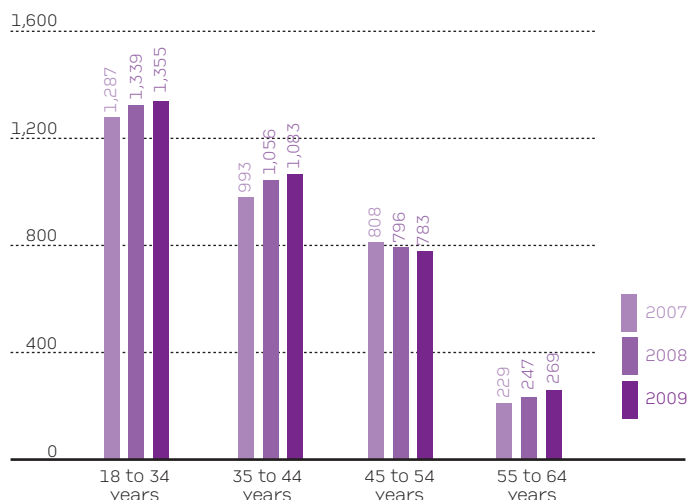
At the same time, the figures also reflect the Group's concern for assuring equal opportunities and diversity. Our workforce is 39% female (up by 4% on 2008 and 10% on 2009, showing that the intake of female staff has outstripped that of male).

⁷ The total number of employees in the Banif Financial Group in Portugal at 31 December 2009, excluding the Tecnicredito Group, was 3,490.

⁸ The total number of employees in the Banif Financial Group at 31 December 2009 was 4,102. This number does not include employees of companies included in the consolidated accounts by the equity method, and in which the Group does not have a majority holding.

(continuation)

BANIF FINANCIAL GROUP EMPLOYEES BY AGE RANGE



Approximately 92% of the personnel of the Banif Financial Group are covered by collective employment agreements which regulate various aspects relating to the rights of employees, in particular minimum notice periods for operational changes and issues relating to health and safety at work (HSW).

Corporate Health and Safety Policy

Our concern with HSW is reflected in a **Corporate Health and Safety at Work Policy** and in the representation of Banif, SA employees on HSW committees. The worker representatives represent interests on all issues relating to this topic.

Corporate Health and Safety at Work Policy at the Banif Financial Group

Health and Safety at Work (HSW) is a key area for the future development of the Group’s management and social responsibility and is regarded as one of the pillars in Group management policy, reinforcing respect for our employees, their families and for society in general. In an increasingly demanding market, people are today a fundamental ingredient in achieving competitiveness through service excellence. It is human resources which give companies the ability interpret the market and to evolve with society. Our HSW approach is accordingly centred not only on the material conditions of work, but also, and essentially, on the human component. The Banif Financial Group is accordingly committed to a culture of safety, supported by prevention, aiming to

(continues)

assure its employees an excellent quality of life. The Banif Group’s health and safety policy constitutes a commitment to continuous improvement in HSW performance, based on the following principles:

- To monitor compliance with the HSW legislation in force;
- As far as is reasonable and practical, to assure the protection of all persons working in the Group, be they Banif employees or third parties, and of all persons who could be affected by our operations, customers, visitors or the general public;
- To organize work with a view to eliminating, reducing and controlling the risks involved in buildings, equipment and work station, so as to prevent accidents at work, occupational diseases or other damage to health and wellbeing;
- To assure a safe and healthy working environment for all employees, contributing to increased productivity, greater personal satisfaction and consequently an excellent standard of service;
- To encourage employees to adopt responsible attitudes and to take an interest in health and safety, committing the entire Group to these targets, through training activities and information, so as to assure safer forms of behaviour.

The Board of Directors of Banif SCPS, SA
June 2009

Training in HSW in the Banif Financial Group

- Classroom training in fire and evacuation;
- Practical training in handling fire extinguishers;
- Development of an e-learning course – "Promoting Health and Safety at Work". This course will be implemented in 2010 in all Banif Financial Group companies;
- Basic first aid courses.

A total of 14 training sessions/courses were held, with 174 participants and a total of 11,877 training hours.

Audits were conducted in 2009 to assess the risk associated with 817 work stations in Banif, SA and Açoareana, and various preventive and corrective measures were identified and implemented as a result.

In 2009, the average number of hours of work lost due to illness or accident remained at 38 hours. The rate of absenteeism in the Group due to accidents at work held steady at 0.04%, whilst the rate of absenteeism due to illness fell from 2.35% in 2008 to 2.33% in 2009.

HSW INDEX	BANIF*	BBI	AÇOREANA
Seriousness Index	63.4	81.9	95.6
Frequency Index – accidents at work	1.56	3.41	2.5
Frequency Index – occupational diseases	0	0	0

* Includes Banif, SA, Banif Rent, Banif Co, BanifServ and Banif Imobiliária

As part of its HSW policy, the Group has made a strong commitment to preventive medicine, providing various periodic tests for its staff. An example of this was the swine flu awareness campaign, which involved a micro-site with full information on news reports and preventive measures. In addition to this, BBI has offered subsidised programmes to support staff who give up smoking as well as special gym membership terms.

Organizational Culture at the Banif Financial Group – CentaurValues Programme

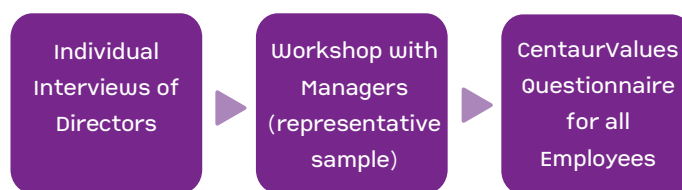


In January 2008, all the companies in the Banif Financial Group adopted the same image, based around the Centaur, which symbolizes the "Power of Believing", as well as a very particular culture and ethos. With the same ends in view, the Corporate Human Resources Division started up the CentaurValues Project in 2009, designed to strengthen the cultural ties which unite all the Group's companies, establishing a common thrust in terms of the Mission, Vision and Values of the Banif Financial Group. The CentaurValues project consisted of the following phases:

- Phase 1 – Mission, Vision and Values Survey (2009)
- Phase 2 – Launch and communication of Mission, Vision and Values (2009)
- Phase 3 – Training of all Group employees in Portugal (2010)
- Phase 4 – Assessment of results (2010 and subsequent years)

Because the culture should be defined, shared, felt and experienced by all, everyone was involved in phase 1. Direct interviews were accordingly conducted with 26 directors of Group companies. A representative group of managers was then invited to identify the most important aspects of Group culture. This was followed by an online questionnaire of 3,400 Group employees in Portugal, with responses received from 60%.

Methodology for the Mission, Vision and Values survey (phase 1)



Group work during the Managers workshop

On the basis of the information collected, the project consultants and team, made up of representatives of all the Group companies, drew up a draft Mission, Vision and Values statement. The mission statement defines what we are and our role, the vision statement reflect what we want to be, and the values, which in the Group are known as the CentaurValues, are the essential elements of how we behave and conduct ourselves, in other words, confidence, humanity, effectiveness, innovation and aspiration. This proposal was later approved by the Board of Directors of the Banif Financial Group.

The CentaurValues project was then launched and its results presented to the workforce in all Group companies in late 2009. During the first half of 2010, a large-scale training programme will be launched designed to reach all Group employees. The aim is to involve each employee on a personalized level so that they can all internalize and live out the culture of the Banif Financial Group.

Over the course of 2010 and subsequent years, the implementation of the project will be assessed, and measures adopted in line with the findings in order to assure its continued success.

Alignment of Human Resources Policies

One of the priorities of the Banif Financial Group is to align the human resources policies of all its companies, assuring both coherence and respect for the specific nature of each business area.

In addition to the CentaurValues Project, a number of other projects have gone ahead:

- Development of a new integrated management model for human resources at Banif Go and Banif Rent, involving the following sub-processes: Internal Functions and Occupational Categories, Careers, Performance Assessment, Training and Development, Remuneration and Benefits. Improvements were made at the same time to administrative processes and record keeping.
- Alignment of human resources policies and practices at Banif Mais. This project was launched in 2009 as a result of the Tecnicrédito Group being integrated into the Banif Financial Group, and will continue into 2010. Integration training was provided in 2010 for all employees of Banif Mais in Portugal.



Integration training for Banif Mais employees

Performance Management

The objectives-based performance assessment model makes it possible to quantify, fairly and precisely, the commitment and contribution of each employee to achievement of the Group's aims. This model also serves as the basis for planning careers and assessing the training needs of each employee.

98.6% of the employees of the Banif Financial Group were subject to objectives-based performance assessment in 2009.

Accordingly, the objectives-based performance assessment model rewards merit, whilst assuring a direct link between performance and career progression.

DIGNITAS Prize - *Labor Omnia Vincit*

As part of the drive to develop a meritocratic ethos, the Dignitas prize was again awarded to Banif employees as the highest distinction designed to achieve the following aims:

- To create a culture attuned to merit and generation of added value for the Bank;
- To encourage appropriation of Banif values, demonstrated by exemplary conduct;
- To reward employees who each year distinguish themselves by their performance, achievements and the example of their conduct.

The prize was awarded to 26 employees in 2009.



Winners of the Dignitas Prize in 2009

Dialogue with Top Management at Açoreana

Açoreana runs programmes for bottom-up dialogue which involve all the company's employees. These schemes are intended to create bonds within the organization, and offer the opportunity for those working in the field to present their opinion on matters they regard as important to the company's decision-makers.

Meet the Chairman Programme: in 2009 the programme focussed on individual contact with managers, and the Chairman of the Executive Board lunched with all managers at least once.

Regional Executive Board (EB) Meetings: every two months the Executive Board, accompanied by the top corporate managers, travels to one of the regions where it spends the day with the sales staff in the branches. Progress and current issues are examined at all the branches, with discussion and decisions on action plans, as well as presentation of central company plans. In addition to looking at sales work, these initiatives provide another opportunity for asking questions and resolving uncertainties on major (or minor) issues, and allow the staff around the country to get to know the executive directors and central managers, and to have their voice listened to. The day is normally rounded off by a dinner with the leading customers and agents in the region, again with the purpose of listening to our main partners and explaining our vision to them.

Employee Benefits

Irrespective of rank, all our employees can enjoy a range of benefits, some of them available to their families, including protective insurance (life, retirement, personal, property and other insurance).

The permanent employees of Banif, SA are also exempt from annual maintenance charges on credit and debit cards, cheques, securities custody and purchase/sale of foreign currency. In addition, they benefit from preferential overdraft rates and special terms for home loans. Some of these benefits are also extended to employees in other companies of the Banif Financial Group.

The other benefits assigned to our employees include special arrangements for social benefits (health insurance, pension funds, equivalence to Collective Employment Agreement terms for home loans), subsidized health club membership and study grants for the children of deceased employees (Banif, SA).

In addition, there are significant moments in our business life when social gatherings help to align employee objectives, such

as Management Meetings, the Christmas Lunch and the Christmas Part for employees' children.

Clube Banif

The Banif Club has for six years organized sports and cultural activities, and currently has 2,100 members (1,400 full members/employees, and 700 auxiliary members/families).

The club has gradually extended its membership to the different companies in the Banif Group, with currently some 1,800 members in Banif, 70 at BBI, 50 in CSA, 70 in Banif Co/Rent, 50 at BanifServ and 8 at Génius. The club will soon open its doors to members from Banif Mais.

The clubs offers a range of sports activities as well as cultural initiatives, such as theatre, circus, music, exhibitions, gastronomy and travel, and is open to any suggestion which might appeal to its members.

Activities in 2009 involved some 2000 participants and were designed to reflect the interests of members, whilst offering the greatest variety possible in terms of the type of activity and the location. Club activities up and down the country sought to maintain the approach adopted in previous years, with an attractive programme of arts events and sports to suit all tastes.



Sailing trip on the Tagus for employees and family



Athletics



Bowling

Banif Family Day - Madeira Region

The Family Day is an annual celebration for all the employees of the Banif Financial Group in the Madeira region. Organized by the Sales Division in the region, the event brought together 300 people in a spirit of good cheer and togetherness, recreating a traditional Madeiran *arraial* to bring out the fraternal spirit in the Group.

5.2 TRAINING

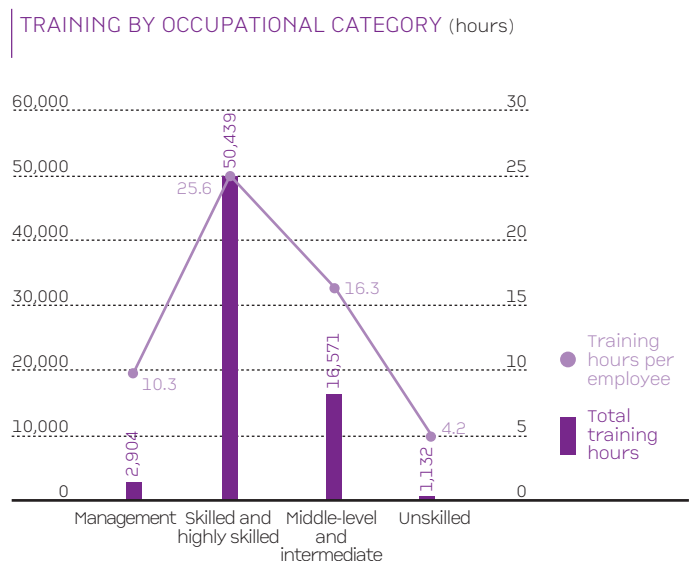
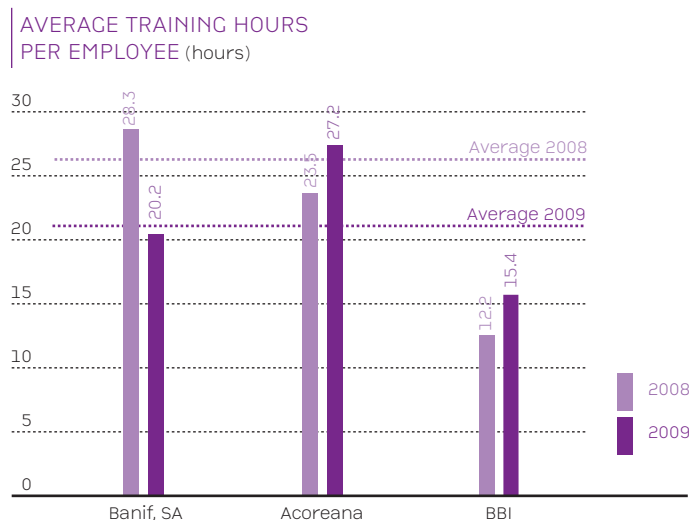
The Banif Financial Group regards employee training as a strategic tool on which its sustained development depends.

The Group's training portfolio is significantly diverse and new areas of training are identified each year with a view to improving the personal and professional skills of our employees. The training practices in place are tailored to the specific business needs of each company.

Banif employees first make contact with training when they join the company. All newly recruited staff of Banif, SA take part in

a modular training programme to integrate them in the Group and to raise awareness of a range of issues, including: Bank and Group organization and values, segmentation, products and cross-selling, compliance, money laundering, health and safety and others. As part of their induction training for new employees, a new module on fraud prevention was introduced. Based on practical cases, this new module seeks to provide participants with know-how on the main fraud situations which arise at branches, as well as raising awareness of the internal rules which allow for effective screening.

A total of 70,045 training hours were provided in the Banif Financial Group in 2009, corresponding to an average of 21.2 hours of training for each employee.



Total training hours per employee were down in 2009 compared with previous years, This was due to many factors, as well as variables relating to the present economic climate and the following circumstances:

- Expansion of the bank slowed, with the number of new branches opening only half that in 2008. This resulted in a reduction in training hours in areas sensitive to this factor, such as induction training and career development training – Managers/Sales Managers Training⁹;
- Redefinition of the e-learning strategy with implementation of a new platform known as the Learning Management System (LMS), which involved altering the dates of mass courses (which were on hold, awaiting the new platform which has since been implemented);
- The timing of the development of new contents. Under the current policy, the bank develops contents internally rather than acquiring standard contents on the market.

New Concept for Training

As part of the overhaul of its training strategy, Banif, SA has implemented a new concept for training; Evolve – Training to empower you.

This new image is based on the idea of personal and professional advancement, and ties in with the various training schemes in place in the bank.



What changes has the new image brought?

This change in image has been implemented alongside several changes to training. The new development with the most immediate and visible impact has been Banif, SA's new stance in relation to e-learning.

⁹ Five courses were run in 2008, as compared with two in 2009.

The Bank has adopted a new LMS (*Learning Management System*) platform which accommodates the various e-learning training modules. This new solution, known as the *Evolve Platform*, offers a wide range of functions:

- Easy-to-use menus and easy monitoring of training progress;
- Possibility of digitally viewing and printing training certificates on conclusion of courses. This cuts administrative work as well as paper consumption.
- Monitoring by superiors of the entire training process;
- Functional helpdesk;
- Support from remote training officer;
- Storing of log-files on each employee's e-learning processes;
- Simplification and automation of procedures relating to management of e-learning training;
- Possibility of self-enrolment on certain courses - this function is due to come online in 2010.

In addition, Banif, SA has sought to develop training contents/courses internally, in line with its particular business needs, rather than to acquire ready-made solutions. This approach offers the following advantages:

- Shorter training units, focussed on topics of critical importance to trainees;
- Focus on real issues and internal processes, as opposed to a general and theoretical approach;
- Importance is attached to internal training;
- Lower costs;
- Opening up of relationship channels through the tutoring unit, between the content/course developers and trainees. These channels can be used by trainees to clear up any questions and to propose new approaches/suggestions.

Courses already developed or in development

- Personal loans;
- Promoting health and safety at work;
- Compliance;
- Mortgage lending;
- Banif4Client: Connected to Sales Service Quality Certification (ISO 9001), this course is designed to assure appropriation of the service standards by all employees in the sales/retail area.

Other courses available on the Evolve Platform

- Euro notes, for all employees handling cash;
- Money laundering, for all staff whose work might directly or indirectly involve detecting and preventing money laundering and terrorism financing.



Course in *Promoting Health and Safety at Work*
Screen identifying prevention and protection measures at the work place

A significant increase is expected in 2010 in the number of courses and participants in e-learning activities, thanks to the completion of the contents described above and as new training needs are identified.

As a result of its work and strategy in the field of e-learning, Banif, SA obtained an extension of its training accreditation from the National Directorate of Vocational Training to cover e-learning. We are proud of this achievement, which lends credibility to our processes in this area.



Improvements were also made to the Training Effectiveness Assessment, in keeping with the criteria set by ISO Standards 9001:2008. These improvements involved automating the process from the e-learning platform, thereby reducing the administrative workload, increasing the response rate from survey subjects and achieving efficiency gains in terms of time savings and reduced paper consumption.

New procedures were also put in place in 2009 with a view to decentralized training management, allowing divisions greater autonomy in the training processes they choose to undertake. This procedure has also simplified the keeping of training logs.

Examples of Training Areas in 2009

Career Development Training

Career development training is designed to assist employee development and preparation for new duties, especially in terms

of acquiring new technical expertise and behavioural skills essential for progress in professional careers.

In 2009, in line with business growth, 2 sales management courses were run (in Lisbon and Ponta Delgada), involving around 40 members of staff.



Sales Management Course in Lisbon

The participants in these course developed advanced know-how in relation to commercial dealings with customers, focussing in particular on identifying customer needs, using practical cases based on products and procedures in place in Banif.

English – *English for Banking: Upgrade Yourself*

In a financial group operating in 17 countries, English language skills are highly important. The reach of English language training was accordingly extended in 2008, taking in new regions and locations.

Course programmes and contents have also been reviewed, with a sharper focus on banking language and business English. This programme has been called *English for Banking: Upgrade Yourself* and has involved some 100 employees. The scheme is due to continue into 2010.

Time Management – *Time is Life!*

Banif continued with this training programme, cutting across the whole organization, designed to develop time and stress management skills – Time is Life. This programme was launched in 2008, and this year involved approximately 800 participants.

This training programme deals with important issues such as:

- Planning and organization in line with key areas;

- Priorities management – distinguishing what is important and what is urgent – acting in accordance with these two criteria;
- Focussing on "now" and strategic planning for the future;
- Time wasting factors: unproductive meetings, ineffective communication, inefficient delegation and supervision;
- Tools to aid communication, planning and organization.

Training in Operating Risk (RO)

At Banif we have implemented various measures to raise awareness of two main aims relating to:

- Awareness of risks, making the Group less vulnerable to their impacts;
- Compliance with the rules established by the supervisory body.

Decree-Law 104/2007 defines OR as “the risk of losses resulting from the inadequacy or deficiency of procedures, personnel or internal systems or external events, including legal risks”.

Approximately 36 employees took part in these training activities in 2009, with further development planned for 2010.

Employment Legislation

Training was provided in 2009 for employees of Banif, SA on the new employment legislation.

BBI Good Practice

In 2009, BBI provided the following training for its employees:

- Planning for Retirement, including training for those who wish to keep working and training for a transition to a non-working life;
- Subsidised fees for post-graduate studies at Portuguese and foreign universities in the following areas: Spanish, Advanced Management Program, CFA, Doctorate in Law, Masters in Property Valuation, Masters in Information Systems, Masters in Market Executive and Financial Assets, Placement in Structured Finance and Post-graduate studies in Financial Analysis.

BBI Planning for Retirement Programme

Aim:

To review professional career orientation through a systematic process allowing employees to find a job or suitable activity as quickly as possible.

The programme is structured into three phases:

PHASE I. Self-analysis – At this stage, employees focus on their personal and professional qualities, define their real capacities and what they would really like to do, professionally or otherwise.

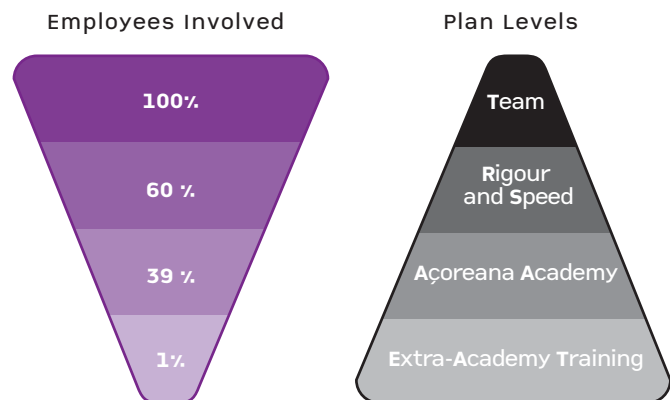
PHASE II. Preparation – Having identified their most significant talents, employees look for areas of sectors where these qualities can best be developed and where they can enjoy the most success. They then draw up a CV, investigate target companies and plan their personal marketing strategy and programme.

PHASE III. Marketing – This phase includes a personal marketing plan, campaigns through direct contacts, mail shots, replying to advertisements, personal and professional relations, and detection and interception of jobs in gestation. Lastly, job offers are assessed, and then negotiated to assure the best terms.

Açoreana: Integrated Training Plan

Açoreana launched an Integrated Training Programme in 2008, designed to develop its employees' technical and behavioural skills. The new programme comprises sequential training levels, which are complementary in terms of the complexity of the subject matter. The areas dealt with are:

- Increasing teamwork;
- Customer orientation;
- Time and teram management;
- Sales and negotiation techniques, assertive communication and conflict management and presentation techniques.



Commitments for 2009

Training activities through the Academia Açoreana, with special emphasis on behaviour issues, team, time and conflict management, and assertive communication.

Training for the Targets and Incentives System at Açoreana

In view of the implementation of this system, training was provided throughout Açoreana's organization (assessors and assessed), focussing on issues of performance monitoring, feedback, team leadership and analysis and definition of development needs.

Interaction with the education system and relevant stakeholders in training

As well as helping its employees to follow up their academic education by supporting/subsidizing their undergraduate and graduate studies, Banif, SA has also invested in fresh talent and remains open to interaction with some of the leading academic institutions in the country.

In 2009, Banif continued to take part in the international Global Management Challenge, for which it sponsored 5 teams: 2 internal employee teams and 3 student teams from leading academic institutions.

Over the course of the year, the Banif, SA continued to support sandwich training in partnership with the Instituto de Formação Bancária. The Bank took in and followed through 14 young trainees, in branches up and down the country. At the same time, Banif, SA took part in a number of activities related to the training of these young people. This included sitting on the panel of judges in the "What wants to be a banker?" competition and acting as examiner for the course in Banking Techniques and Operations II.

A POWER BUILT ON VALUES



06

ANNEXES

Sustainability cannot stand alone. It needs to be guided by principles and values. This is what inspires us every day and reminds us of the vast power of humankind.



CONFIDENCE



HUMANISM



EFFECTIVENESS



INNOVATION



AMBITION



METHODOLOGICAL NOTES

Global Reporting Initiative, G3 Directives:

In drawing up this Sustainability Report we have followed the G3 directives from the Global Reporting Initiative. To this end, task forces comprising managers from different departments and business areas worked together, coordinated by the Sustainability Management division, and identified the topics to report on and supplying the quantitative and qualitative information presented in this document. At the same time we have sought to respond to the indicators in the Financial Services Sector Supplement, drawn up by the GRI.

External assurance:

This report has not been subject to external verification. The Banif Financial Group makes a self declaration of compliance with level B requirements, which are summarized in the GRI contents table, presented in this report.

Scope of report:

This report deals with business carried on by the Banif Financial Group in Portugal (Banif, SA, Banif - Banco de Investimento e Açoreana, which represents 85% of the total workforce and 93% of the net assets of the Banif Financial Group), during 2009. Whenever relevant, we have included reference to operations and/or results in other countries where the Group operates. The information on the sustainability strategy applies to the Group as a whole and, in order to complement this report, readers may consult the 2007 and Sustainability Reports, the Corporate Governance Report and the 2008 Annual Report and Accounts of the Banif Financial Group.

Changes in relation to previous reports:

The Sustainability Report of the Banif Financial Group is published annually, and this is the second reporting cycle. With a view to

improving the quality of information presented in each reporting cycle, the assumptions and methodologies for generating data may (in certain cases) differ in 2009 from those used in 2007 and 2008. This fact should be taken into account when the figures reported in 2009 fail to coincide with those indicated in last year's report.

Notes and calculations used in presenting environmental, environmental and social data:

Economic data is presented in accordance with International Financial Reporting Standards.

Environmental data has been quantified for this report using calculations based on an internal inventory drawn up by the members of the task forces and using the table opposite, for the purposes of conversion.

Conversion Factors		
Electricity (GJ/kWh)		0,0036
Diesel	NCV	43.31 GJ/ton
	Density	0.837 ton/m ³
Petrol	NCV	44.77 GJ/ton
	Density	0.735 ton/m ³
GG Emission Factors		
Electricity		487 g CO ₂ /kWh
Motor Vehicle		129 g CO ₂ /pkm
Train	< 1,500 km	61 g CO ₂ /pkm
	1,500-6,000 km	338 g CO ₂ /pkm
Airplane	> 6,000 km	217 g CO ₂ /pkm
		197 g CO ₂ /pkm

Sources: APA, DGCE

Information relating to calculation in graphs in section 2.5 Risk and Sustainability Management

GRAPH	NOTES
Loans granted to companies by business sector (Thousand euros) and Loans granted to companies by turnover (Thousand euros)	The figures to be found in this graph are not directly comparable with those in the Reports and Accounts of the Banif Financial Group. The figures found in the graphs identified opposite refer to the operations of the Banif Financial Group in Portugal, in other words the operations of Banif, SA, BBI and Banif Co, and do not include intragroup operations. The figures stated in the Reports and Accounts include all the companies in the Banif Financial Group.

Information on the calculations in some of the environmental graphs:

GRAPH	NOTES
Main raw materials consumed	Bleached paper consumed includes paper for printing statements. Plastics including folders and coin bags (figures for 2007 exclude Açoreana). Toners (2007) excludes Açoreana.
Waste produced by final disposal	For 2007 and 2008, the figures do not include Açoreana (information not available). In 2009, the only data provided by Açoreana area for IT materials sent to landfill and IT materials donated. No information exists for 2008 on toners and ink cartridges for Banif, SA. Light bulbs sent for recycling and to landfill started to be counted in 2009, by Banif, SA only.
Paper and cardboard sent for recycling	For Açoreana, information on recycling paper is available only for 2009.
Water consumption	Banif, SA: represents data for branches of Banif, SA and its central buildings. Calculations on the basis of average figures for 10 branches of Banif, SA, extrapolated for the branch network as a whole. BBI: represents buildings in Lisbon, Porto and Funchal, with figures being obtained by estimate, as cost is included in lease. Açoreana: Data available only for 2009. Calculations carried out on the basis of the annual average for 10 branches, then extrapolated to all points of sale.
Power consumption	Banif, SA: represents data for branches of Banif, SA and its central buildings. Calculations on the basis of average figures for 10 branches of Banif, SA, extrapolated for the branch network as a whole. In the central buildings, the Europa building is only included as from 07/2007 and the 4 th floor of the Pórtico building is only included in 2008. BBI: data calculated on basis of extrapolation and estimates (on basis of average kWh hour in power bill). Açoreana: Data available only for 2009. Calculations carried out on the basis of the annual average for 10 branches, then extrapolated to all points of sale.
Indirect energy consumption by primary source	Figures calculated on the basis of figures for Availability of Power for Consumption 2007, of the Directorate General of Energy and Geology.
Petrol and Diesel Consumption	Figures calculated on the basis of average consumption of petrol and diesel in the companies' vehicles fleet, on the basis of 100 km = 8 litres..
Direct and Indirect Emissions	The assumptions used in calculating energy consumption have implications for the graphs of Direct and Indirect Emissions. Domestic flights were deemed to be those less than 1,500 km, European flights as those between 1,500 km and 6,000 km and long haul as those longer than 6,000 km.

Information on calculations relating to social/human resources data:

GRAPH	NOTES
Average training hours per employee (hours)	2008 figures for Banif, SA calculated using the weighted average for BCCA figures plus Banif, SA figures.
Seriousness Index (SI)	Calculated using the formula indicated in the Single Report (Ministerial Order 55/2010 of 21 January): SI = number of (working) days lost X 106/ number of hours effectively worked

GLOBAL REPORTING INITIATIVE: LIST OF CONTENTS

GLOBAL REPORTING INITIATIVE - GRI G3: LIST OF INDICATORS		Page	Scope
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization and from the directors about the relevance of sustainability to the organization and its strategy	5-7	BFC
1.2	Description of key impacts, risks, and opportunities relating to the company's activities	5-7, 18-22, 25, 26	BFC
2. Profile Organizational			
2.1	Name of the organization	72	BFC
2.2	Primary brands, products, and/or services.	12, 29, 32-34, 42, 43	BFC
2.3	Operational structure of the organization	12-14, 18, 19	BFC
2.4	Location of organization's headquarters	72	BFC
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	12	BFC
2.6	Nature of ownership and legal form	72	BFC
2.7	Markets served	12-14	BFC
2.8	Scale of the reporting organization	12-15, 52	BFC
2.9	Significant changes during the reporting period regarding size, structure, or ownership	10, 11	BFC
2.10	Awards received in the reporting period	27, 28	BFC
3. Report Parameters			
3.1	Reporting period for information provided	Cover, 64, 72	BFC
3.2	Date of most recent previous report	64	BFC
3.3	Reporting cycle	64	BFC
3.4	Contact point for questions regarding the report, including email address and website	72	BFC
3.5	Process for defining report content, including: determining materiality, prioritizing topics within the report, and identifying stakeholders the organization expects to use the report	19, 20, 64	BFC
3.6	Boundary of the report (countries or regions, products or services, departments, facilities, joint ventures or subsidiaries, together with other specific boundaries)	64, 65	BFC
3.7	State any specific limitations on the scope or boundary of the report	64, 65	BFC
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	64	BFC
3.9	Data measurement techniques and the bases of calculations, including hypotheses and techniques underlying the estimates used in compiling indicators and other information contained in the report	64, 65	BFC
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. Mergers/acquisitions, change in the base period of year, nature of business, measurement methods)	64, 65	BFC
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	64, 65	BFC
3.12	Table identifying the location of the Standard Disclosures in the report	66, 70	BFC
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any independent verification which has taken place, together with the natures of the relationship between the organization and the auditor(s).	64	BFC
4. Governance, Commitments and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	19	BFC
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	19	BFC
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	19	BFC
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	19, 20, 56	BFC
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	NAV	-

4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	19, 23-25	BFG
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	19	BFG
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	22-25	BFG
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	18, 19, 27	BFG
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	18, 19	BFG
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	32	BFG
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	21, 23, 25, 43, 48	BNF, BBI, CSA
4.13	Memberships in associations and/or national/international advocacy organizations in which the organization: participates in projects or committees, provides substantive	21, 22	BNF, BBI, CSA
4.14	List of stakeholder groups engaged by the organization	19	BNF, BBI, CSA
4.15	Basis for identification and selection of stakeholders with whom to engage	19, 20	BNF, BBI, CSA
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	19-22, 27-29, 43-48, 54-61	BNF, BBI, CSA
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	20-22, 27-29, 54, 55	BNF, BBI, CSA

Economic Management Approach

Economic management approach	22, 25-27, 42, 43	BFG
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Economic Performance

EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other investments in the community, retained earnings and payments to investors and governments	14	BFG
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	18, 19, 22, 25, 26, 32-35	BFG
EC3	Coverage of the organization's obligations relating to the defined benefit plan	55, 56	BFG
EC4	Significant financial assistance received from government	15	BFG
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	52	BNF, BBI, CSA
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	21, 22, 24	BNF, BBI, CSA
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	NR	-
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	43-49	BNF, BBI, CSA
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	42, 43	BNF, BBI, CSA

Environmental Management

Environmental management approach	22, 32-39	BFG
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Environmental Performance

EN1	Materials used by weight or volume	36, 37	BNF, BBI, CSA
EN2	Percentage of materials used that are recycled input materials	21	BNF, BBI, CSA
EN3	Direct energy consumption by primary energy source	38	BNF, BBI, CSA
EN4	Indirect energy consumption by primary source	38	BNF, BBI, CSA
EN5	Energy saved due to conservation and efficiency improvements	38-40	BNF, BBI, CSA
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	32, 34, 38-40	BNF, BBI, CSA
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	38-40	BNF, BBI, CSA
EN8	Total water withdrawal by source	38	BNF, BBI, CSA
EN9	Water sources significantly affected by water consumption	NA	-
EN10	Percentage and total volume of water recycled and reused	NR	-

EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NA	-
EN12 Significant impacts of activities on protected areas or areas of high value for biodiversity	NA	-
EN13 Habitats protected or restored	35	BFG
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity	35	BFG
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	NA	-
EN16 Total direct and indirect greenhouse gas emissions by weight	39	BNF, BBI, CSA
EN17 Other relevant indirect greenhouse gas emissions by weight	39	BNF, BBI, CSA
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	35, 39	BNF, BBI, CSA
EN19 Emissions of ozone-depleting substances by weight	NAV	-
EN20 NOx, SOx, and other significant air emissions by type and weight	NR	-
EN21 Total water discharge by quality and destination	NR	-
EN22 Total weight of waste by type and disposal method	37	BNF, BBI, CSA
EN23 Total number and volume of significant spills	NA	-
EN24 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	NA	-
EN25 Size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	NA	-
EN26 Initiatives to mitigate environmental impacts of services, and extent of impact mitigation	36-39	BNF, BBI, CSA
EN27 Percentage of products sold and their packaging materials that are reclaimed by category	NA	-
EN28 Fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	39	BNF, BBI, CSA
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	39	BNF, BBI, CSA
EN30 Total environmental protection expenditures and investments by type	NAV	-

Labour Management Approach

Labour management approach	27, 52-61	BFG
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Social Performance - Labour Practices

LA1 Total workforce by employment type, employment contract, and region	52	BNF, BBI, CSA
LA2 Total number and rate of employee turnover by age group, gender, and region	52, 53	BNF, BBI, CSA
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees	56	BNF, BBI, CSA
LA4 Percentage of employees covered by collective bargaining agreements	53	BNF, BBI, CSA
LA5 Minimum notice period(s) regarding operational changes	53	BNF, BBI, CSA
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	53	BNF, BBI, CSA
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	53, 54	BNF, BBI, CSA
LA8 Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	54	BNF, BBI, CSA
LA9 Health and safety topics covered in formal agreements with trade unions	53	BNF, BBI, CSA
LA10 Average hours of training per year per employee by employee category	57	BNF, BBI, CSA
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	57-61	BNF, BBI, CSA
LA12 Percentage of employees receiving regular performance and career development reviews	55	BNF, BBI, CSA
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	52, 53	BNF, BBI, CSA
LA14 Ratio of basic salary of men to women by employee category	NAV	-

Human Rights Management Approach

Human rights management approach	52	BFG
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Social Performance - Human Rights

HR1	Significant investment agreements that include human rights clauses or that have undergone human rights screening	NR	-
HR2	Principal suppliers that have undergone screening on human rights	NAV	-
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	NAV	-
HR4	Total number of incidents of discrimination and actions taken	NR	-
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	53	BNF, BBI, CSA
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	NR	-
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	NR	-
HR8	Security personnel trained in the organization's policies or procedures concerning aspects of human rights	NA	-
HR9	Incidents of violations involving rights of indigenous people and actions taken	NR	-

Social Management Approach

Social management approach	22-25, 27, 43	BFG
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Social Performance - Society

S01	Programs and practices that assess and manage the impacts of operations on communities	48, 49	BNF, BBI, CSA
S02	Business units analyzed for risks related to corruption	23	BFG
S03	Employees trained in organization's anti-corruption policies and procedures	24	BNF, BBI, CSA
S04	Actions taken in response to incidents of corruption	23, 24	BFG
S05	Participation in public policy development and lobbying	21	BNF, BBI, CSA
S06	Financial and in-kind contributions to political parties, politicians and related institutions	15	BFG
S07	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	NR	-
S08	Fines and non-monetary sanctions for non-compliance with laws and regulations	NR	-

Product Responsibility Management Approach

Product responsibility management approach	22-29	BFG
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Social Performance - Product Responsibility

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	23, 24	BNF, BBI, CSA
PR2	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	NR	-
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	24, 25	BNF, BBI, CSA
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome	NR	-
PR5	Practices related to customer satisfaction	27-29	BNF, BBI, CSA
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	24, 25	BNF, BBI, CSA
PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship	NR	-
PR8	Complaints regarding breaches of consumer privacy	28	BNF, BBI, CSA
PR9	Fines and non-monetary penalties relating to non-compliance with laws and regulations	NR	-

Products and Services Environmental and Social Impacts Management Approach (Financial Services Sector Supplement)

Products and services environmental and social impacts management approach (financial services sector supplement)	22, 32, 42, 43	BFG
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Indicators: Financial Services Sector Supplement

FS1	Policies with specific environmental and social components applied to business lines	32-34	BNF, BBI, CSA
FS2	Procedures for assessing and screening environmental and social risks in business lines	33	BNF, BBI, CSA
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	33	BNF, BBI, CSA
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	18, 32	BNF, BBI, CSA
FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	21	BNF, BBI, CSA
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	26	BNF, BBI, BNG
FS7	Monetary value of products and services designed to deliver a specific social benefit	42, 43	BNF, BBI, CSA
FS8	Monetary value of products and services designed to deliver a specific environmental benefit	32-34	BNF, BBI, CSA
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	25, 26	BNF, BBI, CSA
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	NAV	-
FS11	Percentage of assets subject to positive and negative environmental or social screening	33, 34	BNF, BBI, CSA
FS12	Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	NR	-
FS13	Access points in low-populated or economically disadvantaged areas by type.	48, 49	BNF, BBI, CSA
FS14	Initiatives to improve access to financial services for disadvantaged people.	48	BNF, BBI, CSA
FS15	Policies for the fair and transparent design and sale of financial products and services	23-25	BNF, BBI, CSA
FS16	Initiatives to enhance financial literacy by type of beneficiary	45, 46	BNF, BBI, CSA

Legenda: BFG - Banif Financial Group

BNF - Banif, SA in Portugal

BNG - Banif Co

BBI - Banif - Banco de Investimento, SA in Portugal

CSA - Companhia de Seguros Açoreana in Portugal

NA - Not Applicable

The indicators in question are not appropriate to the financial sector.

NAV - Not Available

There are some indicators for which we lack the methodologies which would allow us to report this information in this document. We remain committed to gradually improving the collection of non-financial information, and it is to be expected that in future we will be in a position to present further indicators.

NR - Not Relevant

In view of the specific nature of the operations of the companies in the Banif Financial Group and the subject matter identified, the internal team responsible for this report has identified a number of indicators which are not relevant to the Group. In relation to environmental aspects, we consider that the most material impact of our operations is related to the products we sell.

Note: Complementary informations can be found in a detailed GRI list of contents in www.grupobanif.pt, in the Sustainability area.

Self-declaration for GRI application level: Level B

		Self-declaration of GRI level of application: Level B					
		C	C+	B	B+	A	A+
Mandatory	Self-declaration		Third party verified	✓	Third party verified		Third party verified
Optional	External third party						
	GRI verification						

GLOSSARY

APFIPP – Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios (Portuguese Association of Investment, Pension and Asset Funds).

Biofuel – Fuel from biological source, resulting from processing of one or more plants or organic waste.

Value chain – The series of related activities carried on by an enterprise, in order to meet customer needs: dealings with suppliers, materials used, transport carried out, form of production implemented, form of distribution and communication to the final consumer, disposal of product and/or waste after its useful life.

Compliance – function designed to assure that enterprises comply with the legal and regulatory requirements in force, including regulations and codes of conduct for mandatory internal application.

CER – Certified Emission Reduction - Emission reduction certificates generated under the Kyoto Protocol flexible mechanism. A reduction in emissions of 1 ton of carbon dioxide equivalent normally corresponds to one carbon credit. CERs may be traded on the international market.

Sustainable development – According to the Brundtland report published in 1987, sustainable development is development that meets present needs without compromising the possibility of future generations meeting their own needs.

Carbon dioxide – One of the gases contributing most to the greenhouse effect and which is discharged into the atmosphere primarily as a result of the burning of fossil fuels.

Eco-efficiency – Refers to the supply of goods and services at competitive prices which meet human needs and enhance quality of life, whilst also reducing environmental impacts and resource intensity over the course of their life cycle. May be regarded as a process whereby the same quantity of goods or services may be produced, reducing the use of natural resources and also the waste resulting from the production process.

Renewable energy – Energy obtained from natural sources which are able to renew themselves, meaning they are virtually inexhaustible, such as: wind, sun and waves.

Strategic giving – Corporate practices to the benefit of society, and which follow the guidelines set by the company's business. These practices are normally part of a broader plan conceived to complement the company's business strategy.

GHG - Greenhouse Gases – Gases which absorb part of the infrared radiation reflected by the earth's surface, making it difficult for

this radiation to reach space. With increased concentration of these gases in the atmosphere, the effect is more intense, preventing the atmosphere from cooling normally, and keeping the planet at abnormally high temperatures.

GRI - Global Reporting Initiative – Multi-stakeholder organization which promotes guidelines for the drafting of sustainability reports.

Governance for sustainability – The structure, systems and processes used by the company to manage and implement sustainability in the company at corporate level and in individual business units.

Environmental impact – Any alteration in the environment or any one of its components as a result of a given human action or activity. These alterations may be quantified, and classified as positive or negative.

Microcredit – Credit created for persons normally excluded from traditional banking credit, as they are unable to present security. The amounts involved are relatively small compared with traditional banking, and are designed to promote social and regional development in a given community. It also implies closer monitoring in management of loans.

Photovoltaic panels – Devices used to convert the energy in sunlight into electricity or thermal energy.

Ecological footprint – Term used to indicate the impact of human activities on the environment. It is normally used to identify the area (land and sea) of the planet Earth that would be necessary to produce the resources used in human activity, and to assimilate the waste generated. There are several virtual tools which give an indication of the ecological footprint of individuals and organizations.

Extensity Project – Environment and sustainability management systems in extensive farming - A project financed by the European Commission and coordinated by the Instituto Superior Técnico, with the principal aim of optimizing the business, environmental and social performance of farms.

Stakeholders – Interest groups that include all those who affect or are affected by the activity of a given company (shareholders, workforce, customers, suppliers, governments, state agencies, NGOs and civil society).

HSW – Health and Safety at Work.

Sustainability – Underpinned by the idea that the development of companies, organizations and countries should consider not merely the traditional factors, but also environmental, social and governance issues. Environmental, social and governance factors are also regarded as business risk factors for the organization.

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Registered Offices: Rua de João Távira, 30 - 9004-509 Funchal
Share Capital: 490,000,000 Euros
Companies Registry and Corporate Person no.: 511 029 730

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TECHNICAL CREDITS

Published by Banif - Grupo Financeiro
Consultants - Sustentare
Design - Brandia Central
Computer typeset by Maisimagem

ACKNOWLEDGMENTS

This Sustainability Report is the fruit of a team effort drawing on contributions from different areas of the Banif Financial Group and various entities outside the Group.

This way we believe we are contributing in a constructive and transparent manner to improving our practices for the sake of Sustainable Development.

To all those who have made it possible to produce this Sustainability Report we wish to offer our sincere thanks.

We value your opinion. Please help us to do better, sending your suggestions to: sustentabilidade@banif.pt

The Banif Financial Group is a member of BCSD Portugal



BCSD Portugal
Conselho Empresarial para o
Desenvolvimento Sustentável

Environmental Note on the production of this report

The Banif Financial Group is aware of the considerable challenges posed by climate change around the world, and is committed to taking practical steps to contribute to better carbon management.

In order to reduce emissions of greenhouse gases associated with its operations, the Banif Financial Group has offset the carbon footprint of the entire life cycle of its 2009 Sustainability Report.

The drafting, production and distribution of this Report has consumed energy and materials, causing an environmental impact. In order to offset the impact from these activities on the planet, the Banif Financial Group has offset 25 tons of carbon dioxide equivalent (CO₂e), through carbon credits which meet the highest international quality standards.

The 2009 Sustainability Report of the Banif Financial Group is therefore carbon neutral.





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