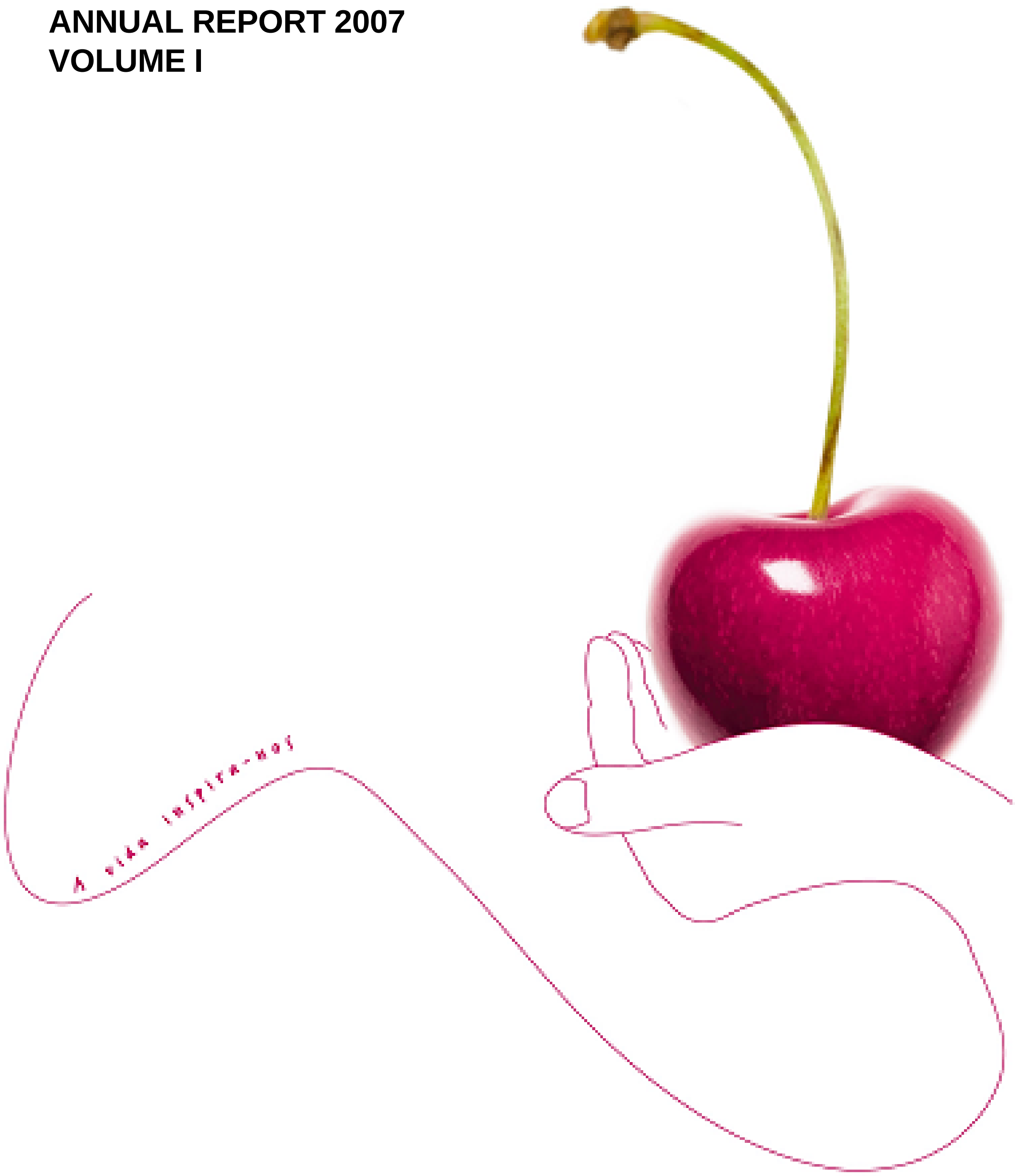
ANNUAL REPORT 2007
VOLUME I



Millennium bcp

Index

FINANCIAL HIGHLIGHTS

Financial Highlights — Millions of euros

	2007	2006	2005	Δ% 07/06
Balance Sheet				
Total assets	88,166	79,045	76,850	11.5%
Loans and advances to customers (net)	65,650	56,670	52,909	15.8%
Total customers' funds	63,953	57,239	56,363	11.7%
Shareholders' equity and Subordinated debt	7,543	7,562	7,208	-0.2%
Net interest income	1,537.3	1,430.8	1,407.7	7.4%
Net operating revenues	2,791.9	2,874.7	3,016.9	-2.9%
Operating costs	1,748.6	1,725.5	1,908.2	1.3%
Impairment				
For loans (net of recoveries)	260.2	119.9	113.5	117.0%
Other impairments and provisions	94.8	35.4	57.2	168.2%
Income taxes	69.6	154.8	97.4	-55.1%
Minority interests	55.4	52.0	87.0	6.5%
Net income attributable to the Bank	563.3	787.1	753.5	-28.4%
Return on average shareholders' equity (ROE)	13.7%	22.0%	24.1%	
Income before taxes and minority interests / Average shareholders' equity	17.2%	27.2%	28.3%	
Net operating revenues / Net average assets	3.3%	3.7%	4.0%	
Return on average total assets (ROA)	0.6%	1.0%	1.0%	
Income before taxes and minority interests / Average net assets	0.8%	1.3%	1.2%	
Past due loans (>90 days) / Total loans	0.7%	0.8%	0.8%	
Past due loans (>90 days) + doubtful loans/ Total loans	1.0%	1.1%	1.1%	
Past due loans (>90 days) + doubtful loans (net) / Total loans (net)	-0.8%	-1.1%	-1.4%	
Total impaiment / Past due loans (>90 days)	251.8%	284.8%	301.8%	
Solvency ratio – Bank of Portugal				
Tier I	5.5%	6.6%	7.4%	
Total	9.6%	11.0%	12.9%	
Market capitalisation	10,545	10,112	8,361	
Recurrent earnings per share (euros)				
Basic	0.14	0.20	0.22	-30.4%
Diluted	0.14	0.20	0.20	-30.4%
Market values per share (euros)				
High	4.30	2.88	2.39	
Low	2.57	2.14	1.88	
Fecho	2.92	2.80	2.33	
Branches				
Activity in Portugal	885	864	909	2.4%
International activity	743	614	642	21.0%
Employees				
Activity in Portugal	10,821	10,876	11,510	-0.5%
International activity	10,301	8,449	8,138	21.9%

Note: the values presented, including solvency ratios, include the adjustments to the accounts from 1 January 2006.

LETTER FROM THE CEO

Dear Shareholder,

2007 was a year noted for the negative environment of the world financial system and for many specific events in the life of your Bank. In terms of the financial environment I would highlight the turbulence in the financial markets started by the so-called subprime crisis, which set off a period of volatility and significant adjustments in the capital and money markets and, in terms of specific events, the exposure in the media concerning a number of topics related with the life of the Bank, which translate and illustrate the complexity of 2007.

Writing to you, the Shareholders, I must firstly thank the support you have given the Bank, and, secondly, state that I am convinced that it was only the quality of the People who work at Millennium bcp that allowed that the consequences of this period we went through did not compromise the future of the Bank. The value of the Millennium bcp brand today continues to be unquestionable.

The consolidated net income of Millennium bcp amounted to 563 million Euros, absorbing a number of positive and negative impacts, with a preponderance of the latter. However, in spite of the negative environment which has influenced the Bank's performance, I would emphasise that the operating income increased by 9.6% on a comparable basis, which demonstrates the quality of the Millennium bcp franchise and its capacity to generate revenues, with business volumes enjoying sustained growth and lending to customers increasing by 13.1%, while there was an acceleration of the attraction of customers' funds, which rose by 11.7%.

The development of our international operations should also be pointed out, the contribution of which grew by 40.1% on a comparable basis and which already represents 20.0% of the Group's profits, benefiting from the commercial networks' current expansion plans and with investments made over the past years now bearing fruit. Today the Group has a diversified portfolio of operations with exposure to rapidly growing markets, with special mention for the significance of the operation of the Bank Millennium in Poland, which already has more than 400 branches and around 1 million Customers, for the outstanding leadership of Millennium bim in the Mozambican market, the 46.5% growth in profits of Millennium Bank in Greece and the launch of a greenfiled operation in Romania last October.

The evolution of the Bank's own funds was influenced by the adverse effects of the last quarter of 2007, with the core tier I ratio standing at 4.3% at the year end. With the objective of strengthening capital levels and financing the organic growth plans in the various territories, the Executive Board of Directors proposed in February 2008, to the Supervisory Board and to the Senior Board, a capital increase reserved for Shareholders by an amount of 1,300 million Euros, which was unanimously approved by both bodies. The capital increase was fully underwritten by renowned Investment Banks.

The new Executive Board of Directors, elected for the 2008-2010 period in the General Meeting of Shareholders on 15 January 2008, is confident and committed to recovering Millennium bcp's capacity to perform and deliver results. The Bank's strategic Programme for the next years was reviewed and adapted to the new economic and financial environment and to the vision we have assumed for the Bank. The execution of the new strategy is developed around five vectors, specifically: (i) re-focusing the Bank's activity on its Customers; (ii) the expansion of Retail operations in the markets with the greatest potential; (iii) reinforcing our pricing, risk and capital management discipline; (iv) streamlining the Bank's structures and processes; and (v) strengthening our institutional reputation.

Within a context known to be particularly demanding, we face, with confidence and resolution, the responsibility of contributing towards the beginning of a new and prosperous stage in the life of your Bank. We believe in the future of the Millennium bcp and we will strive to continue to deserve your trust.

MILLENNIUM GROUP

Millennium bcp (Banco Comercial Português) is a bank that has its decision centre in Portugal and is multi-domestic as far as the geography of its business and the value generated are concerned. It is the largest privately owned bank in Portugal with a market share of 24.8% in credit and of 22.8% in customers' funds, and it has the country's largest banking distribution network, with a total of 885 branches. It is also an institution of renown in Europe and Africa through its operations in Poland, Greece, Romania, Switzerland and Turkey, and in Mozambique and Angola, besides its operations in the USA, all of which operate under the Millennium brand.

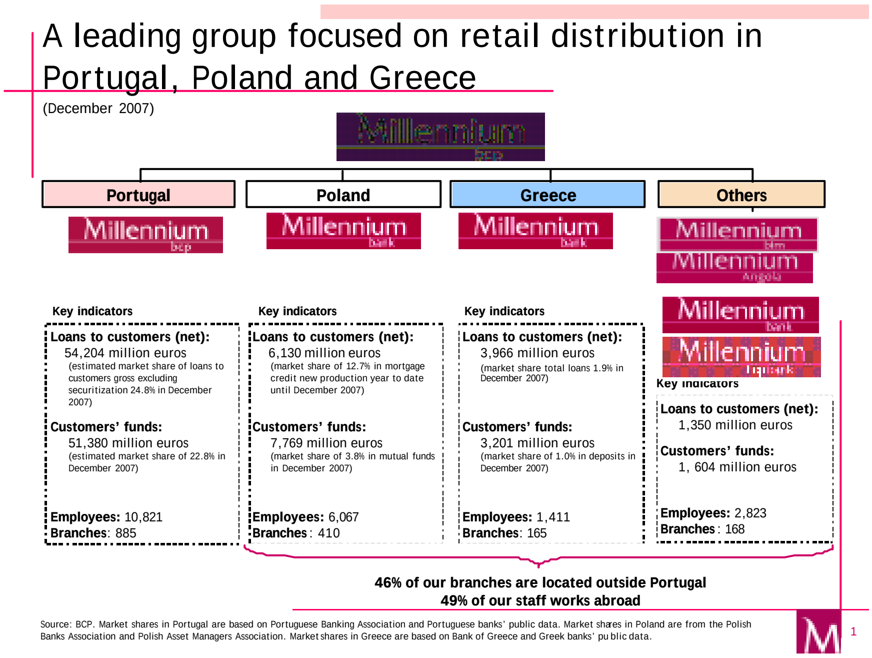
The business in Portugal accounts for 81.6% of total assets, 80.3% of total customers' funds, 82.6% of loans and advances to customers and 80.0% of net income. The new international operations are providing a growing contribution as a result of strategic options taken at the right time. International operations already account for 48.8% of the Group's total of more than 21 thousand employees and for 45.6% of the total number of 1,628 branches. The growth of the Polish operations, now with over 400 branches, the clear leadership of the Mozambican market and the start to operations in Romania in 2007 should also be underscored.

The Group offers a wide range of banking products and related financial services, namely demand accounts, means of payment, savings and investment products, mortgage-loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others, and its Customers are served on a segmented basis. While it has the largest branch network in Portugal and a growing network in the countries in which it operates, the Group also provides remote banking channels (telephone and Internet banking) that also act as distribution points for Millennium products and services.

Banco Comercial Português was created in 1985 in the wake of the deregulation of the Portuguese banking system, which allowed private-capital commercial banks to be established. Since its foundation Banco Comercial Português has been outstanding for its dynamism, innovation, competitiveness, profitability and financial strength. It has been the clear leader in several areas of financial business in Portugal and a benchmark institution at international level in the distribution of financial products and services. The Bank has undergone several stages of growth and has been involved in the acquisition, restructuring and integration of several financial institutions in Portugal. Banco Comercial Português' growth catalysed the evolution of the Portuguese banking system, which became one of the most developed, modern and innovative in Europe. Banco Comercial Português shares are listed on Euronext Lisbon and its market capitalisation stood at 10.5 billion euros as at December 31, 2007.

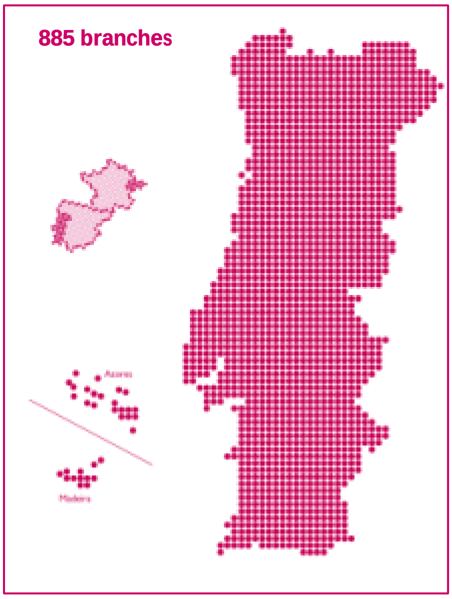
In 2007, the organisation of the Bank is based on five business units – Retail Banking, Corporate and Investment Banking, Companies, Private Banking and Asset Management and Foreign Business – and on two support units – Banking Services and Corporate Areas.

As at December 31, 2007, and in keeping with the IFRS, the Group's total assets amounted to 88,166 million euros and total customers' funds at 63,953 million. Loans and advances to customers totalled 65,650 million euros. The consolidated Solvency Ratio calculated in accordance with Bank of Portugal rules was 9.6% (tier I was 5.5%). The Banco Comercial Português long-term rating notations were high: Aa3 Moody's / A S&P / A+ Fitch, all with a stable outlook, with the exception of the S&P negative outlook.

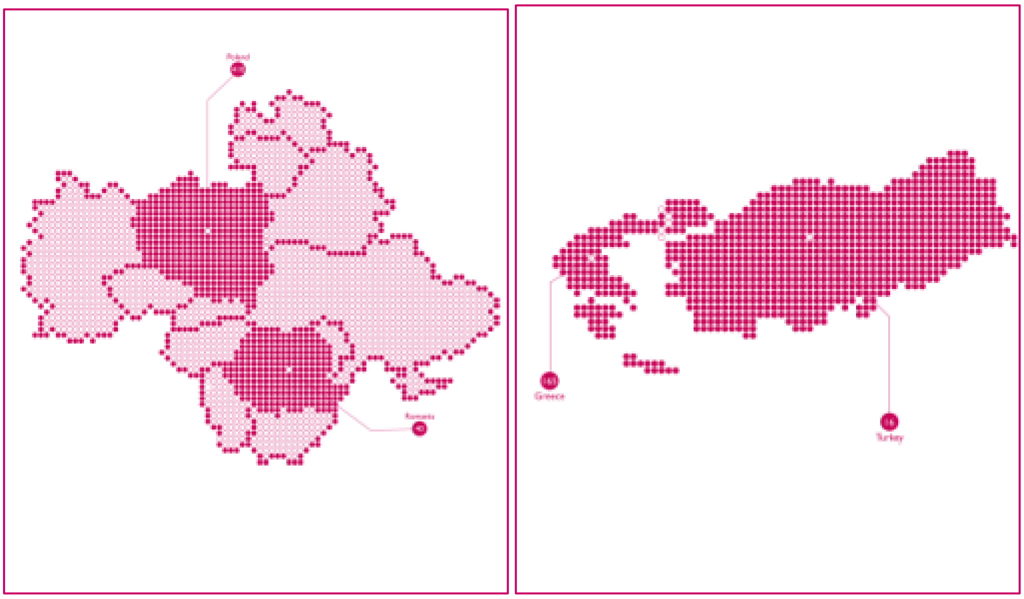


MILLENNIUM NETWORK

In Portugal

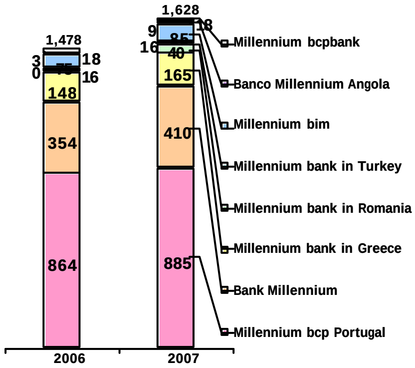


Abroad

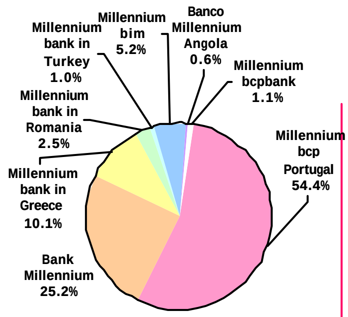


Distribution Network

Number of Branches

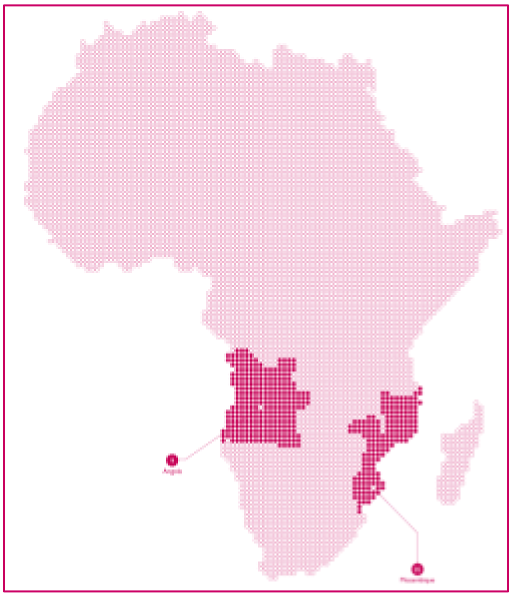


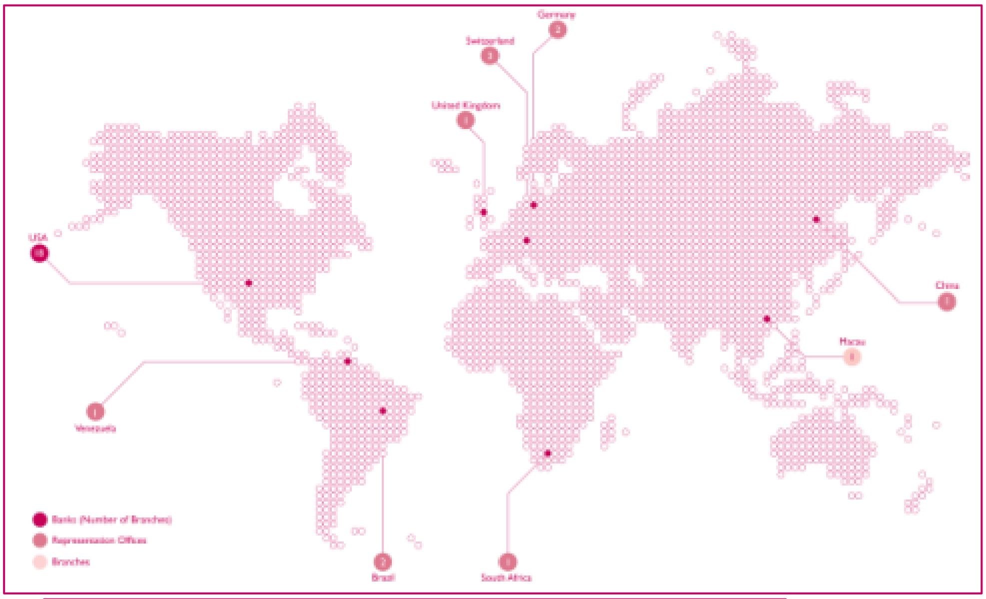
Branches decomposition in 2007



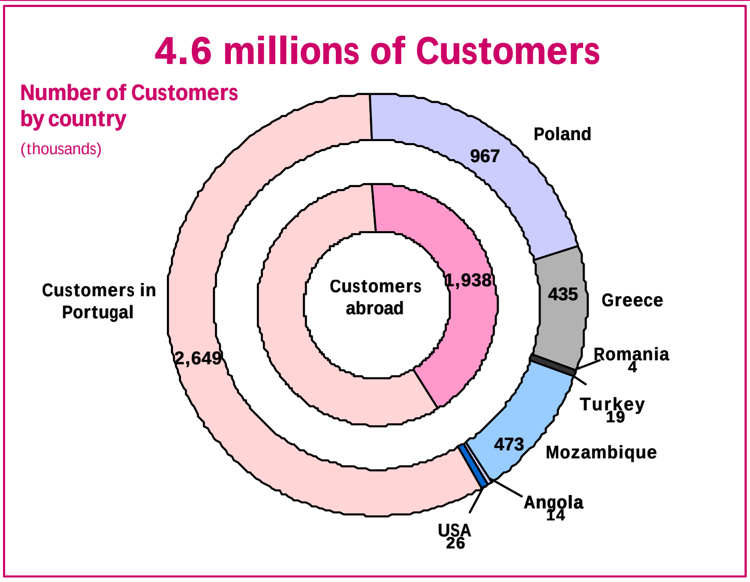
1,628 Millennium branches

Representative Offices and Branches





4.6 millions of Customers



EMPLOYEES

The number of Millennium bcp employees increased significantly, up by 9.3%, compared to the previous year (+1,797), to stand at 21,122 at the end of 2007.

The biggest increase was seen in Foreign Business, now standing at more than 10 thousand employees, up by 21.9% to 10,301 (1,852 more than in 2006) and accounting for 48.8% of the Group total. This growth fundamentally reflects the result of the Group's option to consolidate its multi-domestic role through the start of its operation in Romania and the expansion plans implemented by the various operations abroad.

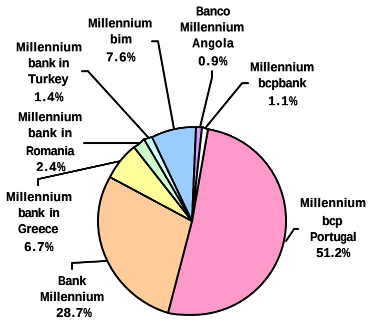
Employees (enf of the year)

	2007	2006	2005	Change % 07/06
Retail	6,876	6,751	6,909	1.9%
Corporate and Investment Banking	300	292	307	2.7%
Companies	811	841	962	-3.6%
Private Banking and Asset Management	406	388	365	4.6%
Banking Services	1,670	1,811	1,882	-7.8%
Corporate Areas	758	793	1,085	-4.4%
Total in Portugal	10,821	10,876	11,510	-0.5%
Bank Millennium	6,067	5,089	4,484	19.2%
Millennium bank in Greece	1,411	1,209	1,065	16.7%
Millennium bank in Romania	509	-	-	-
Millennium bank in Turkey	300	315	260	-4.8%
Millennium bim	1,595	1,511	1,376	5.6%
Banco Millennium Angola	185	71	38	160.6%
Millennium bcpbank	234	254	190	-7.9%
Banque BCP França	-	-	555	-
Banque BCP Luxemburgo	-	-	58	-
Bcpbank Canada	-	-	112	-
Total of International Operations	10,301	8,449	8,138	21.9%
Total	21,122	19,325	19,648	9.3%

Staff numbers continued to fall in Portugal, down by 0.5%, reflecting the efforts to bring about rationalisation and greater efficiency following the start to the increase of the number of branches seen during the second half of the year. The number of employees in Portugal stood at 10,821 in 2007 (55 less than in 2006), accounting for 51.2% of the Group total. As in the previous year, there continued to be a reduction at central services, though in 2007, this decline was practically offset by a certain increase in the commercial areas.

In absolute terms Poland saw the greatest increase, the number of employees up 978 at 6,067 (+19.2%), in line with the sharp growth of the branch network seen in 2007.

Breakdown of Employees as at December 31, 2007



In Greece, the growth of the number of employees in 2007 was also quite sharp, in line with the enlargement of the business and of the branch network, increasing 16.7% to 1,411 (202 more than in 2006).

The Mozambican operation continued to be the Group's third largest in terms of staff numbers, with a total of 1,595, an increase of 5.6% compared to 2006. In Angola, during the first full year of activity as a bank, Millennium more than doubled its presence and now has 185 employees.

The operations in Turkey and in the Untied States continued to focus closely on their business restructuring plans, on increasing efficiency and process improvement, leading to a reduction of the numbers of employees by 4.8% and 7.9%, to 300 and 234 respectively.

During 2007, People Management activities within the Group were concentrated on:

- Growth of international activities, requiring a major hiring and training effort;
- Improving skills, capabilities and effectiveness through a powerful programme of training and certification, and through talent management initiatives such as the Come and Grow with Us, People Grow, Grow Fast programmes, and the summer training courses,
- The implementation of a new evaluation system;
- A major effort to improve efficiency in Portugal, involving encouragement of internal mobility and the second wave of the Commercial Skills Development Programme (voluntary mobility to the commercial areas), involving heavy investment in training.

Millennium bcp continues to focus on various People Management Instruments directed at good employee performance. However, in the final instance managers are responsible for the satisfaction, motivation, careers and professional development of the teams they lead, since people management is not delegated on a central area. The employees and their superiors receive the support of the personnel administrative area, the training and professional development area, of the Chief Talent Officer, of sponsors and of the Executive Board of Directors and its Chairman.

People Management is analysed in greater depth in the Sustainability Report (Volume III of the Annual Report and Accounts).

STRATEGY

In recent years, Millennium bcp's strategic priorities have been reflected in the pursuit of the goals set up in the Millennium Programme begun at the end of 2003, which defined concrete, ambitious objectives and resulted in the implementation of a large number of measures that allowed the achievement of a higher profitability threshold. Millennium bcp aspired to be a leading bank, with a focus on retail business in Portugal, Poland and Greece. Millennium bcp's strategy was based on three pillars: strict capital management; maximisation of the value of the domestic retail network; and a focus on Poland and Greece as growth markets.

In March 2005, the Bank made a rigorous definition of the Company's Vision, Mission and Values, and the Action Priorities and Foundational Principles were also defined. The strategic priorities established until 2007 consisted of fulfilling the Millennium Programme, responding to the new challenges and competitive demands, while pursuing the strategic goals set up for the short, medium and long term. A new double-tier governance model was approved in 2006 and a new organisational model was implemented in 2005, based on a structure resting on Coordination Committees and Specialised Commissions.

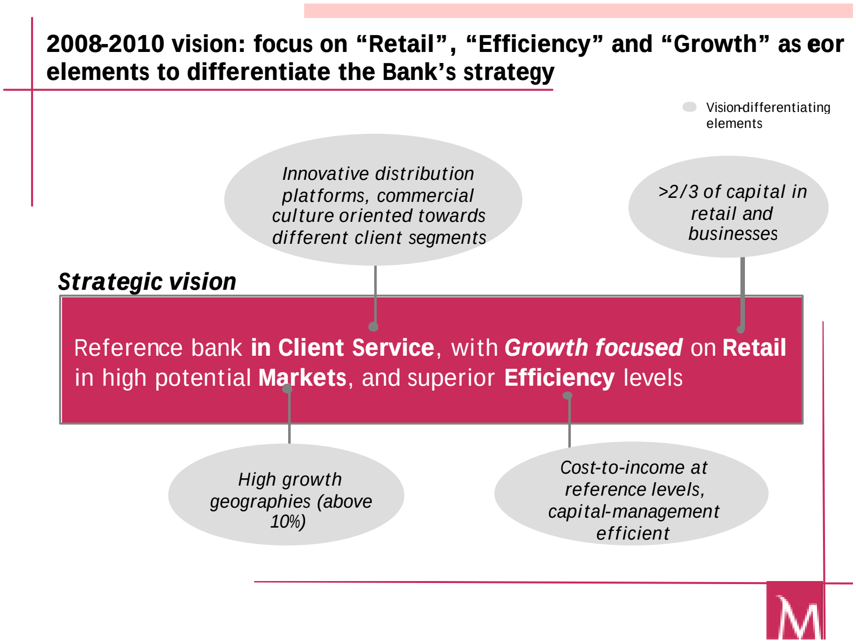
The year 2007 was marked by several events that conditioned the implementation of the strategy defined by the Bank:

- Conclusion of the General Tender Offer over Banco BPI, S.A., ended in May 2007. Notwithstanding the strategic rationale and the attractiveness of the consideration offered, neither of the two conditions for the success of the bid were met.
- Three sessions of the General Meetings of Shareholders were carried out between May and August 2007, which included a proposal to change the by-laws of the Bank and the election of social bodies presented by several groups of shareholders. These proposals received ample media coverage but were not approved, and generated instability in the Company's governance.
- At the end of August 2007, Paulo Teixeira Pinto resigned from the post of Chairman of the Executive Board of Directors and from all other corporate offices that he occupied in the Group or on behalf of the Group. Filipe de Jesus Pinhal, first Deputy-Chairman of the Bank's Executive Board of Directors was appointed Chairman of the Board.
- In December 2007, the Executive Board of Directors, by proposal of its Chairman, requested the call of a General Meeting to elect a new Executive Board of Directors, having presented a proposal that was later withdrawn. Following this request, a General Meeting took place in January 15, 2007 in which, by proposal of several shareholders, a new Executive Board of Directors was elected, which does not integrate any of its former members.

- Merger proposal presented by Banco BPI, S.A. ("BPI") in October 2007. The Executive Board of Directors resolution considered the terms of the merger proposal presented by BPI inadequate and unacceptable and expressed to BPI's Board of Directors its willingness to begin talks with a view to a merger agreement, provided the process were to begin without prior conditions of any nature and subordinated to the ultimate objective of an equitable solution, and that it would always give rise to an institution with full strategic autonomy. In November 25, 2007, the negotiations begun on November 6, 2007, with BPI with a view to a possible operation leading to a merger between the two banks, were concluded without success.
- Resignation by Jorge Jardim Gonçalves from the posts of Chairman of the Supervisory Board and Chairman of the Senior Board of Banco Comercial Português with effect as from December 31, 2007. The Deputy-Chairmen, Gijsbert J. Swalef and António Gonçalves, took over the posts of Chairman of Supervisory Board and Chairman of the Senior Board of Banco Comercial Português respectively, up to the end of the current term-of-office.

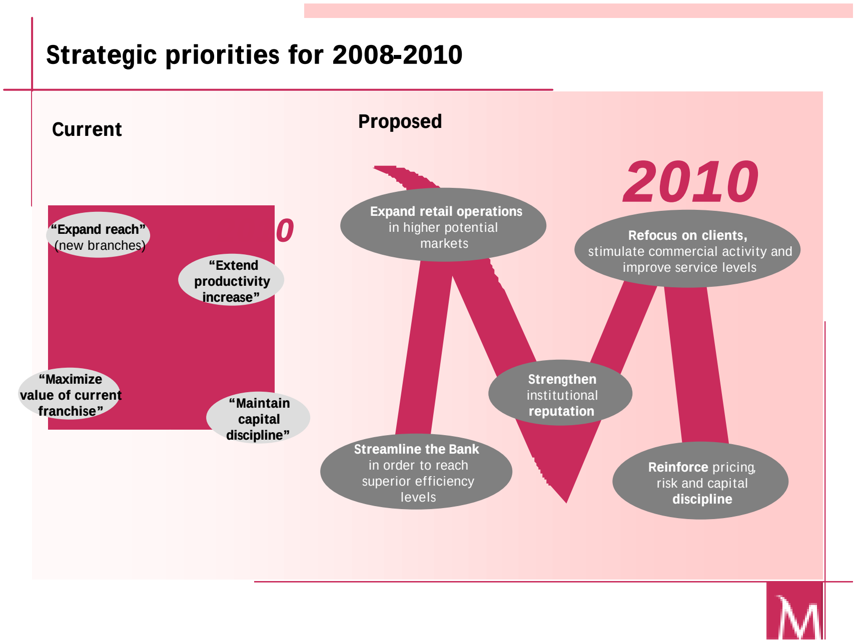
The new Executive Board of Directors was elected on January 15, 2007 by a large majority of votes. The Executive Board of Directors proposes to re-establish the governance stability in Millennium bcp and to focus on the Bank's management, and defined a new Strategic Vision and Strategic Priorities for the period of 2008-2010. The Millennium 2010 Programme was revised according to the new economic and financial framework and the vision assumed by the Bank

During February 2008, a new Strategic Vision was established for 2008-10. Millennium bcp aspires to be a reference bank in Customer Service, on the basis of innovative distribution platforms. Its growth will be focused on Retail, in which over two-thirds of the capital should be allocated to retail and companies, in markets of high potential, with an annual growth of business volumes of more than 10% and superior efficiency levels, reflected in a commitment to achieve a benchmark cost-to-income ratio and efficiency in capital management.



Millennium bcp’s strategic priorities are now based in five pillars:

- Refocusing on the Customers, stimulating commercial activity and improving service levels – reinforcement of the efforts to attract Customers and introducing new Customer retention and relationship mechanisms to underpin gains of market share, especially in an increasingly competitive market such as Portugal;
- Expanding retail operations in high-potential markets – focus on the historically most profitable segment, in which Millennium bcp’s execution skills are strongest in the various countries. This should be translated into the expansion of the distribution network by 100 new branches in Portugal, 150 in Poland and more than 200 branches in other geographies in the next three years;
- Strengthening pricing, risk and capital discipline – improving efficiency in the allocation of capital, the key to value creation and to minimisation of the impact of rising costs of financing, within the context of a more challenging market environment;
- Simplifying the Bank with a view to achieving greater efficiency – aggressive simplification of the Bank’s structure, procedures and commercial model to allow the Bank to operate with an operating efficiency at best practices levels;
- Strengthening the institutional reputation – Reinforce the Bank’s institutional image and credibility to a level more coherent with its position as a modern bank oriented towards its Customers.



The 2010 Millennium bcp Programme, initially launched in June 2007, was also revised and is now focused on 12 operational initiatives, and commitment to discipline in its execution is critical. The various initiatives are grouped by strategic priority.

In respect of the first strategic priority – Refocusing on the Customers – two new initiatives are launched: Attracting more Customers, retaining Customers and ensuring their loyalty, with a greater focus on customers' funds; and Strengthen commercial dynamics, improving service levels. Within the scope of this pillar, three initiatives were revised: Reinforcement of the position in the SME segment, Increasing penetration in consumer credit and Implementing a new commercial model for the Corporate and Companies segments.

Within the scope of the second strategic priority – Expansion of retail operations in high-potential markets –, it is noteworthy the revision of the enlargement of distribution capacity in retail, with formats and models adapted to each market, including opening about 100 new branches in Portugal, some 150 in Poland, in addition to the "Small Businesses" branches, about 45 in Greece, in addition to the "Affluent" and "Micro-Business" branches, about 60 in Romania, which represents the second stage of this operation, and more than 100 branches in other geographies.

In connection with the third strategic priority – Strengthening pricing, risk and capital discipline –, two new initiatives are launched, consisting of strengthening and simplifying credit-recovery processes and aligning pricing in accordance with the risk and with capital consumption in the scope of Basel II, restructuring the loan-portfolio mix, with a greater focus on Retail. In this pillar, mention is also made of the revision of an initiative to increase solvency levels (Core Tier 1 around 6.0%).

The fourth strategic priority consists of Simplification of the Bank, aggressively reducing costs with a view to achieving superior levels of efficiency. This includes two initiatives that have been revised from the previous programme: simplification of the organisation and aggressive restructuring of the cost base, and implementation of a new and lean operational model at the branches.

With regard to the last strategic priority, which consists of Strengthening the institutional reputation, new operational initiatives were launched, involving increasing management transparency, strengthening of the institutional image, promotion of flawless Customer service levels, and rigourous risk and communication policies, among others.

M2010 revised: Execution disciplined and focused on 12 "operational" initiatives

R Initiative revised/to reinforce
N New initiative (to launch)

Strategic priorities		Initiatives
***Refocus on clients**, stimulate commercial activity and improve service levels*	N	1. Reinforce **client capture, retention and loyalty** (focusing on resources)
	N	2. Reinforce **commercial dynamics** by improving **service levels**
	R	3. **Reinforce position** in SMEs
	R	4. Increase penetration in **Consumer Credit**
	R	5. **Implement** new commercial model in **Corporate and Businesses**
***Expand retail operations** in higher potential markets*	R	6. **Expand retail distribution capacity with formats and models adapted to the different markets** ▪ **~100** in **Portugal** ▪ **~150** in **Poland** + "Small Business" ▪ **~200 in others**
Reinforce** pricing, risk and capital **discipline	N	7. Strengthen and streamline **credit recovery** processes
	N	8. Align **pricing** according to risk and capital consumption (Basel II) by restructuring credit portfolio mix (stronger focus on Retail)
	R	9. Increase **solvency** levels *(CT1>6%)*, namely by **divesting non-core** assets or non-margin generator assets (real estate)
***Streamline the Bank**, by aggressively reducing costs in order to reach **superior efficiency** levels*	R	10. **Streamline organization** and **restructure cost base** aggressively
	R	11. Implement new **operational model (lean)** in branches
Strengthen** institutional **reputation	N	12. **Increase** management **transparency** (including compensation of social bodies, meritocracy and incentives)

Pursuing excellence in terms of efficiency, Customer service and innovation and searching for available growth opportunities that will add value, with strict regard for capital discipline, are the new challenges facing Millennium bcp. The implementation of the new strategy includes the pursuit of the following operational objectives:

- Increase of volumes (through reinforcement of Customer attraction, retention and loyalty);
- Increase of the margin (through pricing and portfolio/business mix);
- Increase of efficiency (through organisational simplification and cost cutting);
- Increase of the capital base (through greater focus and stricter management).

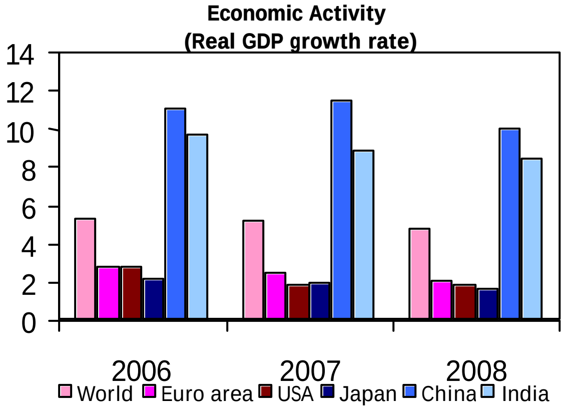
With the goal to reinforce the capital levels and finance the organic growth plans in the various countries, the Executive Board of Directors proposed to the Supervisory Board and the Senior Board, already in February 2008, a rights issue in the amount of 1,300 million euros, which was unanimously approved by both Boards. The rights issue was fully underwritten by international Investment Banks.

MACROECONOMIC AND COMPETITIVE ENVIRONMENT

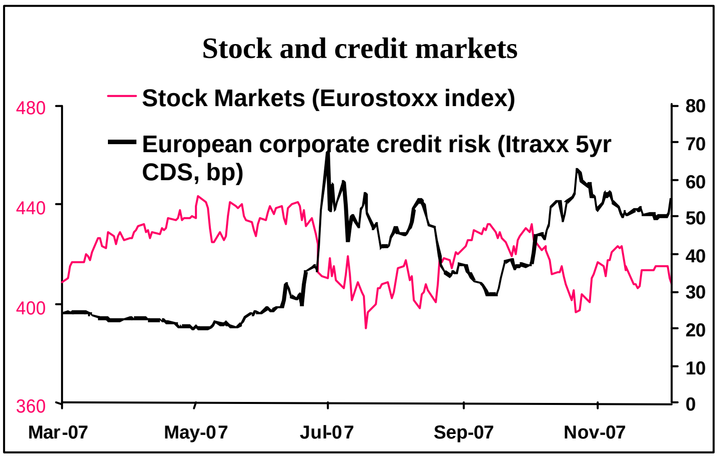
Economic and financial environment

After several years of a favourable economic environment, marked by continued robust real world GDP growth rates, by the extraordinary development of financial markets and instruments, notably in the credit segm ent, and by greater integration of world markets during the 1st half of 2007, several signs started to emerge that pointed to a change of the underlying environment.

The process of risk repricing, that took place during the Summer months of 2007, severely affected the performance of the global financial markets and fostered heightened uncertainty pertaining economic developments into 2008. The ongoing fears that the deteriorating financial conditions could contribute, at a later stage, to a further retrenchment in the confidence climate prompted some governments and central banks of developed economies to adopt special measures aimed at counter weighing the setting in of a vicious circle of growing risk aversion and to helping restoring normal markets' functioning. Notwithstanding the small direct exposure of the Portuguese economy to these developments, the high level of economic integration and financial openness raises the challenge for the consolidation of the progresses already achieved in terms of the public deficit, the country's competitiveness and convergence dynamics within the European Union.



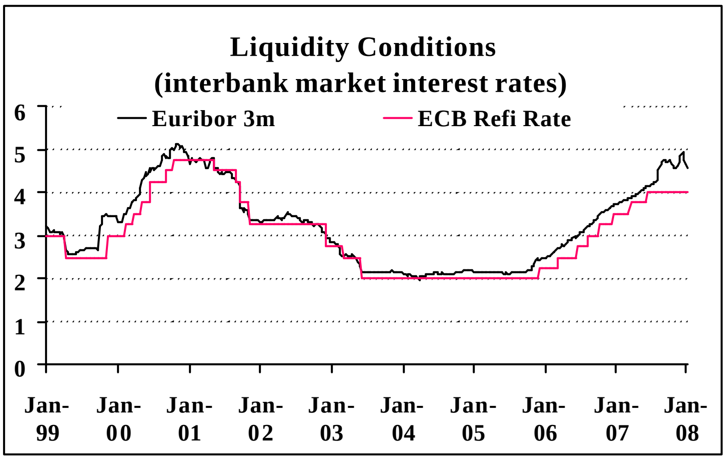
The increase in delinquency rates in the United States of America (USA) subprime mortgage market, in the wake of the turn in the cycle of the USA property market and some relaxation of credit standards and underestimation of the underlying credit risk in the mortgage lending business in this country, triggered a substantial change in investors' risk appetite and led to severe disturbances across financial markets. The credit spreads widened, the major equity markets became much more volatile, investors strongly reduced their exposure to higher-yielding assets and fled to safe-haven instruments, primarily short-term public debt.



The increased instability of the capital markets, the swelling of banks' balance sheets driven by the absorption of contingent liabilities and assets of sponsored investment vehicles to which banks have committed to during the period of abundant liquidity, and the uncertainty about counterparty asset quality and exposure to structured credit products caused severe disruption in the normal functioning of interbank money markets. Market turnover fell dramatically and the cost of funds increased sharply, despite some softening in monetary policy pursued in the USA and the Euro Area. The deteriorating conditions underlying the financial institutions' originate-and-distribute model and the sudden and unintended growth of the banks' balance sheets affected the willingness and the banks' ability to lend funds and, in this way, increased the risk for economic activity going forward.

Within a context of rising inflation risks – stemming from higher demand pressures and rigidity of short term supply of raw materials, namely food and energy – and facing the dilemma of either condescending to investors' complacency or running the risk of precipitating the global economy into recession, the monetary authorities of the developed economies opted for a pragmatic approach designed to mitigate the worsening liquidity conditions. Central Banks cut refinancing rates (as in the USA and United Kingdom - UK), relaxed the requirements for lending money to financial institutions and provided unusually large sums of liquidity in open market transactions.

At the end of 2007, the Fed Funds rate stood at 4.25%, 100 b.p. less than in June, while the ECB kept its main refinancing rate at 4%, although this was a sea change from the previous tightening cycle that was expected to continue into the beginning of 2008. Despite these efforts, the money market interest rate (Libor and Euribor) spreads against the key lending rates remained at high levels, evidence of the risk aversion hovering in interbank markets. Investors anticipate further reductions in USA interest rates for the first half of 2008, but there is greater uncertainty as to whether the ECB will take a similar path owing to the large differential between the current inflation rate and the monetary policy goal and the need to keep inflationary expectations reasonably anchored.



In the USA, the Federal government implemented a plan of action for the mortgage-loan business aimed at reducing the risk of a substantial increase of credit delinquencies during 2008; the Federal Reserve submitted to hearing proposals for stronger regulation governing the granting of mortgage loans; and, at industry level, initiatives were taken to contain the effects of the sharp losses in the value of structured-credit assets, especially with a view to limiting a potential forced sale of these assets by institutional investors.

In the coming months, the success of these measures will be determinant to the resumption of a climate of greater confidence among investors and to mitigate the current capital markets tension. However, it is unlikely to avoid the slowdown of economic activity in prospect. Indeed, there has been a stream of downward revisions of the economic growth forecasts for 2008 for the USA, where the risk to the future developments of the real-estate sector and its influence on private consumption behaviour is bigger. Our scenario is one of similar economic growth in the USA and the Euro Area, with real GDP up by about 2%, though qualitatively different, as for the Euro Area this performance is in line with the potential growth of the economy whereas, in the case of the USA, this figure is clearly below. For the global economy, the effects may not be as acute, benefiting from the good performance of the developing economies.

Implications for the domestic economies

Portugal

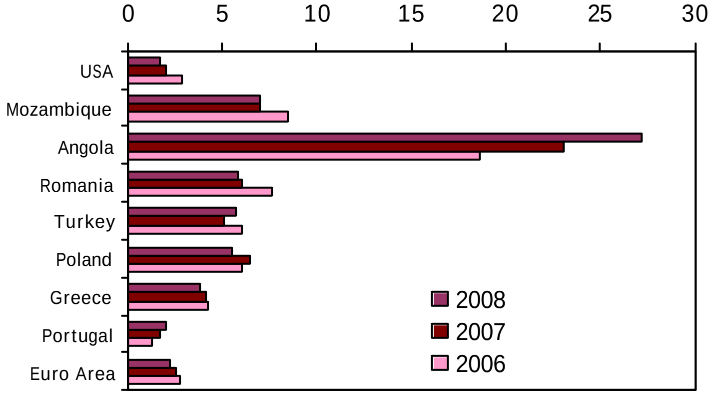
The year under review was positive for the Portuguese economy in several areas: a downward inflation rate; lower public deficit in terms of GDP; and stronger real GDP growth. Real GDP growth was 1.9% in 2007. It is worth highlighting the greater contribution of domestic demand to GDP growth, particularly through corporate investment. Growth of private consumption continues to run very mildly as a result of the stagnation of labour markets and of the hurdles hanging on household budgets, especially to meet debt-servicing. Improved competitiveness has been reflected in a recovery of export market shares, though the more moderate performance of Portugal's export markets is set to lead to a slowdown of foreign demand.

The more challenging working conditions of the capital markets are a major constraint, particularly for economic regions of considerable commercial and financial openness such as Portugal. In a scenario of a sharper slowdown of global growth, the evolution of exports may be less dynamic than expected and the lending standards are likely to be tightened, thereby hampering a greater willingness for investment spending. The increased credit risk, as seen by the enlargement of spreads between market interests rates, such as the Euribor, and the ECB key lending rate, is akin to a tightening of monetary conditions, which is all the more relevant to countries where most of the loans are carried out at variable interest rates, as is the case of Portugal. This phenomenon, together with the appreciation of the European currency – a by-product of the evolution of the interest-rate spread between the USA and the Euro Area – and the rise of oil prices, suggests that the monetary conditions facing the Portuguese economy remain moderately adverse to growth.

There are however some factors that might help to cushion the economy fro this more adverse environment, namely: the fact that the Portuguese property market in recent years has not boomed, unlike the developments recorded in other European countries where house prices have risen sharply, and therefore is less exposed to a untoward adjustment; the exposure of the national banking system to the complex financial structures related with the subprime crisis is not deemed to be significant; the expectation that the markets will return to their normal functioning conditions as the coming year advances, as a result of the lagged impact of the measures taken by the authorities and of the release of the financial institutions' annual reports, which should help to reduce the information asymmetry problems and allow for a more fair differentiation of the risk among counterparties; the resilience of the emerging economies, their ability to support world trade and, given the huge build up in domestic savings over the recent years, their capacity to act as a source of funds to strengthen banks capital (as recently demonstrated by the participation by Asian and Middle Eastern investors in the share capital Western financial institutions); and the impressive improvement of the labour markets in the Euro Area (hitting the lowest unemployment rate of the past 15 years), making unlikely for private consumption to weaken significantly over the coming quarters.

For 2008, we are pencilling a scenario of real GDP growth in Portugal similar to that seen in 2007, that is, with real GDP growing roughly 2%, while admitting that, at present, the risks lie mainly on the downside.

Economic activity in the domestic operations
(Growth rate of real GDP, %)



Poland and Greece

The outlook for Poland is one of continuation of robust growth, around 5.5% in 2008, which is marginally lower than in 2007 (6.5%) but still above its growth potential. Improved corporate profitability has induced investment spending despite the increase in labour costs. The ongoing decline of the unemployment rate has helped to underpin a climate of high consumer confidence. Demand pressure and short term supply bottlenecks are being reflected in a higher inflation rate (4.0% in December), now above the reference limit established by the Central Bank (3.5%), Under these circumstances, the monetary authority has been implementing a more restrictive monetary policy, increasing the main reference rate by 100 b.p. in 2007 to 5%. Faced with the risk of continuing inflationary pressures, the Monetary Council is likely to keep its tightening bias in 2008. As a result of the evolution of the relative spread of the interest rates, the good macroeconomic performance and governmental stability, the Polish currency appreciated by about 5% against the euro and 15% against the USA dollar.

Greece has returned one of the highest real GDP growth rates among the Member States, with a very significant contribution of investment spending to growth. Real GDP is set to have expanded by about 4% this year and to be in line with the growth potential (3.5%) in 2008. The gains of net wages stemming both from the good performance of the employment market and from the reduction of the tax burden should continue to underpin a robust growth of private consumption, on par with a strong investment effort. The foreign imbalance and the persistence of an inflation rate diverging from the European average are weak links in the Greek economy performance.

Regulatory framework conditions

Regarding changes in regulation and its impact on banking markets, it is worth highlighting: the preparation and adaptation of internal structures ahead of the new Capital Adequacy Agreement (Basel II) to be implemented in stages throughout 2008 in the EU States. This accord deals with the adequacy requirements in respect of own funds to cover for credit risks, and it may constitute a new vector of differentiation between credit institutions; the transposition and implementation, in November 2007, of the Markets in Financial Instruments Directive (MiFID) governing the exercise of the business of financial institutions, financial markets and associated trading systems, instituting greater competition between operators within Europe while strengthening the protection mechanisms for end investors, particularly through segmentation according to their degree of financial sophistication; and the preparation for the Single Euro Payments Area (SEPA), with some of the means of payment becoming standardized in 2008, with a goal, over a two-year time horizon, of promoting full harmonisation of the systems and costs within the European Union.

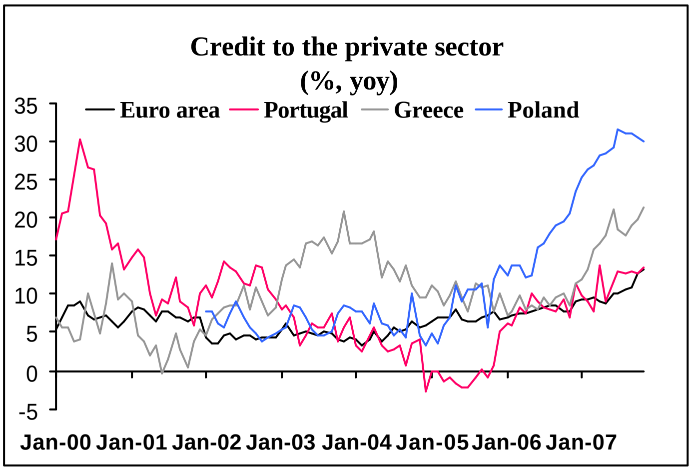
Specific to Portugal, there were also changes, during the first half of 2007, applicable to the value dates of sight deposits movements and transfers, to the interest rates rounding procedures applied to loan contracts and to the limits to the penalty rate associated to early prepayment of the mortgage loan. These measures had a negative effect not only on net interest income but also on commissioning, as they became instruments to attract and retain Customers in 2007. In Poland, “Recommendation S”, which deals with additional requirements to extending credit in foreign currency, came into force in 2006 and continued to encourage the granting of loans in zlotys. However, the increase of the interest-rate spread and the firmness of the Polish currency could again foster some interest in loans denominated in foreign currency. In addition to the Basel II project, the beginning of 2008 will also see the adoption of new rules in terms of corporate governance. In Greece and in Portugal, emphasis is also given to the coming into force (in 2006 in Portugal and 2007 in Greece) of legislation governing the issue of covered bonds, thus expanding the range of financing solutions for financial institutions.

In the wake of the turbulence in the financial markets, and as it begins to be seen in the USA, it is likely that there will be a new spate of regulatory initiatives in respect both to the process of credit offering and in the model of financing and securitisation, particularly with regard to the allocation of responsibilities as to the quality and characteristics of the underlying assets.

Banking systems

Since the Summer, there has been a sharp deterioration of the liquidity conditions extant on the wholesale interbank markets, all the more important for those systems/institutions more dependant on credit securitisation as a source of refinancing, or whose revenues are more correlated to the performance of the capital markets. This situation is likely to have consequences as far as financing strategies are concerned, especially on the composition of balance sheet funds, with an increase of the weight of more stable funds, and more demanding requirements for capital allocation. The impact on the net interest margin will depend on the ability to pass the increased cost of funding to the final customer. Demand for credit is expected to turn milder, on more stringent lending standards. Also, the expected slowdown of economic activity, together with the past relaxation in credit discipline, might well be reflected in a deterioration of banks asset quality. In such conditions, it is rather unlikely for banks to keep in 2008 the same pace of business expansion and the robust profitability as seen in recent years.

Bank loans to the private sector have grown robustly in Portugal, underpinned by the acceleration of credit to non-financial companies, in step with a gradual slowdown of loans to individuals, primarily mortgage loans. The growth of credit business, more so in segments associated with higher credit risk, has been more demanding in terms of own-funds requirements, thereby negatively impacting the capital adequacy ratios. The ratio between non-performing loans to total loans and advances has remained relatively stable, though there could be some deterioration in the future in respect of customers more vulnerable to the interest-rate risk and/or whose income is more precarious. Net interest income has benefited from the volume effect and from the widening of interest-rate spreads on deposits, partially offsetting the opposite effect caused by the narrowing spreads on loans as a result of the intense competition and of the changes operated at the regulatory level. The instability that marked the financial markets since the Summer might have had a negative effect on brokerage revenues, although some specificities of the Portuguese market might have mitigated these effects. The reaction of financial institutions to the increased difficulties in accessing funds (on the interbank money market and on the securitised debt market) has been to impose stricter financing conditions, and this means a probable slowdown of loans and advances, with lending growth moving more in line with the ability to attract and retain traditional customers' funds. If, on the one hand, this means an increase of competition for available sources for funding, on the other hand, from the supply side, there have also been some benefits, as the customers' lower risk appetite is making them more attracted to traditional financial products less exposed to the volatility of the capital market.



In Poland the sound performance of economic activity has continued to ensure the good performance of the banking system. The banks continue to be very active in the pursuit of strategies designed to increase market share, with emphasis on the private individuals segment, especially with regard to mortgage loans, as these allow for other cross-selling initiatives e.g. insurance, current accounts and cards. Credit production has remained very dynamic, reflected in a broad lowering of the capital adequacy ratios. The changes of the working conditions of the global financial markets have had only a very slight effect on banking business as traditional customers' funds still account for a very significant portion of the banking system's liabilities. Nevertheless, the sharp growth of credit to the private sector is not being accompanied by a similar increase on the customers' funds side, and this means that banks rely more frequently to alternative sources for funding, which tend to be marginally costlier. Asset quality is not likely to materially suffer, although the competition pressure and the growth of the Customer base could mean an increase of banks exposure to higher-risk Customers.

In Greece, there has been a slowdown in the loans' growth to private individuals, offset by a more vigorous growth of loans to non-financial companies, reflecting, on the one hand, the dissipation of the effects of the legislation enacted in 2005 encouraging loans to private individuals and, on the other, the stage of the economic cycle, which is marked by hefty confidence indices favourable to investment. As seen in the Euro Area, there has been a transfer in the allocation of savings from investment funds into the more traditional deposits. The degree of transformation of deposits into loans is relatively low in Greece, and the banking system may be less exposed to the alterations of the liquidity conditions of the capital markets.

Mozambique and Angola share a very considerable growth potential of their banking systems, insofar as geographic coverage, product range and the entry of new competitors are concerned, the latter attracted by the political stability, by the growth prospects and by the low penetration of banking products. These countries are heavily dependent on the raw-material cycle and this constitutes a key risk for the economy and for banking business going forward. In 2008, the focus will be on the general elections in Angola.

In Turkey, the political and macroeconomic stability, with emphasis on the process of disinflation and on the firmness of the Turkish lira, have made the reduction of interest rates possible, and this has had a positive effect on the volume of loans and advances and on the performance of the capital markets.

Romania's accession to the European Union in 2007 contributed to a significant improvement of the confidence climate, strongly reflected in domestic demand developments and in the growth of loans and advances to the private sector. To mitigate a further deterioration of macroeconomic imbalances (inflationary pressures and external deficit), the National Bank of Romania increased its interest rates by 50 b.p. to 7.5% at the end of 2007 and new adjustments to monetary policy are likely in 2008.

SEGMENTAL REPORTING

Millennium bcp offers a wide range of banking activities and financial services in Portugal and abroad, with special focus on Commercial Banking, Corporate and Investment Banking and on Private Banking and Asset Management.

Business segments' activity for 2007

The figures reported for each segment result from combining subsidiaries and business units and include the impact of capital allocation and a balancing process for each entity in the balance sheet and in the profit and loss account, based on average figures.

Balance sheet headings for each subsidiary / business unit were re-calculated, through capital allocation, according to regulatory solvency criteria. Each operation is balanced through internal transfers of funds, which does not impact consolidated figures.

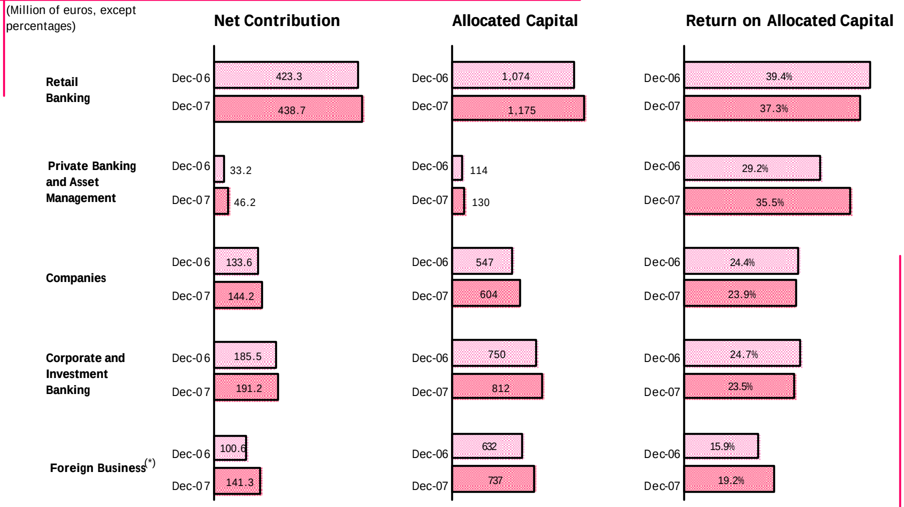
Each segment's net contribution included the impact of the transfers mentioned above and reflected the individual results of business units, independently from the percentage held by the Group, including the impacts of the transfers of funds.

The following information is based on financial statements prepared according to IFRS and to the organisational model for Millennium bcp's business areas.

To ensure comparability, one-off items were excluded and structural changes occurred in 2007 were reflected in the segments organisation in 2006. These changes resulted from the allocation of Banco de Investimento Imobiliário business to each business area that manage the respective Customers (Retail Banking, Corporate and Investment Banking, Private Banking and Asset Management and Companies) and the allocation of securities portfolios into new owners, in particular into Companies segment and Corporate Areas, previously included in the Corporate and Investment Banking segment.

Summary of Business Units Profitability

(Million of euros, except percentages)



Note: As credit booked at BII was allocated to the business areas and the management structure of the Bank's securities portfolio was changed in June 2007, this information is presented in comparable terms.

(*) Excludes subsidiaries sold in 2006 (Banque BCP France and Luxemburg and bcpbank Canada).

RETAIL BANKING

The strategic approach of Retail Banking in Portugal is to target Mass Market Customers, who appreciate a value proposition based on innovation and speed, and Prestige and Business Customers, who as a result of their specific interests, financial assets or income require a value proposition based on innovation and personalisation and a dedicated Account Manager. Within the scope of the Group's cross-selling strategy, Retail Banking acts as a distribution channel for financial products and services of Millennium bcp as a whole.

Million of euros, except percentages

	2007	2006	Change 07/06
Profit and loss account			
Net interest income	1,007.7	942.6	6.9%
Other net income	413.7	436.9	-5.3%
	1,421.4	1,379.5	3.0%
Operating costs	715.8	728.8	-1.8%
Impairment and provisions	108.8	66.9	62.7%
Contribution before income taxes	596.9	583.8	2.2%
Income taxes	158.2	160.5	-1.5%
Net contribution	438.7	423.3	3.7%
Summary of indicators			
Allocated capital	1,175	1,074	9.4%
Return on allocated capital	37.3%	39.4%	-
Risk weighted assets	24,314	22,349	8.8%
Cost to income ratio	50.4%	52.8%	-
Loans to customers	33,639	30,944	8.7%
Total customers' funds	34,051	32,574	4.5%
Employees (number)	6,876	6,751	

Retail Banking in Portugal reached a net contribution of 438.7 million euros in 2007, up by 3.7% from 423.3 million euros in 2006, leading to a return on allocated capital of 37.3% as at 31 December 2007. The rise in net interest income and the reduction in operational costs more than offset the increased impairment for credit risk and provisions charged and the lower level of commissions, which were influenced by the changes in the regulatory framework, in particular the commissions relating to early amortisation of loans and to cards business.

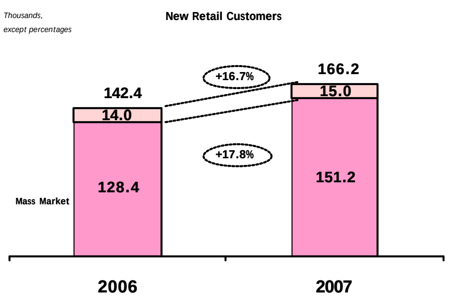
The efficiency ratio improved, standing at 50.4% in 2007, compared to 52.8% in 2006. This was a result of the initiatives implemented aimed at improving the Bank's operating efficiency, in particular the re-engineering of operational processes and the centralisation of administrative procedures.

Loans to customers grew 8.7% and stood at 33,639 million euros at 31 December 2007, from 30,944 million euros at 31 December 2006. This was driven by the sustained commercial activity, and supported by the continuous launch of marketing campaigns and the presentation of mortgage credit solutions adjusted to customers' needs and the market evolution.

Customers' funds amounted to 34,051 million euros at 31 December 2007, up 4.5% from 32,574 million euros as at 31 December 2006. This item benefited from a pro-active strategy aimed at acquiring additional customers' funds, which was supported by the offer of diversified investment and saving solutions with attractive returns, in the scope of the Bank's global objective to increase total customer' funds in each Customer segment: Mass Market, Prestige and Business.

Mass Market Segment

The strategy pursued during 2007 was centred on attracting new Customers, with a particular focus on youths and emigrants, supported by anchor products such as salary domiciliation and mortgage loans. Innovative communication campaigns were launched throughout the year with these goals in mind, and offers distinctive from those of the competition were introduced. Accompanying new Customers and strengthening their relations with the Bank were a constant concern in 2007, and a new-Customer welcome programme was launched. The results were generally in line with the planned objectives, allowing a rejuvenation of the Bank's Customer base and a strengthening of the relationship with the new Customers, leading to an increase of profitability and of cross selling. The reinforcement of the commercial action model had positive results, and it proved possible to achieve high performance levels, despite the adverse situation of the economy during the year.

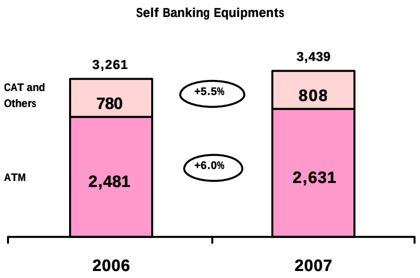


With a view to attracting new Customers, powerful and distinctive campaigns were launched throughout the year, with emphasis on the "New Customer Campaign" supported by raffles of cars, the "3% Salary Advantage Campaign" and the "Go to Portugal without Paying Campaign" directed at the emigrant segment.

To welcome new Customers, the "Welcome Offer" was launched, through which the basic financial instruments required to use the account are provided when the account is opened. Complementing this, a commercial action plan was developed for new Customers, designed to stimulate the relationship during the first year, though placement of loyalty-creating products suited to the individual profile of each Customer, such as salary domiciliation, mortgage loans or savings products.

The commercial action directed at the Customer base was developed with the support of a proactive commercial action plan underpinned by an innovative system conceived on the basis of Customer Relationship Management (CRM) techniques used to direct the commercial activity, providing clear indications of the products best suited to each Customer.

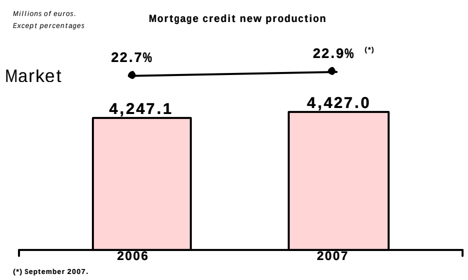
With regard to the offer for the Mass Market segment, the focus continued to be on integrated products and services solutions, with emphasis on the Frequent Customer Solution. It should be pointed out the launch of the Preference Programme, which covers over a million Customers, providing exemption from commissions on the main routine banking products. This was the means found to present a differentiated pricing offer for those Customers who have a closer relationship with the Bank.



Optimisation of the various distribution channels through their progressive integration and the introduction of shared action plans were among the priorities of the development of the commercial action model and the alignment of the offer of the various channels is now clear to see. There continued to be heavy investment in the enlargement of the ATM network during 2007, directed at encouraging the use of this means of payment and receiving.

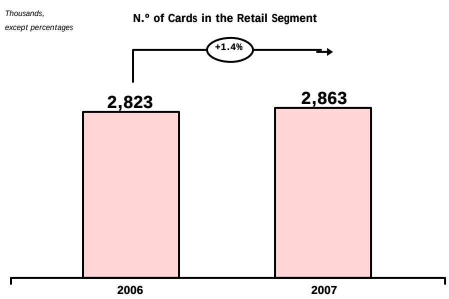
During 2007, the introduction of measures of a regulatory nature, with emphasis on the changes to legislation governing mortgage loans and other credit products, the reduction of the interchange fees on the card business and the coming into force of the Markets in Financial Instruments Directive (MiFID) led to process re-engineering and to the repositioning of the Bank in its commercial approach. The aim was to take advantage of new opportunities and to provide adequate response to the threats emerging in this new context. In the payment means area, the regulatory surroundings required an additional framework effort and technological investment. Here, it should be pointed out the powerful impact of the legislation that substantially altered the processes inherent in deposits and credit transfers on the development of products and services, with advantages in terms of the value-date and availability of funds for the Customer. The liquidity crisis seen in the international markets, felt during the second half, additionally generated greater containment in the credit markets, while generating more aggressiveness in the fund-taking market.

As far as mortgage loans are concerned, the introduction of profound regulatory alterations obliged the Bank to reposition its commercial approach. Renovation of the product offer, associated with a constant presence in advertising and in Customer approach, allowed the 2007 targets to be met, and the Bank's leadership of this market was maintained. The established strategy focused on three specific business areas – new loans, transfers from other institutions and mortgage loans. Through this focus and as a result of the pressure of the competition, several promotion campaigns were put into effect, in which the price factor was determinant – promotional spread of 0%, instalments up to 50% lower, free-of-charge transfers, increase of the loan with costs borne by the Bank and also special offers such as a term deposit paying 10% at 1 year and the offer of the Frequent Customer solution.



In customers' funds, against a background of a general increase of interest rates and capital market instability, the Bank focused on savings products and low-risk investments, preferably with guaranteed capital and short and medium term investment horizons. Here the emphasis was on interest-rate structured products having an increasing return profile, quite innovative in Portugal. For those Customers of a more aggressive risk profile, the Bank's proposal was centred on the offer of a mix of structured equity products that allow the benefit of the equity markets' evolution in the medium term or maximise the returns in a scenario of increasing market volatility, while diversifying the risk and increasing the potential returns at the same time.

In the personal loan area, emphasis was given to price discipline and to the search for greater conformity with the Basel II prudential rules. Price differentiation was introduced based on the Customers' degree of risk. In keeping with this reasoning, an effort was made to drive the business through highly-visible campaigns and direct marketing measures, directing the offer at good-risk Customers. The introduction of automatic decision models and the integration of simulation and approval into the process rendered it more agile and improved the service provided to the Customers. On the other hand, a diversified, renovated range of auto financing products was offered throughout the year, based on partnerships with several brands of cars, providing Customers with better financing conditions and price discounts. In terms of new products, the launch of Mutual Guarantee University Loans should be highlighted, offering very attractive price conditions to finance graduate, masters, post-graduate and doctorate degrees.



In the cards area, the offer of cinema tickets was maintained as the tool used to encourage the use of the Bank's payment means. Here, emphasis is on the launch of the Blue Card, the Membership Rewards loyalty programme and the American Express Selects, within the scope of the agreement with American Express. Also underscored is the EMV (Europay MasterCard Visa) certification by American Express both of the cards and acquiring system, and the progress of migration to the EMV chip.

In 2008, the priority of action in the Mass Market segment will consist of attracting new Customers, particularly within the youth segment and immigrant Customers, supported by an integrated offer of distinctive, innovative financial products and services when compared to those of the competition, which will provide the commercial network with the market's best value proposition and ensure sustained profitability per Customer. Monitoring new Customers over the first year of the life of the relationship will constitute a complementary area supported by a more robust, pro-active commercial action plan. The Bank's goal is also to offer innovative solutions not only to its Customers but also to individuals that, for various reasons, opt to keep their account at other credit institutions. In this way, the intention is to grant access to exclusive products with no prior requirement as to the existence of a banking relationship.

In a context of growing concern as to the indebtedness of Portuguese households, a project is to be developed that could make a contribution to progressive awareness of society and of the Bank's Customers of the need for knowledge of and proper use of financial products.

Prestige Segment

The strategy for this segment is based on ongoing improvement of the Bank's service of excellence in respect of the offer of products and services, on constant improvement of the technical and behaviour skills of the Prestige Relationship Managers, on commercial dynamic and on tools supporting their day-to-day activity.

The year under review began with a strong primary campaign directed at the Prestige segment, with the goal to attract new Customers and to augment the assets of present Customers, both targets having been considerably exceeded.

The degree of compliance with the contacts plan defined for the segment was high, contributing to a large degree to a greater satisfaction level of the Customers of this segment in general and to the increase of satisfaction with the Relationship Manager in particular (85.8).

Based on strengthening the skills and technical capabilities of the Prestige Relationship Managers, Millennium defined and set up a process of Prestige Relationship Manager Certification that will be performed every year for new managers and also for those not yet certified. This process will constitute a training challenge for all Relationship Managers and a unique way to make the difference and stimulating quality in the relationship with the Customer.

In 2007, attention is drawn to the 2007 Prestige Seminars directed at all commercial staff, this year devoted to “Financial Products and Instruments” and to the introduction of significant improvements to the quality of the specific offer for this segment. The Prestige Customer programme has come to include the Prestige Debit Card and the Prestige Credit Card, the former free-of-charge and the latter also, depending on its use, unlimited free-of-charge transfers via the automatic channels in Portugal and the European Union, 10 free cheques per month issued via the Millennium bcp self-service machines, and the addition of new mutual funds in the open-architecture offer provided via the Internet.

Continuing the highly dynamic profiling of the current Prestige Customer base, improvements were introduced to the Financial Counselling support tool – the Prestige Dossier. New services became available, such as the presentation of the degree of “balancing” of the portfolios, the preparation of a document setting out investment proposals and a guarantee that this tool is in conformity with MiFID.

During 2008, the Bank will continue its approach strategy for this segment, in a search for:

- Sustained growth of the Prestige segment by number of Customers (attracting Customers), volume and profitability;
- Perfecting the good commercial practices of the “More Prestige” programme – increasing the intensity and the quality of relations with Prestige Customers;
- Clarification/ positioning of the advantages of the Prestige Customer offer, with a focus on the commercial arguments and communication elements at the Prestige branches;
- Consolidation of the Prestige Relationship Manager Certification process and of the annual ongoing training plan, and also improvement and increased use of the specific tools supporting the activity of the Prestige Relationship Managers;
- A pro-active approach to the “Foreigners in Portugal” Prestige segment – redefinition of the value proposition and greater commercial dynamism.

Business Segment

Millennium bcp is the clear leader of the Business segment. This position was achieved through a wide-ranging offer of services, a service designed for excellence and a strategy of proximity and of greater knowledge of the Customers, based on relationships of great trust and proper risk analysis, both through the use of robust scoring models – speeding up decision times and meeting Customer expectations – and on analysis and advice in the larger investment projects. Through a mixed model of Relationship Managers and monitoring at the Retail branches, the Bank is seen to be the benchmark in terms of notoriety in this segment.

The Applause Customer is increasingly an initiative of great impact on the Customers, on the profitability of the Business segment and on brand awareness, reflecting distinction by Millennium bcp of those entrepreneurs who invest in the sustainability of their businesses and select Millennium bcp as the financial partner for their projects.

During 2007, the Bank launched a major project known as “More Business”, involving training and lending greater dynamism to several initiatives designed to attract new Customers, besides greater involvement with good-risk Customers. The “More Business” project involved proactive initiative (more contact with the Customers), reinforcement of the value proposition (new products and better solutions for the Customers) and a reduction of the administrative load at the branches (more time devoted to the Customer rather than to internal routines). These measures were complemented by a transverse training course for the Business Managers, designed to enable them to present the best solutions to Customers at all times.

As far as commercial proactivity is concerned, visits to Customers rose by about 77%, while greater attention was also given to attracting new Customers, with remarkable results. In strengthening the already extensive offer for businesses, we would underscore the line known as “Early Stages” (25 million euros of support for entrepreneurship, based on the “FINICIA” Programme established by IAPMEI (Small and Medium Enterprise Support Institute) and the “Business Preference”, which waives commissions on the issue of cheques and transfers within the scope of SEPA. Lastly, with regard to the reduction of the administrative load, emphasis is given to the increased use of pre-approved credit limits, which allowed a reduction of the time spent on analysing Customers’ loan applications. The pre-approval level increased 25% during 2007.

The success of these initiatives was unquestionable: the trend towards a slight decline of market share, which stood at 26.5% at the year-end, was reversed; credit became more dynamic, up 6% to a total in excess of 10 billion euros for small businesses alone. Involvement with the Applause Customers, the best in this segment, increased 32.5%, representing a clear improvement of the risk profile of the portfolio as a whole.

The framework surrounding the Business segment was marked by sharp competition, leading to a steady decline of margins since the end of the Summer. At the same tine, the profitability of the segment was affected by legal changes (value-date and rounding), by the various offers made by the competition involving zero commissions on cheques and transfers, and by the increase of interest rates (increasing financing costs). At the year-end, there was a reversal of the trend of declining margins, though not across the board, putting the average for the year lower than the 2006 average. The uncertainties at the macroeconomic level created an unpropitious climate to investment and, in particular, led to a worsening of the risk profile of many companies.

More restrictive conditions can be expected in 2008 in respect of extending credit to companies, involving greater discipline in pricing, better suited to the risk profile and to the cost of capital. With the continuing environment of stiff competition, service quality, speed and flexibility in the decision process will play a more predominant part in the Customers' selection.

The Bank's goal consists of growing faster than the market, increasing its market share, while being especially selective in risks and establishing itself increasingly as the benchmark partner for entrepreneurs investing in projects designed to create wealth. To achieve its objectives, Millennium bcp will reinforce aspects of the recently-launched "More Business" programme, especially in accompanying Customers, in promoting automatic credit decisions and in the launch of several integrated solutions designed to satisfy the Customers' needs in keeping with their dimension or with the sector of activity in which they are engaged.

CORPORATE AND INVESTMENT BANKING

The Corporate and Investment Banking segment includes the Corporate network in Portugal, dedicated to corporate and institutional Customers with an annual turnover in excess of 100 million euros, providing a complete range of value added products and services, and includes the Investment Banking business, which is undertaken essentially by Millennium investment banking. This company specialises in capital markets, in providing strategic and financial advisory, specialised financial services – project finance, corporate finance, securities brokerage and equity research – and in structuring risk-hedging derivatives products.

During the second half of 2007, Millennium bcp Executive Board of Directors has decided to integrate the Corporate Network and the Investment Banking under the sake Coordination Committee, having in view to benefit from the synergies resulting from the reinforcement of the commercial articulation and taking full advantage of the franchising of relationship with the largest Portuguese companies and of the capacity of execution in several markets of the investment banking.

Million of euros, except percentages

	2007	2006	Change 07/06
Profit and loss account			
Net interest income	160.6	113.3	41.7%
Other net income	183.5	222.4	-17.5%
	344.1	335.7	2.5%
Operating costs	90.7	80.6	12.6%
Impairment and provisions	2.6	-2.7	--
Contribution before income taxes	250.7	257.9	-2.8%
Income taxes	59.5	72.4	-17.8%
Net contribution	191.2	185.5	3.1%
Summary of indicators			
Allocated capital	812	750	8.3%
Return on allocated capital	23.5%	24.7%	-
Risk weighted assets	16,774	14,946	12.2%
Cost to income ratio	26.4%	24.0%	-
Loans to customers (1)	11,700	9,938	17.7%
Total customers' funds	3,432	3,547	-3.2%
Employees (number)	300	292	

(1) Includes Commercial Paper.

Net contribution of the Corporate and Investment Banking segment increased by 3.1%, amounting to 191.2 million euros in 2007, compared to 185.5 million euros in 2006. This growth was determined by the favourable evolution of total income and by the reduced tax charge, relating to Millennium investment banking's higher capability to use tax losses carried forward in 2007, which more than offset the rise in operating costs and the higher impairment and provision charges. The return on allocated capital stood at 23.5% in 31 December 2007 (24.7% as at 31 December 2006).

In 2007, the interest and premiums and discounts of the trading portfolio, which were previously booked in net trading income, are booked in net interest income. This change had an adverse impact on other net income, which was partially offset by the significant rise in net commissions from Investment Banking activity. It is worth noting that Millennium investment banking led the Portuguese primary bond market in 2007 in two areas - as an issuer on the Portuguese primary market and in the primary domestic bond market. These distinctions were achieved during a difficult year for the bond market and in a very competitive segment, with a large number of players, including the main international banks.

Total customer' funds totalled 3,432 million euros at 31 December 2007, restricted, on one hand, by the volatility of large companies' and institutional customer deposits and, on the other hand, by the withdrawal of funds by price-sensitive institutional Customers with significant financial portfolios.

Loans to customers totalled 11,700 million euros as at 31 December 2007, showing a growth of 17.7%, from 9,938 million euros as at 31 December 2006, boosted by the re-launch of investment projects following the encouraging signs of economic recovery in some sectors of activities in Portugal.

Corporate Network

The activity of the Corporate Network in 2007 was based on two main vectors: improvement of the knowledge and effectiveness of the commercial area as a result of training courses and implementation of sales support mechanisms, bringing about better commercial planning, identification of business opportunities and establishment of priorities for contacts with Customers; and the focus of commercial action on attracting stable funds and on the improvement of loan quality, seeking to suit the pricing of loan transactions to the associated risk and to the potential value created, within the scope of the new concepts introduced by Basel II.

With a view to increasing the effectiveness of the Corporate Network's commercial area and to attracting the existing potential, the Corporate GTI Programme was implemented during 2007. It consists of a process of re-engineering administrative tasks and is based on three pillars:

1. Gaining Time: increasing the commercial time available to the Relationship Manager through a reduction of the administrative load, transferred to the assistant and to the Middle Office;

2. Having a Plan: definition of a commercial approach plan for each Customer, involving establishment of individual goals, segmenting the portfolio in accordance with the priority given to each Customer;

3. Customer meetings: ensuring a minimum number of visits to Customers, with clear identification of the key contacts at each company.

Application of this programme is substantially based on the functions provided at the Commercial Toolkit level (business support application designed to increase the efficiency of commercial action), providing an integrated overview of the Customer, generation and processing of business opportunities, prioritisation and programming of commercial activity through the establishment of an annual plan of contacts with Customers, definition of the objectives of the contacts and the business potential generated. Supplementing this, a Value-Created Simulator has also been further developed, allowing the pricing of the transactions to be aligned with the inherent risk, according to the new concepts stemming from the Basel II Accord, so as to maximise Value Created. Internally, the commercial area was also provided with a new management information application (EIS - Executive Information System).

With a view to keeping in step with the needs of the Corporate Network Customers several new solutions were launched, with emphasis on:

- Successful conclusion of the new Online Banking service for Companies, the result of a partnership entered into with a firm called Primavera BSS, providing Customers with greater integration of the banking services with their internal reality as far as their Enterprise Resource Planning (ERP) is concerned;
- Provision of new services via the Multibanking Channel – the main form of communication of the larger companies with the Bank – particularly in respect of transfer orders for payments to foreign countries and statements of account of the companies with other credit institutions (OCIs) headquartered abroad;
- New developments in the Commissions and Postal Aggregation Service, namely the introduction of commissions in respect of letter-cheques, cash pooling and account maintenance, implementation of the electronic bank statement and the creation of foreign-language versions (Spanish and English);
- Creation of a credit line in the total amount of 100 million euros for support to exports and to the internationalisation of Portuguese companies;
- A protocol entered into with Turismo de Portugal to support investment projects in the field of tourism, in the total sum of 60 million euros. This agreement involves preferential conditions for companies in terms of financing, aggregating a component of financing by Turismo de Portugal at subsidised interest rates.

Investment Banking

November 2007 saw the publication of the announcement of the project involving the merger by incorporation of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda, and Banco Millennium bcp Investimento, SA, into Banco Comercial Português, SA. This project may be carried out in 2008, along with other initiatives to improve operating efficiency and to allow better conditions for the development of the different business areas.

In Investment Banking, which operates under the Millennium investment banking brand, several opportunities have developed based on the ability to structure and execute operations that are both more complex and of greater value, further reinforced by an organisational structure implemented during the last quarter of 2006 and on the relationship with Group Customers in Portugal and in operations abroad.

Millennium investment banking was the market leader in equity brokerage through Euronext Lisbon in 2007, with a market share of 11.6%, notwithstanding the growing fragmentation and competitiveness of the market following the entry of new operators, among which some of the largest international banks. In trading products, it continued to play an outstanding role in the introduction of innovative products to the Portuguese market. The first thematic certificates associated with sectors of activity were launched – the Dow Jones Banking and the Dow Jones Telecommunications.

In the fixed-income capital market area, Millennium investment banking played an active part in the organisation and setting up of bond loans, the clear leader in terms of national debt issues, with a share of 23.1% according to the League Table published by Bloomberg. Emphasis is given to the leadership of bond loans for Celbi (300 million euros), Sonae Distribuição (200 million euros), José de Mello, SGPS (150 million euros) and Soares da Costa (100 million euros). The Bank continued to play an outstanding role in organising and setting up commercial paper programmes and also in the issue and placement of structured products.

Also underscored in 2007 are the good results achieved with the sale of cash products (spot and forward currency operations and short-term placements and financing) and, particularly, in the field of derivative products designed to hedge interest rate, exchange rate and commodities risks.

In the corporate finance area, Millennium investment banking took part in several major deals during 2007. It provided financial advisory services to EDP – Energias de Portugal, SA, in the acquisition of "Relax Wind Parks", a number of projects involving the development of wind farms in Poland; to Monte SGPS in the acquisition of 50% of Monte Adriano SGPS; to Soares da Costa in the acquisition of holdings in Scutvias and in CPE; and to Parkalgar in the definition of the financial strategy associated with the "Algarve International Autodrome" project.

Millennium investment banking also played a preponderant part in the more relevant public share offerings undertaken during the year: it was Joint Global Co-ordinator and Bookrunner for the REN privatisation and IPO; it organised the Inapa share capital increase and the take-over bid by Investifino – Investimentos e Participações over Soares da Costa; and it was Joint Bookrunner of the accelerated bookbuilding for shares in Teixeira Duarte under a mandate granted by Metalgest.

During 2007, the structured finance area saw significant growth and Millennium investment banking ranked first of the Portuguese banks in this business segment, according to Bloomberg data. In financing start-ups, the highlight is on the mandates obtained from the Carlos Saraiva Group to finance the acquisition and development of the Morgado do Reguengo tourism project in the Algarve and from the Deutsche Bank

Real Estate and Jacinto Mira Groups to finance the acquisition and development of the Alfamar project, an hotel complex at Praia da Falésia, also in the Algarve. In acquisition finance operations, the focus is on the mandates obtained from TAP Portugal for the acquisition of Portugália and from Acciona in the acquisition of 20% of Endesa. Of the debt restructuring operations, emphasis is given to the mandates obtained from La Seda de Barcelona and from Espírito Santo Saúde.

In project finance activity on the domestic market, the focus is on the mandates received from Auto-Estradas Douro as Financial Advisor and Mandated Lead Arranger in the Douro Litoral Highway Concession project (129 km and 1.2 billion euros) and from VentoMinho – Energias Renováveis, as Mandated Lead Arranger in the Alto Minho I Wind Farm project (325 million euros). However, the Portuguese market continued to underperform expectations and therefore the growth of the business was largely the result of involvement in projects outside Portugal, materialising the strategy of internationalisation begun in 2006. In this connection, emphasis is given to the following operations: Mandated Lead Arranger and Joint Bookrunner in the refinancing of a portfolio of Wind Farms in Germany, Australia, Spain, the USA and France owned by Babcock & Brown Wind Partners (1.03 billion euros); Mandated Lead Arranger for the Elefsina-Patra-Corinth highway project to be built in south-western Greece (1.69 billion euros); and Mandated Lead Arranger for the Fruges II project in France, involving the financing of a number of wind farms owned by the Pluripower and RPI groups (60 million euros).

Millennium bcp was elected "World's Best Investment Bank" in Portugal by *Global Finance* magazine. This prize demonstrates therecognition by one of the world's most renowned financial magazines of the execution capacity and quality of the Millennium investment banking teams – the Group unit specialised in investment banking.

COMPANIES

The Companies segment comprises the Companies network in Portugal, which covers the financial needs of companies with an annual turnover between 7.5 million euros and 100 million euros, focused on innovation and on an overall offer of traditional banking products complemented by specialised financing, and also the International Division.

Million of euros, except percentages

	2007	2006	Change 07/06
Profit and loss account			
Net interest income	214.4	205.9	4.1%
Other net income	84.8	76.8	10.4%
	299.1	282.7	5.8%
Operating costs	75.3	71.5	5.3%
Impairment and provisions	27.7	27.0	2.9%
Contribution before income taxes	196.2	184.2	6.5%
Income taxes	52.0	50.7	2.6%
Net contribution	144.2	133.6	7.9%
Summary of indicators			
Allocated capital	604	547	10.4%
Return on allocated capital	23.9%	24.4%	-
Risk weighted assets	12,480	11,399	9.5%
Cost to income ratio	25.2%	25.3%	-
Loans to customers (1)	10,680	9,713	10.0%
Total customers' funds	6,417	4,669	37.4%
Employees (number)	811	841	

(1) Includes Commercial Paper.

Net contribution of the Companies segment rose 7.9%, reaching to 144.2 million euros in 2007 (133.6 million euros in 2006). This performance was boosted by increases in net interest income and other net income, which more than offset the growth in operating costs and, to a lesser extent, in impairment and provisions charges. The return on allocated capital stood at 23.9% at 31 December 2007.

Total customers' funds showed an increase of 37.4%, in spite of the strong competitiveness in this segment, and reached 6,417 million euros at 31 December 2007 (4,669 million euros as at 31 December 2006). Performance here benefited from the growth in institutional customers' funds from the International Division, in particular during the third quarter of 2007.

Loans to customers were up by 10.0%, from 9,713 million euros at 31 December 2006 to 10,680 million euros at 31 December 2007, as a result of a drive to increase loans granted to Customers with a good risk profile, allowing impairment charges to show a slower rate of increase than the loan portfolio.

Companies Network

During 2007, the Companies Network kept its focus on increasing the dynamism of its commercial activity through a proactive approach, directed at early identification of business opportunities and at presentation of adequate solutions, at maximisation of the value created for the Bank and at Customer satisfaction. The main guidelines for commercial activity included attracting funds and improvement of the loan quality, seeking to suit the pricing of loan transactions to the associated risk and to the potential value created, within the scope of the new concepts stemming from Basel II. Articulation with Investment Banking was strengthened in an endeavour to take advantage of synergies, while a policy of growing interconnection was pursued with the Leasing, Factoring and International Division areas so as to encourage cross-selling. At the same time, articulation continued with the Loan Recovery Department in the prevention and recovery of loan-loss provisions.

With a view to implementing the established strategy, the following measures were developed:

- Growing use of the various functions provided by the Commercial Toolkit (business support software) so as to increase the effectiveness of the commercial action through identification and treatment of business opportunities and through the use of the Value-Created Simulator, allowing the pricing of the operations to be aligned with the risk incurred, in order to maximise Value Created;
- Provision of the new management information software: EIS - Executive Information System, which provides a complete overview of the portfolio of the Network/ Department/ Manager at the level of the products marketed (Funds, Loans and Advances, Value-Added Services, Cards, etc.) as well as cross-selling, profitability and Customers' indicators;
- Redefinition of the price-lists of credit transactions, with a view to their adaptation to the new Basel II concepts, so as to reflect in the pricing the credit risk associated with the transaction and the means of mitigating it;
- To allow Companies greater integration of the banking services with their internal reality at the level of their Enterprise Resource Planning (ERP), a new Online Banking service was successfully concluded, the result of a partnership with Primavera BSS, allowing Millennium bcp's Companies Customers to carry out a varied range of additional transactions;
- Provision of new services via the Multibanking Channel – the main form of communication of the bigger companies with the Bank – especially in issuing transfer orders for payments abroad and statements of account of the companies with other credit institutions (OCIs) headquartered abroad;
- New developments in the Commissions and Postal Aggregation Service, with the introduction of commissions in respect of letter-check, cash pooling and account maintenance, implementation of the electronic bank statement and the creation of foreign-language versions (Spanish and English);

- The 2007 EIB Investment Line (150 million euros), the Internationalisation Support Line (100 million euros) and the Tourism Support Line (60 million euros) were launched;
- The Mutual Guarantee continued to be promoted (a 50 million euro credit line) and several agreements were closed to promote specific segments: with Agrogarante for support to SMEs, entrepreneurs and young farmers when setting up in business), IAPMEI (companies preparing to face the challenges of Basel II), governmental entities (support for incentives within the scope of the QREN - National Strategic Reference Framework) and chambers of commerce of several countries with which Portugal has the largest trading relationships (Spain, France, Germany, the UK, Italy, the Netherlands, Brazil and India);
- Development of the partnership with Banco Sabadell through the launch of the product known as "Forfaiting with Spain" and signing of a protocol to foster loans to property development undertaken by companies in Portugal and/or Spain;
- Organisation of events directed at specific business areas, with emphasis on the "Cash and Risk Management for Companies" and the "Brazil Trading" conferences;
- Quality certification for the Real-estate Leasing and Retail Credit Recovery processes, reflecting the constant concern as to the quality of the service provided and Customer satisfaction.

The business of the Companies Network in 2008 will be marked by implementation of the GTI Programme. This is a process of re-engineering administrative and commercial tasks that aims to improve the effectiveness of the commercial area and to make use of the existing potential. The intention of this programme is to increase the know-how and effectiveness of the commercial area through training courses and through implementation of sales support mechanisms. This should allow an improvement of commercial planning, identification of business opportunities and prioritisation of contacts with Customers in the light of the potential profitability for the Bank. In business terms, the focus will continue to be on attracting stable funds and on improvement of credit quality, seeking to suit the pricing of the loan transactions to the associated risk and to the potential value created, within the scope of the new concepts stemming from the Basel II Accord, involving greater use of the Value-Created Simulator to establish the adequate pricing for each Customer.

The focus on support for Portuguese exporter companies is set to continue in 2008 through implementation of a "Millennium Zone of Influence" covering a large number of potential Customers (banks and financial institutions) in 164 markets, through a diversified offer of Global Transaction Banking products and services aimed at increasing our market share in those markets where the Bank does business.

Continuity will be given to the effort to improve the functions available via the Companies Portal and to the focus on new products of great potential, especially in the area of Default Risk and International Factoring of Imports transactions.

International Division

During 2007, the International Division made full use of the multi-domestic Group aspect, offering, in the international market, the transaction banking and institutional custody products and services relating to those countries in which Millennium bcp does business, both through its own structures and through local partnerships. The teams were reorganised, with a special focus on a proactive commercial strategy, both in the Banks and Financial Institutions segment – through the activity of the Commercial Relationship Managers of the Global Transaction Banking – and also in the Corporate and Companies segment, with the support of the Product Specialist teams of Millennium Trade Solutions.

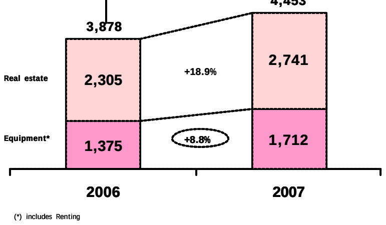
Emphasis is given to the 44% market share that was achieved (volume of assets under custody held in Portugal by non-resident investors) and to the 19% growth, to 79 billion euros, of total assets under custody of institutional investors. Turnover in securities was up 66% and total commercial payments, both received and sent, rose by 10%, including the SWIFT and EBA STEP 2 channels, accounting for a market share of 28% in Portugal.

A number of initiatives contributed to these results, with a focus on: rationalisation of the Correspondent Banks; centralisation of unregulated commercial payments to 164 markets on a small number of banks providing a guarantee of prices and service quality; selection of 34 banks to establish reciprocal, but not exclusive, co-operation agreements for the provision of several services in 145 markets to the Corporate and Companies Customers; negotiation of an agreement with the EBRD under the Regional Trade Facilitation programme, to support our exporter and importer Customers in their transactions with Eastern and Central European countries; and a co-operation agreement with the China Africa Business Council for trade finance operations by Chinese companies with Africa, brokered by our Macao Offshore Branch.

Factoring

In a market that is considerably and increasingly under pressure as far as the price factor is concerned, and in addition to the major changes to the external environment, a distinctive, consolidated strategy has been implemented in the ongoing, systematic adaptation of the offer to meet the Customers' needs and expectations and to focus on the quality of the service provided. Millennium bcp retained its leadership of the factoring market with a market share of 29.3%. The credit portfolio grew 10% year-on-year to 1,421 million euros in respect of invoicing taken during the year in the sum of 6,034 million euros. In the Payment to Suppliers Service there continue to be good levels of business: accumulated invoicing taken reached the sum of 1,883 million euros (up 27% over 2006); and an average credit balance of 168 million euros (a year-on-year increase of 59%).

Leasing



In the leasing area, the main strategic areas of operation included consolidation of the auto business following the incorporation of Renting into the Commercial Leasing Department. The commercial offer was overhauled and priority was assigned to financing properties and goods having an active secondary market, with a constant concern for concentrating the business on better-risk Customers. The "Car of the Cycle" was launched, a product that allies special financing conditions for Customers with discounts on the price of vehicles. In the Renting business, the offer was overhauled and the post of pivot was created to increase the interaction with the networks and to stimulate cross selling, increasing the focus of the activity on the Retail segment.

Implementation of the Basel II rules, combined with the narrowing of the spreads seen in the sector in recent years, led to greater control over pricing, to the detriment of volumes, so as to ensure adequate pricing in the light of the risks incurred and of the consumption of capital required. The production figures for leasing and long term renting (LTR) in 2007 amounted to 1.7 billion euros, meaning that the leadership of the sector in Portugal was maintained, with an overall market share of around 25%, with an emphasis being given to the better performance of the auto financing segment. The outstanding leasing and LTR credit portfolio stood at approximately 4.4 billion euros, an increase of 14.7% over the previous year, in which real estate leasing was outstanding, with a weight of more than 60% of the portfolio.

Credit Recovery

During 2007 the restructuring of the Credit Recovery Division was consolidated. The main objectives involved rationalisation of the internal resources. At the same time, a rationalisation effort was made in respect of a number of services provided by outsourcers, which had a significant impact in terms of improvement of the cost structure.

In the scope of the Credit Recovery model, the “Recovery Process Vision” project was launched, with the aim to improve the IT support and information management recovery systems. The aim was to provide incentives to the early detection and recovery of credit provisions on par with a significant cost reduction, allowing for a higher contribution for the net income of the Group, with effects in 2008, namely in what concerns higher speed of recovery of small amounts.

PRIVATE BANKING AND ASSET MANAGEMENT

The Private Banking and Asset Management activity comprises the Private Banking network in Portugal, Millennium Banque Privée, a private banking platform incorporated under Swiss law, ActivoBank7, a universal online Bank, which maintains a focus on brokerage and on the selection and counselling of long-term investment products, and the subsidiaries companies specialising in the asset management business.

Million of euros, except percentages

	2007	2006	Change 07/06
Profit and loss account			
Net interest income	52,1	43,1	20,8%
Other net income	78,8	65,9	19,7%
	130,9	109,0	20,1%
Operating costs	66,5	64,2	3,7%
Impairment and provisions	7,0	3,2	120,8%
Contribution before income taxes	57,4	41,7	37,8%
Income taxes	11,3	8,4	33,2%
Net contribution	46,2	33,2	39,0%
Summary of indicators			
Allocated capital	130	114	14,3%
Return on allocated capital	35,5%	29,2%	-
Risk weighted assets	2.826	2.368	19,3%
Cost to income ratio	50,8%	58,9%	-
Loans to customers	3.270	2.660	22,9%
Total customers' funds	15.167	15.484	-2,0%
Employees (number)	406	388	

Net contribution of the Private Banking and Asset Management segment grew 39.0%, totalling 46.2 million euros in 2007, compared with 33.2 million euros in 2006. This resulted in an improvement in return on allocated capital, which reached 35.5% in 2007, from 29.2% in 2006.

The increase in net contribution resulted from the general growth in revenues, as well as, the operating costs control, as a result of the initiatives carried out to improve operating efficiency, leading to a favourable evolution of cost to income ratio to 50.8% in 2007, a reduction of 8.1 p.p., from 58.9% in 2006.

Assets under management were down by 2.0% from the end of 2006, determined by the unfavourable conditions in financial markets in the second half of 2007 due to the USA subprime crisis. Nevertheless, in contrast with this trend, total customers' funds from Millennium Banque Privée grew 29.4% from 2006, in particular off-balance sheet customers' funds (+31.5%). It is also worth noting the performance of the Private Banking network in Portugal, which registered an annual growth rate of 20.3% in time deposits.

Loans to customers were up 22.9%, amounting to 3,270 million euros at 31 December 2007, from 2,660 million euros as at 31 December 2006.

Millennium bcp private bankers

The strategic goals established for the Private Banking area call for a twofold increase of profits over a three-year time horizon, based on a flexible, efficient organisation focused on the Customer and on the creation of value for the Bank and motivation of its Employees. The plan of action that is being pursued involves:

- Reinforcement of the attraction of more Customers, taking advantage of the Customer Attraction Unit and extending agreements with promoters, especially in foreign markets;
- Improvement and ongoing adaptation of the offer, managed by the Wealth Management Unit (WMU). This offer includes a range of investment alternatives adapted to the specific needs of the Customers, covering every relevant class of assets and bearing in mind the preservation and profitability of the capital invested;
- Perfecting the financial counselling provided;
- Simplification of processes and development of tools allowing more time to be devoted to commercial activity, improving its effectiveness;
- Establishment of partnerships with external entities in the real-estate and tax-consultancy fields;
- Internal certification of the Private Banker, in a search for ongoing enhancement of the staff, for an increase of their counselling skills, for improved returns for the Customers and the consequent improvement of service quality.

During 2007, the incentives system of this business area was improved, linking the variable remuneration of the employees more directly with the positive contributions to value creation. Through the CREA (Growth, Profitability, Focus and Advisory) Programme, an endeavour was made to create a spirit of commitment of all to strengthen the position in this market and to develop the business, establishing internal benchmarks that are monitored permanently.

The effort to extend the business base led to a 19% increase of the number of Customers and to a 21% increase of the Loyal Customers in Portugal, and allowed sharp growth of results and of volumes, the latter in respect both of credit and of assets under management, despite the recent turbulence on the financial markets.

The international side of the business is conditioned by the regulatory changes and by the need to go beyond a model based on the Portuguese-speaking world. The operating profit of this area also improved.

The goals set up for 2008 involved the pursuit of ongoing development and dynamism of the domestic and international business through attracting new Customers and through increasing the share of wallet in existing Customers so as to consolidate the Bank's leading position in this segment.

Millennium Banque Privée

Millennium Banque Privée is a private banking platform incorporated in Switzerland in 2003. It plays an important part in the Private Banking and Asset Management business area, providing service to Group Customers in Portugal, Poland, Greece and other countries. All its business is Customer-centred, and the Bank provides high-quality services, with a focus on innovation and performance, based on confidence and discretion and supported by a highly-qualified and skilled team at every level of the organisation.

Millennium Banque Privée — Million of euros, except percentages

	2007	2006	Change 07/06	2006 excluding fx effect	Change 07/06 excluding fx effect
Total assets	995	792	25.7%	768.9	29.4%
Loans to customers	771	602	28.1%	584.7	31.9%
Customers' funds	3.118	2.409	29.4%	2.339.6	33.3%
Assets under management	3.063	2.328	31.5%	2.261.2	35.5%
Shareholders' equity	72	60	19.7%	58.3	23.3%
Net interest income	8	7	13.3%	6.9	18.4%
Other net operating income	25	21	18.2%	20.0	23.5%
Operating costs	13	12	2.7%	12.0	7.2%
Impairment and provisions	2	0		0.0	
Total net income	14	12	15.6%	11.3	20.8%
Number of customers (thousands)	2	1	24.9%		
Employees (number)	64	55	16.4%		
Branches	1	1	0.0%		
% of share capital held	100%	100%			
FX rates:					
Balance Sheet 1 euro =	1.655	1.607	swiss francs.		
Profit and Loss Account 1 euro =	1.644	1.574	swiss francs.		

In 2007 Millennium Banque Privée returned significant growth of the volumes of customers' funds and of loans to customers. This was reflected in the positive evolution of net income compared to the previous year, the result of the good performance of management commissions and of net interest income.

During 2007, thanks to the evolution of the number of Customers attracted (up 24.9%) in the target markets, Millennium Banque Privée continued to strengthen its assets, its organisation and its profitability. Marketing activities continued in Brazil and in Poland, markets in which the Bank considers it is in a good position to serve its Customers effectively. The growth of the core markets and the additional contribution in new markets were achieved through reinforcement of the banking teams, particularly so in the case of relationship managers. This provided greater capacity in the acquisition of assets and also allowed better service to be provided to the Customers. The year was also market by improvements to internal control and risk management, as well as to the IT systems.

The success of these developments, allied to strict compliance rules, organisational efficiency, rigid cost control and emphasis on the constant improvement of investment solutions, allowed Millennium Banque Privée to achieve significant results in 2007.

Millennium Banque Privée is confident in its outlook. The Bank will seek to grow in its core markets, while strengthening its relationships with the Portuguese emigrant community and its regional markets: Greece, where the Bank achieved above expected results in 2007, Portugal, Poland and Turkey. It will also operate in Romania starting from the beginning of 2008. The Bank will also extend its activities to new markets, namely in Latin America, maintaining at all times a clearly focused strategy and approach so as to ensure the future growth of assets under management.

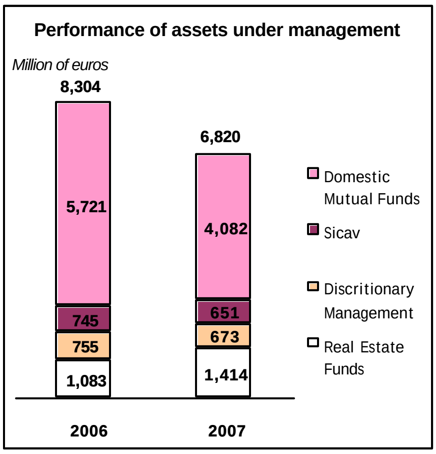
Asset Management

The targets of the Asset Management area consist of generating profitability suited to the risk profile of each Customer and of strengthening awareness of the Millennium brand with an image of quality in this business area. As a result of its performance, the Millennium Group's mutual fund management company has received the largest number of prizes awarded in Portugal to the best managers and to the best funds by Standard & Poor's in association with the *Diário Económico* newspaper.

In 2007, following a benign first half, the instability of the financial markets caused by the crisis in the credit markets in the USA adversely affected the Asset Management business. The abnormal increase of market volatility and the rise of the risk premiums penalised the evolution of assets under management, in particular the performance of the cash and floating-rate bond mutual funds. Additionally, the lack of confidence in the debt markets worsened the structural liquidity deficit of the Portuguese financial system, giving rise to an offer of abnormally attractive interest rates on deposits and balance-sheet funds by commercial banks as a whole. Consequently, the mutual funds market in Portugal declined by 11.6% in 2007, in year-on-year terms.

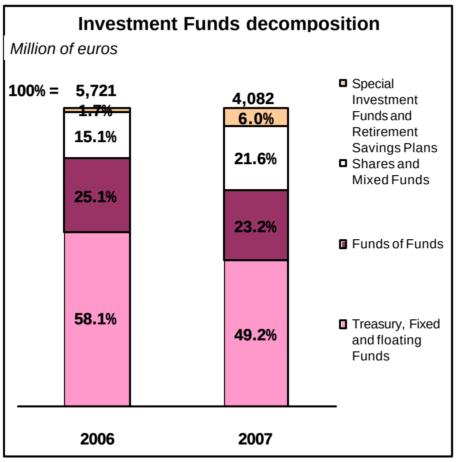
In keeping with the performance of the mutual funds industry, the Asset Management area reached a total of 6,820 million euros of assets under management at the end of 2007, 17.9% less than the figure for December 2006. The domestic mutual funds managed by Millennium bcp - Gestão de Fundos de Investimento (60% of the total under management) fell by around 28.6% to stand at 4,082 million euros, providing a market share of 15.8%. The funds based in Luxembourg and asset management, though less affected, suffered a reduction of 12.6% and 10.8%, respectively. As far as real-estate funds are concerned, and despite the economic slowdown seen in real-estate business, there was a quite favourable advance as a result of the strong commercial dynamism, leading to a 30.6% growth compared to the previously year, with total assets standing at 1,414 million euros.

During 2007, the Portuguese funds industry accelerated the convergence of the national savings structure to figures closer to those of the more developed European markets, where the relative weight of the classes of assets of greater risk is far higher than that observed in Portugal. During the year, the weight of the lower-risk funds in Portugal fell to 47% of the total, whereas in January they accounted for 67% of the industry. The focus of the commercial activity of Millennium bcp - Gestão de Fundos de Investimento in 2007 was directed at funds of greater value added, equity funds and funds of funds, in which it retained its leadership of the domestic market with a share of 25.5% and 62.7%, respectively. Sales of the Millennium equity funds and the PPR (retirement savings) funds grew appreciably during the first half of 2007 compared to the previous half, with net sales of equity funds returning a growth of 134%, while sales of PPRs were up 33%.



The closed, private-placement real-estate funds proceeded with their spin-off through the transfer of a large part of these funds that had been managed by Millennium Fundos de Investimento to the managing company Interfundos. Despite the less advantageous tax framework, 2007 was a year of consolidation of the business where, besides an increase of the number of funds under management, there was a sharp increase of the property developments of the existing funds. In turn, asset management maintained its goals of consolidating and strengthening its offer through the launch of a new product based on unit-linked insurance.

In response to the adverse competitive and market climate, Millennium Fundos de Investimento made very considerable commercial and training efforts involving the Retail and the Private Banking networks, especially through the constant support of the Investment Specialists Commercial Teams, in addition to training in respect of the coming into force of the MiFID. This effort allowed continuation of the commercial focus on the goal of increasing higher value added funds and on complying with the strategy established for 2007.



Therefore, despite the unfavourable situation of the economy during the second half, the 2007 net income of the Asset Management area was quite positive and higher than figures for 2006, as a result of the increase of the average annual weight of the equity and balanced funds from 15.1% to 21.6% of total domestic mutual funds, and of the real-estate funds from 13.0% to 20.7% of total assets. The revenue generated by the business increased 14.2% over the 2006 figure, with net commissions on asset management and on real estate funds returning increases of 8.9% and 155.9%, respectively.

The prospects of a macroeconomic scenario marked by a slowdown of economic growth, allied to an environment of greater volatility and uncertainty, may condition the mutual fund industry during 2008. At the same time, the existence of a more demanding legal framework as a result of the changes imposed by the MiFID will require special focus on the business with a view to the implementation of its plan of action. The main objectives for 2008 involve a strengthening of the value proposition, with emphasis on a higher focus on those segments that allow higher penetration by the more value added funds, enlargement of the offer of equity funds, increased penetration by the PPR funds across the Customer base, restructuring of the offer of cash and floating-rate bond funds with a view to the increase of their competitiveness and an increase of the market share in real-estate funds. In-house training courses and a reinforcement of the link between Interfundos and asset management with the commercial networks should also continue

ActivoBank7

ActivoBank7 is an online investment bank providing a complete service, ensuring access by its Customers, at all times and in keeping with an open-architecture framework, to the best financial products of the most prestigious national and international investment houses. The introduction of innovative products that bring real value for the Customers and the constant focus on quality, designed to ensure the provision of a service of excellence, constitute the basic vector of the business carried on by the Bank.

The instability observed in the financial markets throughout 2007 conditioned the performance of the main segments of the business of ActivoBank7: mutual funds and online equity market transactions.

The high volatility of the markets provided a 56% growth of the online equity market business and allowed ActivoBank7 to close the year with an accumulated share of 15.4%. A contribution to this good performance was made by the launch of innovative products such as the Pre-paid Pack of Stock Market orders, the launch of ETFs and ADRs, as well as the commercial promotion of the Credibolsa product and the Bank's involvement in the Martifer IPO and its co-leadership in the REN IPO.

As far as mutual funds are concerned, despite the commercial dynamics and the significant increase of the offer as a result of the inclusion of 6 new management companies, the increasing competition caused by the adoption of open-architecture policies by the more traditional banks, and the instability in the marketplace, conditioned the development of this business area. The Bank achieved a market share in foreign Undertakings for Collective Investments in Transferable Securities (UCITS) of 18.7% at the year-end.

In an endeavour to anticipate the evolution of the market, ActivoBank7 implemented measures to attract new Customers, supported by "rate products", while increasing its offer for Customers of a more conservative profile, returning a growth of 50% in these assets compared to the previous year. The offer of guaranteed-capital structured products was also improved, from an open-architecture standpoint, providing Customers with permanent access to this type of investment. Supplementing this, ActivoBank7 registered as an insurance broker linked to Millenniumbcp Fortis on a non-exclusive basis.

To meet the goal of focusing on service quality and on the increase of commercial proactivity, the Bank's commercial structure was reorganised during 2007, providing higher net worth Customers with more constant, personalised service, directed at materialising business. ActivoBank7 also sought to ensure competitive advantage in the quality and usefulness of the information available to its Customers in making their investment decisions. The Bank invested in the development of the new multimedia Web content distribution platform, the ActivoLive. In this connection, emphasis is also given to the publication of a weekly newsletter distributed to all the Bank's Customers and of the fourth edition of the Investor Guide. Additionally, the Bank has developed all the procedures required for full implementation of the MiFID.

Activobank7			Thousands of euros, except percentages
	2007	**2006**	**Change % 07/06**
Total assets	256,245.0	211,602.5	21%
Credit and advances to customers	35,068.2	29,707.4	18%
Customers' funds	504,949.6	479,534.7	5%
Equity	25,281.9	22,970.3	10%
Total income	10,964.9	9,350.9	17%
Operating costs	7,697.2	7,054.4	9%
Imparity and provisions	122.0	99.8	22%
Net income	2,319.0	1,422.0	63%
Market share (online transactions)	15.2%	17.3%	
Employees (number)	67	61	10%
% share capital held	100.0%	100.0%	

Net income increased 63% over the previous year, rising to 2.3 million euros, underpinned by gains of efficiency, with revenues up 17% while operating costs grew by 9%, on a par with greater business volumes. Loans and advances to customers and assets under management returned growths of 18% and 5%, respectively. The main vectors of the growth of revenues in 2007 were net interest income, which accounted for 42% of total operating income and was up 24%, and net commissions, up 14% over the previous year.

In 2008, ActivoBank7 is set to maintain its strategic position and has elected as it main goals the sustained growth of its Customer base and of their average assets with the Bank.

FOREIGN BUSINESS

The Foreign Business comprises the several operations carried out outside Portugal, namely in Poland, Greece, Turkey, Romania, Mozambique, Angola and USA. In Poland the Group is represented by a universal bank, and in Greece by an operation based on the innovation of products and services. The activity in Turkey is performed through an operation focused on the provision of financial advise, and in Romania it is represented by a greenfield operation, which started its activity in 2007, focusing on the following segments: Mass Market and Business, Companies and Affluent. All these operations develop their activities under the same commercial brand of Millennium bank. The Group is also represented in Mozambique by Millennium bim, a universal bank targeting both companies and individual Customers, in Angola by Millennium Angola, a bank focused on individual Customers and public and private sector companies and institutions, and in the USA by Millennium bcpbank, a local bank that serves the local population, namely, the Portuguese and Greek communities.

Million of euros, except percentages

	2007	2006	Change 07/06
Profit and loss account (1)			
Net interest income	398.8	314.1	26.9%
Other net income	344.9	256.5	34.5%
	743.7	570.6	30.3%
Operating costs	526.7	420.4	25.3%
Impairment and provisions	41.2	25.6	60.8%
Contribution before income taxes	175.8	124.6	41.1%
Income taxes	34.5	24.0	43.8%
Net contribution	141.3	100.6	40.5%
Summary of indicators (1)			
Allocated capital	737	632	16.7%
Return on allocated capital	19.2%	15.9%	-
Risk weighted assets	10,655	7,652	39.2%
Cost to income ratio	70.8%	73.7%	-
Loans to customers	11,447	7,862	45.6%
Total customers' funds	12,699	9,406	35.0%
Employees (number)	10,301	8,449	

(1) Excludes Banque BCP France, Banque BCP Luxembourg (the shareholdings were reduced in July 2006 to 20%) and bcpbank Canada (sold in December 2006).

Net contribution of the Foreign Business segment rose 40.5%, from 100.6 million euros in 2006 to 141.3 million euros in 2007, demonstrated by the improvement in return on allocated capital to 19.2%, from 15.9% in 2006.

The increase in net contribution was boosted by the favourable performance of most international operations, benefiting from increased revenues from both net interest income and other net income, which more than offset the higher impairment and provisions charges requirements, following the rise in business volumes, and the growth of operating costs related with the network expansion, in particular Poland and Greece, and most recently with the greenfield operation in Romania. This performance led to an improvement of the cost to income ratio to 70.8% in 2007 (73.7% in 2006).

Loans to customers were up by 45.6% between 31 December 2006 and 31 December 2007, supported by the continuous launch of products and services tailored to Customer needs and to the market trends in the various countries, as part of the strategy to increase business volumes in this business segment. The increase in loans to customers was mostly driven by the performances achieved in Poland in loans to individuals and in Greece in loans to companies, and also, but at a lower pace, by the favourable evolution in loans to companies in the remaining international operations.

Total customers' funds grew 35.0%, despite the unfavourable performance of financial markets in the second half of 2007. This was supported by the increase in both on-balance and off-balance sheet customers' funds, particularly as a result of the rise in deposits and assets under management in Poland and in deposits in Greece. Favourable performances in total customers' funds were also registered in Mozambique, Angola and Romania.

Poland

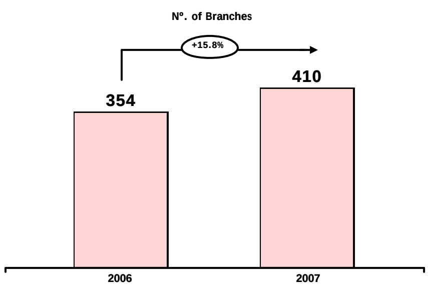
Bank Millennium is a universal bank of national scope. Together with its subsidiaries, it provides a vast range of financial products and services to individuals and companies. Leveraged by a renewed network of more than 400 Retail branches – including the larger multi-segment outlets – and 30 Corporate Centres, Bank Millennium is one of the operators that have undergone greatest growth within the Polish banking market, supported by an efficient operation designed to industrialise sales and by the growing awareness of the Millennium brand. At the same time, the Bank has acquired market power in selected products, in particular mortgage loans, leasing and credit cards, combining the selling power of its own distribution networks with specialised external sales forces.

The year under review was a particularly good one in the life of Bank Millennium. The Bank was successful in increasing its dimension, its competitive capacity in several segments, its visibility and its market recognition. It also improved significantly all its profitability indicators, meeting its medium-term financial goals established for December 2008 more than a year ahead of schedule.

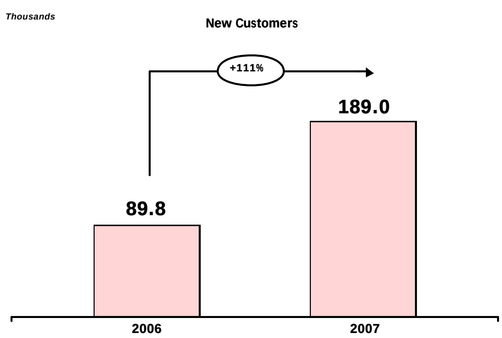
Throughout the year now ended, Bank Millennium continued to implement a strategy directed at achieving a balance between fast growth of the business and a sustained increase of profitability, based in three fundamental pillars: gaining scale and profitability in the Retail business, through organic growth; consolidating the specialist consumer finance platform based on a category-killer approach in selected credit products; and expanding the Corporate business segment, with special emphasis on the small and medium enterprise segment.

As in previous years, fierce competition continued in the Polish banking industry during the year. Despite the negative effect of the international financial markets, which conditioned the business during the second half of 2007, loans and advances to customers grew remarkably, driven by the continuing growth of mortgage loans. Spreads continued to narrow as a result of the sharp competition in this segment. Consumer credit also increased significantly during 2007, in line with the fast decline of the unemployment rate and with the increase of wages. Taking into account the attractiveness of the margins and the growing popularity of this type of products, most banks established several marketing initiatives in this area, designed to increase business volumes and to attract new Customers. The year was also positive for loans to companies, in line with the sharp growth of investments. Customers' funds increased at a high rate as a result of the sharp growth of mutual funds during the first half and of the good performance of companies' deposits. Pricing competition in deposits continued to the extent that more banks endeavoured to increase their presence in the Retail segment and, at the same time, to support the growth of credit.

During 2007 the main strategic priorities assigned to Retail Banking were centred on four areas: successful implementation of the branch expansion programme; acceleration of acquisition of new Customers; sharp growth of customers' funds; and exploitation of the new value proposition for the Affluent segment.



Within the scope of the branch expansion project, 128 new Retail branches were opened during the year, including 45 that were transformed, increasing the total number of Retail branches to 410. The results of the new branches clearly exceeded initial expectations as a result both of the rate of attracting new Customers and of the average revenue per Customer. On the basis of present trends, the expected length of time to break-even of the new branches shouldl be closer to 24 months rather than the 36 months as initially planned. Since the start of the project, Bank Millennium has been setting up an efficient branch expansion operation, which has already allowed significant savings both in terms of operating costs, as a result of the efficient process of finding appropriate locations, selecting and monitoring suppliers, recruiting and training staff and promoting the launch of the new branches. Taking into account what has been said above, as well as the good prospects for the Polish economy, the Bank announced in June the launch of the second stage of the branch expansion project, which involves the opening of another 100 branches by 2009.

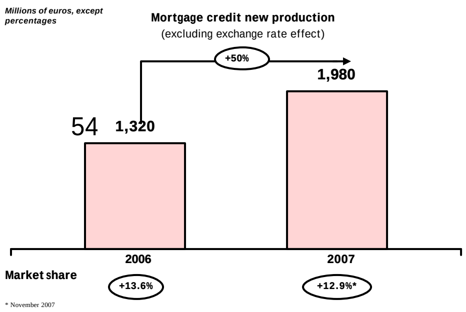


The year was also marked by a sharp increase of the total number of Customers – net growth of more than 189,000 to almost 1 million Customers – leveraged by the increased capillarity of the distribution network and by the intensive, efficient marketing activity undertaken during 2007. In this connection, mention is made of the impact of the campaigns to promote liability products – the *Superduet* and the *Lokata Progressywna* –, which attracted a large number of Customers and made a significant contribution to increasing awareness of the Millennium brand. The success of these two products was also the main engine of the extraordinary growth of customers' funds in 2007 (up 38.8% compared to 2006).

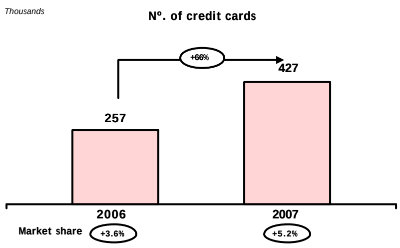
The year under review was also the year of affirmation of the Bank Millennium value proposition for the Affluent segment. The new financial centres recently opened, the enlargement of the offer via the open-architecture platform, the intensive training programmes directed at improving the skills of the relationship managers and the updating of the counselling tool – which provides a financial diagnosis of the Customers to determine the most suitable allocation of assets – leveraged by selective, though efficient, exposure through the target newspapers and magazines, were the main drivers of the increase of operating income and of the growth of the Customer base.

An essential element of the culture of Bank Millennium, cross selling continued to be a priority of the overall strategy for Retail banking, given its strong correlation with the degree of Customer loyalty and with operating income. It is worth underscoring the success of the measures directed at the promotion of pre-approved credit limits for Retail Customers, based on behavioural scorecards. At the same time, the Bank continued to develop specific programmes designed to increase cross selling through alternative channels.

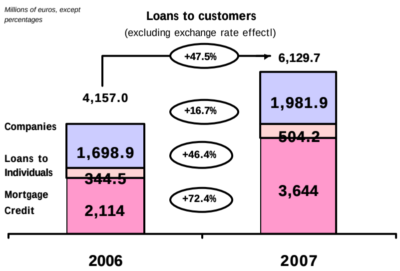
During 2007, Bank Millennium perfected its multi-channel approach, which supplements personal contacts at the Bank's branches through the use of the Internet and of telephone banking. Their convenience and availability are much appreciated by the Customers. With a view to taking full advantage of the sales potential at the branches, the front-office solution was updated to allow the commercial staff to make use of each contact by the Customer to put forward an adequate, timely offer. At the same time, the Bank introduced several improvements to the range of products and services available through the direct channels, designed to attract new Customers and to increase turnover. With regard to the Internet portal – in 2007 Bank Millennium was again distinguished by *Global Finance* as the Best Internet Site in Poland – new functionalities were introduced, such as top-ups for mobile phones and, in particular, the introduction of the first current account totally online.



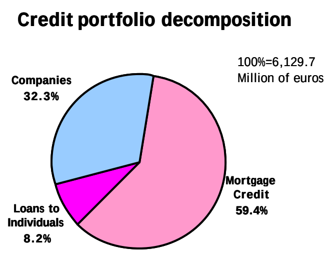
Having selected consolidation of the consumer finance platform as one of its strategic pillars, Bank Millennium continued to strengthen its presence in this area. Maintaining mortgage loans as a distinctive factor of its strategy, the Bank sought to continue to be a top competitor in this market, though preserving its intermediation margin and the high quality of the portfolio. In this connection, it is worth mentioning the alteration of new production to a structure better balanced between zlotys and foreign currency denominated loans. The second half of the year was affected by the slowdown of the property market and by the Bank's decision to maintain its spreads, whereas the main competitors adjusted their pricing. Nonetheless, new production increased 50% and the Bank retained its position among the top three in the sector, with a market share of 12.7% in accumulated new production and of 11.2% in the loan portfolio. In 2007, the mortgage loan business was one of the major sources of the Bank's operating income and an important tool in attracting new Customers.



The Bank continued to focus on a significant increase of its credit card portfolio through implementation of specific cross-selling programmes directed at new Customers and through the enlargement of the external sales force, now involving over 600 agents. The success in the sale of additional cards to the present Customer base made a significant contribution to the sharp increase of the number of credit cards, up from 257,000 in 2006 to 427,000 in 2007, allowing the Bank to increase its market share from 3.8% in 2006 to 5.2% in September 2007. Attention is also drawn to the increase of the average volume of transactions as a result of the various measures designed to stimulate credit-card use. As a result of the reduction of the rate of attrition in credit cards, the Bank set up a dedicated retention team, with very positive results. In product development, the focus is on the launch of a co-branded card with Generali, one of Europe's largest insurers. The debit card portfolio also grew sharply, in line with the increase of the number of Customers.



Bearing in mind the potential market for personal loans and the attractive margins on this product, Bank Millennium decided to take the necessary steps to become a major competitor in this area. In an initial stage, this intention was materialised through multi-channel sales campaigns directed at the Retail Customer base, supported by pre-approved credit limits. The Bank also organised several sales campaigns comprising proposals of top-up and back-to-original operations for existing Customers. With a view to exploring the possibility of developing the external sales channels for personal loans, the Bank introduced various improvements to the subscription process to reduce decision times and to increase discrimination capacity in the credit-decision models. In this connection, a pilot stage was established, consisting of agreements with a group of selected brokers, the initial results of which are promising.



During 2007, the Corporate business segment displayed a trend of sustained growth of volumes, both of deposits and of loans and advances. This improvement was particularly clear to see in the small and medium enterprise segment. The project designed to implement a best-in-class credit platform was concluded and implemented by the network and the results are already visible. In parallel with the efforts to enlarge the Customer base, the Corporate sales teams focused on the provision of high-quality services, including regular personalised attendance, acting in a proactive manner with a view to meeting the Customers' needs and to maximising their satisfaction. The sale of value-added services, especially risk-hedging products, cash-management solutions and trade finance instruments continues to be a priority for this segment. At the same time, several measures were implemented to encourage regular use of the automatic channels. Mention should be made of the fact that in 2007, Bank Millennium was once again distinguished by *Forbes* as the "Best Bank" in Poland for SMEs.

The year was an excellent one as far as leasing and factoring production are concerned. Against a particularly competitive background, new leasing production increased by over 64% compared to 2006, allowing Bank Millennium to increase its market share to 6.7% and, at the same time, to consolidate its position as one of the main competitors in the market. The good performance of the Polish economy and the increased co-operation between Millennium Leasing and the Bank Millennium distribution networks played an important role in this performance, clear to see in the equipment leasing segment. As far as factoring is concerned, the number of Customers rose to 325, 41% more than in December 2006, while invoicing was up 57%.

The sharp growth of volumes (47.5% in loans and advances and 38.8% in customers' funds, in local currency), adequate pricing management, strict control of costs and the improved quality of the loan portfolio led to an extraordinary improvement of the main profitability indicators in 2007.

Bank Millennium — Million of euros, except percentages

	2007	2006	Change 07/06	2006 (excluding fx effect)	Change 07/06 (excluding fx effect)
Total assets	8,495.9	6,445.3	31.8%	6,871.3	23.6%
Loans to customers	6,129.7	3,899.2	57.2%	4,156.9	47.5%
Customers' funds	7,768.7	5,249.5	48.0%	5,596.5	38.8%
Shareholders' equity	701.2	578.3	21.3%	616.5	13.8%
Net interest income	203.7	164.6	23.8%	169.3	20.3%
Other net operating income	247.5	160.6	54.1%	165.2	49.8%
Operating costs	279.3	220.1	26.9%	226.5	23.3%
Impairment and provisions	17.6	9.9	77.1%	10.2	72.1%
Total net income	121.8	77.2	57.9%	79.4	53.5%
Number of customers (thousands)	966.6	777.6	24.3%		
Employees (number)	6,067	5,089	19.2%		
Branches	410	354	15.8%		
Market capitalisation	2,748	1,762	56.0%	1,879	46.3%
% of share capital held	65.5%	65.5%			

Source: Millennium Bank (Poland)

FX rates:

	2007	2006	
Balance Sheet 1 euro =	3.5935	3.8310	zlotys.
Profit and Loss Account 1 euro =	3.7888	3.8982	zlotys.

Note: Local GAAP.

Consolidated net income increased 53.5% to 461.6 million zlotys (121.8 million euros) and the RoE stood at 19.9%, compared to 13.6% in 2006. As far as operating income is concerned, the 49% growth of net commissions is noteworthy, driven by the sharp increase of commissions on mutual funds and on *bancassurance*. Taking into account the heavy pressure on margins, it should be pointed out that Bank Millennium was successful in increasing, albeit slightly, the net interest margin to 3.1%, higher than the 2006 figure of 3.0%. Despite the impact of the branch expansion project, the cost-to-income ratio declined from 67.7% to 61.9%. The adoption of a prudent provisions policy and the greater efficiency of the recovery area led to a significant reduction of the credit impairment ratio from 5.7% to 3.4%, with a positive impact on provisioning. As a result of the increase of own funds, Bank Millennium concluded a subordinated debt issue in the sum of 150 million euros, which contributed to a major improvement of the solvency ratios. Also worth mentioning is the fact that, in 2007, the Bank concluded its first securitisation operation, involving a leasing portfolio in the sum of 850 million zlotys.

For 2008, the Bank will remain faithful to its strategic action guidelines with a view to meeting its goals. The major challenges during the coming year will consist of the execution of the expansion plan, improvement of business efficiency and back-office processes, sharp growth of deposits and mutual funds, achieving a relevant position in the cash-loans market and significant growth in the Corporate business. Taking into consideration the current situation of the international financial markets and the new restrictions imposed by the Polish banking supervision, liquidity management will also require particular attention throughout the year.

Greece

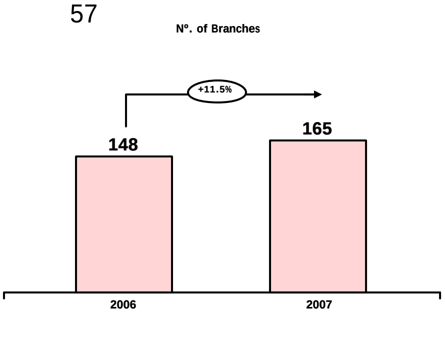
Millennium bank in Greece is a greenfield banking operation established in the Greek market in September 2000, with a focus on retail banking and on penetration of private banking, corporate and companies business. Millennium bank's success is based on its market segmentation strategy, four business areas having been identified: Retail Banking, Private Banking, Business Banking, and Corporate and Investment Banking. This approach was combined with innovative products, a high-quality service, state-of-the-art technology and highly qualified human resources. Since its creation, the Bank has implemented an ambitious development plan focused on fast organic growth and, at the same time, on growth of operating income and creation of value.

At the end of 2007, Millennium bank had total assets in the sum of 5,333 million euros, loans and advances to customers amounting to 4,010 million euros and total customers' funds in the sum of 3,201 million euros. Net income increased significantly to 22.1 million euros, up from 15.1 million in 2006, associated with the growth of net interest income and of net commissions, despite the increase of operating costs caused by branch network expansion plan.

Millennium bank in Greece — Million of euros, except percentages

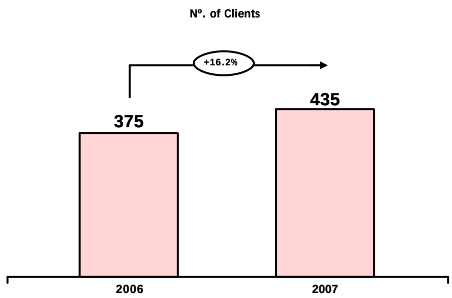
	2007	2006	Change 07/06
Total assets	5,333.1	3,823.9	39.5%
Loans to customers (gross)	4,010.0	2,918.5	37.4%
Loans to customers (net)	3,966.4	2,885.4	37.5%
Customers' funds (*)	3,201.5	2,514.6	27.3%
Shareholders' equity	300.9	182.8	64.6%
Net interest income	116.5	98.4	18.3%
Net commissions	28.2	20.2	39.6%
Other net operating income	12.5	9.8	26.6%
Operating costs	112.5	95.4	17.9%
Impairment and provisions	15.0	10.6	40.8%
Total net income	22.1	15.1	46.5%
Number of customers (thousands)	435.5	374.7	16.2%
Employees (number)	1,411	1,209	16.7%
Branches	165	148	11.5%
% of share capital held	100%	100%	

(*) Customers' funds: 2006 and 2005 figures have been adjusted according to 2007 criteria.

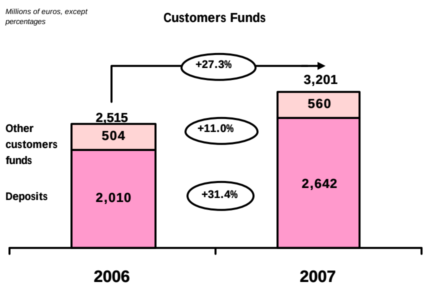


Millennium bank's priorities for 2007 consisted of implementation of the Archimedes Programme designed to strengthen its growth capacity on a continuous and profitable basis, with the aim of becoming a Bank of average size by 2010. The establishment of a platform dedicated to the Affluent segment, the design of a specific offer for micro-businesses, the introduction of a new model of co-ordination between the Retail and the Business networks, and the enlargement of the branch network were the major initiatives within the scope of this programme. Customers acquisition, increasing its market share in customers' funds in the Greek market, besides development of Corporate and Investment Banking (Millennium bank's most recent business area), and the increase of Millennium bank's involvement in mortgage loans and consumer credit, were also assumed as key vectors in 2007.

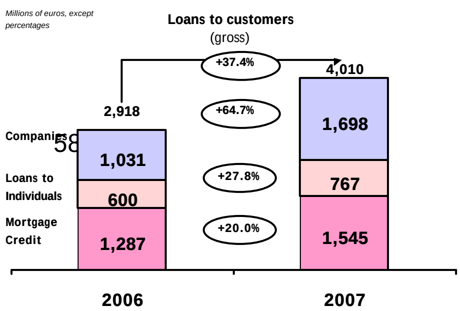
To serve the Affluent segment (with assets under management of between 40 thousand and 400 thousand euros) and micro-businesses (with a turnover of up to 1 million euros) the Retail network was transformed: Retail branches now serve micro-businesses as well, highly-visible Prestige branches were opened to serve Affluent Customers, in addition to mass-market Customers and micro-businesses, and Financial Centres were launched. These are bigger than the Bank's traditional branches and combine a Business branch (devoted to SMEs) with a Prestige branch, covering every segment served by the network. The Bank also continues to extend the coverage provided by its network, having opened 17 new branches in order to increase its presence in the country in anticipation of an increase of volumes. Millennium bank had a total of 165 branches as at December 31, 2007.



The introduction of a Retail platform dedicated to the Affluent segment is supported by Relationship Managers, while micro-business Customers can access a specific offer suited to their needs. Several of the Retail networks now have Business Credit Specialists entirely dedicated to attracting micro-business Customers. Also under the Archimedes Programme, the model of co-ordination of the Retail networks with Business banking has been improved with a view to increasing Business Customer referrals by the Retail networks. The Business Banking branches have also been enriched with Relationship Managers who deal with the Business Customers.



The focus on augmenting the Customer base and on ensuring a growing share of the customers' funds continued. The launch of a welcome offer for the new branches, comprising preferential interest rates on deposits and the suspension of certain commissions during a limited period, warrants a special word. The measures to attract Customers and their savings also included the launch of a programme combining investments and a raffle of cars among new Customers. Attracting Customers was also helped by offers directed at the emigrant segment: the passport account and the Western Union service for the transfer of funds. The number of Customers rose by over 60 thousand to 435 thousand as at December 31, 2007, contributing to the 27.3% growth of customers' funds to 3,201 million euros at the end of 2007.



Loans and advances to individuals, mortgage loans and consumer credit continued to increase sharply, underpinned by various high-visibility advertising campaigns and by the launch of innovative products. The mortgage loan advertising campaign, which involved the famous Greek singer Alkistis Protopsalti, led to record brand awareness, despite the fact that Millennium bank is a recent brand on the Greek market. During the last quarter of 2007, Millennium bank announced the launch of a home purchase loan with an interest rate of 3.65% during the first two years of the loan. The year was yet another one in which mortgage loan records were broken: new production totalled 654 million euros and outstanding loans reached the sum of 1,545 million euros (466 million euros and 1,297 million euros, respectively, in 2006), corresponding to an estimated market share of 3.0% in new production.

The innovative offers related with consumer credit include a credit-consolidation campaign for Customers transferring their loans from other banks, the launch of the Greek market's first credit card with fixed instalments determined by the Customer, a new floating-rate revolving loan depending on the outstanding amount and on the monthly instalment as selected by the Customer, and a cash-back programme. Consumer credit rose 27.8% to 767 million euros at the end of 2007.

The Bank's most recent business area, Corporate and Investment Banking, continued to see sharp growth, as a result of the prominent involvement of Millennium bank in a significant number of new businesses in 2007, including the following, in which the Bank acted as Mandated Lead Arranger: syndicated loan of 150 million euros for Fortnet (fixed telecommunications and broadband Internet); a convertible issue in the sum of 20 million euros for NIREAS SA (the leader of the aquiculture industry); syndication of the Thessalonica Underwater Tunnel (475 million euros through project finance); and the concession agreement for a motorway in Greece, a project valued at 2.8 billion euros. Millennium bank also took part in the long-term financing of wind-farm projects through project financing for the Babcock & Brown Group, amounting to 40 million euros, and in the Aegean Airlines IPO as underwriter. The Corporate and Investment Banking loan portfolio totalled 930 million euros art the end of 2007.

Millennium bank's emphasis on service quality continued to provide rewards: the Customer satisfaction polls show high levels of satisfaction and the Bank's contact centre ranked first in the "Teleperformance CRM Grand Prix 2007", organised by Teleperformance International with a view to determining the best contact centre in each country. Millennium bank was also distinguished with the services of excellence award in the "Multimedia Contract Centre" and "Contact Centres with over 50 Employees" categories.

Millennium bank's objectives for the coming years consist of increasing turnover at a faster rate than the market, with a focus on increasing its presence in the main areas by 2010. The Bank also intends to increase its Customer base and its profitability, and to generate additional operating income growth as a result of cross selling. At the same time, the Bank intends to maintain its extraordinarily simplified operating structure and to achiever greater operating efficiency through strict monitoring of operating costs.

Turkey

The business of the Millennium bank in 2007 was marked by sharp growth of loans and advances to customers, mortgage loans in particular. Operating income more than doubled, and costs remained flat, leading to an improvement of net income, and break-even was almost reached in 2007.

Millennium bank in Turkey — Million of euros, except percentages

	2007	2006	Change 07/06	2006 excluding fx effect	Change 07/06 excluding fx effect
Total assets	670.7	549.1	22.1%	596.1	12.5%
Loans to customers	425.9	342.6	24.3%	371.9	14.5%
Customers' funds	705.5	719.0	-1.9%	780.6	-9.6%
Shareholders' equity	63.4	59.1	7.2%	64.2	-1.3%
Net interest income	15.4	21.4	-27.9%	21.6	-28.7%
Other net operating income	9.1	-10.2	188.6%	-10.4	187.6%
Operating costs	24.9	24.7	1.1%	24.9	0.0%
Impairment and provisions	0.6	1.7	-64.1%	1.8	-64.5%
Total net income	-0.8	-15.1	94.8%	-15.2	94.9%
Number of customers (thousands)	19.1	14.8	29.3%		
Employees (number)	300	315	-4.8%		
Branches	16	16	0.0%		
% of share capital held	100%	100%			

FX rates:

Balance Sheet 1 euro =	1.717	1.864	turkish liras.
Profit and Loss Account 1 euro =	1.785	1.805	turkish liras.

Millennium bank has developed a differentiated strategy in Turkey based on the excellence and convenience of its service, on financial consultancy in keeping with each Customer profile, on dedicated Relationship Managers and on an innovative offer of products and services. The focus on attracting Customers allowed Millennium bank to increase the number of its Customers by more than four thousand to 19,138 in 2007, a 29.3% increase over 2006.

With a view to increasing the Affluent business, the step-up deposit, the term deposit with value and Funds & Deposits packages were launched, as were new campaigns designed to increase assets under management. The total invested in mutual funds increased 41% over the 2006 figure to stand at 57 million euros. During the fourth quarter, management of the Millennium bank mutual funds was transferred to a new management company providing a better commission agreement, leading to an improvement of the funds' performance.

In the mortgage loan segment, the Millennium bank strategy focused on foreign-currency loans, with new housing loan production in 2007 totalling 100 million euros. Despite the increased competition, which led to a reduction of the margins on mortgage loans in Turkish liras, Millennium bank launched new, alternative solutions for the Affluent Customers, an example of which is the house-swap loan known as "Buy First, Sell Later".

The launch of special packages for the leading car brands was a great success, allowing Millennium bank to increase the volume of its auto loans by 15%. During the last quarter of the year Millennium bank reviewed its consumer credit strategy, having launched a new personal loan campaign with a view to attracting new Customers. The proposal consists of penetrating Turkey's most profitable segment and increasing low-risk business in local currency. As a result of this campaign, personal loans were up 48%.

Operating costs in local currency remained broadly unchanged in local currency, despite the fact that the inflation rate in Turkey stands around 8% and despite the very considerable growth of Millennium bank's business. This reflects the constant concern to optimise resources and to keep costs under control.

Several significant measures were implemented during 2007 with a view to strengthening the operating platform and to improving processes and internal control. These measures, designed to reinforce the operating environment at Millennium bank and its competitiveness, will continue in 2008 through projects such as the modernisation of the IT systems and the quality certification processes. The Millennium bank goals for 2008 are centred on the extension of the business to the Small Business segment and to increase profitability, as 75% of Turkey's Affluent Customers have their own business, putting Millennium bank in a unique position to explore the complementary nature of personal finances and business banking.

Romania

Millennium bank started its business activity in October 2007, roughly a year after the decision to launch a greenfield operation in Romania. The path followed raised several challenges, though the end result is quite rewarding – the Bank is now fully operational and is already leaving its mark in the marketplace.

Romania is one of Europe's most attractive markets. The number of bank Customers means there is high growth potential: the bankarised population is just 8 million, for a resident population of 18 million. The average annual growth of the bankarised population stood at 32% from 2004 to 2007. The main macroeconomic indicators provide good prospects, strengthening confidence in the development of the Romanian banking market.

In this context of fast growth, in a country in which the majority of the major European competitors also operate, Millennium bank has adopted a position as a universal bank, despite the fact that its value proposition is very specific and delimited. The Bank's structure comprises three main business areas: Commercial Banking, Affluent and Business Banking, and Consumer Finance, while it also has a small Private Banking operation. Millennium bank stands out from the competition through its clearly-focused business units, exploiting business segments through a complete, innovative and competitive range of financial products and services presented by a highly competent, motivated sales team.

The Commercial Banking business area serves three distinct Customer segments: large, medium and small enterprises. The commercial model is structured around Relationship Manager teams, characterised by commercial teams that are extremely dynamic and geographically mobile, and also serve the Bank's Customers in other countries (namely Portugal, Poland and Greece). The commercial teams' strategy directed at attracting Customers is based on systematic identification of "good risks" and a subsequent proactive approach to these potential Customers.

The Affluent and Business banking business area is a business platform designed to serve the more sophisticated individual Customer, as well as micro-companies and entrepreneurs. Here, too, the business platform is innovative in that these Customers can take advantage of a modular offer, supported by a Relationship Manager, in a model traditionally available only to the upper segments (Corporate and Private).

The Consumer Finance business area is another of the main pillars of the business in Romania. It is characterised by tailor-made solutions for the Customers, whose main financial needs are related with financing – be it auto loans or credit cards. During 2008, the Bank will launch a mature mortgage loan programme as part of its consumer finance offer. The commercial strategy is firmly based on highly trained sales teams, on Credit Centres and on Worksite marketing. During 2008, and with a view to providing complete coverage and penetration of the market, the Bank will also launch its Points of Sale (POS).

The desired commercial proactivity and the excellent levels of service provided to the Customers are possible thanks only to a clear operational infrastructure comprising 40 branches complemented by 3 remote channels: Internet banking, Call Centre and Self-Banking. The Bank has two different models of branches:

- Financial Centres (11 branches), essentially focused on the Affluent and Business Banking segments, where the Commercial banking teams also have their offices. These branches have an average of 10 commercial teams and an area of between 200 and 275 m^2;
- Credit Centres (29 branches), essentially focused on Consumer Finance products for the Mass Market segment. These branches have a staff of 4 and areas of between 70 and 80 m^2.

The Bank's branch network is set to be enlarged in 2008, involving the opening of approximately 40 additional Private Banking branches and new Financial and Credit Centres.

Millennium bank in Romania* — Million of euros, except percentages

	2007
Total assets	87.4
Loans to customers	37.2
Customers' funds	38.4
Shareholders' equity	13.0
Operating income	2.2
Total net income	-26.4
Number of customers (thousands)	4.0
Employees (number)	509
Branches	40
% of share capital held	100%

* Bank started its operations in October 11, 2007. Values include Banca Millennium (Romania), Banpor Consulting (Romania) and costs center registered in Portugal.

In business for less than 3 months, Millennium bank was successful in attracting a total of 38 million euros in customers' funds and extended credit totalling 37 million. A loss for the year was returned in the sum of 26.4 million euros, reflecting the start-up stage of the project.

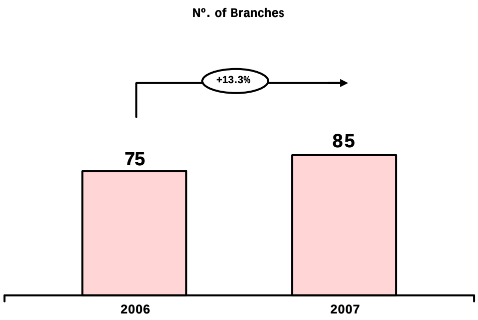
The first months in business were encouraging, taking into account both the results achieved and the reactions both of the market and of the Customers – the Customers expressed considerable satisfaction as to the Bank's approach to the market, its products and especially the distinctive types of service. The Bank is proud to have already obtained market recognition during its short months in operation – the Millennium bank ATMs and Cash Machines were considered the "Banking Product of the Year" at the "Piata Financiara Awards Festival" and the best Self-Banking solution on the Romanian Market.

On December 1, 2007, Romania' National Day, the Christmas Tree was inaugurated in Unirii Square, un Bucharest, in the presence of about 100 thousand people. This

Christmas monument was an offer of Millennium bank to the town and to the Romanian people.

The goals for 2008 naturally consist of attracting large numbers of Customers and expressive growth of volumes, both of credit and of funds taken. The enlargement of the distribution platform, comprising an increase of the number of branches and the launch of new channels (POS and sales force), in conjunction with continuation of an attitude of product innovation makes the Bank quite optimistic regarding its future.

Mozambique



Millennium bim is Mozambique's largest bank. It has a total of 85 branches and offers a complete range of financial products and services. In 2007, the Bank reaffirmed its main goal of maintaining a relevant, benchmark position in the market, based on technological innovation and on the development of new products, and also its objective of profitability and of improved operating efficiency through increased cross selling, taking advantage of the potential of the Customer base and ensuring greater Customer loyalty.

The year under review was marked by the start to the retail branch network expansion plan, by the strengthening of the business model within the commercial plan, and by redefinition of the strategic goals for 2007-10.

Since retail banking is the dominant business area of Millennium bim's business, the opening of new branches is of significant importance, above all for the increase of the capacity to offer products and services within the Mozambican market, allowing Millennium bim to continue to mark the difference and to consolidate its leadership of the market, entering into a commitment to serve its Customers and the communities in which it is integrated.

Great attention was paid to the migration of transactions to the alternative electronic banking channels, in a commitment to improve the service provided to Customers. From this standpoint, the redimensioning of the branch network was essential in allowing the commercial network to provide a wider, more disseminated offer and in ensuring direct contact with the Customers, in keeping with criteria of convenience and proximity.

In this connection, and strengthening the commitment to social responsibility, emphasis is given to the new branch concept, especially conceived for penetration in rural and peri-urban areas greatly lacking in infrastructures. The Bank fulfilled its promise and commitment to elect hard-to-penetrate zones lacking in financial services and rural areas in its commercial expansion plans, where economically justified, thus responding to the appeal addressed by the Mozambican government with a view to promoting bankarisation of the rural population.

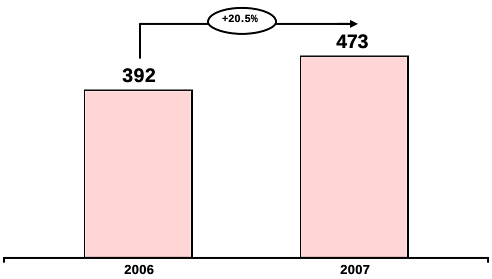
Ten new branches were inaugurated, of which three in rural areas and 6 peri-urban areas. The Bank also opened five new specialised-attendance spaces for Affluent Individuals and Business, Customers that, for their specific interests, needs and size of financial assets, warrant personalised attendance.

Corporate Banking and Investment Banking activities are carried on by the Corporate Network and by the Investment Banking Department. Millennium bim continued to be strongly committed to leadership of several projects having an impact on sundry sectors of the national economy, including the agricultural sector, traditionally less favoured by commercial banking.

The introduction of new convenience services in this segment and the option to enlarge and strengthen the presence of Corporate in the north of the country, accompanying poles of greater economic development, marked the year in this important business segment. Also underscored is the launch of innovative products on the Mozambican markets, such as factoring.

Once again, Millennium bim led the banking syndicates having an impact on the national economy, as in the case of the oil companies for the import of fuels, while it also took part in an international syndication operation, the first in the history of the Mozambican financial sector.

Nº. of Clients



Since its incorporation Millennium bim has enhanced its social role as a fundamental component of its mission, both through promotion of the professional qualification and personal development of its Employees and also through the exercise of its social responsibility to the community of which it is a part. In the field of measures of a social nature, Millennium bim upheld its decision to focus on education, culture and sports, as well as its association with solidarity movements.

During 2007 Millennium bim returned significant growth of the volumes of loans and advances and of customer deposits, generating net income based on the sharp growth of net interest income, which also benefited from the improvement of the net interest margin, and on the good performance of commissions, especially on cards and transfers, more than offsetting a more conservative level of provisions. Emphasis is also given to the conclusion of the process of transition to the IFRS, thus complying with the international financial reporting standards.

Millennium bim Million of euros, except percentages

	2007	2006	Change 07/06	2006 excluding fx effect	Change 07/06 excluding fx effect
Total assets	860.8	734.5	17.2%	727.1	18.4%
Loans to customers	359.0	305.2	17.6%	302.1	18.8%
Customers' funds	652.6	586.4	11.3%	580.4	12.4%
Shareholders' equity	101.6	69.0	47.3%	68.3	48.8%
Net interest income	67.1	54.0	24.2%	50.3	33.5%
Other net operating income	33.3	33.1	0.4%	30.8	7.9%
Operating costs	48.9	47.0	4.2%	43.7	11.9%
Impairment and provisions	5.8	-0.1	10,104.9%	-0.1	10,851.0%
Total net income	41.4	38.7	6.8%	36.0	14.8%
Number of customers (thousands)	472.8	392.3	20.5%		
Employees (number)	1,595	1,511	5.6%		
Branches	85	75	13.3%		
% of share capital held	66.69%	66.69%			

FX rates:			
Balance Sheet 1 euro =	34.830	34.475	meticais.
Profit and Loss Account 1 euro =	35.405	32.948	meticais.

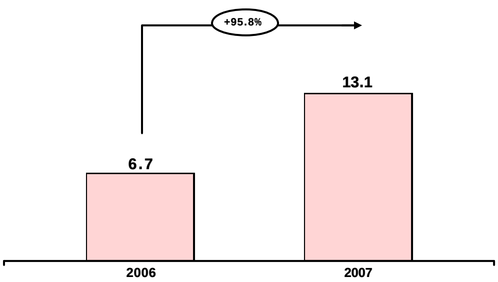
Angola

Banco Millennium Angola, SA, was incorporated on April 3, 2006, through the transformation of the Millennium bcp branch into a bank under Angolan law. It mission is to contribute to the modernisation and development of Angola's financial system through marketing innovative, personalised financial products and services designed to meet all the financial needs and expectations of the different market segments, with high quality and specialisation standards.

Its main competitive advantages consist of forming part of a solid, multi-domestic banking group, of operating under the Millennium brand that enjoys very considerable recognition and spontaneous awareness, of its good relations with those Millennium bcp Customers that operate in Angola, of the fact that it is a credible financial institution that conforms with the regulatory framework and that it is directed towards satisfaction of its Customers' needs and at the provision of very high quality service.

The Angolan economy grew sharply during 2007, based on currency stability and control of inflation, allowing the Angolan financial sector to be very dynamic, helped by a number of profound alterations to the legislative and regulatory framework, and involving greater competition between existing banks, new operators coming into the market and a substantial increase of the numbers of branches.

Nº. of Clients



During 2007, Banco Millennium Angola continued with its branch network expansion programme and was particularly active in recruiting and training qualified staff. The Bank implemented a new commercial approach, with a focus on the Corporate and SME areas. At the same time, given the still small number of branches, the Bank channelled its efforts to ensure that growth of the individuals segment is generated through direct negotiation with companies and institutions so as to increase cross selling and domiciliation of the workers' wages. The management information system was also developed and the dynamism of the commercial networks came to be measured on a weekly basis, so as to determine and stimulate sales capacity. A wider range of products and services was also developed, involving the provision of differing investment opportunities, loans, foreign transactions, bank guarantees and others, such as POS terminals, Western Union transfers, real-time domestic transfers, cash collection, salary domiciliation, Internet banking and the issue of debit cards to all Customers to ensure that every Customer has at least one card, the number of cards having risen 607% in 2007.

Net income increased 87% in 2007 to 5 million euros as a result of the significant increase of net interest income and of net commissions. The performance of the cost-to-income ratio, standing at 54%, reflects the higher costs connected with the expansion plan implemented during the year.

Total customers' funds performed very well during 2007, up by 65% compared to December 2006, to total 150 million euros. The Bank's loan portfolio, in turn, increased 113.2% to 115.9 million euros in December 2007. The transformation ratio stood at 79% in December, compared to 61% a year earlier. From December 2006, the Bank grew by 105% by number of Customers and 117% by number of accounts opened. provision coverage of past-due loans (3% of total loans and advances) stood at 79%.

Millennium Angola *

Million of euros, except percentages

	2007	2006	Change 07/06	2006 excluding fx effect	Change 07/06 excluding fx effect
Total assets	227.2	132.1	72.0%	126.4	79.7%
Loans to customers	115.9	54.4	113.2%	52.0	122.7%
Customers' funds	150.2	91.1	65.0%	87.2	72.4%
Shareholders' equity	36.6	33.3	9.9%	31.9	14.8%
Net interest income	10.7	3.0	254.8%	2.9	266.6%
Other net operating income	8.1	5.4	49.9%	5.2	54.9%
Operating costs	10.2	4.1	151.0%	3.9	159.3%
Impairment and provisions	1.5	0.6	167.6%	0.5	176.5%
Total net income	5.0	2.7	87.2%	2.6	93.4%
Number of customers (thousands)	13.7	6.7	105.0%		
Employees (number)	185	71	160.6%		
Branches	9	3	200.0%		
% of share capital held	100%	100%			

* Banco Millennium Angola started activity in April 2006, with the transformation of Millennium bcp Luanda branch into a bank incorporated under the Angolan laws.

FX rates:

Balance Sheet 1 euro =	110.490	105.760	kwanzas.
Profit and Loss Account 1 euro =	105.442	102.049	kwanzas.

The greater number of banks operating in the Angolan market, allied to the decreasing returns on the securities issued by the National Bank of Angola, is set to lead financial institutions to focus increasingly on differentiation from their competitors through the launch of new products and services, such as investment funds and brokerage services, investment banking and private equity. The medium term is set to see mergers and acquisitions between the various institutions, giving rise to bigger banks with greater investment capacity.

The creation and launch of new products and business lines will depend on the creation of the respective legal framework. New financial products and services, foreseen in the new Financial Institutions Framework Law, should be launched on the market, examples of which include leasing and factoring. The Angolan Stock and Derivatives Exchange is also to be set up. On the other hand, the limitation of the banks' tangible fixed assets to 50% of own funds could well condition the growth of the number of branches. The inefficiency and inadequacy of certain public services, such as the weak judicial system, the process of registration of land, companies and mortgages, and notary authentication, as well as the lack of readily identifiable addresses in the maps of the various provinces, the scarcity of information available at the National Bank of Angola's Risk Centre and the incipient accounting organisation of the companies continue to condition the growth of the banking system.

The signature of an agreement in principle for the establishment of a partnership with Sonangol, foreseeing the subscription up to 49.99% of Banco Millennium Angola's share capital through a capital increase, creates a new ambition of growth and expansion in the Angolan market, to become one of the three largest banks operating in Angola.

United States of America

The main strategic goal is to be the first-choice bank of its target market. This is the base for the transformation of Millennium bcpbank from a bank focused on an ethnic markets approach, essentially directed at the Portuguese or Greek-speaking communities, into a more mature, more wide-ranging banking institution, having a broader Customer base and greater long-term growth.

The Bank's main strategic priorities are to increase the focus on profitable segments and to diversify its offer. The new Merchant Services business line launched in 2007 provides Customers with a complete, direct banking relationship, providing lower processing costs, loyalty, speed, debit and credit payments, state-of-the art equipment and local technical support. In the business segment, the Bank has additionally launched a new package, the "All the Right Pieces", providing salary payment service, 48-hour response to credit and loan applications, online banking, merchant services and an "employee advantage" programme. Millennium bcpbank has also launched the Passport Account, predominantly attracting the Brazilian community, simplifying the process of opening an account in the USA, complementing the introduction of free remittances to Brazil and providing an unrivalled number of advantages.

The initiatives that continue to draw the Bank closer to its communities include visits to more than a thousand businesses and the "Teach the Children to Save" and "Get Smart About Credit" financial education programmes.

Millennium bcpbank continues to improve its workflows and operating systems with a view to consistently outperforming its Customers' expectations. In 2007, several in-house processes were redesigned, leading to greater efficiency and improvement of Customer service levels. The operating efficiency initiatives included back-office control and implementation of minimum service levels for internal Customers, dimensioning the Bank for volume and supplementing this with automatic decision models to reduce compliance risks.

The year under review brought about an increase of the regulation of financial institutions, already quite complex. The management practices implemented by Millennium bcpbank were centred on additional concerns as to compliance, risk management, information security, the Customer identification programme, Corporate Governance and, more recently, liquidity and consumer-protection laws.

In terms of financial evolution 2007 proved to be a year of transition, reflecting the efforts to consolidate the ongoing growth of the business and, at the same time, to preserve net interest income, against a challenging background of the interest-rate and liquidity crisis in the marketplace, and of focusing on cost control. As a result, loans and advances increased 21% to 609 million dollars as at December 31, 2007, while customers' funds were in excess of 778 million dollars, growing more moderately than in 2006 (8%). The recurrent break-even point was reached during the second half of 2007 and the net result for the year as a whole improved remarkably when compared to 2006.

Millennium bcpbank

Million of euros, except percentages

	2007	2006	Change 07/06	2006 excluding fx effect	Change 07/06 excluding fx effect
Total assets	595.9	625.7	-4.8%	559.7	6.5%
Loans to customers	413.6	382.1	8.2%	341.8	21.0%
Customers' funds	528.2	548.1	-3.6%	490.3	7.7%
Shareholders' equity	57.5	65.7	-12.5%	58.8	-2.2%
Operating income	26.1	27.7	-5.8%	25.4	2.7%
Total net income	-0.5	-4.5	88.1%	-4.1	-87.0%
Number of customers (thousands)	26.0	25.1	3.4%		
Employees (number)	234	254	-7.9%		
Branches	18	18	0.0%		
% of share capital held	100%	100%			

FX rates:

Balance Sheet 1 euro =	1.472	1.317	united states dollars.
Profit and Loss Account 1 euro =	1.372	1.258	united states dollars.

Looking into 2008, the Bank is consolidating its product lines to offset potential reductions of net interest income with commissions, through the launch of new products. Millennium bcpbank should also launch a product to attract remote deposits and should implement management information systems at product and Customer level.

BANKING SERVICES

The Banking Services Area provides a number of specialised support services to the various business units both in Portugal and abroad, contributing to the excellence of the service, to cost reduction, to an outstanding degree of innovation and to minimisation of operating and credit risks, driving the competitive advantages that underpin the Millennium growth and profitability aspirations.

As in the previous year, implementation of the strategy of the Banking Services area was based on three complementary aspects – cost management, service levels and operational transformation – alignment and control being assured through definition and monitoring of the financial goals and service level targets and through assessment of the degree of execution of the main strategic initiatives.

As far as cost management is concerned, budget execution in 2007 performed well. On the one hand, it allowed reconciliation of the rigour and austerity at operating cost level with greater investment than in previous years and, on the other, it ensured greater transparency and objectivity in billing internal Customers based on transfer prices. This performance is corroborated by the increase of operating costs in line with inflation and by the reduction of the number of Employees of the Banking Services area by about 7% in 2007, notwithstanding the enlargement of the branch network and also of business volumes, as well as the almost twofold increase of investment compared to the previous year.

Management of the internal Customers service level agreements (SLA) involved definition of ambitious, though realistic goals for the key performance indicators (KPIs), seeking to ensure the alignment of activities with the priorities of the business areas.

As far as the Banking Services' strategic initiatives planned for 2007 are concerned, the implementation of the IT Competence Centre in Warsaw was concluded, branches continued to be opened and renovated, the credit workflow management systems project (SWOC) was enhanced in parallel with the adoption of a new Credit regulations, the workstations and the communications network of the services building and of almost all the branches were renewed, multi-domestic projects were developed in several areas and a new mortgage-loan contracting process was implemented, bringing about major gains in terms of costs and service level.

At organisational level, several departments having similar fields of work were merged, contributing to greater integration and organisational efficiency, allowing every unit to be represented on the Coordination Committee. Given the scope of its work, involving re-engineering of transverse processes common to several business areas and support units, the Operative Transformation Division was incorporated into the Quality and Procedures Division, which became included in the Corporate Areas.

ITGD – IT Global Division

During 2007 the IT Global Division began, developed and concluded major projects in almost every area. The projects had a profound effect in terms of service quality, efficiency, innovation and technological security. The improvement of the IT service quality was a priority for this area and a start was made to a formal, structured process of negotiation of SLAs with internal Customers.

The following were created in the organisational field: a Project Office, the aim of which is to increase the management capacity and the co-ordination of the ITGD; a centre for the development of competences devoted solely to branch solutions and sales support (iBranch); and the operational and physical merger of the helpdesk services with a view to improving the attendance service levels and to increasing efficiency.

The IT Project designed to support the start-up of the Romania operation was successfully implemented, particularly in terms of terms of deadlines, concentration of best software solutions and of technological infrastructures totally centralised in Portugal and implementation of innovative solutions in the areas of document management, product packers, Internet, Intranet and treasury. Its core system is supported by the ICBS Competence Centre in Poland, and by Microsoft's most recent tools in terms of collaboration and content management, involving the use, for the first time of a new cashier application (Teller).

In the software field, there was a significantly greater effort directed at IT development. New structural solutions were developed in the area of the big "Change the Bank" projects, major investments were made with a view to ensuring the conformity of the present software with the Basel II advanced model and a number of improvements were introduced to the process of credit decision, granting and management. Within the context of the current "Run the Bank" activities, we would underscore the fact that a large part of the effort was directed at complying with regulatory requirements.

In the multi-domestic area the emphasis is on the creation of an International Data Warehousing Competence Centre in Athens, the full development of the OPICS for the market rooms in Poland and Turkey and the start-up of the Leasing Project in Poland. The provision of a support workflow was determinant to increasing the efficiency of information technology development. Implementation of the "Change Management and Quality Control" processes in Poland and, in a subsequent stage, in Romania, were seen to be the main objectives of transverse control of the IT.

At infrastructure level, the process of centralisation in Portugal of the Polish, Greek and Turkish AS400 environment was concluded and a programme was developed to improve the robustness and availability of critical business support systems. A start was also made to a vast programme of renovation of the communications and desktops infrastructure, which will provide the commercial areas with the most appropriate tools to support the business. The installation of multi-functional document scanning and fax equipment throughout 2007, both at the branches and at central services, brought about significant gains of efficiency within the organisation.

Administrative, Property and Security Department (DAPS)

Dealing with procurement, administrative services, property management and security, the DAPS guidelines are directed at the provision of quality services to its internal Customers, at rigour in management and at a systematic search for improvement of efficiency and service levels.

In the property management area, and in addition to its routine activities during the year, it complied with the commercial network expansion strategy defined in the Millennium 2010 Programme, which involved opening 26 new branches, it provided support to the development of the operations and to the opening of branches in Angola and Romania, it released two services buildings in Oporto and it renegotiated several contracts, bringing about major const reduction.

In terms of physical security, the implementation was concluded of the ATM bank note-staining sys tem was concluded, the video-watch project was further enhanced at the branches and central services from a multi-domestic standpoint, and the first steps were taken with a view to the creation of the remote security room and implementation of a new security model at the branches. Within the scope of the security of the information systems, the international operations' security processes and practices were harmonised with the policies, standards and procedures adopted in Portugal and the first stage of the ISO17799 project was concluded in most countries.

The procurement area focused on the improvement of the workflow process to increase efficiency and control within the organisation, to consolidate the management and negotiation of existing contracts and of new investments, with a focus on the adoption of best practices and on the adoption of procurement flows, both national and on a consolidated basis.

Operations Department

The major priorities of the Operations Department in 2007 were focused on integration of the Securities and Financial Operations areas, on suiting the organisational structure to a process reasoning, on implementing new management practices, on strict budget control, on the reduction of staff numbers and on stabilising service levels and internal Customer satisfaction.

Within the scope of its activity during the year, it is worth mentioning: the start to the review of all outsourcing contracts; Quality Certification of ten processes within the scope of the 3rd and 4th Waves Quality Certification, and involvement in many process re-engineering projects; implementation of the new mortgage-loan operative at every branch; the task simplification project at the Operations Division; and co-ordination of the SEPA Project work teams.

As a corollary of its role in the implementation of the back-office systems in Poland, Romania and Turkey, in the centralisation of interbank financial operations in Portugal and in the consolidation of the Greek operations, the Financial Operations area made its mark as a multi-domestic competence centre.

Credit Department

The coming into force of the new Credit Regulations was the major event within the scope of the credit process in 2007, contributing to a very significant improvement of its efficiency through: enlargement of the Master Scale to fifteen degrees of risk, providing greater knowledge of the default probability of each Customer; operationalisation of the procedural risk degrees, allowing the recognition and immediate treatment of cases of default and of impairment; perfecting the decision-responsibility distribution procedure between the Commercial Networks, the Credit Department and the Credit Recovery Department; institution of the concept of protection level; and establishment of rules for the fair valuation of each type of collateral.

A word is also due to the adoption of the single workflow (SWOC) by the Retail Network, to the launch of the execution projects of a new version of TRIAD, creating the conditions for greater automation of the decision processes of the Retail networks' operations. The creation of a Valuations Database also opened up the way to significant gains in service levels and improved control of the quality of valuations provided.

The improvement of service quality – reconciling satisfaction of the expectations of internal Customers and the demand for growth of turnover with significant gains of efficiency and strict cost control – will be the main priority of Banking Services in 2008. To meet the established goals, a vast number of strategic projects and initiatives will be determinant, namely: conclusion of the modernisation of the workstations and communications network; software rationalisation and stabilisation in Portugal; conclusion of the GITI project with the Disaster Recovery Plan (DRP) component; review of the DRP in critical processes and its alignment with the Business Continuity Plan; development of the new Internet Platform at the HAICA; renovation of the technological platforms of the operations in Angola and Turkey; enlargement and renovation of the branch network within the context of the Millennium 2010 Programme; re-engineering and end-to-end operational rationalisation of the mortgage-loan, account-opening and cards processes; redesign and alteration of the credit processes associated with the Companies and Corporate segments; incorporation into the SWOC of lines and limits, real-estate leasing and mortgage-loan valuations; and conclusion of the Service Level Agreements, their systematic fulfilment and strict monitoring.

CORPORATE AREAS

Corporate Areas include the Corporate Centre, the Risk Office, the Compliance Office, Accounting, Investor Relations, Audit, Communications, Quality and Processes, Professional Training and Development, Employee Administration, Asset Divestment and Legal Departments, as well as the General Secretariat and the Millennium bcp Foundation.

Of the 2007 initiatives, emphasis is given to People Management, the support to the development of the strategy, to the reinforcement of the risk policy and culture and to those directed at improving efficiency.

In People Management, the focus was on the programmes to increase internal employee mobility, especially the Commercial Skill Development Programme that promotes the mobility of employees from the Banking Services and Corporate Areas to the Commercial areas, which is fundamental to meeting the targets announced by the Bank. A new evaluation system was also developed, as were several programmes to promote talent management: the" Come and Grow with us" programme, which is the Millennium bcp value proposition for undergraduates and recent graduates; the 1st edition of "People Grow in Portugal" and "Grow Fast" for youths and young management staff of high potential. Certification of the Prestige Relationship Managers and the very considerable effort directed at specific training of commercial areas and transversely at the risk-management and markets areas also played an outstanding role in 2007.

During the second half of 2007, the Quality and Processes Department (DQP) was set up as a result of merging the Operative Transformation Department and the Quality Department. In essence, the DQP maintained the fields of action of the divisions that gave rise to it, of which emphasis is given to: the process re-engineering operating processes with a view to improving service levels and rationalising costs, particularly in mortgage loans, cash handling, current accounts, cards and the Business Continuity Plan; and monitoring the satisfaction indicators of Customers, Employees and Internal Customers.

During 2007, the Corporate Areas provided support to several of the Group's strategic initiatives, namely the take-over bid for Banco BPI, the definition of the Millennium 2010 Programme, the preparation and monitoring of the expansion plans in various countries, the work involved in the launch of the Bank in Romania, the support to the merger negotiations with Banco BPI and the analysis of the Group's alternatives and strategic options.

During the year under review the Corporate Areas maintained their high quality and service levels in the provision of their own particular services, both at external and at internal level. At external level, there was a continuation of the Communication policy in keeping with best European practices, at all times with the aim of improving brand effectiveness and value. The Areas also sought to maintain the high quality standards in Investor Relations that have always governed the Bank's relations with the markets, both the equity markets (see the chapter BCP Shares) and the debt markets. In accounts reporting, Millennium bcp was systematically the first Portuguese bank to provide its quarterly financial information reports, having been awarded the "Best Report and Accounts" prize for the financial sector in 2006 by for the financial sector in 2006 by Deloitte.

At internal level, within the scope of the project calling for the Reorganisation of the Accounting and Management information Systems (EPM – "Enterprise Performance Management"), 2007 was marked by the coming into operation of a new general accounting platform. The new software, provided by People Soft, has already brought about improved efficiency both in processing times and in the quality of the financial and accounting information.

Compliance and risk-culture have also been strengthened through several training courses, and the risk-management policies and model have been reinforced (see the chapter on Risk Management). The service levels have been complied with and the quality of the Legal, Audit, General Secretariat and Asset Divestment areas has been further improved, the latter having continued and increased its efforts to sell non-core real-estate and movables.

The activities of the Communication area and of the Millennium bcp Foundation are reviewed in the Sustainability Report (Volume III of the Report and Accounts).

MILLENNIUM BCP FORTIS

Millenniumbcp Fortis, 51% held by Fortis and 49% by Banco Comercial Português, is specialised both in marketing life (risk and capitalisation) and non-life (personal and property) insurance, using as its main sales channel the Millennium bcp branches, and also in pension fund management, for which it uses both the banking channel and the traditional brokers channel. In health insurance, partnerships continued to be entered into with brokers and distribution agreements were closed with other insurers doing business in the domestic market.

In 2007, Millenniumbcp Fortis grew faster than the market both in Life and in Non-Life insurance, ranking second of the insurance companies operating in the domestic market, with a volume of direct premiums of 1,914 million euros. In Life insurance, which accounts for 91% of the insurer's volume of premiums, there was a 19% growth of premiums compared to the previous year, made possible due to a 50% increase of unit-linked products. In Non-Life insurance, emphasis is given to the 4% growth of direct insurance premiums compared to 2006, all the more remarkable since market growth in this segment was very close to zero.

The consolidated net income for 2007 after consolidation adjustments and IFRS and before VOBA (value of business acquired), amounted to 125 million euros. Here, the emphasis is on the maintenance of an historically low claims rate of 50.7% in Non-life and of an expense ratio of 0.77% in Life insurance, allied to a significant growth of the underwriting margin on unit-linked and risk products.

The Millenniumbcp Fortis insurance companies direct their activity in the marketplace at achieving three long-term strategic goals: to increase revenues, Customer satisfaction and Shareholder returns, all of which have been achieved to a great extent. Special emphasis is given to three strategic initiatives: the launch of new products; ongoing overhaul of procedures; and development of new business channels.

Twelve new investments products were launched during 2007 (unit-linked, capitalisation and retirement savings plans - PPR), with a very visible impact on sales volume and on the margin (as an example, the aggregate margin on unit-linked has increased 48% since 2005). Continuity has been given to the integration of the sales and after-sales service processes into the Millennium bcp applications, with a visible effect on Customer and Employee satisfaction. The improvement of service quality continued to be pursued, and more ambitious goals were established. The basis were launched for the start-up of a new business channel directed at the SME segment, which will mainly distribute through a network of carefully selected agents and brokers, in the footsteps of what has been done by Médis since 2005, with considerable success.

Also underscored is the award to Ocidental Seguros of the “Best Non-Life Insurer” by *Exame* magazine (in respect of 2006) and the confirmation by Fitch Ratings of the "A+" and “Outlook Stable” (IFS - Insurer Financial Strength) rating notations for insurers Ocidental Vida, Ocidental Seguros and Médis. These notations are underpinned by the Group’s strong competitive position within the Portuguese insurance market and by their high profitability and strong financial position.

During 2008 Millenniumbcp Fortis will seek to maintain its high quality and its innovation, and it will increase the motivation and productivity of its employees, continuing to develop a strategy of sustained growth supported by the development of quality products and served by the most modern communication and information technologies, thus allowing its position in the marketplace to be further strengthened.

Million of euros, except percentages

	2007	2006	Change %
Financial Highlights			
Direct written premiums			
Life	1,740	1,458	19.3%
Non Life	174	168	3.8%
Total	1,914	1,626	17.7%
Market share			
Life	18.5%	16.6%	
Non Life	4.0%	3.8%	
Total	13.9%	12.4%	
Technical margin (1)	222	205	8.1%
Technical margin net of operating costs	98	71	37.9%
Net profit (2)	125	111	12.0%
Gross claims ratio	50.7%	51.5%	
Gross expenses ratio Non-Life	25.4%	26.5%	
Non Life gross combined ratio	76.1%	78.0%	
Life net operating costs / Average life investments	0.77%	0.78%	

(1) Before allocation of administrative costs

(2) After consolidation adjustments, IFRS and before VOBA ("value of business acquired")

Financial Highlights

Millions of euros

	2007	2006	2005	D% 07/06
Balance sheet at December 31				
Total assets	88,166	79,045	76,850	11.5%
Loans and advances to customers (net)	65,650	56,670	52,909	15.8%
Total customers' funds	63,953	57,239	56,363	11.7%
Shareholders' equity and subordinated debt	7,543	7,562	7,208	-0.2%
Statement of income				
Net interest income	1,537.3	1,430.8	1,407.7	7.4%
Other income (net)	1,254.6	1,443.9	1,609.2	-13.1%
Operating costs	1,748.6	1,725.5	1,908.2	1.3%
Impairment				
For loans (net of recoveries)	260.2	119.9	113.5	117.0%
Other impairments and provisions	94.8	35.4	57.2	168.2%
Income taxes	69.6	154.8	97.4	-55.1%
Minority interests	55.4	52.0	87.0	6.5%
Net income attributable to the Bank	563.3	787.1	753.5	-28.4%
Net operating revenues	2,791.9	2,874.7	3,016.9	-2.9%
Average number of shares outstanding (in thousands)	3,610,056	3,604,741	3,258,153	
Basic recurrent net earnings per share (euros)	0.14	0.20	0.22	-30.4%
Diluted recurrent net earnings per share (euros)	0.14	0.20	0.20	-30.4%
Profitability				
Return on average shareholders' equity (ROE)	13.7%	22.0%	24.1%	
Income before taxes and minority interests / Average shareholders' equity	17.2%	27.2%	28.3%	
Net operating revenues / Net average assets	3.3%	3.7%	4.0%	
Return on average total assets (ROA)	0.6%	1.0%	1.0%	
Income before taxes and minority interests / Average net assets	0.8%	1.3%	1.2%	
Net Interest Margin	2.09%	2.17%	2.18%	
Other income / Net operating revenues	44.9%	50.2%	53.3%	
Eficiency				
Cost to income (1)	60.3%	61.2%	64.7%	
Cost to income - Activity in Portugal (1)	57.3%	58.2%	63.0%	
Staff costs / Net operating revenues (1)	32.8%	34.4%	37.3%	
Solvency				
Solvency ratio – Bank of Portugal				
Tier I	5.5%	6.6%	7.4%	
Total	9.6%	11.0%	12.9%	
Credit quality				
Loans to customers (gross)	66,873	57,912	54,254	15.5%
Past due loans total	555	498	504	11.3%
Impairment for loans	1,222	1,242	1,344	-1.6%
Past due loans (>90 days) / Total loans	0.7%	0.8%	0.8%	
Past due loans (>90 days) + doubtful loans / Total loans	1.0%	1.1%	1.1%	
Past due loans (>90 days) + doubtful loans (net) / Total loans (net)	-0.8%	-1.1%	-1.4%	
Total impaiment / Past due loans (>90 days)	252%	285%	302%	
Total impairments / Total loans overdue	220%	249%	267%	
Other				
Branches				
Activity in Portugal	885	864	909	2.4%
International activity	743	614	642	21.0%
Employees				
Activity in Portugal	10,821	10,876	11,510	-0.5%
International activity	10,301	8,449	8,138	21.9%

(1) On a comparable basis, adjusted from the sold or partly sold companies - Banque BCP France, Banque BCP Luxembourg and bcpbank Canada - and excluding the impact of one-off items.

Note: the values presented, including solvency ratios, include the adjustments to the accounts from 1 January 2006.

FINANCIAL REVIEW

Framework

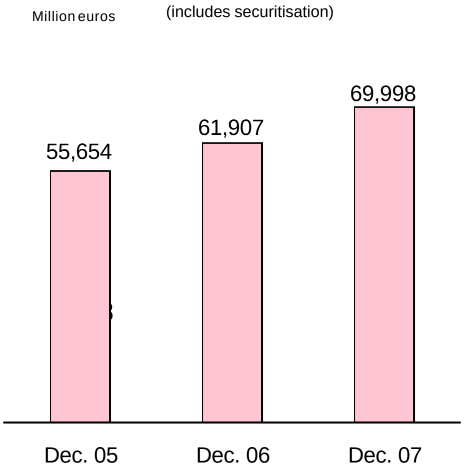
The consolidated financial statements have been prepared under the terms of Regulation (EC) 1606/2002 of July 19 and in accordance with the reporting model determined by the Bank of Portugal (Notice 1/2005), following the transposition to Portuguese law of Directive 2003/51/EC of June 18, of the European Parliament and of the Council.

The consolidated financial statements for 2005, 2006 and 2007 are not directly comparable as a result of the change to the consolidation perimeter during 2005 and 2006, particularly the sale of the holdings in Banco Comercial de Macau in the fourth quarter of 2005, in Interbanco in the first quarter of 2006 and in bcpbank Canada in the fourth quarter of 2006, and of the reduction of the holdings in Banque BCP France and Banque BCP Luxembourg to 19.9%, which have been consolidated using the equity method since the third quarter of 2006, whereas they were previously consolidated using the full method.

For detailed information see the notes to the Consolidated Financial Statements for the years of 2005, 2006 and 2007, in particular Note 54 for the financial statements for the year ended 31 December 2007.

LOANS TO CUSTOMERS

(includes securitisation)

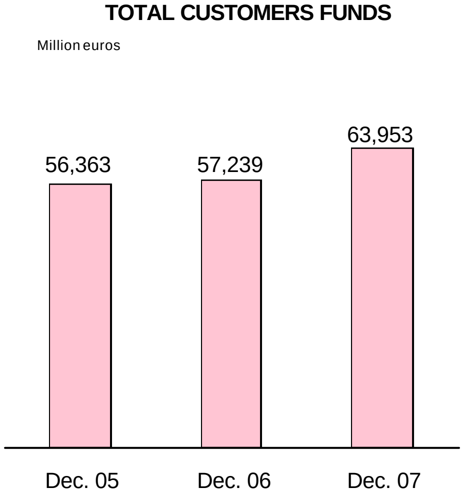


Summary

In 2007 Millennium bcp showed a strong performance in business volumes, based both on the growth of credit and of customers' funds, in the business in Portugal and in the international business.

As at December 31, 2007, total assets stood at 88,166 million euros, compared to 79,045 million euros at the end of 2006.

Loans and advances to customers (including securitised credit) amounted to 69,998 million euros as at December 31, 2007, showing an increase of 13.1% from 61,907 million euros at the end of December 2006. The performance of loans and advances to customers was driven by mortgage loans, which returned an annual increase of 15.7%, and by loans to companies, up 11.3% over the figure for the end of 2006, influenced by the increase of the business both in the activity in Portugal and in the international activity, Poland and Greece in particular.



The increase of balance sheet funds, in particular customer deposits that grew by 18.1% in 2007, determined the increase of total customers' funds to 63,953 million euros as at December 31, 2007 (57,239 million in 2006). The growth of off-balance sheet funds was driven by the favourable performance of capitalisation insurance, notwithstanding the smaller volume of assets under management, conditioned by the adverse behaviour of the financial markets. The growth of customers' funds was driven by the commercial dynamism of the activity in Portugal and of the international activity, especially in Poland and in Greece, reflecting the strategic priority of attracting additional funds in order to improve the Group's financing structure.

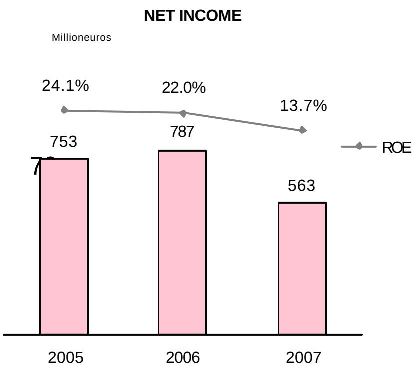
In 2007 net income totalled 563.3 million euros, including the impact of the gains on the sale of financial holdings, the costs associated with the merger project and the take-over bid for Banco BPI, the costs of early retirement of employees and members of the Executive Board of Directors, the charges for impairment of securities and diverse provisions set aside. Net income was also influenced by the impact of changes in the regulatory framework in Portugal as well as by the uncertainty and volatility of the capital markets, especially during the second half of the year.

The positive contribution made by the international operations, which, overall, increased their net income to 112.4 million euros in 2007, was influenced by the performances in Poland, Greece and Mozambique, despite the impact of the costs associated with the launch of a greenfield operation in Romania.

The consolidated solvency ratio as at December 31, 2007, calculated in accordance with Bank of Portugal rules, stood at 9.6%, while the Tier I stood at 5.5%.

Profitability Analysis

Net Income



Millennium bcp's consolidated net income amounted to 563.3 million euros in 2007 and included capital gains on the sale of the shareholdings in EDP and Banco Sabadell, costs related to the general tender offer for the acquisition of Banco BPI and the potential merger with Banco BPI, restructuring costs related to the early retirement of employees and members of the Executive Board of Directors, and charges for impairment of securities and diverse provisions. In 2007 the Return on equity (ROE) stood at 13.7% and the return on assets (ROA) at 0.6%.

Net income for 2007 was down 28.4% from 2006, influenced by the factors described previously and also by the impact associated with the performance of the financial markets, particularly during the second half of the year, notwithstanding the control of operating costs. Additionally, in 2007, several measures of a regulatory nature conditioned net income generated by the business in Portugal, namely: (i) the new rules concerning the rounding of interest rates applied to loan contracts; (ii) the scheduling of the "value-date" of sight deposit and transfers movements; and (iii) the limits on the commissions on early repayment of mortgage loans. These changes in the regulatory framework had a negative impact on net interest income and net commissions, and consequently on consolidated net income.

Net income from international activities was a positive driver for consolidated net income, improving 40.1% on a comparable basis, influenced by the favourable evolution on the net income of foreign subsidiaries, in particular highlighting Poland, Greece, Mozambique and Angola.

Net income for 2007 was influenced by the accounting of the following impacts before tax:

i) costs of the merger project and take-over bid for Banco BPI, totalling 103.2 million euros;

ii) costs related to the early retirement of employees ad members of the Executive Board of Directors in the sum of 121.8 million euros;

iii) gains from the sale of shares in EDP and in Banco Sabadell, in the total sum of 290.2 million euros;

iv) impairment charges related to the revaluation of assets, in the sum of 13.4 million euros;

v) impairment losses on available for sale (AFS) financial assets, essentially associated with the depreciation of the BPI shares held in the Bank's securities portfolio, in the sum of 94.0 million euros; and

vi) diverse provisions, in particular potential charges related to enquiries from regulatory bodies, in the total sum of 47.5 million euros.

On the other hand, the 2006 net income includes the accounting of the following impacts before tax:

i) gains from the sale of Interbanco and of bcpbank Canada and from the reduction of the financial holdings in Banque BCP France and in Banque BCP Luxembourg to 19.9%, in the total sum of 131.4 million euros;

ii) gains from the sale of shares in EDP and in Banco Sabadell, in the total sum of 109.1 million euros;

iii) gains from the sale of residual securities issued by the securitization vehicles Magellan nº 3 and nº 4, in the sum of 72.1 million euros;

iv) restructuring costs related with early retirements of employees, in the sum of 146.1 million euros; and

v) deferred tax costs caused by the change of the rate and method of calculation of the municipal income tax surcharge following the approval of the new local Government Finances Act, in the sum of 18.3 million euros.

Excluding the impact of the specific items mentioned net income would have registered a decrease of 6.0%.

Net income of the international business was driven by the growth of Bank Millennium in Poland to 121.8 million in 2007, as a result of the successful implementation of the current expansion plan and of the commercial dynamism in extending credit and in attracting funds, benefiting from the good performance of the Polish economy and from the climate of business and consumer confidence. Net income of Bank Millennium in Poland reflects the positive performance of commissions and also of net interest income and the results of financial transactions, despite the increase of the impairment and of operating costs, the latter associated with the expansion plan that is being implemented.

Quaterly Income Analysis

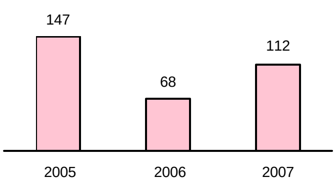
Millions of euros

			2007				
	2005	2006	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Net interest income	1,407.7	1,430.8	386.6	382.2	380.9	387.6	1,537.3
Other income							
Dividends	58.8	32.5	2.3	20.3	0.4	4.9	27.9
Net commissions	658.7	713.5	179.3	115.1	185.4	184.8	664.6
Net trading income	601.1	394.9	61.4	62.7	44.8	223.4	392.3
Other net operating income	263.6	261.0	30.7	21.5	31.8	34.6	118.6
Equity accounted earnings	27.0	42.0	14.4	15.3	12.8	8.7	51.2
	1,609.2	1,443.9	288.1	234.9	275.2	456.4	1,254.6
Operating costs							
Staff costs	1,187.5	1,034.7	216.5	218.9	244.0	326.8	1,006.2
Other administrative costs	581.0	579.3	133.6	149.4	162.8	181.7	627.5
Depreciation	139.8	111.5	26.6	26.4	27.1	34.8	114.9
	1,908.3	1,725.5	376.7	394.7	433.9	543.3	1,748.6
Impairment							
For loans (net of recoveries)	113.5	119.9	45.3	52.4	75.8	86.7	260.2
Other assets impairment and provisions	57.2	35.4	5.9	13.0	12.1	63.8	94.8
Income before income taxes	937.9	993.9	246.8	157.0	134.3	150.2	688.3
Income taxes	97.4	154.8	44.1	25.3	23.7	(23.5)	69.6
Income after income taxes	840.5	839.1	202.7	131.7	110.6	173.7	618.7
Minority interests	87.0	52.0	11.5	15.1	14.7	14.1	55.4
Net income attributable to the Bank	753.5	787.1	191.2	116.6	95.9	159.6	563.3

Note: the values presented include the adjustments to the accounts from 1 January 2006.

NET INCOME
INTERNATIONAL ACTIVITY

Millioneuros



The business of Millennium bank in Greece also showed a favourable evolution, based on greater turnover both in loans and advances and in customers' funds, as a result of the benefits associated with the implementation of the strategy defined within the scope of the Archimedes Programme, particularly the increased presence in the Greek market through the enlargement of the branch network and of the Customer base. Net income achieved 22.1 million euros in 2007, up 46.5% over the year, as a result of the increase of net interest income and of commissions, notwithstanding the higher amount of operating costs and credit impairment.

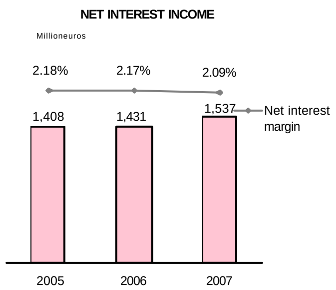
The net income of Millennium bank in Turkey also posted a positive evolution, coming close to the break-even, driven by the growth of net operating revenues, by the control of operating costs and by the reduction of credit impairment charges.

Banca Millennium in Romania was launched in October 2007 with the simultaneous opening of 39 branches and about 500 employees. In 2007, the operation in Romania returned a loss of 26,4 million euros (including costs booked in the activity in Portugal), in line with the targets set up in the strategic plan.

Net income of Millennium bim in Mozambique improved to 41.4 million euros in 2007 (up 6.8% over 2006), determined by the growth of net interest income and of commissions, which more than offset the higher credit impairment charges and income tax.

Net income generated by Banco Millennium in Angola reached 5.0 million euros in 2007, 50.3% more than in 2006, reflecting the growth of net interest income, determined both by greater volumes and by net interest margin, of net commissions and of other income, which offset the increase of operating costs.

Net income of Millennium bcpbank (USA) also showed a favourable evolution, largely the result of the lesser provisions set aside in 2007, of the increase of net commissions and of the reduction of administrative costs.



Net income of foreign subsidiaries

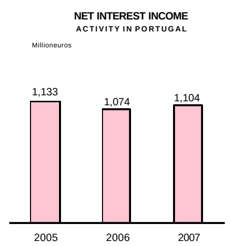
Millions of euros

	2007	2006	2005	∆% 07/06
Poland	121.8	77.2	140.7	57.9%
Greece	22.1	15.1	16.9	46.5%
Turkey	(0.8)	(15.1)	(5.3)	–
Romania (1)	(26.4)	–	–	–
Mozambique	41.4	38.7	15.3	6.8%
Angola (2)	5.0	3.4	7.3	50.3%
United States	(0.5)	(4.5)	1.0	–

(1) Includes costs booked in Portugal.

(2) Includes Sucursal de Luanda in 2005 and 2006

Net Interest Income



Net interest income reached 1,537.3 million euros in 2007, up 7.4% from 1,430.8 million euros in 2006. This increase was determined by the positive impact of the volume effect, reflecting the growth of business volumes in 2007, seen in loans and advances to customers and in customer deposits both in business in Portugal and in international business. The unfavourable interest-rate effect is reflected in the reduction of the net interest margin from 2.17% in 2006 to 2.09% in 2007, which was more than offset by the positive volume effect.

In 2007, net interest income includes the impact of the change in the booking of the effective interest rate accruals generated by the trading portfolio. Previously, such accruals were booked under net trading income, and from January 1, 2007, booking is done under interest income.

Net interest income generated by the business in Portugal increased 2.7% to 1,103.7 million euros, compared to 1,074.4 million euros in 2007. This evolution was conditioned by the unfavourable impact of changes in the regulatory framework, particularly the implementation of the new rules on rounding the interest rates applied to loan contracts, the new value-date rules applied to sight deposit movements and transfers, and the limitation of the commission on early repayment of mortgage loans that caused an additional pressure on spreads.

The performance of net interest income for the business in Portugal was also influenced by increased competition in the banking industry throughout the year, which brought additional pressure on the spreads on loans, mortgage loans in particular, which showed a downward trend throughout the first three quarters of the year. In the fourth quarter of 2007 there was a reversal of this trend as a result of the general revision of spreads on loans reflecting the reduction of liquidity on the interbank market.

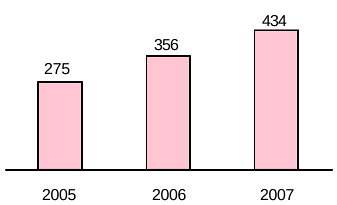
Notwithstanding the intense competitive pressures, net interest income for the business in Portugal benefited from the increase of spreads on customer deposits as a result of the diversified offer of savings product solutions and also of the rise of market interest rates.

The foregoing impacts, essentially reflected in the unfavourable rate effect, were more than offset by the favourable effect of turnover, supported by the growth of loans and advances to customers, mortgage loans in particular, as a result both of the new loans granted and of the transfer of mortgage loans from other credit institutions, as well as of the greater volume of balance sheet funds driven by the growth of customer deposits in the Companies, Retail Banking and Private Banking segments.

The performance of net interest income was also driven by the growth of international business, reaching 433.6 million euros in 2007, or 21.7% more than the 2006 figure of 356.4 million euros, notwithstanding the fact that the latter year also included the net interest income generated by the subsidiaries abroad disposed of in the meantime (Banque BCP France, Banque BCP Luxembourg and bcpbank Canada).

NET INTEREST INCOME
INTERNATIONAL ACTIVITY

Million euros



The growth on business of the international operations has strengthened the weight of these operations in the performance of net interest income, contributing to the diversification of the sources of revenue and complementing the greater maturity of the Portuguese market. Net interest income generated by the international business accounted for 28% of total consolidated net interest income in 2007, whereas, in 2006, it accounted for 25%, and 20% in 2005.

Of the international business it should be highlighted the individual performance of Bank Millennium in Poland, which posted an increase of net interest income driven by the growth in business volumes. The performance of the Millennium Bank in Greece, up 18.3% compared to 2006, and also of Millennium bim in Mozambique, where net interest income grew 24.2% between 2006 and 2007, also made a positive contribution to the increase of consolidated net interest income.

An analysis of the average balance sheet shows the increase of the average balance of loans and advances to customers from 54,512 million euros in 2006 to 60,247 million in 2007 and the fact that, as a proportion of total assets, this heading accounted for 72.3% of total average assets in 2007, compared to 71.1% in 2006. The average balance of customer deposits also increased from 33,300 million euros in 2006 to 35,019 million euros in 2007, which, allied to an efficient pricing management, had a favourable impact on net interest income.

The evolution of the average balance of financial assets from 2006 to 2007 includes the impact of the change in the accounting of the trading portfolio, which has come to include interest-earning assets as a result of the fact that, at the beginning of 2007, the premium and discount on trading securities came to be recorded under net interest income, whereas they were previously stated under net trading income.

Average Balances Millions of euros

	2007		2006		2005	
	Average Balance	Yield	Average Balance	Yield	Average Balance	Yield
Interest earning assets						
Deposits in credit institutions	7,881	5.14%	6,965	4.29%	7,276	4.65%
Financial assets	5,548	5.37%	3,414	5.46%	3,341	5.96%
Loans and advances to customers	60,247	6.02%	54,512	5.21%	50,506	4.69%
	73,676	5.88%	64,891	5.13%	61,123	4.76%
Assets held for sale	-	-	1,024	3.98%	3,352	5.28%
Total Interest Earning Assets	73,676	5.88%	65,915	5.11%	64,475	4.78%
Non interest earning assets held for sale	-		49		192	
Other non interest earning assets	9,687		10,744		10,666	
Total Assets	83,363		76,708		75,333	
Interest Bearing Liabilities						
Amounts owed to credit institutions	10,912	5.68%	12,169	3.96%	10,186	4.64%
Amounts owed to customers	35,019	2.55%	33,300	1.89%	33,211	1.71%
Debt securities	26,235	4.26%	20,106	3.31%	17,845	2.33%
Subordinated debt	2,880	5.63%	2,784	5.16%	3,703	4.28%
	75,046	3.72%	68,359	2.81%	64,945	2.49%
Liabilities associated with assets held for sale	-	-	991	1.59%	3,169	1.92%
Total Interest Bearing Liabilities	75,046	3.72%	69,350	2.79%	68,114	2.46%
Non interest bearing liabilities associated with assets held for sale	-		82		374	
Other non interest bearing liabilities	3,276		2,573		2,874	
Shareholders' Equity and Minority Interests	5,041		4,703		3,971	
Total liabilities, Shareholders' equity and Minority interests	83,363		76,708		75,333	
Net Interest Margin (1)		2.09%		2.17%		2.18%

(1) Net interest income as a percentage of average interest earning assets

Note: the values presented include the adjustments to the accounts from 1 January 2006.

The increase of the average balance of debt securities issued, up from 20,106 million euros in 2006 to 26,235 million euros in 2007, reflects the recourse to alternative sources of financing, with longer maturities and better financing conditions, particularly through the issue of debt under the EMTN (Euro Medium Term Notes) programme, of covered bonds and of commercial paper, to finance the differential in the growth between customer deposits and loans and advances to customers.

The increase of the average interest rate on debt securities issued reflects the higher market interest rates in 2007, further increased as a result of the lesser liquidity which determined an increase of spreads on credit in the marketplace. Allied to the greater volume of securities issued, this had an unfavourable effect on net interest income.

The greater amount of medium- and long-term debt issues allowed lesser recourse to the interbank market, seen in the reduction of the average balance of amounts owed to credit institutions, down from 12,169 million euros in 2006 to 10,912 million euros in 2007, allowing an improvement of the Group's financing structure and of its short-term liquidity.

The absolute change of net interest income between 2006 and 2007 amounted to 106.5 million euros, reflecting the positive volume effect of 237.4 million euros, which more than offset the negative interest-rate effect in the sum of 136.7 million euros.

Factors Influencing Net Interest Income — Millions of euros

	2007 vs 2006			
	Volume	**Rate**	**Rate / Volume mix**	**Net change**
Interest Earning Assets				
Deposits in credit institutions	39.2	59.4	7.8	106.4
Financial assets	116.5	(3.1)	(1.9)	111.5
Loans and advances to customers	299.0	442.4	46.5	787.9
	450.3	**489.3**	**66.2**	**1,005.8**
Assets held for sale	(40.7)			(40.7)
	396.4	**508.8**	**59.9**	**965.1**
Interest Earning Liabilities				
Amounts owed to credit institutions	(49.7)	210.4	(21.8)	138.9
Amounts owed to customers	32.6	219.6	11.3	263.5
Debt securities	202.6	192.3	58.6	453.5
Subordinated debt	5.0	13.0	0.4	18.4
	187.9	**625.3**	**61.1**	**874.3**
Liabilities held for sale	(15.7)			(15.7)
	159.0	**646.5**	**53.1**	**858.6**
Net interest income	**237.4**	**(137.7)**	**6.8**	**106.5**

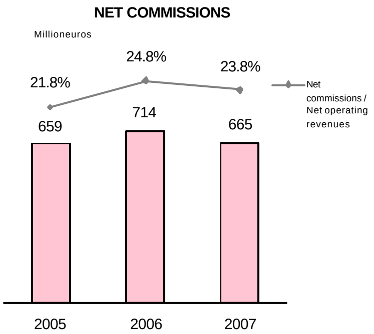
Other Net Income

Other net income includes the dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

Other Net Income

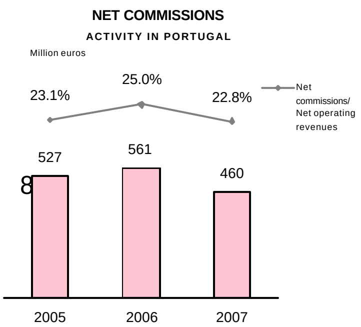
Millions of euros

	2007	2006	2005	Δ% 07/06
Dividends from equity instruments	27.9	32.5	58.8	-14.1%
Net commissions	664.6	713.5	658.7	-6.9%
Net trading income	392.3	394.9	601.1	-0.7%
Other net operating income	118.6	261.0	263.6	-54.6%
Equity accounted earnings	51.2	42.0	27.0	21.8%
	1,254.6	1,443.9	1,609.2	-13.1%
of which:				
Activity in Portugal	909.7	1,167.4	1,153.9	-22.1%
International activity	344.9	276.5	455.3	24.8%



Dividends from equity instruments, which include dividends received on AFS securities, amounted to 27.9 million euros in 2007, compared to 32.5 million in 2006. Here the emphasis is on dividends received in respect of the holdings in Eureko, EDP, Banco Sabadell and Banco BPI.

Net commissions amounted to 664.6 million euros in 2007, compared to 713.5 million in the previous year. Net commissions in 2007 include costs associated with the merger project and take-over bid for Banco BPI, SA, in the sum of 103.2 million euros, stated under "Other commissions", as well as the unfavourable impact of the regulatory changes, particularly the introduction of the maximum limit on commissions for early repayment of mortgage loans. In turn, in 2006, net commissions included the sum of 11.1 million euros in connection with subsidiaries sold in the meantime (Banque BCP France, Banque BCP Luxembourg and bcpbank Canada).

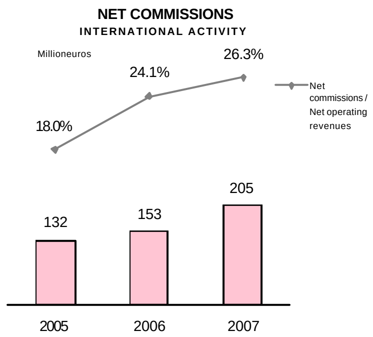


The overall performance of commissions, with the exception of "Other commissions", was generally positive, supported by the performance of commissions on transactions on securities and commissions obtained through asset management, up 31.5% and 35.2% from 2006, respectively, and also of commissions on cards.

Commissions on cards rose 3.4% from 161.0 million euros in 2006 to 166.4 million in 2007, benefiting from the growth of international business (up 22.3%), driven by the increase of commissions in Poland, Mozambique, Angola and the United States.

The evolution of commissions on cards in the business in Portugal was conditioned by the impact of the reduction in the interchange fees and in other commissions on cards related with electronic transactions, despite the fact that the average number of cards in the portfolio and total card billing performed well in 2007.

Commissions on securities transactions rose 31.5% from 97.0 million euros in 2006 to 127.5 million euros in 2007, largely determined by the performance of the business in Portugal (up 38.1% compared to 2006), reflecting the greater dynamism of Investment Banking, which was involved in major operations on the capital market throughout 2007, achieving leadership of the primary bond market in 2007 and also in the brokerage of



shares on Euronext Lisbon. Commissions on securities transactions in the international business also made a positive contribution, with a 9.5% growth compared to 2006, mainly determined by the performance of Bank Millennium in Poland (up 11.3%).

Commissions associated with asset management amounted to 137.9 million euros in 2007, an increase of 35.2% over the figure of 102.0 million euros for 2006. This was fundamentally the result of the performance of the international business, driven by the growth seen in Poland, supported by the sustained increase of the volume of investment funds. Millennium bank in Greece and Millennium bim in Mozambique also returned growth in these commissions.

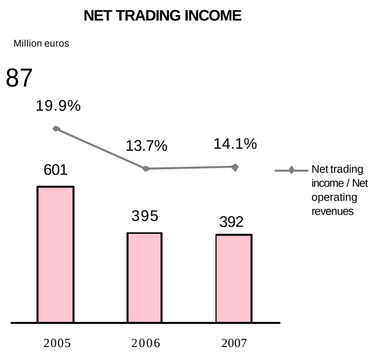
In the business in Portugal asset-management commissions amounted to 78.4 million euros in 2007, comparing favourably with the sum of 76.3 million euros in 2006, reflecting the activity in transactions and trading volumes, notwithstanding the reduction of the balance of assets under Group management compared with the end of 2006, in parallel with the trend seen in the investment fund market during 2007.

Commissions on loans and advances totalled 139.1 million euros in 2007, compared to 138.0 million euros in 2006. This performance was conditioned by commissions on loans and advances of the business in Portugal, influenced by the impact of the exemption from commissions within the scope of the advertising campaigns and the promotion conditions provided to customers within the scope of the "Frequent Customer Programme".

The increase of commissions on loans and advances by the international business more than offset the performance of the business in Portugal, reporting a growth of 20.1% compared to 2006. The commissions of the international business include positive contributions by all the operations abroad, with emphasis on the higher commissions generated by Bank Millennium in Poland, by Millennium bank in Greece, by Millennium bim in Mozambique and by Banco Millennium in Angola.

Net Commissions — Millions of euros

	2007	**2006**	**2005**	**Δ% 07/06**
Cards	166.4	161.0	152.7	3.4%
Securities	127.5	97.0	103.2	31.5%
Asset management	137.9	102.0	81.5	35.2%
Credit operations	139.1	138.0	138.8	0.8%
Other commissions	93.7	215.5	182.5	-56.6%
	664.6	713.5	658.7	-6.9%
of which:				
Activity in Portugal	459.6	560.9	527.2	-18.1%
International activity	205.0	152.6	131.5	34.3%



Net trading income, which includes results of trading and hedging transactions and those of AFS financial assets, totalled 392.3 million euros in 2007, compared to 394.9 million euros in 2006.

Net trading income booked in 2007 includes the gains on the sale of shares in EDP and in Banco Sabadell in the sum of 173.3 million euros and 116.9 million euros respectively, and the impairment loss on securities in the sum of 94.0 million euros, essentially determined by the depreciation of the BPI shares held in the AFS financial assets portfolio.

On the other hand, net trading income booked in 2006 include gains on the sale of shares in EDP and in Banco Sabadell in the sum of 39.7 million euros and 69.4 million euros respectively, as well as the gains generated on the sale of the residual notes issued by securitization vehicles Magellan n.3 and Magellan n.4 in the sums of 42.6 million euros and 29.5 million euros, respectively.

In 2005, net trading income includes, among other, the gains on the sale of the holdings in Friends Provident and in Banca Intesa and the gain on the fixing of the final selling price of the 10% holding in Polish insurance company PZU.

The performance of net trading income was also influenced by the impact pf the change in the booking of the effective interest rate accruals generated by the trading portfolio. Previously, such accruals were booked under net trading income, and from 1 January 2007, booking is done under interest income. In addition, net trading income was conditioned by the uncertainty and volatility of the financial markets, especially during the second half of 2007, which affected mostly the results of the business in Portugal.

Net trading income of the international business grew 11.6% compared to 2006, fundamentally as a result of the increase of profits on foreign exchange transactions by the operations in Poland, Greece and Angola.

Net Trading Income Millions of euros

	2007	2006	2005	Δ% 07/06
Foreign exchange activity	163.6	178.7	91.2	-8.4%
Trading and other	228.7	216.2	509.9	5.8%
	392.3	394.9	601.1	-0.7%
of which:				
Activity in Portugal	275.8	290.4	349.6	-5.1%
International activity	116.6	104.5	251.5	11.6%

Other net operating income, which includes other operating income, other results of non-banking activities and the results of the sale of subsidiaries and other assets, stood at 118.6 million euros in 2007, compared to 261.0 million euros in 2006.

The performance of this heading reflects the larger amount of other net income booked in 2006 related with the gains obtained on the sale of the 50% stake in Interbanco in the sum of 82.2 million euros, with the sale of 80.1% of the share capital of Banque BCP France and Banque BCP Luxembourg in the total sum of 41.3 million euros, and with the sale of the whole of the share capital of bcpbank Canada in the sum of 7.9 million euros.

Additionally, Other net operating income booked in 2006 includes the sum of 8.8 million euros associated with the business of subsidiaries Banque BCP France, Banque BCP Luxembourg and bcpbank Canada, which were sold during the second half of the year.

Excluding these impacts, Other net operating income stabilised between 2006 and 2007. The evolution of Other net operating income generated by the business in Portugal reflects the lesser income generated by the provision of banking services and the increased costs associated with Millennium bcp's activity in the field of social responsibility, partially offset by the increase of management fees obtained on placement of the insurance products provided by Millenniumbcp Fortis.

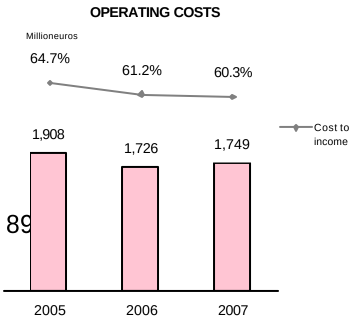
Other net operating income booked by the international business amounted to 22.9 million euros in 2007 (up 24.5%), driven by the increase returned by Bank Millennium in Poland.

Equity accounted earnings amounted to 51.2 million euros in 2007, an increase of 21.8% compared to the sum of 42.0 million for the previous year. This essentially reflects the increase of 7.7 million euros (up 22.2%) of the returns appropriated in respect of the 49% holding in Millenniumbcp Fortis.

Equity Accounted Earnings and Income Millions of euros

	2007	2006	2005	∆% 07/06
Millenniumbcp Fortis	42.4	34.7	21.8	22.2%
Other	8.8	7.3	5.2	19.9%
	51.2	42.0	27.0	21.8%

Operating Costs



Operating costs, which include staff costs, other administrative costs and depreciation charges for the year, totalled 1,748.6 million euros in 2007, compared to 1,725.5 million in 2006.

Operating costs booked in 2007 and in 2006 include restructuring costs related with early retirement of employees and members of the Executive Board of Directors in the sum of 121.8 million euros in 2007. In 2006 and 2005 the amounts allocated to restructuring costs totalled 146.1 million euros and 235.5 million euros, respectively.

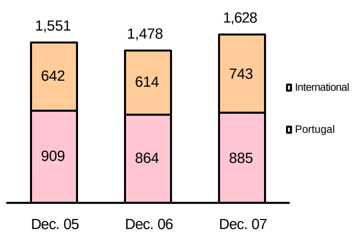
The consolidated cost-to-income ratio, on a comparable basis adjusted from the sold or partly sold companies (Banque BCP France, Banque BCP Luxembourg and bcpbank Canada) and excluding the impact of one-off items, improved from 61.2% in 2006 to 60.3% in 2007, reflecting the greater growth of operating income than of costs in the international business, on the one hand, and the control of costs of the business in Portugal on the other.

Operating Costs

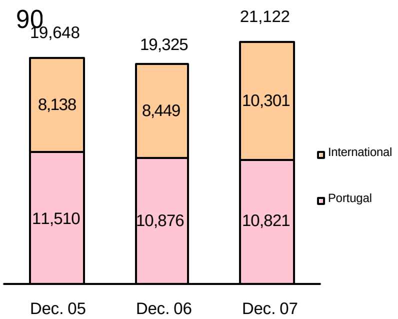
Millions of euros

	2007	2006	2005	∆% 07/06
Activity in Portugal				
Staff costs	745.1	811.4	979.3	-8.2%
Other administrative costs	407.4	386.0	407.7	5.5%
Depreciation	69.4	72.0	84.0	-3.7%
	1,221.9	1,269.4	1,471.0	-3.7%
International activity				
Staff costs	261.1	223.3	208.2	16.9%
Other administrative costs	220.1	193.3	173.3	13.8%
Depreciation	45.5	39.5	55.7	15.3%
	526.7	456.1	437.2	15.5%
Total				
Staff costs	1,006.2	1,034.7	1,187.5	-2.7%
Other administrative costs	627.5	579.3	581.0	8.3%
Depreciation	114.9	111.5	139.7	3.1%
	1,748.6	1,725.5	1,908.2	1.3%

BRANCHES



NUMBER OF EMPLOYEES



As a result of the expansion plans, both implemented and under way, operating costs of the international business rose 15.5% to 526.7 million euros in 2007. However, the increase of operating costs was exceeded by the growth of operating income, thus providing an improvement of the cost-to-income of the international operations.

In the business in Portugal operating costs stood at 1,221.9 million euros in 2007 (1,269.4 million euros in 2006), reflecting the restructuring costs referred to above as well as the effects of the rationalisation measures implemented in recent years aimed at improving operating efficiency. On a comparable basis, the cost-to-income ratio in Portugal improved to 57.3% in 2007 (58.2% in 2006).

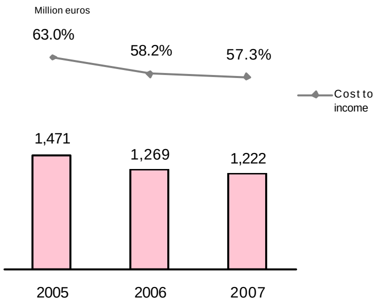
The evolution of the operating costs of the international business, which reflects the increases under staff costs, other administrative costs and depreciation, was fundamentally the result of the continuation of the distribution network expansion plans implemented by several Group operations abroad, particularly relevant in Poland, Greece and Romania. In the latter the Group launched a greenfield operation involving the simultaneous opening of 39 branches in October 2007.

Investment in the expansion of the distribution networks of the international operations increased the number of branches abroad to 743 at the end of 2007, 129 more than at the end of the previous year. This was particularly evident in Poland, where the number in 2007 increased by 56 to 410 branches at the year-end, and in Greece, up 17 to 165 branches, and also in Romania, where 40 branches were opened during 2007. Millennium bim in Mozambique and Banco Millennium in Angola also strengthened their distribution networks, opening another 10 and 6 branches respectively.

Complementing the physical enlargement of the distribution networks, a number of initiatives were also implemented with a view to strengthening the competitive position of the international operations, especially institutional campaigns and products directed at attracting custom and at stimulating the business.

Staff costs totalled 1,006.2 million euros in 2007, compared to 1,034.7 million euros in 2006, including the restructuring costs mentioned earlier.

OPERATING COSTS
ACTIVITY IN PORTUGAL



Staff costs of the business in Portugal stood at 745.1 million euros (811.4 million euros in 2006), reflecting, in addition to the lesser restructuring costs booked in 2007, the impact of the staff downsizing programme that has been implemented in recent years, providing a reduction of 689 employees between the end of 2005 and 2007. At the end of 2005 employees assigned to the business in Portugal totalled 11,510, reducing to 10,876 at the end of 2006 and to 10,821 as at December 31, 2007.

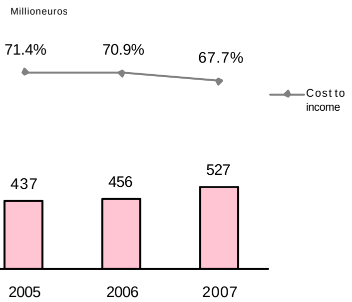
In the international business, staff costs amounted to 261.1 million euros, up 16.9% over the figure of 223.3 million euros in 2006. The evolution of staff costs abroad reflects the increase of staff numbers within the scope of the current expansion plans, particularly in Poland, Romania, Greece and Angola. The biggest impacts on the staff costs of the international business stemmed from the increase in Poland during 2007, involving another 978 employees, and from the launch of the operation in Romania, where employees number stood at 509 at the end of 2007.

Other administrative costs stood at 627.5 million euros in 2007, compared to 579.3 million euros in 2006 (up 8.3%), largely the result of the increase of the international business.

In the business in Portugal, other administrative costs amounted to 407.4 million euros in 2007, 5.5% more than the figure of 386.0 million euros booked the previous year as a result of the increase of costs under studies and consultancy, temporary labour and other specialised services, reflecting in particular the costs related with the "Millennium 2010 Programme" and the additional costs associated with the organisation of the Bank's Extraordinary General Meetings during 2007.

The increase of costs under these headings was partially offset by the reduction of other administrative costs, particularly rents, maintenance and repair costs and insurance, benefiting from the measures designed to improve operating efficiency implemented in recent years.

OPERATING COSTS
INTERNATIONAL ACTIVITY



The distribution network expansion plans in course in various operations abroad determined a 13.8% increase of other administrative costs in the international business, up from 193.3 million euros in 2006 to 220.1 million euros in 2007, the larger increases seen under rents, stationery and advertising, essentially the result of the enlargement of the distribution networks in Poland and Greece and of the launch of the operation in Romania.

Depreciation charges for the year totalled 114.9 million euros in 2007, an increase over the figure of 111.5 million determined in 2006, influenced by the evolution of international business as a result of higher investments directed at the expansion of the distribution networks of the operations abroad.

The reduction of depreciation charges for the year in respect of the business in Portugal was the result of the careful selection of investments that has been implemented, while it also benefited from the IT outsourcing policy implemented by the Group in recent years.

Credit Risk Impairments

Credit-risk impairments net of recoveries amounted to 260.2 million euros, compared to 119.9 million euros in 2006. This was fundamentally determined by the greater allocations for credit-risk impairments in 2007, while in loans recovered there was a reduction of 3.3%. This performance was common to both the business in Portugal and to the international business.

Credit-risk impairments charges amounted to 407.2 million euros in 2007, compared to the figure of 271.8 million euros booked in 2006, partly reflecting the 15.5% increase of loans and advances in 2007, on the one hand, and the booking of impairment charges related to some loans as a result of the depreciation of the respective collateral caused by the performance of the market, on the other.

The provision effort, measured by the ratio of impairments net of recoveries as a proportion of total loans and advances, stood at 39 b.p. (basis points) at the end of 2007, compared to 21 b.p. in 2006.

The evolution of credit impairment charges during 2007 was determined by the greater allocations for the business in Portugal and for the international business, particularly in Poland, Greece and Mozambique.

The increase of credit-risk impairments charges in Poland was partly associated with the growth of loans and advances to retail customers, although the provision effort improved to 26 b.p. in 2007 (27 b.p. in 2006).

In Greece the increase of impairment charges reflects the increase and the greater maturity of the loan portfolio in 2007, notwithstanding the fact that the ratio of past-due loans as a proportion of total loans remained at the 2006 level, while in Mozambique the greater allocation for credit risks in 2007 is part of the policy directed at ensuring adequate credit-risk cover.

Credit Risk Impairment Charges (net of recoveries) Millions of euros

	2007	2006	2005	Δ% 07/06
Impairment charges	407.2	271.8	347.2	49.8%
Credit recoveries	147.0	151.9	233.7	-3.3%
	260.2	119.9	113.5	117.0%
Impairment charges (net) as a % of total loans	61 b.p.	47 b.p.	64 b.p.	14 b.p.
Impairment charges as a % of total loans	39 b.p.	21 b.p.	21 b.p.	18 b.p.

Note: the values presented include the adjustments to the accounts from 1 January 2006.

Other Provisions

Other provisions, which include impairments of other assets, especially those related with assets received as payment in kind not fully secured by guarantees and provisions for other risks and liabilities, totalled 94.8 million euros in 2007, compared to 35.4 million euros in 2006.

Other provisions set aside in 2007 include the sum of 13.4 million euros as impairment for assets and the sum of 47.5 million euros set aside as diverse provisions, namely any potential administrative offences that might impend on the Bank within the scope of the process of investigation currently being carried out by the regulatory authorities.

Income Taxes

Income tax totalled 69.6 million euros in 2007, a figure that compares with 154.8 million in 2006, providing an effective tax rate of 10.1% (15.6% in 2006).

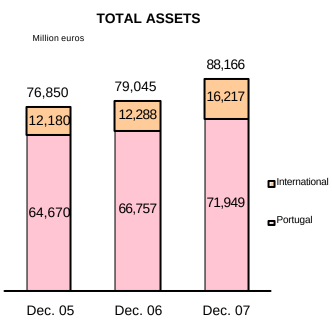
The Group's current tax cost registered a reduction of 14.9 million euros in 2007, down from 87.9 million euros in 2006 to 73.0 million euros in 2007. This decrease was the result of corrections to previous years, the positive impact of which on the Group's operating statement in 2007, in the sum of 30 million euros, was mainly caused by the change of the tax framework surrounding derivative financial instruments neither contracted nor traded on stock markets. The accounting of the revaluation of these instruments has come to be considered relevant for the purpose of determining taxable income at the moment of its accounting recognition.

The deferred tax income determined in 2007 amounted to 3.5 million euros, which included revenue in the sum of 31.6 million euros (corresponding to the creation of temporary differences fundamentally resulting from the loan-loss provision charges that, under applicable legislation, were not considered for the purpose of determining the taxable income in 2007, but will be subject to tax recognition in future years, as well as the charges in respect of early retirement, recognition of which will take place in future years), and the charge of 25.4 million euros in respect of the use of tax losses brought forward.

The effective tax rate, which stood at 10.1% in 2007, differs from the nominal tax rate, particularly as a result of dividends paid by companies in which the Group has minority shareholdings deductible for the purpose of elimination or attenuation of double economic taxation, of gains on the sale of shareholdings, of appropriation of equity accounted earnings net of taxes on the profits of consolidated companies, of results from "Zona Franca da Madeira", of the different marginal tax rate concerning foreign subsidiaries, and also of the correction of tax from the previous year related, essentially, with the change in the fiscal framework of financial hedging instruments.

Minority Interests

Minority interests reflect the part of the results not fully appropriated by the Group that is attributable to third parties, and they are associated with the holdings in Bank Millennium in Poland and in Millennium bim in Mozambique.



In 2007, minority interests in respect of the holding in Bank Millennium in Poland reflect the Group's appropriation of 65.51% of the net income, whereas in 2006 the percentage of the net income appropriated by the Group was 50.0% (equal to the part attributable to third parties) since the increase of the holding to 65.51% took place only at the end of 2006.

Minority interests amounted to 55.4 million euros in 2007, compared to 52.0 million in 2006, reflecting the growth of net income of Bank Millennium in Poland and of Millennium bim in Mozambique, notwithstanding the smaller percentage of net income attributable to third parties applicable in Poland as mentioned above.

Balance Sheet Analysis

Total assets amounted to 88,166 million euros as at December 31, 2007, showing a growth of 11.5% over the sum of 79,045 million euros at the end of December 2006, driven by the increase of turnover with customers both in loans granted and in deposits taken.

The increase of total assets was also influenced by the 12.9% increase of financial assets held for trading, up from 2,733 million euros in December 2006 to 3,085 million in December 2007.

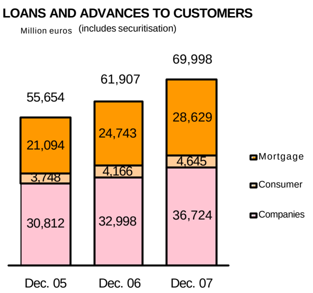
Total Assets

Milhões de euros

	2007	2006	2005	Δ% 07/06
Monetary applications and loans to credit institutions	9,261	9,172	8,166	1.0%
Loans and advances to customers	65,650	56,670	52,909	15.8%
Financial assets held for trading	3,085	2,733	2,346	12.9%
Financial assets held for sale	4,419	4,411	4,631	0.2%
Investments in associated companies	316	318	277	-0.4%
Other tangible assets, goodwill and intangible assets	1,236	1,274	1,219	-3.0%
Current and deferred tax assets	681	652	698	4.4%
Other	3,518	3,815	6,604	-7.8%
	88,166	79,045	76,850	11.5%
of which:				
Activity in Portugal	71,949	66,757	64,670	7.8%
International activity	16,217	12,288	12,180	32.0%

Note: the values presented include the adjustments to the accounts from 1 January 2006.

Total assets of the international activity stood at 16,217 million euros at the end of December 2007, accounting for 18.4% of total assets, compared to 12,288 million and 15.5% for December 2006, the result of achieving the business plan established for each of the subsidiaries.



Loans and Advances to Customers

Loans and advances to customers (including 3,125 million euros of derecognised securitised credit) increased 13.1% to 69,998 million euros at the end of 2007, compared to 61,907 in December 2006, driven by the growth of mortgage loans, up 15.7%, and by the performance of loans to companies and consumer credit, posting a rise of 11.3% and 11.5% respectively.

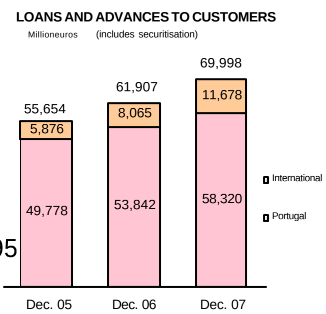
The evolution of loans and advances to customers benefited from the performance of loans and advances to customers in the business in Portugal, which increased from 53.842 million euros as at December 31, 2006, to 58,320 million euros at the end of 2007 (up 8.3%), supported by the 8.9% growth of mortgage loans, up from 21,107 million euros in 2006 to 22,985 million in 2007, and by the 8.6% growth of loans to companies, up from 29,636 million euros in 2006 to 32,177 million euros in 2007. Consumer credit in the business in Portugal was also higher, standing at 3,158 million euros at the end of 2007.

Loans and Advances to Customers (1)

Millions of euros

	2007	2006	2005	Δ% 07/06
Individuals				
Mortgage loans	28,629	24,743	21,094	15.7%
Consumer credit	4,645	4,166	3,748	11.5%
	33,274	28,909	24,842	15.1%
Companies				
Services	11,841	10,301	9,573	15.0%
Commerce	5,083	4,719	4,525	7.7%
Other international activities	5,078	3,501	3,009	45.0%
Other	14,722	14,477	13,705	1.7%
	36,724	32,998	30,812	11.3%
	69,998	61,907	55,654	13.1%

(1) Gross loans, including securitisation.



The growth of loans and advances to customers in the international business, which rose 44.8% to 11.678 million euros as at December 31, 2007, was largely based in the performance of Bank Millennium in Poland and of Millennium bank in Greece, although the remaining foreign operations also showed positive performances.

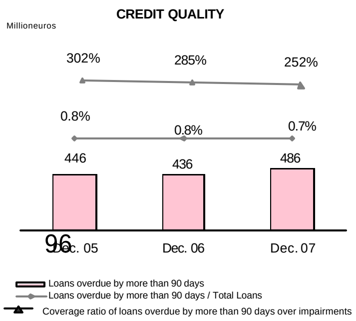
The increase of loans and advances to customers in Poland during 2007 reflects the increase of mortgage loans, a business in which Bank Millennium has seen an increase of its market share, and also of corporate loans, influenced by the performance of the new leasing loans. Consumer credit also performed well, benefiting from the growing demand for credit products of this type on the Polish market.

The performance of loans and advances to customers in Greece was essentially driven by the growth of corporate loans, supported by the recent focus on the company segment through specialised managers dedicated solely to micro-companies, by the opening of financial centres directed at small and medium enterprises, and by the development of a new business area, Corporate and Investment Banking.

Loans and Advances to Customers (1) — Millions of euros

	2007	2006	2005	∆% 07/06
Mortgage loans				
Activity in Portugal	22,985	21,107	18,719	8.9%
International activity	5,644	3,636	2,375	55.2%
	28,629	24,743	21,094	15.7%
Consumer credit				
Activity in Portugal	3,158	3,099	2,994	1.9%
International activity	1,487	1,067	754	39.4%
	4,645	4,166	3,748	11.5%
Companies				
Activity in Portugal	32,177	29,636	28,065	8.6%
International activity	4,547	3,362	2,747	35.3%
	36,724	32,998	30,812	11.3%
Total				
Activity in Portugal	58,320	53,842	49,778	8.3%
International activity	11,678	8,065	5,876	44.8%
	69,998	61,907	55,654	13.1%

(1) Gross loans, including securitisation.



The quality of the loan portfolio in 2007 remained at the levels seen in previous years. Past-due loans stood at 555 million euros at the end of December 2007, compared to 498 million euros in December 2006, reflecting a growth rate lower than the customer loan portfolio.

Loans past due by more than 90 days as a proportion of total loans and advances stood at 0.7% at the end of 2007, an improvement over the December 2006 figure of 0.8%, while the respective cover ratio stood at 251.8% at the end of 2007.

Non-performing loans which, in accordance with the Bank of Portugal definitions, includes both loans past-due by more than 90 days and doubtful debt reclassified as past-due for provision purposes, amounted to 692 million euros as at December 31, 2007, accounting for 1.0% of total loans and advances, also an improvement over the figure of 1.1% at the end of 2006.

Credit Quality

Millions of euros

	2007	2006	2005	Δ% 07/06
Loans and advances to customers (Gross) (1)	66,873	57,912	54,254	15.5%
Past due loans (>90 days)	486	436	446	11.3%
Past due loans	555	498	504	11.3%
Past due loans (>90 days) + doubtful loans (2)	692	627	621	10.5%
Impairments (balance sheet)	1,222	1,242	1,344	-1.6%
Past due loans (>90 days) / Loans and advances to customers (Gross) (1)	0.7%	0.8%	0.8%	
Past due loans / Loans and advances to customers (Gross) (1)	0.8%	0.9%	0.9%	
Past due loans (>90 days) + doubtful loans as a % of total loans	1.0%	1.1%	1.1%	
Coverage ratio (> 90 days)	251.8%	284.8%	301.8%	
Coverage ratio (past due loans)	220.4%	249.3%	266.9%	
Coverage ratio (Past due loans (>90 days) + doubtful loans) (2)	176.5%	198.2%	216.4%	

(1) Securitization not included.

(2) Calculated according to rule 16/2004 from the Bank of Portugal

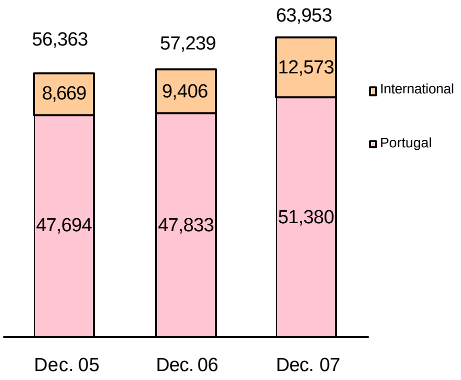
Note: the values presented include the adjustments to the accounts from 1 January 2006.

As at December 31, 2007, past-due loans to companies accounted for 64.1% of total past-due loans, affecting construction and commerce in particular and accounting for 1,0% of total loans and advances to companies, an improvement over the previous year's figure of 1.1%. This was due to the fact that past-due loans to companies were relatively stable, up from 352 million euros in December 2006 to 356 million euros in December 2007.

As far as loans and advances to individuals are concerned, past-due consumer credit stood at 110 million euros as at December 31, 2007, accounting for 2.4% of total consumer credit. Past-due mortgage loans, in turn, amounted to 89 million euros, or 0.3% of total mortgage loans, reflecting the good risk profile of the mortgage loan portfolio, with the respective cover rate standing at 244.6% as at December 31, 2007.

TOTAL CUSTOMERS FUNDS

Million euros



Past due loans and Impairments as at 31 December 2007	Past due loans	Impairment for loan losses	Past due loans/total loans	Coverage ratio
Individuals				
Mortgage loans	89	217	0.3%	244.6%
Consumer credit	110	143	2.4%	129.6%
	199	360	0.7%	180.9%
Companies				
Services	44	249	0.4%	569.8%
Commerce	74	163	1.5%	221.6%
Construction	136	160	2.6%	117.7%
Other international activities	8	22	0.2%	263.7%
Other	94	268	1.0%	284.5%
	356	862	1.0%	242.5%
Total	555	1,222	0.8%	220.4%

Millions of euros

Customers' Funds

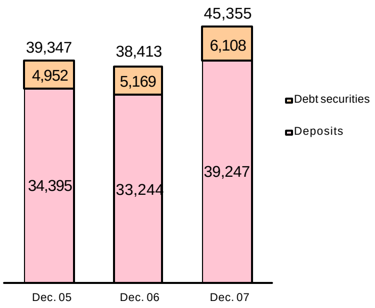
Total customers' funds increased 11.7% to 63,953 million euros as at December 31, 2007, compared to 57,239 million on the same date of 2006, driven by customers' funds in the business in Portugal and in international business, up 7.4% and 33.7% respectively.

Total Customers' Funds	2007	2006	2005	∆% 07/06
Balance sheet customers' funds				
Deposits	39,247	33,244	34,395	18.1%
Debt securities	6,108	5,169	4,952	18.2%
	45,355	38,413	39,347	18.1%
Off balance sheet customers' funds				
Assets under management	9,044	10,069	8,969	-10.2%
Capitalisation insurance	9,554	8,757	8,047	9.1%
	18,598	18,826	17,016	-1.2%
Total	63,953	57,239	56,363	11.7%

Millions of euros

BALANCE SHEET CUSTOMERS FUNDS

Million euros



The evolution of total customers' funds reflects the growth of balance-sheet funds, up 18.1% to 45,355 million euros in December 2007 (38,413 million euros in December 2006), supported, on the one hand, by very dynamic commercial activity and, on the other, by the diversified offer of savings products suited to the needs of the Customers and to the context of the financial markets. The increase of customer deposits from 33,244 million euros as at December 31, 2006, to 39,247 million euros in 2007 (up 18.1%) reflects the special focus on attracting deposits both by the business in Portugal and by the foreign subsidiaries. Debt securities were up 18.2% achieving 6,108 million euros in December 2007, essentially the result of the success of the placement of the product Special Investment by the business in Portugal during the fourth quarter of 2007.

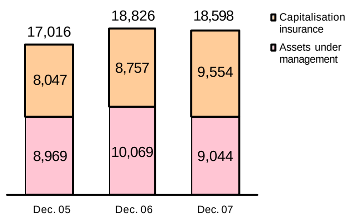
In the business in Portugal, balance-sheet funds increased 14.3%, with emphasis on the growth of customer deposits (up 13.5%), driven by the performance of Retail Banking and of the Private Banking network.

Balance-sheet funds of the international business amounted to 10,182 million euros in December 2007, an annual increase of 33.2%, the result of the growth seen in Poland and Greece.

Off-balance sheet funds totalled 18,598 million euros as at December 31, 2007, down 1.2% compared to the figure of 18,826 million euros at the end of 2006. The performance of off-balance sheet funds reflects the decrease of the volume of assets under management from 10,069 million euros in December 2006 to 9,044 million euros at the end of 2007, offset, in part, by the 9.1% increase of capitalisation insurance to 9,554 million euros as at December 31, 2007.

OFF BALANCE SHEET CUSTOMERS FUNDS

Million euros



In the business in Portugal off-balance sheet funds stood at 16,206 million euros in December 2007, compared to 17,061 million in December 2006, influenced by the performance of assets under management, fundamentally reflecting the adverse evolution of the mutual funds market in the business in Portugal, partially offset by the increase of the volume of real-estate investment funds associated with the greater number of funds under management in 2007. The performance of the placement of capitalisation insurance by the business in Portugal, the balance of which increased 7.2% compared to December 2006, partially offset the lesser volume of assets under management.

Off-balance sheet funds of the international business rose 35.5%, led essentially by the contribution from Bank Millennium in Poland, which has seen a sustained growth of the volume of assets under management and also introduced the sale of capitalisation insurance during the fourth quarter of 2007. Millennium bank in Greece also contributed to the good performance of off-balance sheet funds by returning a 11.0% increase compared to December 2006.

Total Customers' Funds Millions of euros

	2007	2006	2005	∆% 07/06
Balance sheet customers' funds				
Activity in Portugal	35,174	30,772	31,928	14.3%
International activity	10,181	7,641	7,419	33.2%
	45,355	38,413	39,347	18.1%
Off balance sheet customers' funds				
Activity in Portugal	16,206	17,061	15,766	-5.0%
International activity	2,392	1,765	1,250	35.5%
	18,598	18,826	17,016	-1.2%
Total customers' funds				
Activity in Portugal	51,380	47,833	47,694	7.4%
International activity	12,573	9,406	8,669	33.7%
	63,953	57,239	56,363	11.7%

Amounts owed to and by Credit Institutions

Amounts owed to credit institutions less amounts owed by them stood at 2,130 million euros in December 2007, compared to 5,172 million euros a year earlier, fundamentally the result of the reduction of amounts owed to credit institutions.

This performance reflects a number of measures implemented by the Group to achieve a financing structure suited to the business growth goals, with a focus on longer terms, especially through recourse to alternative sources of financing involving greater maturities, while benefiting from access to better financing conditions. This policy led both to greater recourse to the issue of medium- and long-tern instruments, such as those undertaken under the Euro Medium Term Notes (EMTN) programme and covered bonds, and also to greater use of the short-tem alternative provided by commercial paper.

The strategy pursued allowed an improvement of the Group’s financing structure in 2007, attenuating the impact of the worsening liquidity conditions on the money and interbank markets through a reduction of the proportion of the short-term financing components, contributing to a continuation of a comfortable net long position on the interbank market up to one month, despite the adverse conditions of the international financial markets, especially during the second half of 2007.

Financial assets held for trading and available for sale

Financial assets held for trading and available for sale totalled 7,503 million euros as at December 31, 3007 (7,144 million euros at the end of 2006), accounting for 9% of total assets, the same proportion as at the end of 2006.

Assets held for trading and available for sale as at 31 December — Millions of euros

	2007		2006		2005		
	Amount	% in total	Amount	% in total	Amount	% in total	Δ% 07/06
Fixed income securities							
Bonds issued by Government and public entities							
Portuguese issuers	347	4.6%	465	6.5%	520	7.4%	-25.4%
Foreign issuers	1,522	20.3%	1,819	25.5%	1,689	24.2%	-16.3%
Bonds issued by other entities							
Portuguese issuers	273	3.6%	377	5.3%	488	7.0%	-27.7%
Foreign issuers	276	3.7%	331	4.6%	542	7.8%	-16.5%
Treasury bills and other Government bonds	480	6.4%	506	7.1%	883	12.7%	-5.2%
Commercial paper	2,362	31.5%	1,513	21.2%	608	8.7%	56.2%
	5,260	70.1%	5,011	70.1%	4,730	67.8%	5.0%
Variable income securities							
Shares							
Portuguese	513	6.8%	766	10.7%	644	9.2%	-33.1%
Foreign	404	5.4%	224	3.1%	223	3.2%	80.2%
Investment fund units	420	5.6%	403	5.6%	352	5.0%	4.1%
	1,337	17.8%	1,393	19.5%	1,219	17.5%	-4.0%
Impairment for overdue securities	(5)		(5)		(6)		--
Trading derivatives	911	12.2%	745	10.4%	1,034	14.8%	22.4%
	7,503	100.0%	7,144	100.0%	6,977	100.0%	5.0%

Fixed-income securities stood at 5,260 million euros in December 2007, or 70% of the portfolio total, compared to 5,011 million euros in December 2006. The evolution of this heading in 2007 reflects, on the one hand, the smaller balances of public debt securities and, on the other, the growth of commercial paper the weight of which, as a proportion of the total portfolio, rose to 31% at the end of 2007.

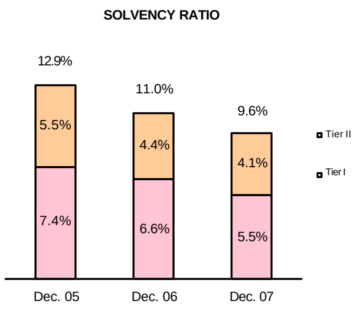
Floating-rate securities stood at 1,337 million euros as at December 31, 2007, compared ton 1,393 million euros on the same date of 2006, their weight as a proportion of the total portfolio rising to 18%, influenced by the change of the composition of the portfolio of available-for-sale securities, especially as a result of the sale of the holdings in Banco Sabadell and in EDP and by the increase of the holding in BPI.

Equity

Equity attributable to shareholders of the Bank amounted to 4,618 million euros at the end of 2007, practically unchanged from the balance at the end of December 2006 (4,629 million euros), essentially reflecting the net income for the year in the sum of 563.3 million euros, less the interim dividend for 2007 paid out during November 2007, and the dividends paid in 2007 in respect of fiscal 2006, totalling 307.0 million euros.

The evolution of equity was also influenced by the 224.0 million euros reduction of fair-value reserves, fundamentally associated with the sale of the holdings in Banco Sabadell and in EDP, and by the payment of dividends on preference shares, in the sum of 48.9 million euros.

Solvency



The Group's own funds amounted to 5,897 million euros as at December 31, 2007, compared to 6,131 million euros at the end of 2006.

This evolution reflects the impact of several one-off transactions, which, for their materiality, determined a reduction of own funds, especially in connection with Tier I funds, with a focus on the negative net impacts associated with the following operations:

i) regulatory changes leading to deductions in respect of financial holdings in insurers and financial entities in the sum of 122 million euros, of which 78 million euros in Tier I;

ii) increase of the actuarial differences of the pension fund in excess of the corridor, which amounted to 144 million euros in Tier I, as a result of the lesser profitability of the pension fund and of change in actuarial assumptions;

iii) depreciation of the AFS asset portfolio, influenced by the evolution of the capital markets, particularly the holding in BPI, totalling 79 million euros in Tier I;

iv) recognition of other impairments and provisions in the sum of 10 million in Tier I;

v) certain provisions, in particular for potential administrative offences in the amount 41 million euros;

vi) recording of the costs of the merger project and take-over bid for BPI, in the sum of 76 million in Tier I;

vii) booking of restructuring costs related with the retirement of employees and members of the Executive Board of Directors, totalling 90 million euros in Tier I;

viii) reimbursement of preference shares issued by Pinto Totta International Finance in the sum of 99 million euros;

ix) Shareholders' equity reflects the adjustments to the accounts with effect from 1 January 2006, according to note 54 to the Financial Statements.

The reduction of the Tier I and the increase of deferred tax assets determined a surplus over the limit established by the Bank of Portugal for this heading, and a consequent deduction of 338 million euros from Tier I as at 31 December 2007 (102 million euros in 31 December 2006).

These negative impacts were partially offset by the organic generation of capital and by the positive impact of the following operations:

i) rise in the valuation of the financial holding in Eureko in the sum of 61 million euros under Tier I;

ii) gain on the sale of financial holdings in EDP (65 million euros in Tier I) and in Banco Sabadell (68 million euros in Tier I), through incorporation into own funds of that part of the gains previously excluded for prudential reasons (as far as total own funds are concerned, these impacts fell to 53 million euros and to 29 million euros respectively, taking into account the fact that part of the amounts entered under Tier I were reclassified from Tier II);

iii) deferrals on transition to the IFRS totalling 40 million euros, split between a negative impact of 89 million euros in Tier I and a positive impact of 129 million euros in respect of deductions from total own funds;

iv) organic generation of capital, reflected in particular in the impacts on Tier I, of the current profits of the business, of the increase of minority interests in financial holdings and of the amortisation of the actuarial differences in the pension fund (582 million euros in Tier I, of which 452 million euros owing to retained profits for the year).

Millions of euros

	2007	2006	2005
Own Funds			
Tier one	3,362	3,654	4,011
of which: Preference shares	688	913	1,117
Tier two	2,557	2,658	3,289
Deduction to Own Funds	(22)	(181)	(323)
Total	5,897	6,131	6,977
Requirement of own funds			
As set by the Notice 1/93 (Solvency)	4,747	4,288	4,188
Trading portfolio	40	30	28
Securitisation	148	121	118
Total	4,935	4,439	4,334
Requirement of own funds x 12.5	61,687	55,494	54,171
Solvency Ratio	9.6%	11.0%	12.9%
Tier I	5.5%	6.6%	7.4%
Core Tier I	4.3%	4.9%	5.3%
Tier II	4.1%	4.4%	5.5%

Note: the values presented, including solvency ratios, include the adjustments to the accounts from 1 January 2006.

In parallel, weighted risks increased from 55,494 million euros as at December 31, 2006, to 61,687 million as at December 31, 2007, with special emphasis on the growth of the Group's business in 2007, particularly the contribution provided by the growth of the volume of loans and advances to customers.

Risk Weighted Assets

Millions of euros

	2007	2006	2005
Risk weighted assets			
Cash and due from banks	1,176	1,312	1,206
Loans and advances to customers (net)	44,520	38,771	37,570
Securities (shares and bonds)	4,536	3,201	3,062
Investments	199	1,139	851
Other assets	2,663	2,776	2,468
Total	53,094	47,199	45,157
Risk weighted contra accounts and other	6,240	6,407	7,193
Trading portfolio (*)	496	373	343
Securitisation (*)	1,857	1,515	1,478
Risk weighted assets	61,687	55,494	54,171

(*) Requirement of own funds x 12,5.

Note: the values presented, including solvency ratios, include the adjustments to the accounts from 1 January 2006.

Pension Fund

Liabilities for retirement pensions assumed by the Bank in respect of its employees rose from 5,715 million euros in December 2006 to 5,879 million euros at the end of 2007 and were financed in full as at December 31, 2007.

To finance the increase of liabilities associated with early retirements and with the cost of pensions in respect of 2007, the Bank and the Group companies made contributions to the Pension Fund during 2007 in the sum of 93.7 million euros.

In 2007 the Group recorded negative actuarial differences in the sum of 159.9 million euros as a result of the alteration of actuarial assumptions, of the lesser profitability of the fund and of the determination of actuarial deviations between the assumptions used and the actual values accomplished.

The amount of the amortisation of the actuarial differences above the corridor in 2007 stood at 34.4 million euros, the sum for 2008 being estimated at 38.3 million.

In 2006, the Executive Board of Directors decided that the employee pension complement would come to be financed through a defined-contribution plan, though employees taken on prior to the date of the resolution would keep their rights stemming from the defined-benefit plan in force till then. This measure will cause a gradual reduction of the financial risk of the Pension Fund in future years.

Note 48 of the Notes to the Consolidated Financial Statements, included in volume II of this report and accounts, complements the information on the Pension Fund.

RISK MANAGEMENT

Within the Group risk management is increasingly seen to be a prime factor in the development, profitability and sustainability of the business, although it is also viewed as an element fundamental to ensuring that the Bank and its banking and financial subsidiaries comply with present requirements and legal and regulatory stipulations in these matters, associated in particular with correct determination of the level of own funds adequate to the exposure to the various risks inherent in the banking and financial businesses.

From this twofold standpoint, there was a significant consolidation of efforts and events during 2007, within a risk-management policy to which the Group has been clearly committed and for which it has been preparing for several years. Major improvements have therefore been introduced to mechanisms, governance instruments and definitions, risk control, monitoring and mitigation, as described in each of the sub-headings dealing with the various types of risk.

The economic capital (or internal capital) calculation methodologies were also consolidated and perfected during 2007, through the use of the ICAM (Internal Capital Assessment Model). This capital management instrument allows the Group to assess its own funds requirements in accordance with internal criteria and models, in a manner parallel to and complementing the regulatory minimum capital calculation.

The year under review was also marked by the implementation of a new regulatory framework following the enactment of legislation that transposed Directives 2006/48/EC and 2006/49/EC to the legislation of the European Union countries, which enshrine, in legal terms, the principles and definitions of the New Capital Accord of the Basel Committee on Banking Supervision, commonly known as the Basel II Accord.

Therefore, in the light of this new framework, which is conceptually split into three pillars – calculation of minimum own funds requirements in the light of exposure to risks (Pillar I), banking supervision of the calculation of the economic capital of the institutions (Pillar II) and discipline governing communication with the market in the matter of risks (Pillar III) – the Group requested the Bank of Portugal, in September 2007, authorisation to use advanced methodologies in respect of risk measurement and of the corresponding determination of capital requirements, as described under the “Basel II” sub-heading.

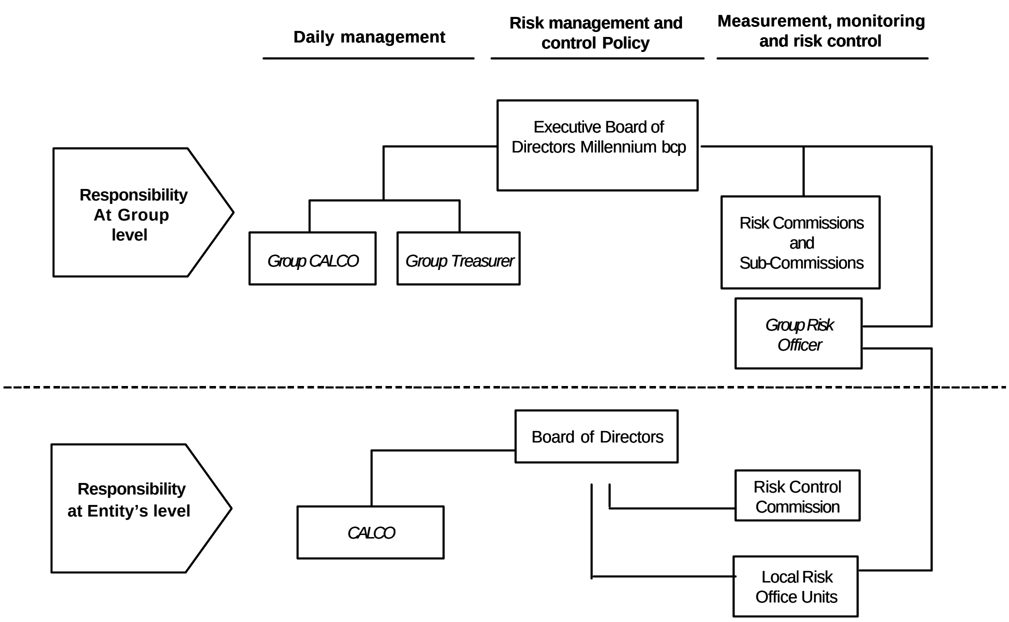
This formal request, provided for by law, constitutes a decisive and binding step in the evolution of the Group’s risk management and control policy, the logical corollary of a significant amount of work involved in the preparation and practical implementation of structures, mechanisms and instruments which, at every level, have been developed by Millennium bcp since 2003.

Considering that the Bank of Portugal has not yet issued a decision upon this request, and while the decision is not taken, the Bank intends to apply the standard method regarding the risks for which has requested the use of advanced methodologies and the basic indicator method for the operational risk.

Risk governance and management

Management model and main parties involved

The Group's risk governance model, illustrated in the following figure, did not undergo significant alteration during 2007, though some changes were introduced. These involved, for example, the review and updating of the principal internal governance document in the matter of risk policy and management (Risk Management and Control Principles) and the consolidation of the body that, at Group level, is responsible for structural management of the liquidity risk, for asset and liability management and for monitoring the level of own funds and their allocation, now known as the Group CALCO.



The Group's risk policy and management is still undertaken through a functional model of transverse, multi-domestic control. Responsibility for the management of this model is entrusted to the Millennium bcp Executive Board of Directors itself, which delegates on the Risk Commissions and respective sub-commissions (Credit Risk, Market and Liquidity Risks, Operational Risk and Pension Fund Monitoring) the follow-up and control of each type of risk.

The Group Risk Officer also plays an important role, entrusted with the co-ordination and execution of risk assessment and monitoring, and with implementation of risk controls in every business area or business support functional area.

Furthermore, materialisation of the risk policy is of a multi-domestic nature, implemented through the local structures of the Risk Office and of the risk governance bodies at the main subsidiaries outside Portugal (the local Risk Control Commissions).

Basel II

Project and preparation

Following the publication of the new Capital Accord (Basel II) in June 2004, which defined the major alterations to be introduced to risk management and to the corresponding capital requirements, the Group decided to implement a project to assess its overall adequacy in the light of these Basel II requirements. This assessment involves both the business in Portugal and the Group's international business.

On the basis of the conclusions of the assessment and taking into account the implementation costs involved, as well as the type of risks inherent in the business and the materiality of the exposure, a working plan was drawn up designed to implement the advanced approaches relating to the calculation of capital requirement called for in the Basel II Accord (in terms of credit risk and market risk), which was immediately put into practice.

Approval process

The Basel II Project reached a significant stage during the 3rd quarter of 2007, with the submission to the Bank of Portugal of a formal request for authorisation in respect of the following methods of calculation of the regulatory own funds requirements as from 2008:

- The Internal Notation Method for the credit risk (IRB) – to be in force as from 2008 for all segments in Portugal and for the retail segment in Poland, and as from 2009 in the other segments in Poland and in all segments in Greece;
- The Internal Model Method for the assessment of the general market risk of the trading portfolio, for all Group entities;
- The Standard Method for the operational risk for all Group entities.

The following table illustrates in greater detail the options taken with regard to the approaches to be used within the framework of Basel II for capital requirements in respect of the credit risk.

Methodologies used – proposal presented to Bank of Portugal

Exposure class	2008 Portugal	2008 Poland	2008 Greece	2008 Others	2009 Portugal	2009 Poland	2009 Greece	2009 Others
Sovereigns	SA	SA	SA	SA	SA	SA	SA	SA
Institutions	SA	SA	SA	SA	SA	SA	SA	SA
Corporate	IRB	SA	SA	SA	IRB	IRB	IRB	SA
SME	IRB	SA	SA	SA	IRB	IRB	IRB	SA
Renewable risk positions (retail)	IRB	IRB	SA	SA	IRB	IRB	IRB	SA
SME treated in retail	IRB	IRB	SA	SA	IRB	IRB	IRB	SA
Specialised credit	SSC	SA	SA	SA	SSC	SSC	SSC	SA
Mortgage loans	IRB	IRB	SA	SA	IRB	IRB	IRB	SA
Factoring without credit risk	IRB	SA	SA	SA	IRB	IRB	IRB	SA
Factoring with credit risk	SA	SA	SA	SA	IRB	IRB	IRB	SA
Other retail esposures	IRB	IRB	SA	SA	IRB	IRB	IRB	SA
Securitisations	SFA		SA	SA	SFA			SA
Equities	PPU/SA			SA	PPU/SA			SA

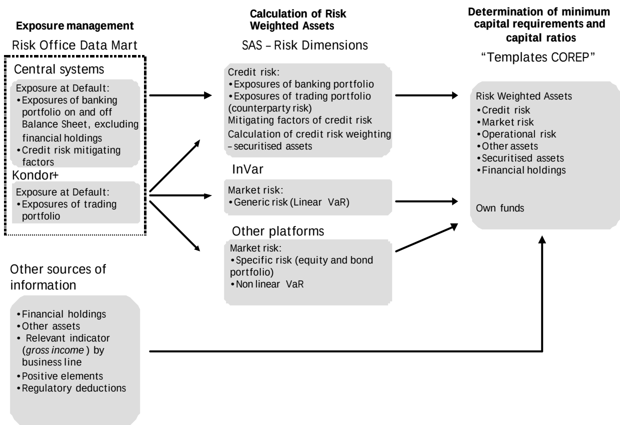
Legend:
SA - Standard approach
IRB - Internal ratings method
PPU - Permanent partial use
SFA - Regulatory formula approach
SSC - Regulatory category criteria (IRB)

Production of the documentation required for the process of approval by the Bank of Portugal, as the consolidation supervising entity, required very active involvement of the Group's risk-management structures as far as implementation of the Basel II Accord is concerned.

Calculation, reporting and in-house training

In 2007 the Group continued its efforts directed at consolidating the IT infrastructure supporting the calculation of the capital requirements, both in the identification and classification of the exposures in accordance with the regulatory categories throughout the Group's entire consolidation perimeter, and also in parameterising the IT routines for the calculation of capital requirements, with particular emphasis on those in respect of the methods based on internal risk notations for the credit risk.

The following figure shows the main components of the process of calculation of capital requirements.



On the other end, taking into account the new requirements in terms of prudential reporting as set out in Bank of Portugal Instruction 23/2007, the Group made a start during the last quarter of 2007 to an overhaul of the present reporting process, and to the acquisition of specific software to produce the regulatory tables that have been scheduled for the first quarter of 2008.

Also in 2007, a number of specific in-site training courses were organised for employees having responsibilities in the commercial areas and in other internal units involved in the credit life cycle, thus lending continuity to the in-house training programme launched in 2006, including an e-learning course directed at every employee in respect of the implications of compliance with Basel II in the Group's business.

Economic capital

Identification of all the material risks inherent in the business of a financial institution and their quantification and management – taking into account the possible effects of correlation between the various risks – is one of the major challenges posed by Basel II and it requires the development of internal risk-assessment methodologies.

Basel II's Pillar II (the process of supervision) implies the existence of risk management and control systems within the financial institutions and their management of capital, as deemed adequate to the corresponding risk profile. In this respect, the Group continued during 2007 to fine-tune and consolidate its internal model of assessment of the economic capital requirements and of its allocation to the various risks and business lines – the ICAM (Internal Capital Assessment Model).

This model allows the determination of the economic capital required to absorb the maximum potential loss, in keeping with internal criteria (by contrast with the minimum regulatory capital), designed to cover the risks incurred at various levels – by the business units, in the consolidated business or for each entity included in the Group's consolidation perimeter, allowing allocation of capital to the various business areas in accordance with the respective risk profile. Bearing in mind the return on each business area, this allocation will constitute the basis for decisions for risk-taking in future business of for the expansion or contraction of the business areas.

During 2007 efforts continued directed at the development and fine-tuning of the economic capital quantification methodology, which involves the following stages:

- Identification of the risks inherent in the Group's business;
- Specification of the time horizon for the forecast of the loss;
- Specification of the Group's risk appetite;
- Quantification of the economic capital for each type of risk;
- Aggregation of risks.

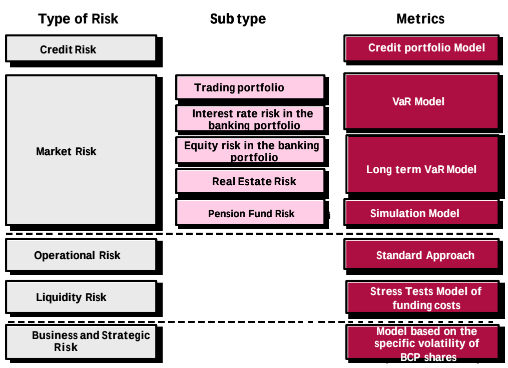
Taking into account the nature of the main bus iness of the Group – retail banking in the markets in which it operates – the main risks considered for ICAM purposes are: Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Pension Fund Risk and Business and Strategic Risks.

For the calculation and management of the economic capital the Group considers a time horizon of twelve months, bringing together various aspects of an economic, regulatory and practical order around this same forecasting window: business planning, external ratings, the regulatory capital within the scope of Pillar I and quantification of the credit risk through the internal probability of default (PD) models, among others.

Considering the Group's expectations and objectives in terms of its own notation by the rating agencies, the economic capital model assumes an overall probability of default, at 12 months, of 6 basis points, which reflects an objective rating of A+.

Quantification of the capital required for each risk on an individual basis is performed using specific mechanisms as detailed in the following chart:

Type of risks that are more material in Millennium Group and respective evaluation metrics



Thus, the quantification approaches used are based on the VaR (value-at-risk) methodology, calculating for each risk the maximum potential loss over a 12-month horizon, with a confidence level of 99.94%

Aggregation of the risks in the various levels of the organisational structure of the Group (which, generally speaking, represent business areas) includes calculation of the effects of diversification, reflected in an overall result lower than the sum of the various individual components. It can therefore be seen that the various types of risk are not perfectly correlated and the simultaneous occurrence of worst-case scenarios is improbable.

Economic Capital Structure by type of risk

Time horizon of 1 year with 99.94% confidence, corresponding to a target rating notation of A+/A1

Million of Euros

	Dec-06		Dec-07	
Credit Risk	1,423	35%	1,313	29.1%
Market Risk	1,800	44%	2,078	46.1%
Trading portfolio	12	0.3%	39	0.9%
Banking portfolio - interest rate risk	97	2.4%	235	5.2%
Banking portfolio - equity risk	630	15.5%	670	14.9%
Pension Fund Risk	1.061	26.1%	1.135	25.2%
Operational Risk	470	9%	486	10.8%
Liquidity Risk	104	3%	140	3.1%
Business and Strategic Risk	383	9%	491	10.9%
Non Diversified Capital	**4,180**	**100%**	**4,508**	**100%**
Diversification Benefits	**-1,017**	**-25%**	**-996**	**-22.1%**
Economic Capital of the Group	**3,163**	**75%**	**3,512**	**77.9%**

The results obtained at the end of 2007 for the calculation of the economic capital show an increase compared to 2006. For this evolution, it should be highlighted the contribution made by the market risk as a result of the volatility seen in the equity markets during 2007, which dictated an increase of the maximum potential loss for this type of risk. This effect was felt particularly with regard to the Defined-Benefit Pension Fund, given the weight of shares in the respective portfolio.

Significant steps were also taken during 2007 in respect of the allocation of economic capital to the various business areas (and respective risks, from a regulatory standpoint). These perfecting measures are designed to allow better assessment of the performance of each business area on the basis of the corresponding profitability/risk factor.

Besides the various developments mentioned above, mention must also be made of the following:

- Review of the economic capital stress-test mechanisms, in which the option was for an approach based on the variation of the parameters of the models used in the individual assessment of the risks;

- Definition of an evaluation methodology of the financial resources available to accommodate expected and unexpected losses – which is reflected by the Group's Risk-Taking Capacity – differentiating the resources in the light of two overage perspectives:
  - Absorbing relatively small losses whose occurrence is highly probable;
  - Protection against a default scenario.

Emphasis is also given to the alterations made to the ICAM in 2007, designed to accommodate the specifics of the markets in which the Group operates, with a particular focus on the adjustment of the parameters used in the individual measurement of the more important risks.

Credit Risk

The credit risk is associated with the losses and with the degree of uncertainty as to the expected returns as a result of the inability of the taker of the loan (and its guarantor, if any) or of the issuer of a security or of the counterparty to a contract to fulfil their obligations.

This risk is crucial to the respective materiality in the Group's overall risk exposure, besides being the type of risk that has a practical, direct effect on the day-to-day business of its commercial networks. The events and developments in this field in 2007 can be grouped into three main areas:

- Credit-risk management and control instruments;
- Consolidation and improvement of the rating systems (including the inherent scoring and rating models, the credit process itself in its various aspects and management of collateral);
- Practical use of the credit-risk assessment and monitoring instruments.

Credit-risk management and control instruments

In this field, the highlights of the business in 2007 are:

- The review and updating of the main governance document for this risk. It is transverse to the Group and establishes the operating principles and the entire framework of credit-risk management and control (Credit Principles and Guidelines). This activity includes principles and rules relevant to the perfecting of the management of this risk, such as rules on the concentration of loan exposure and on the monitoring of major exposures, or the introduction of topics relating to sustainability and social responsibilities as elements additional to the framework surrounding the Group's actions;
- Definition and implementation of a procedural methodology to validate the rating systems and the inherent rating/ scoring models, from a standpoint of gauging as continuously as possible the adequacy of the systems and models used and of identifying all those adjustments seen to be necessary or appropriate at any point of the credit process itself.

Rating systems

The developments and perfecting seen during 2007 in respect of the Group's rating systems mainly involved the acceptance scoring models that form an integral part of these systems (both general risk assessment and assessment of the risk within the scope of specific credit products) and the credit-risk assessment models for companies. These improvements led to the development, revision or implementation of new scoring/ rating models. Thus, in 2007:

- A new acceptance scoring model for short-term credit (credit cards and current account overdrafts) was developed and a start was made to its implementation in Portugal;
- New acceptance scoring models were developed for the Business segment in Portugal and Greece;
- The Corporate credit-risk assessment models used in Portugal and Poland were reviewed (for the Companies and Corporations segments);
- The development of new mortgage-loan and motor loan acceptance scoring modes was concluded in Greece;
- The consumer credit and credit card acceptance scoring models were updated, as was the credit-risk assessment model for companies, in Greece;
- An automatic decision mechanism was introduced to ensure the proper forwarding and processing of credit applications and their subsequent analysis and decision (Decision Engine), in Portugal, for consumer credit;
- The warning system (early warning signals - EWS) was fine-tuned. This system allows identification of Customers showing early signs of potential default and consequently allows preventive measures to be taken in respect thereof.

Relevant improvements were also introduced in the area of collateral management, assessment and re-evaluation, with particular emphasis on software developments at the level of the central collateral (both real and financial) recording and management system applications, so as to make more correct and up to date the entire valuation of assets provided as collateral as factors extremely important to the mitigation of credit risks.

Practical use of the credit-risk assessment and monitoring instruments

The use of credit-risk assessment instruments by the Group does not stem from any requirement arising from the adoption of the principles and practices enshrined in the Basel II Accord, since, for example, the TRIAD system (for Customer credit-risk notation) has been used within the Group since 2000. Therefore, all the preparation and developments directed at compliance with Basel II that have been undertaken by the Group in the credit-risk area have simply deepened and completed a credit-risk assessment and management instrument and mechanism infrastructure that already existed, establishing a concrete bridge between the risks thus assessed and managed and the determination of the adequate capital corresponding to these risks.

From this standpoint, the main developments and events in 2007 were as follows:

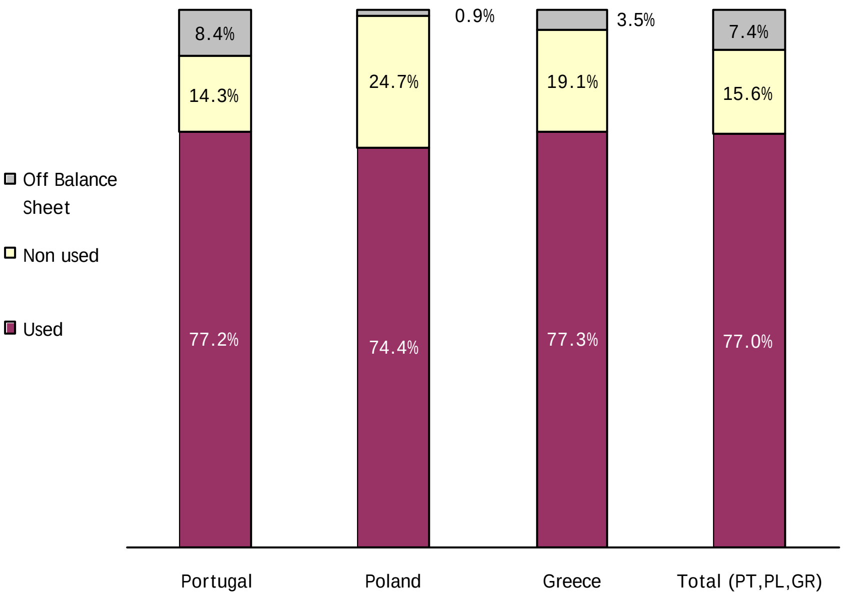
- The coming into force during February 2007 of the Credit Extending and Monitoring Regulations for Group entities in Portugal, approved at the end of 2006, which incorporate all the principles involved in the alterations to the management and control of risks of this kind in the light of the Basel II definitions and methodologies, and instituted the Rating Master Scale that had been defined in 2006. This important internal standards document covers every aspect of the credit process: risk analysis and notation, decision, monitoring and recovery;

- Review of the similar regulations of Group entities in Poland and Greece, with the same objectives;
- Institution and practical use of parameters that, for the credit risk, allow full characterisation of the exposures and, at the same time, are used to calculate capital requirements (both regulatory and economic). These parameters are:
  - The Customer's degree of risk, as measured by the Rating Master Scale, each degree being associated with a given probability of default (PD);
  - The level of protection associated with each credit operation, measured in the light of the type of security provided by the Customers and the respective degree of cover as a proportion of the amount of the loan involved in the transaction, which influence the amount of the loss in the event of default (LGD). During 2007, the estimating modelling of these parameters was fine-tuned for the lending business in Portugal;
  - The credit conversion factors (CCF), which reflect, in terms of actual exposure, the potential exposure represented by credit extended but not drawn down and other off-balance sheet exposures (these parameters have been estimated internally for Portugal, Poland and Greece).

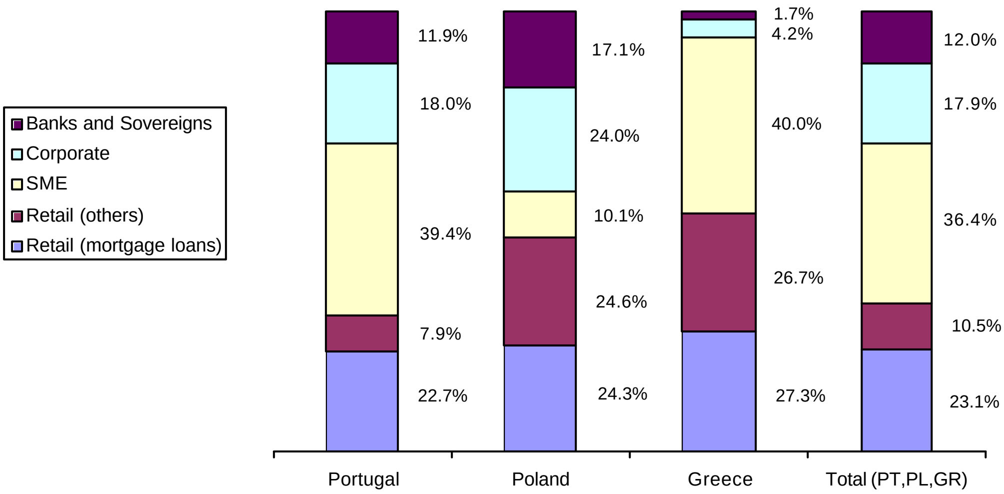
Having been developed in 2006 and introduced into the Group's rules and regulations through the credit regulations of each entity or country, these parameters are now determinant as input elements for credit analysis and decision, for determination of portfolio impairments and for the definition of the pricing to be used in each loan transaction. In fact, its adoption by the Group is not more that the corollary of the practical application of the Basel II principles, with a view to measuring and assigning a notation to the credit risk from a twofold viewpoint: that of the Customer's characteristics and that of the specific transactions.

Composition of the loan portfolio

The composition of the Group's loan portfolio at the end of 2007 does not differ significantly from that at the end of 2006. As far as overall nominal exposure is concerned, i.e., both balance-sheet and off-balance sheet exposure, the following figure illustrates the position in December 2007 of each of the group's major geographic areas.



The breakdown of the overall loan portfolio in terms of the segments of exposure in the light of Basel II is shown in the following figure:



On the other end, as far as the breakdown of credit exposures by the degrees of risk of the Rating Master Scale is concerned, considering the potential exposure represented by the unused amounts of credit lines granted and other off-balance sheet exposures, the position in December 2007 is summarised in the following table, which also provides complementary information on the breakdown of the exposures in each degree of risk by LGD bands:

Structure of the credit portfolio - Risk Levels *versus* Loss Given Default (LGD)

Risk Level		Loss Given Default (LGD)				
		< 10%	**[10% - 20%[**	**[20% - 30%[**	**[30% - 40%[**	**[40% - 50%[**
1	Maximum security	0.0%	8.6%	20.1%	0.0%	71.3%
2	Superior quality	0.0%	0.0%	0.0%	0.0%	100.0%
3	Very high quality	0.1%	0.7%	0.4%	0.3%	98.5%
4	High quality	15.6%	7.6%	3.1%	0.8%	72.8%
5	Very good quality	1.6%	31.1%	4.7%	4.7%	57.9%
6	Good quality	1.7%	39.1%	7.9%	3.1%	48.2%
7	Average/good quality	1.6%	49.7%	11.5%	2.1%	35.1%
8	Average quality	7.3%	26.2%	10.5%	4.7%	51.4%
9	Average/low quality	2.9%	33.0%	17.7%	4.1%	42.3%
10	Low quality	3.2%	38.4%	13.5%	5.5%	39.4%
11	Very low quality	1.4%	54.6%	8.3%	1.5%	34.2%
12	Loans with restrictions	2.0%	64.4%	7.7%	0.9%	25.1%
13	Weak signs of default	2.1%	48.6%	11.2%	3.1%	35.0%
14	Strong signs of default	2.4%	39.7%	18.8%	7.0%	32.0%
15	Default	2.8%	34.9%	21.2%	8.2%	32.9%

(Excludes Banks, Sovereigns and Specialised Credit)

In this table emphasis is given to the greater degree of collateralisation of credit – reflected in lower LGD values – observed in those Customers having a higher degree of risk, revealing a prudent credit-extending policy. The risk profile shown reflects the nature of the underlying loan transactions, bearing in mind the Bank's focus on retail Customers and medium companies.

Calculation of economic capital

In 2007 the calculation of economic capital in respect of the credit risk continued to be undertaken through a portfolio actuarial model developed in-house from the Basel II standpoint. It provides an estimate of the distribution of total loss probabilities of the exposures and specific characteristics of the Group's loan portfolio.

This model thus includes measurements relating to the basic variables of the credit-risk assessment (PD/LGD/CCF) and also considers the uncertainty associated with these measurements by also incorporating volatility for these parameters. Additionally, it also considers the effects of credit-risk diversification and/or concentration, taking into account the degrees of correlation between the various sectors of economic activity.

Operating Risk

The operational risk involves losses incurred as a result of failures or inadequacies of internal policies, people or systems, or also of external events. Consequently, the Group has always adopted principles and practices that ensure efficient management of this risk, through the definition and documentation of these principles and through implementation of the respective control mechanisms. Examples of these include:

- Segregation of functions;
- Lines of responsibility and respective authorisations;
- Definition of risk-exposure tolerance levels;
- Codes of practice and of conduct;
- Key operations risk indicators (KRI – key risk indicators);

- Computer access and security controls;
- Contingency plans;
- Reconciliation activities;
- Exceptions reporting;
- In-house training in processes, products and services.

Additionally, without prejudice to being held responsible for mitigation and control of the operational risk, which is implemented at every organisational and functional level of the Group, the Risk Office includes a department dedicated solely to the management of this risk.

Management and control instruments

The year under review was a major landmark year in the consolidation of the strategy defined for the management of the operational risk throughout the whole of the Group's business perimeter in various quantitative and qualitative aspects, with emphasis on the following:

- Strengthening the involvement of top management in matters relating to this type of risk (better governance);
- Practical development of the operational-risk management policy on the end-to-end process structure. The implementation and development of this was very important in 2006, providing an overview of the risks present in each process and identification of the respective causes and origins;
- Implementation of a process of gathering operational losses at every Group entity, using specific operational risk management software that allows systematic analysis of the cause-effect relationships, the recording of measures of a preventive or corrective nature adopted in the light of each loss event, and the sum set aside for losses;
- Definition of the decision thresholds with regard to tolerance or action (mitigation/correction) as to operational risks, in the light of their evaluation and classification.

Risk self-assessment

Also underscored is the contribution by the process owners to the assessment and quantification of the operational risks associated with each process (RSA – risk self-assessment) in terms of the expected severity (impact), through specific workshops organised by the Risk Office.

In 2007, these workshops were directed at 44 business and support processes (involving a total of 85 processes) representative of the main areas of the Bank's business in Portugal. This risk identification and assessment activity is expected to continue in 2008 in the main banking subsidiaries outside Portugal.

The process owners are appointed by the Board of Directors of each entity. Their responsibilities include:

- Keeping up to date all the relevant documentation concerning their processes;

- Ensuring real adequacy of existing controls through direct supervision or by delegation on the departments responsible for the controls;
- Co-operating in the RSA workshops;
- Detecting and implementing process-improvement opportunities, including mitigation measures for the more significant risk exposures.

Operating losses

The process of capturing and recording operating losses was launched in November 2006 in Portugal and it was extended to the other countries in which the Group does business in 2007. Complementing risk self-assessment, this activity is very important in establishing the Group's operational-risk profile. Furthermore, this risk-management instrument becomes crucial in increasing the awareness of the organisation as to this type of risk and, therefore, in consolidating a culture of operational-risk containment and control.

Internal control and contingency planning

Also in the field of the operational risk, emphasis is given to major projects developed by the Group, given their important contribution to operational-risk management and control, such as the Internal Control project and the Business Continuity Management project.

In fact, lending continuity to the efforts begun in 2005 directed at strengthening the internal control system for the business in Portugal, this project was extended during 2007 to the principal entities abroad. The aims of this initiative, besides the adoption of Bank of Portugal recommendations in this matter and alignment with the practices enshrined in the Sarbanes-Oxley Act session 404, is to create a base to other Group's initiatives such as quality certification and operating efficiency.

In parallel, the business continuity project was concluded for the business in Portugal, involving definition of contingency plans designed to ensure business continuity in the event of disaster. The framework developed within this project comprises two complementary components: the Disaster Recovery Plan (DRP) for the systems and infrastructure, and the Business Continuity Plan, dealing with the people and services required to provide minimum support to the business processes. During 2007 this project was extended to the principal banking entities abroad, in Poland and Greece, and its conclusion is scheduled for 2008.

Market Risks

Market risks reflect the potential loss that can be generated by adverse alterations of rates (interest and exchange) and of prices of equities, bonds, commodities and/or real estate in the Group's trading and banking portfolios.

The trading portfolio includes positions the aim of which is to obtain short-term returns through sale or revaluation. These positions are actively managed, are tradable without restriction and are marked to market on a regular basis. The banking portfolio includes all positions not included in the trading portfolio, namely the institutional funding and money market transactions, transactions of a commercial nature and the investment portfolio.

Market Risk evaluation measures

The main measure used by the Group to assess the market risks of the trading portfolio is the VaR (value at risk). This is calculated on the basis of the analytical approach defined in the methodology developed by RiskMetrics, considering a time horizon of 10 working days and a unilateral statistical confidence of 99%.

Two other complementary measures are also used: a standard measure to assess the specific risk and a measure of the non-linear value at risk, at 99%, of the options.

The capital at risk stems from aggregation of the three measures mentioned above. It is determined both on an individual basis (for each of the position portfolios of the areas having responsibilities in risk taking and management) and also in consolidated terms (considering the effect of diversification between the various portfolios and entities).

In the banking portfolio, in addition to the measures detailed above, sensitivity measures are also used in the analysis of each type of risk.

Monitoring market risks in both portfolios involves a large number of activities, such as:

- Monitoring the portfolios and their characterisations within the systems;
- Backtesting exercises;
- Complementary validation of the models and assumptions used;
- Allocation of prudential limits underpinned by the Group's own funds and based on rules of allocation per entity, management area and risk component.

Additionally, the Group takes into account a number of stress scenarios to simulate the potential economic loss arising from extreme variations of the market-risk factors, identifying risks not detected by the models in use and imposing, if necessary, a reduction of any exposures considered excessive.

Evolution of the market-risk indicators for the trading portfolio

The market-risk indicators for the trading portfolio are detailed in the following table. They show a low exposure level of 12 million euros, on average, as a result of their conservative profile and of the effect of diversification between the various portfolios.

Risk indicators for the Trading Portfolio

Thousand of Euros

	Market risk of the Trading Portfolio (from June to December 31st, 2007)				
	31-Dec-07	Average	Maximum	Minimum	01-Jun-07
Generic risk [VaR (*)]	**3,651**	**4,056**	**6,894**	**2,642**	**4,415**
Interest rate risk	**2,712**	**3,753**	**5,385**	**3,128**	**4,502**
Exchange rate risk	**637**	**788**	**2,222**	**1,086**	**908**
Equity risk	**1,381**	**1,057**	**949**	**1,117**	**747**
Specific risk	**3,835**	**7,820**	**17,475**	**2,474**	**13,501**
Non-linear risk	**299**	**363**	**1,772**	**34**	**323**
Global Risk	**7,784**	**12,232**	**22,375**	**7,262**	**18,239**

(*) Holding period of 10 days and 99% confidence level.

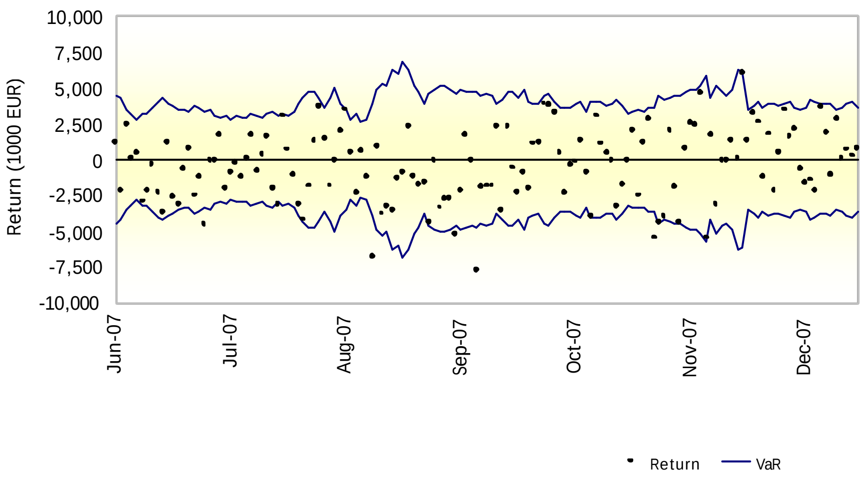
The reduction of the overall risk level observed during the period under review was caused by the reduction of the securities portfolio, with a particular focus on those securities having a greater specific risk, as well as by the reduction of the exposure to the interest-rate risk, within the frameworks of prudent management practices against an adverse market background.

Validation of the model

In order to ensure that the internal model is adequate to the assessment of the risks inherent in the positions assumed, several validations of differing scope and frequency are performed. These include backtesting, the effects of diversification and the scope of the risk factors.

The following chart presents the backtesting that confronts the VaR indicators with the hypothetical results. The results of this process show the adequacy of the model of assessment of the risks incurred.

VaR - BackTest / Trading portfolio



The process of calculation of the market risk is carried out centrally for the Group's main subsidiaries active in market areas (Millennium bcp, Millennium bcp Investimento and the banking subsidiaries in Poland, Greece, Turkey and Romania). It involves the use of applications developed in-house or, in the case of VaR, in cooperation with Reuters.

Analysis of the sensitivity to the interest rate risk in the banking portfolio

Assessment of the interest-rate risk involved in the transactions of the banking portfolio is performed through a process of analysis of the sensitivity to risk, undertaken every month, for all the operations included in the Group's consolidated balance sheet.

In this analysis consideration is given to the financial characteristics of the contracts available in the information systems. On the basis of these data, the expected cash flows are projected in accordance with the repricing dates, and a calculation is performed of the impact on the economic value of the Bank in the light of several scenarios of alteration of market interest-rate curves.

The analysis referred to December 31, 2007 shows that the balance sheet interest-rate sensitivity – calculated as the difference between the present value of the interest-rate mismatch, discounted at market interest rates, and the discounted value simulating a parallel shift of the market interest-rate curve of +100 basis points – amounts to +82 million euros and -7 million euros, for the currencies in which the Group holds more significant positions, euros and dollars respectively.

The following tables show the impact on economic value of this shift for each management area and for each time gap:

Position in December 31st, 2007

Millennium Group

(Thousands of euros)

Interest rate gap for the balance in EUR

	< 1M	1M -3M	3M - 6M	6M - 1Y	1Y - 2Y	2Y - 3Y	3A - 5Y	5A - 7Y	> 7Y	TOTAL
Activity of the Commercia Area	- 2,085	- 15,681	- 13,371	+ 32,582	+ 4,640	+ 1,606	- 12,441	- 6,754	- 9,139	- 20,642
Activity of the Structural Area	+ 6,088	+ 11,410	- 4,227	+ 6,075	+ 5,715	+ 8,094	+ 67,303	+ 84,300	+ 127,155	+ 311,914
Subtotal	***+ 4,003***	***- 4,270***	***- 17,598***	***+ 38,657***	***+ 10,356***	***+ 9,700***	***+ 54,862***	***+ 77,546***	***+ 118,016***	***+ 291,271***
Risk coverage	+ 3,460	- 362	+ 17,066	- 10,749	- 10,856	- 10,289	- 53,160	- 50,336	- 88,533	- 203,760
Total Commercial and Structural	**+ 7,463**	**- 4,633**	**- 532**	**+ 27,908**	**- 500**	**- 589**	**+ 1,702**	**+ 27,210**	**+ 29,482**	**+ 87,511**
Investment portfolio	- 25	- 263	- 411	- 156	- 49	- 65	+ 221	- 226	- 634	- 1,607
Financing and coverage	- 1,743	+ 17,658	- 1,396	- 11,604	+ 150	- 4	- 428	- 587	- 6,377	- 4,331
Total banking portfolio	**+ 5,695**	**+ 12,762**	**- 2,339**	**+ 16,148**	**- 398**	**- 658**	**+ 1,495**	**+ 26,397**	**+ 22,471**	**+ 81,573**

Interest rate gap for the balance in USD

	< 1M	1M -3M	3M - 6M	6M - 1Y	1Y - 2Y	2Y - 3Y	3A - 5Y	5A - 7Y	> 7Y	TOTAL
Activity of the Commercia Area	- 76	- 146	- 1,760	- 474	- 2,537	+ 736	- 1,647	- 3	+ 3,012	- 2,895
Activity of the Structural Area	+ 571	+ 142	- 26	- 36	+ 82	+ 254	+ 510	+ 16	+ 370	+ 1,882
Subtotal	***+ 495***	***- 5***	***- 1,786***	***- 510***	***- 2,455***	***+ 990***	***- 1,137***	***+ 12***	***+ 3,383***	***- 1,013***
Risk coverage	- 799	- 694	- 373	- 121	- 128	- 1,959	+ 26	+ 251	- 142	- 3,938
Total Commercial and Structural	**- 305**	**- 698**	**- 2,159**	**- 630**	**- 2,583**	**- 969**	**- 1,111**	**+ 263**	**+ 3,241**	**- 4,951**
Investment portfolio	- 24	- 61	- 23	- 80	- 229	- 144	- 1,024	- 26	- 456	- 2,066
Financing and coverage	+ 591	+ 22	- 1,157	+ 423	- 171	- 17	+ 0	+ 0	+ 0	- 309
Total banking portfolio	**+ 262**	**- 737**	**- 3,340**	**- 287**	**- 2,983**	**- 1,130**	**- 2,134**	**+ 238**	**+ 2,784**	**- 7,326**

Each month the Group carries out hedging operations on the market with a view to reducting the interest-rate mismatch of the risk positions associated with the portfolio of operations belonging to the commercial and structural areas.

Those risk positions not subject to specific hedging on the market are transferred, through internal operations, to the markets area and, from then on, they form an integral part of the respective portfolios and are assessed as such on a daily basis using the VaR methodology.

Economic capital

Within the scope of the ICAM, market risks as also assessed on the basis of the VaR methodology, applying the adjustments of scale appropriate to each portfolio. A time horizon of 90 days is considered for the trading portfolio, while the time horizon considered for the banking portfolio is one year, with regard both to the interest-rate risk and to the risk inherent in financial holdings. In the case of financial holdings, the volatility of the returns is obtained using historic series of the prices of the shares of these companies, when quoted, or indices constructed for the purpose, where the shares are not listed on a stock market.

Liquidity Risk

The liquidity risk reflects the potential loss caused by a deterioration of the financing conditions (financing risk) and/or by the sale of assets for less than their market value (market liquidity risk) to meet requirements for funds arising from the obligations to which the Group is subject.

Liquidity Risk Management

Management of the Group's liquidity is undertaken on a central basis for the main exposure currencies. In this, both the financing requirements and any surplus liquidity of the subsidiaries are mostly dealt with by means of transactions carried out with the Bank.

Liquidity management is dealt with, at consolidated level, by the Group Treasurer, charged also with the co-ordination, insofar as each entity is concerned, of the various liquidity management units. The Group Treasurer also manages access to the market by the various Group entities, though his relationships with financiers, diversification of liabilities and sale of assets, and also deals with the two main structural liquidity management tools: the Liquidity Plan and the Liquidity Contingency Plan. The Group CALCO s the body that is responsible, at Group level, for the structural management of liquidity.

For their size and representativeness in the balance sheet, emphasis is given, in terms of alternative sources of financing, to the securitisation operations, the issue of securities under the European Medium Term Notes (EMTN) programme and the secured medium and long-term financing operations (covered bonds) contracted with financial institutions.

The financing policy for the subsidiaries is defined by internal regulations that establish the principles and rules to be followed in order to obtain an adequate balance sheet structure.

The evolution of the business portfolio in recent years, with faster growth of the loan portfolio than of deposits, has implied growing recourse to alternative sources of financing.

The subprime mortgage crisis in the USA and its reflexes during the second half of 2007 implied a significant reduction of several alternative sources of financing, besides a widespread reduction of the financing terms, requiring redoubled attention in respect of liquidity-risk management.

The Group adopted several measures during 2007, which attenuated the penalising effect of the unfavourable situation of the markets on its liquidity, with emphasis on the effort made to attract customer deposits, the sale of the financial holdings in EDP and in Banco Sabadell, and a consumer credit securitisation operation, the senior tranche of which is eligible for the purpose of discounting via the European System of Central Banks.

In parallel, the debt issued undertaken during 2007 under the EMTN and the Covered Bonds programmes allowed favourable modification of the Group's financing structure, reducing the short-term position from 48.5% in 2006 to 40.3% in 2007. This contributed to the maintenance of a comfortable net long position on the interbank market up to one month.

Treasury net position in percentage by residual term

Term	<1M	1-3M	3-6M	6-12M	1-3Y	3-5Y	>5Y
Dec-07	-4.6%	22.0%	14.1%	8.8%	22.9%	14.6%	22.3%
Acumulated	-	17.4%	31.5%	40.3%	63.1%	77.7%	100.0%
Dec-06	-7.0%	28.2%	14.0%	13.3%	25.6%	12.4%	13.6%
Acumulated	-	21.2%	35.2%	48.5%	74.1%	86.4%	100.0%

Liquidity Risk assessment measures

Assessment of the Group's liquidity is performed on the basis of the regulatory indicators established by the supervisory authorities and on complementary internal metrics, for which exposure limits are established.

The evolution of the Group's liquidity, for short-term time horizons (up to 3 months) is assessed daily on the basis of two indicators defined internally: immediate liquidity and quarterly liquidity. These assess the maximum fund-taking requirements that can occur on a single day, considering the cash-flow projections for periods of three days and three months respectively.

Calculation of these indicators is undertaken on the basis of the liquidity position for the day under analysis, to which are added the future estimated cash flows for each day of the respective time horizon (3 days or 3 months) for the set of operations brokered by the markets areas. This includes transactions with Customers undertaken by the Corporate and Private networks, which, for their dimension, are mandatorily quoted by the Trading Room. The amount of assets considered highly liquid in the Bank's securities portfolio is added and the accumulated liquidity gap is determined for each day of the period under analysis.

These figures are reported daily to the areas responsible for the management of the liquidity position and are confronted with the exposure limits in force.

In parallel, the evolution of the Group's liquidity position is regularly determined, complete with identification of every factor underlying any variations that may have occurred. This analysis is submitted to appraisal by the Markets and Liquidity Risks Sub-Commission with a view to taking decisions leading to the maintenance of financing conditions adequate to the pursuit of the business.

Additionally, liquidity stress tests are performed monthly for specific crisis and market scenarios, the better to characterise the profile of the liquidity risk at the Bank, ensuring that the Group and each subsidiary is in a position that will guarantee fulfilment of its obligations in the event of occurrence of a situation of liquidity crisis. The results of these tests contribute to the preparation and evaluation of the liquidity contingency plan referred to hereunder, and to routine management decisions.

Liquidity plans

The Liquidity plan defines the financing structure required for the Bank. The plan is prepared at consolidated level and at the level of the main subsidiaries. It is an integral part of the budget process and establishes the measures deemed necessary to achieving the adequate financing structure. The Liquidity Plan is of great importance to the Bank, and it is monitored monthly.

The priorities, responsibilities and specific measures to be taken in the event of a liquidity crisis are defined in the Liquidity Contingency Plan. This plan is reviewed at least once a year and it provides for the ongoing monitoring of market conditions and the establishment of protection, anticipation and immediate decision-taking levels involving activation of the Liquidity Crisis Management Committee.

Economic capital

Within the scope of the ICAM the economic capital relating to the liquidity risk represents the increase of costs associated with adverse market conditions that could involve, at one and the same time, a sharp increase of financing requirements, an increase of market financing spreads and a deterioration of the rating notation awarded to the Bank, on the basis of scenarios to which, taken together, a probability is assigned compatible with the confidence level of the model.

Pension Fund Risk

The Defined-Benefit Pension Fund risk also falls with the overall framework of the monitoring, control and management of the Group's risk. This risk consists of the possible need for the Group to make extraordinary contributions to this Pension Fund, in a scenario of depreciation of the assets that make up the fund or of an unexpected decrease of the return on these assets.

Indeed, faced with a scenario of this nature the Group would be confronted with having to make unforeseen contributions in order to maintain the benefits defined by the fund. The incorporation of this type of risk into the ICAM and the respective calculation of economic capital are based on the probability of occurrence of this type of scenario involving negative future evolution.

Regular monitoring of this risk and control of its management is entrusted to the Pension Fund Monitoring Sub-Committee.

Business and Strategic Risks

Conceptually, the occurrence of these risks will give rise to losses in the Group's income statement (or equity), as a result of inadequate strategic decisions, failures in the implementation of decisions or lack of response capacity in the light of the evolution of market conditions.

The variation of BCP share price is seen to be a relevant indicator as the basis of the measurement of this type of risks, their quantification being undertaken within the scope of the internal model for the assessment of own funds and their allocation to the various business areas (ICAM).

From this standpoint, the calculation of the economic capital associated with risks of this type is performed on the basis of the evolution and levels of the BCP share price, after deduction of the external influence of the equity market, estimated from chronological series of the share prices of the largest banks listed on Euronext Lisbon.

BCP SHARES

The global economy continued to grow robustly during 2007 – returning a growth rate greater than the historic average for the fifth straight year – while inflation remained under control at global level. Nevertheless, 2007 will be remembered for the subprime crisis, which involved a reappraisal of the risk and scarcity of liquidity. The main European indices therefore appreciated, with emphasis on the good performance of the DAX (up 22%). The other European indices appreciated more modestly: Eurostoxx50 +7%; IBEX35 +7%; FTSE +4%; CAC40 +1%. On the negative side is the performance of the European banking industry, where the benchmark index, the BEBANKS, fell by over 16% in 2007, the immediate consequence of the losses caused by the subprime crisis, with the increase of loans in default and the estimates as to economic slowdown.

The Portuguese economy performed well in 2007 in various areas: economic growth, deflationary trend and consolidation of public finances. The Portuguese equity market appreciated strongly in 2007 (16%), having benefited from the good global climate and from the announcement of take-over bids involving some of the biggest companies listed on the main Portuguese share index.

Share performance on the stock market

During the period from December 29, 2006, to December 31, 2007, BCP shares appreciated by 4.3% to stand at 2.92 euros per share at the year-end. Including the returns provided by the dividend distribution, the BCP shares provided a total return of 7.0% for its shareholders in 2007.

	Price
Price on 29 December 2006	2.80 euros
Price on 31 December 2007	2.92 euros
Average annual price	3.14 euros
Minimum price (16 March 2007)	2.57 euros
Maximum price (26 June 2007)	4.30 euros
Price appreciation from 29 December 2006 to 31 December 2007	4.3%
Market capitalisation on 31 December 2007	10.5 billion euros

Source: Bloomberg; Euronext

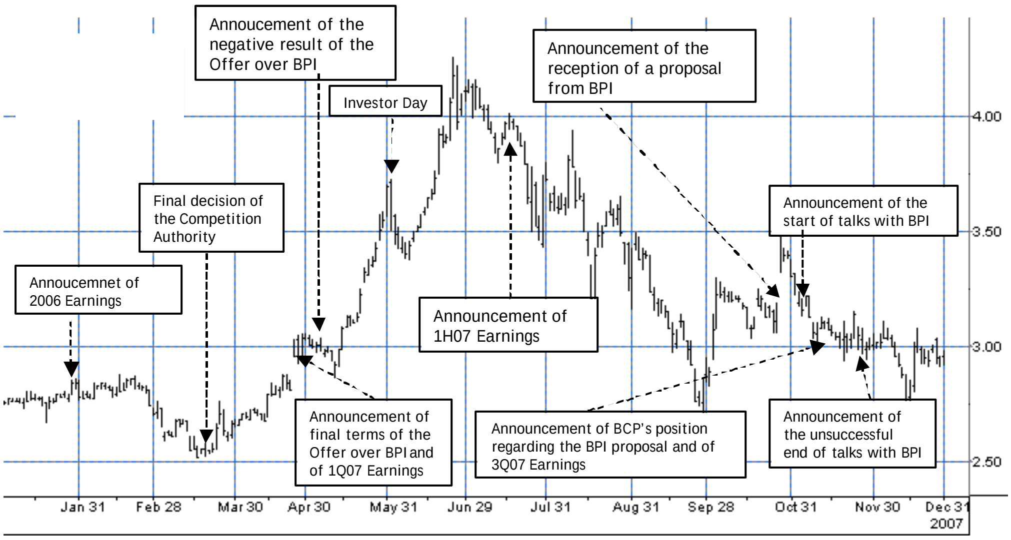
The performance of the BCP shares in 2007 very considerably outperformed that of the BEBANKS index (down 16.5%), and also bettered by nearly 1 percentage point the Euronext 100 Index (up 3.4%). However, they underperformed the Portuguese PSI20 Index, which returned one of the best performances of the European indices, outperformed only by the DAX. It should be noted that the performance of the BCP shares was influenced by a certain dimate of internal and shareholders instability, as well as by the subprime crisis in particular, which had a negative effect on the entire European banking industry.

Performance compared with the benchmark indices

Index	Price variation in 2007	Total return including dividend
BCP shares	+4.29%	+6.98%
PSI20	+16.27%	+19.79%
Bloomberg European Banks Index (BEBANKS)	-16.46%	-13.13%
Euronext 100	+3.36%	+6.32%

BCP's market capitalisation as at December 31, 2007, amounted to 10.5 billion euros, an increase of 4.3% over the end of the previous year.

The following chart provides a graphic illustration of the performance of the BCP shares during 2007.



Main events in 2007and change on the share price

Date	EVENT	Price variation next day	Price variation of the next 5 days
31/Dec	Announcement of the new list proposed for the election of the Executive Board of Directors	-4.11%	-5.82%
28/Dec	Announcement that the proposed listed headed by Filipe Pinhal has been withdrawn Announcement of the list for the Executive Board of Directors to be presented at the General Meeting	-0.68%	-7.82%
04/Dec	Announcement of the proposed list for the Executive Board of Directors to be presented at the General Meeting Announcement of the resignation of Jardim Gonçalves from the positions of chairman of the Supervisory Board and of the Senior Board	+0.66%	-3.31%
03/Dec	Announcement of requests to convene a General Meeting	+0.00%	-1.99%
25/Nov	Announcement of the failure of the negotiations with Banco BPI	-3.79%	-5.68%
23/Nov	Last trading day in which shares have right to dividend, starting trading ex-dividend from November 26	-3.79%	-5.68%
05/Nov	Announcement of the start to talks with Banco BPI aiming a possible merger	+1.88%	-1.88%
30/Oct	Disclosure of Banco Comercial Português's position in respect of the Banco BPI merger proposal Publication of Results for the 3rd Quarter of 2007	-2.62%	-5.25%
25/Oct	Announcement of the reception of Banco BPI's merger proposal	+7.21%	2.51%
31/Aug	Announcement of the resignation of Paulo Teixeira Pinto and of the appointment of Filipe Pinhal as chairman of the Executive Board of Directors	+1.46%	-4.66%
06/Aug	Announcement of the suspension of the General Meeting, and that works will regain on August 27	-1.09%	+0.82%
24/Jul	Publication of Results for the 1st half of 2007	+1.90%	+2.17%
27/Jun	Notice of the General Meeting	+2.24%	+3.73%
11/Jun	Last trading day in which shares have right to dividend, starting trading ex-dividend from June 12	+0.84%	+4.52%
01/Jun	Investor Day 2007	-2.47%	-3.57%
28/May	General Meeting of Shareholders	+2.29%	+1.43%
07/May	Announcement of the end to the take-over bid for Banco BPI	+0.00%	+0.33%
24/Apr	Announcement of the final offer for Banco BPI Publication of Results for the 1st quarter of 2007	+5.23%	+6.97%
16/Mar	Disclosure of the final decision of the Competition Authority	+1.56%	+5.06%
30/Jan	Publication of the 2006 Annual Results	-2.07%	-0.69%

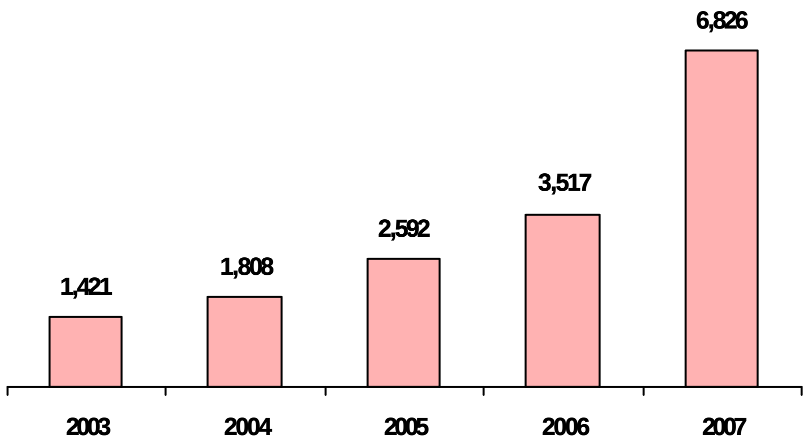
During in the first half of 2007, the BCP share price rose 47.9%, with a growth trend throughout this period. In the second half of 2007, it fell by 29.5%.

Liquidity

BCP shares continue to be among the most liquid of the Portuguese stock market, 6,879 million shares having been traded during 2007. This provides an average daily volume of 26.8 million shares and a 96% increase over the total number of shares traded the previous year, showing the growing interest of institutional investors. The annual turnover in BCP shares is the equivalent of twice its average annual market capitalisation, compared to 98% in 2006 and 80% in 2005. In terms of turnover, the BCP shares account for 23.2% (22.9 billion euros) of the total volume of transactions of the equity segment of Lisbon's regulated stock market.

Liquidity

(million shares)



Indices in which the shares are listed

BCP shares are included in more than 40 national and international stock indices, with emphasis on the following:

Index	Weight (%)
Euronext PSI Financial Services	43.809%
PSI20	11.842%
DJ Eurostoxx Banks	1.272%
Bebanks	0.133%
Euronext 100	0.476%
DJ Eurostoxx	0.248%

Dividend policy

Banco Comercial Português has maintained its judicious profit distribution policy in keeping with prudential rules, in an endeavour to ensure adequate remuneration for its shareholders. Therefore, in keeping with the practice of the past three years, the Bank paid an interim dividend in November 2007 in the sum of 0.037 euros per share (gross). The dividends paid by BCP since 2000 are detailed in the following table:

Year	Payment year	Gross dividend per share (euros)	Net dividend per share (euros)		Payout Ratio (1)	Dividend Yield (2)
			Residents	Non Residents		
2000 (3)	2001	0.15	n.a.	n.a.	62.4%	2.65%
2001	2002	0.15	0.12	0.105	61.1%	3.30%
2002	2003	0.10	0.08	0.07	49.2%(4)	4.39%
2003	2004	0.06	0.051	0.045	44.7%	3.39%
2004						
Interim dividend	2004	0.03	0.0255	0.0225		
Final dividend	2005	0.035	0.02975	0.02625		
Total dividend		0.065	0.05525	0.04875	41.3%	3.44%
2005						
Interim dividend	2005	0.033	0.02805	0.02475		
Final dividend	2006	0.037	0.03145	0.02775		
Total dividend		0.070	0.05950	0.05250	31.9%	3.00%
2006						
Interim dividend	2006	0.037	0.0296	0.0296		
Final dividend	2007	0.048	0.0384	0.0384		
Total dividend		0.085	0.068	0.068	39.0%	3.04%
2007						
Interim dividend	2007	0.037	0.0296	0.0296		
Final dividend (5)	2008	0.0	0.0	0.0		
Total dividend(5)		0.037	0.0296	0.0296	23.7%	1.27%

1) Payout ratio is the percentage of the net income paid to shareholders in the form of dividend, Portuguese gaap until 2004, IFRS from 2005 onwards;
2) Dividend yield is the annual percentage return expressed by dividing the amount of the gross dividend by the share price at the end of the year to which the dividend refers;
3) Paid in the form of scrip dividend through the issue of new shares and their proportional distribution to shareholders holding shares in the Bank;
4) On the basis of net income before setting aside of general banking-risk provisions in the sum of 200 million euros;
5) Proposal to be submitted to the Annual General Meeting.

Creation of shareholder value

The increase of the market value of Banco Comercial Português and the returns paid out in the form of dividends provided a significant creation of shareholder value in 2007, as shown by the following table:

	Million of Euros
BCP market capitalisation as at 31 December 2006	10,111.7
BCP Market capitalisation as at 31 December 2007	10,545.1
Increase of market capitalisation	433.4
Dividends paid out	
Remainder of the 2006 dividend	173.3
Interim dividend for 2007	133.6
Total	**306.9**
Creation of shareholder value in 2007 (increase of capitalisation + dividends)	740.3

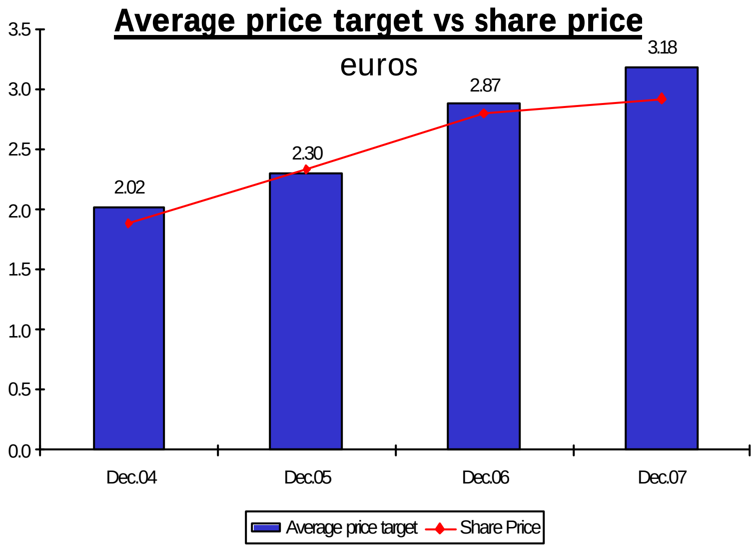
Road shows, conferences and meetings with institutional investors

In fulfilling its legal and regulatory obligations, the Bank provided information on its results and business, while press conferences were held quarterly as were conference calls with analysts and investors, with the involvement of members of the Executive Board of Directors.

The Bank took part in various events and organised 5 road shows in the some of world's main markets – London, Paris, Brussels, New York and Madrid – following the publication of its results and in the wake of the launch of the take-over bid for Banco BPI. It also took part in conferences organised by other banks such as Morgan Stanley (London), UBS (New York), Goldman Sachs (Lisbon), Merrill Lynch (London) and BPI (New York), during which it was involved in institutional presentations and one-to-one meetings with investors. During 2007, about 143 individual meetings were held with investors and analysts.

Financial analysts' recommendations

The increase of the visibility and importance of the BCP shares on the Portuguese market and within the European context warrants the increase of the number of financial analysts (currently more than twenty) that cover the Bank and the additional need for financial information. In step with the good performance of the BCP shares during 2007, the financial analysts' recommendations and price targets also rose. Consequently, the trend of the average price target of the investment houses that regularly monitor the Bank continued to be upward, increasing 11% from 2.87 euros per share in 2006 to 3.18 euros in 2007 (2.30 euros in 2005).



Treasury shares

In accordance with a resolution adopted by the Annual General Meeting, the Bank may buy back or sell treasury shares up to a maximum of 10% of its equity capital.

As at December 31, 2006, Banco Comercial Português held no treasury shares. During 2007, the Bank carried out no transactions involving the purchase or sale of BCP shares. As at December 31, 2007, Banco Comercial Português held no treasury shares in its portfolio. Within the scope of their routine commercial activities, which involve regular transactions on the equity markets, other entities included within the consolidation perimeter held a total of 2.526.439 shares in Banco Comercial Português, representing 0.07% of the equity capital as at December 31, 2007.

Shareholder structure

According to the file received by the Securities Central (CVM) the number of Banco Comercial Português shareholders stood at 16,322 as at December 31, 2007 (177,820 in 2006). The Bank's shareholder structure continues to be highly dispersed; no shareholder holds more than 10% of the capital and only 16 have qualified holdings (more than 2% of the capital). Also underscored is the increased weight of corporate shareholders, now accounting for 19.87% of the capital (8.41% in 2006) and the very expressive weight of institutional shareholders (62.77% in 2007; 73.21% in 2006).

Type of shareholder	Number of shareholders	% of Capital
Employees	3.223	0,68%
Individuals	152.130	16,68%
Companies	4.441	19,87%
Institucionals	528	62,77%
Total	160.322	100,00%

Number of shares per shareholder	Number of shareholders	% of Capital
> 5.000.000	65	76,94%
500.000 a 4.999.999	205	8,25%
50.000 a 499.999	1.341	4,56%
5.000 a 49.999	18.047	6,06%
< 5.000	140.664	4,18%
Total	160.322	100,00%

During the year the number of foreign shareholders increased, while the percentage of share capital they held fell. Therefore, of the total number of shareholders in 2006, just 0.96% were foreigners and they held 42.21% of the Bank's share capital. In 2007, foreign shareholders accounted for 3.2% of the total number of shareholders and they held 39.03% of the Bank's equity capital.

Number of shares per shareholder	Number of Domestic shareholders	% of Capital	Number of Foreign shareholders	% of Capital
> 5.000.000	37	41,95%	28	34,99%
500.000 a 4.999.999	142	5,01%	63	3,24%
50.000 a 499.999	1.235	4,08%	106	0,48%
5.000 a 49.999	17.538	5,87%	509	0,19%
< 5.000	136.309	4,05%	4.355	0,13%
Total	155.261	60,97%	5.061	39,03%

MAIN EVENTS IN 2007

January

- Election of Millennium bcp as "Best Private Bank" in Portugal, for the second year in a row, by *Euromoney* magazine.
- Distinction awarded for the third year in a row to Bank Millennium, SA for the Institutional Custodian Services by *Global Custodian* magazine.
- On January 29, 2007, it was signed an agreement with Group Banco Santander (Portugal) and BCP Pension Fund, subject to the relevant regulatory approvals, for the acquisition by Banco Comercial Português of BPI shares, representing 10.5% of BPI share capital, and an agreement about a commitment related to the possible sale of assets.

February

- Election of Millennium bcp as the "World's Best Developed Market Bank" in Portugal by *Global Finance* magazine.
- Award to Millennium Dom Maklerski of second place in the ranking of brokerage houses in the "New Stock Market Entries" category by the Warsaw Stock Exchange.

March

- Notification by the Competition Authority of its decision of non-opposition to the acquisition by Banco Comercial Português of Banco BPI, SA, followed by imposition of conditions and obligations designed to ensure compliance with the commitments assumed by Banco Comercial Português to retain real competition in the various markets appraised.
- Announcement by Standard & Poor's Ratings Services of the revision of the outlook from "stable" to "positive" for Banco Comercial Português, SA (Millennium bcp) and its investment bank subsidiary Banco Millennium bcp Investimento, SA.
- Award of three Standard & Poor's-Diário Económico prizes within the scope of the Best Funds Prizes for 2007 to Millennium bcp investment funds.

April

- Registration of the general, voluntary take-over bid for Banco BPI, SA, with the CMVM (Securities Market Commission).
- On April 24,2007, in reference of the agreements signed with Grupo Santander and BCP Pension Fund for the acquisition by Banco Comercial Português of BPI shares held by those entities, the Bank informed that the following amendments were signed: (i) the price adjustment due to the sellers as a result of a revision of the price offered by Banco Comercial Português on the tender offer for BPI, and in case the offer does not succeed, will have a maximum amount of 6.45 euros per BPI share (this value correspond to the average price in Euronext Lisbon between the day of the signing of the agreements, 29 January 2007, and the day of the registration of the offer by CMVM, 5 of April 2007); and (ii) this adjustment is applicable to c. 79.5% of the number of shares covered by the initial agreement (i.e. 35,467,060 shares out of the 44,604,987 shares sold by Group Santander, and 27,974,606 shares out of the 35,182,136 shares sold by BCP Pension Fund). The sellers have the right to cancel the sale of the remains 20.5% part of the shares (9,137,927 and 7,207,530 shares, respectively); in case the sale of these shares is not cancelled by the sellers, then BCP will acquire them with no adjustment, at the agreed price of 5.70 euros per share.
- First Millennium bcp Extendible Rate Notes in the sum of 1,500 million dollars, the first issue of this type to be undertaken by a Portuguese bank based on the North American market.
- In the 2007 edition of the "Best Companies", an initiative undertaken by the *Exame* magazine in partnership with consultants Heidrick & Struggles, Millennium bcp was distinguished with: 1st place – The best Portuguese company to work for; 1st place – The best company to work for listed on the PSI20; 4th Place – The best company to work for in Portugal.

- Election of Millennium bcp ad the “World's Best Investment Bank” in Portugal, by *Global Finance* magazine.

May

- On May 7, 2007, following the determination of the result of the general, voluntary take-over bid for Banco BPI, SA, and notwithstanding the strategic rationale and the attractiveness of the consideration offered, neither of the two conditions for the success of the bid were met.
- 2006 Grand Corporate Communication Prize awarded to Millennium bcp by the Portuguese Corporate Communication Association – APCE.
- Election of Millennium bcp as “Best Financial Site” for the 6th straight year, by the readers of *PC Guia* magazine.

June

- 2007 Investor Day is held and the “Millennium 2010” Programme is presented, detailing the main business initiatives and setting out Millennium bcp’s strategic path and the value-creation programme.
- Payment of the remaining portion of the 2006 dividend, starting from June 15 onwards, according to the following amounts per share: gross dividend of 0.0480 euros per share, which corresponds to a net dividend of 0.0384 euros per share.
- First issue of Millennium bcp Covered Bonds on the European market in the sum of 1,500 million euros with a 10-year maturity.
- Millennium bcp distinguished as the “Best Portuguese Brand 2006” by Interbrand.

July

- Millennium bcp is awarded the Deloitte “Investor Relations & Governance Awards (IRG) 2007” prize in the “Best Report and Accounts” category for the financial sector.

August

- Filipe de Jesus Pinhal, first Deputy-Chairman of the Bank’s Executive Board of Directors is appointed Chairman of the Board in the wake of the resignation of Paulo Teixeira Pinto from the post of Chairman of the Executive Board of Directors and from all the other corporate offices that he occupied in the Group or on behalf of the Group.

September

- Approval by the Executive Board of Directors of a number of decisions covering the readjustment of the business areas and the renaming of the Executive Co-ordination Committees as Co-ordination Committees and reassignment of posts.
- Change of the configuration of the Sustainability and Corporate Governance Committee, which now deals solely with matters relating to corporate governance and has taken the name Corporate Governance Committee.
- Award of the “2006 Best Non-Life Insurer” to Ocidental Seguros by *Exame* magazine.

October

- Executive Board of Directors resolution considering inadequate and unacceptable the terms of the merger proposal presented by Banco BPI, SA, and expressing to the Banco BPI, SA, Board of Directors willingness to begin talks with a view to a merger agreement, provided the process were to begin without prior conditions of any nature and subordinated to the ultimate objective of an equitable solution, and that it would always give rise to an institution with full strategic autonomy.
- Start-up of the banking operation in Romania.
- Award of the “Best Commercial Bank” and “Best Investment Bank” in Portugal prizes in the Real Estate area by *Euromoney* magazine.

November

- Unsuccessful conclusion of the negotiations begun on November 6, 2007, with Banco BPI, SA, with a view to a possible operation leading to a merger between the two banks.
- Payment of the interim dividend relative to 2007, starting from November 29 onwards, according to the following amounts per share: gross dividend of 0.037 euros per share, which corresponds to a net dividend of 0.0296 euros per share.
- Announcement by Standard & Poor's Ratings Services of its revision from “positive” to “stable” for the outlook for Banco Comercial Português, SA (Millennium bcp) and for its investment banking subsidiary Millennium bcp Investimento, SA.
- Award of the “Best Foreign Exchange Bank" in Portugal prize by *Global Finance* magazine.

December

- Resignation by Jorge Jardim Gonçalves from the posts of Chairman of the Supervisory Board and Chairman of the Senior Board of Banco Comercial Português with effect as from December 31, 2007. The Deputy-Chairmen, Gijsbert J. Swalef and António Gonçalves, took over the posts of Chairman of Supervisory Board and Chairman of the Senior Board of Banco Comercial Português respectively, up to the end of the current term-of-office.
- Confirmation by the Fitch Ratings agency of the rating notations (Insurer Financial Strength) from “A+” and stable outlook for insurers Ocidental Vida, Ocidental Seguros and Médis, Subsidiaries of Millennium bcp Fortis – a joint venture between Millennium and the Fortis Group.
- Revision of Standard & Poor's “outlook” to “negative” from “stable” on Banco Comercial Português, S.A. and of its subsidiary for the investment banking, Millennium bcp Investimento, S.A.. Simultaneously the current Standard & Poor's rating of “A/A-1” long-term and short-term were affirmed.
- Signature of an agreement in principle for the establishment of a partnership between Banco Comercial Português, SA, and Sonangol EP and and by BPA - Banco Privado Atlântico, SA. This agreement in principle for partnership foresees the acquisition by Sonangol and by BPA - Banco Privado Atlântico, of 49.99% of Banco Millennium Angola's (BMA) share capital through a capital increase, to be subscribed by the acquirers, in cash. It also foresees that BMA will acquire 10% of the share capital of Banco Privado Atlântico. According to the terms of the agreement in principle signed today, BMA will continue to be a subsidiary company of Banco Comercial Português but should benefit from having important minoritary shareholders from the other parties, with the corresponding shareholder influence and cooperation potential. The parties commit to formally establishing the terms and conditions of this strategic partnership in 90 days counting from 21 December 2007 onwards.
- Notification of Banco de Portugal on the opening of Process nº 22/07/CO on December 7, 2007. The Bank received formal notice of the decision of this administrative proceeding punished Banco Comercial Português with a fine of 400,000 euros, and Banco Millennium bcp Investimento, Banco de Investimento Imobiliário and Banco Activobank with fines in the amount of 120,000 euros each. This decision was judicially contested by the Banks, and is waiting the final judicial decision.
- On December 27, 2007, notification informing that administrative proceeding no. 24/07/CO was being brought by the Bank of Portugal against the Bank, “based in preliminary evidence of administrative offences foreseen in the General Framework of Credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, of December 31), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respect to the amount of own funds and breach of prudential obligations”. A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceeding was brought “based in facts related with 17 offshore entities, which

nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out". Again, the Bank was not heard in connection with such preliminary findings and their grounds, which the Bank did not accept, and reserved, in the abovementioned public disclosure document of 23 December 2007, its right to take a stand at an appropriate moment in the process.

- On December 23, 2007, pursuant to a request of CMVM, Banco Comercial Português, S.A., informed that it received a notice from that Commission, dated December 21, 2007, communicating what it considers preliminary findings of the investigation still in progress relative to the nature of the activities of various offshore entities. Banco Comercial Português, S.A. informed that it was not heard in connection with such preliminary findings and was not yet informed about the underlying reasons sustaining them, reserving its right to take a stand at an appropriate moment in this process.

Already on January 11, 2008, a press release which title was "Principal Resolutions of the Executive Board of the CMVM" was made available in the Portuguese Securities Commission ("CMVM") website. Such press release mentioned that: "The Executive Board of the Comissão do Mercado de Valores Mobiliários (CMVM), at a meeting held on 20 December 2007, adopted the following resolutions:

Institute administrative infraction proceeding against Banco Comercial Português SA:

· for possible concealment of information from the CMVM;

· for other facts still being assessed but already clearly in breach of the law and CMVM's regulations, including any individual responsibilities of the persons in charge of BCP.

(…)"

Again, the Bank did not receive any formal notice of any charges or accusations in the abovementioned administrative proceeding or proceedings containing a description of the alleged facts that may be attributed to it and their legal consequences.

Administrative proceedings are gone in depth on the Note 55 to the Consolidated Financial Statements.

CORPORATE BOARDS

As at December 31, 2007

General Meeting of Shareholders

Chairman: Germano Marques da Silva
Deputy Chairman: Ângelo Ludgero da Silva Marques
Corporate Secretary: Ana Isabel dos Santos de Pina Cabral

Executive Board of Directors

Chairman: Filipe de Jesus Pinhal
Deputy Chairman: Christopher de Beck
Member: António Manuel de Seabra e Melo Rodrigues
António Manuel Pereira Caldas de Castro Henriques
Alípio Barrosa Pereira Dias
Alexandre Alberto Bastos Gomes
Francisco José Queiroz de Barros de Lacerda
Boguslaw Jerzy Kott

Supervisory Board

Chairman: Jorge Manuel Jardim Gonçalves
Deputy Chairmen: Gijsbert J. Swalef
António Manuel Ferreira da Costa Gonçalves
Members: Francisco de la Fuente Sánchez
João Alberto Ferreira Pinto Basto
José Eduardo de Faria Neiva dos Santos
Josep Oliu Creus
Keith Satchell
Luís de Melo Champalimaud
Luís Francisco Valente de Oliveira
Mário Branco Trindade

Statutory Auditor

Effective: KPMG & Associados, SROC, S..A., represented by Vítor Manuel da Cunha Ribeirinho
Alternate: Ana Cristina Soares Valente Dourado

Senior Board

Chairman: Jorge Manuel Jardim Gonçalves

Deputy Chairmen: António Manuel Ferreira da Costa Gonçalves
João Alberto Ferreira Pinto Basto
Pedro Maria Calaínho Teixeira Duarte
Gijsbert J. Swalef

Members: Ângelo Ludgero da Silva Marques
António Augusto Serra Campos Dias da Cunha
António Luís Guerra Nunes Mexia
Dimitrios Contominas
E. Alexandre Soares dos Santos
Francisco de La Fuente Sánchez
Henrique Jaime Welsh
Hipólito Mendes Pires
Jassim Mohamed Al-Bahar
José de Sousa Cunhal Melero Sendim
José Eduardo de Faria Neiva dos Santos
José Manuel Pita Goes Ferreira
Josep Oliu Creus
Keith Satchell
Luís de Melo Champalimaud
Luís Francisco Valente de Oliveira
Luís Manuel de Faria Neiva dos Santos
Maarteen W. Dijskshoorn
Manuel Alfredo da Cunha José de Mello
Manuel Domingos Vicente
Manuel Roseta Fino
Mário Branco Trindade
Mário Fernandes da Graça Machungo
Ricardo Herculano Freitas Fernandes
Vasco Luís S. Quevedo Pessanha

Germano Marques da Silva, Chairman of the General Meeting of Shareholders

Filipe Pinhal, Chairman of the Executive Board of Directors

Following the General Meeting in January 15, 2008 the Corporate Boards had the following composition

General Meeting of Shareholders

Chairman: António Manuel da Rocha e Menezes Cordeiro
Deputy Chairman: Manuel António de Castro Portugal Carneiro da Frada
Corporate Secretary: Ana Isabel dos Santos de Pina Cabral

Executive Board of Directors

Chairman: Carlos Jorge Ramalho dos Santos Ferreira
Deputy Chairmen: Armando António Martins Vara
Paulo José de Ribeiro Moita de Macedo
Members: José João Guilherme
Nelson Ricardo Bessa Machado
Luís Maria França de Castro Pereira Coutinho
Vítor Manuel Lopes Fernandes

Supervisory Board

Chairman: Gijsbert J. Swalef
Deputy Chairman: António Manuel Ferreira da Costa Gonçalves
Members: António Luís Guerra Nunes Mexia
Francisco de la Fuente Sánchez
João Alberto Ferreira Pinto Basto
José Eduardo de Faria Neiva dos Santos
Keith Satchell
Luís de Melo Champallimaud
Luís Francisco Valente de Oliveira
Manuel Domingos Vicente
Mário Branco Trindade
Alternate Member: Ângelo Ludgero da Silva Marques

Statutory Auditor

Effective: KPMG & Associados, SROC, S.A., represented by Vítor Manuel da Cunha Ribeirinho
Alternate: Ana Cristina Soares Valente Dourado

Senior Board

Chairman: António Manuel Ferreira da Costa Gonçalves

Deputy Chairmen: João Alberto Ferreira Pinto Basto
Pedro Maria Calaínho Teixeira Duarte
Gijsbert J. Swalef

Members: Ângelo Ludgero da Silva Marques
António Augusto Serra Campos Dias da Cunha
António Luís Guerra Nunes Mexia
Dimitrios Contominas
E. Alexandre Soares dos Santos
Francisco de La Fuente Sánchez
Henrique Jaime Welsh
Hipólito Mendes Pires
Jassim Mohamed Al-Bahar
José de Sousa Cunhal Melero Sendim
José Eduardo de Faria Neiva dos Santos
José Manuel Pita Goes Ferreira
Josep Oliu Creus
Keith Satchell
Luís de Melo Champalimaud
Luís Francisco Valente de Oliveira
Luís Manuel de Faria Neiva dos Santos
Maarteen W. Dijskshoorn
Manuel Alfredo da Cunha José de Mello
Manuel Domingos Vicente
Manuel Roseta Fino
Mário Branco Trindade
Mário Fernandes da Graça Machungo
Ricardo Herculano Freitas Fernandes
Vasco Luís S. Quevedo Pessanha

António Manuel da Rocha e Menezes Cordeiro, Chairman of the General Meeting of Shareholders
Carlos Jorge Ramalho dos Santos Ferreira, Chairman of the Executive Board of Directors

The Executive Board of Directors, for the 2008/2010 period, was elected in the General Shareholders Meeting of January 15, 2008. The present Management Report relates to the period previous to the election of the current Executive Board of Directors.

QUALIFIED SHAREHOLDINGS

Shareholders	N.º of Shares	% Capital	% Voting Rights
BPI Group			
Banco BPI, S.A.	89.349.036	2.474%	2.474%
Banco Português de Investimento, S.A.	631.186	0.017%	0.017%
BPI Vida – Companhia de Seguros de Vida, S.A.	99.934.482	2.767%	2.767%
Fundo de Pensões do Banco BPI	93.286.487	2,583%	2,583%
Total	**283.201.191**	**7,842%**	**7,842%**
Eureko Group			
Eureko BV	124.235.405	3,440%	3,440%
Achmea Holding NV	88.857.339	2,461%	2,461%
Eureko Portugal SGPS	36.312.037	1,006%	1,006%
Eureko Participations II APS	5.953.166	0,165%	0,165%
Império Assurances et Capitalisation, S.A.	27.450	0.001%	0.001%
Total	**255.385.397**	**7,072%**	**7,072%**
Fundação José Berardo[(1)]	159.735.900	4,423%	4,423%
Fundação José Berardo - Equity Swap[(2)]	29.710.526	0,823%	0,823%
Total	**189.446.426**	**5,246%**	**5,246%**
Metalgest - Sociedade de Gestão, SGPS, S.A. [(1)]	63.328.399	1,754%	1,754%
Moagens Associadas, S.A.	10.000	0,000%	0,000%
Cotrancer, S.A	10.000	0,000%	0,000%
Bacalhôa, Vinhos de Portugal S.A.	8.120	0,000%	0,000%
Members of management boards	15.000	0,000%	0,000%
Total	**63.371.519**	**1,755%**	**1,755%**
Teixeira Duarte Group			
Teixeira Duarte Soc. Gest. Part. Sociais, S.A.			
Tedal - Sociedade Gestora de Participações Sociais, S.A.	120.000.000	3.323%	3.323%
C+PA - Cimentos e Produtos Associados, S.A.	80.000.000	2.215%	2.215%
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.	26.500.000	0,734%	0,734%
Members of management boards	14.850.566	0,411%	0,411%
Total	**241.350.566**	**6,683%**	**6,683%**
Sonangol, Sociedade Nacional de Combustíveis de Angola, S.A.	**180.000.000**	**4,984%**	**4,984%**
Banco Sabadell			
Bansabadell Holding SL	160.141.055	4,434%	4,434%
Total	**160.141.055**	**4.434%**	**4.434%**
EDP Group[(3)]			
EDP - Imobiliária e Participações, S.A.	95.009.785	2,631%	2,631%
093X - Telecomunicações Celulares, S.A.	21.667.980	0,600%	0,600%
Total	**116.677.765**	**3.231%**	**3.231%**
UBS			
UBS AG	115.965.868	3.211%	3.211%
UBS Global Asset Management Life Ltd	454.700	0,013%	0,013%
UBS Global Asset Management (Deutschland) GmbH	72.173	0,002%	0,002%
UBS Global Asset Management (UK) Ltd	80.967	0,002%	0,002%
UBS Bank (Canada)	2.640	0,000%	0,000%
UBS Fund Services (Luxembourg) SA	44.204	0,001%	0,001%
UBS Fund Management (Switzerland)	167	0,000%	0,000%
Total	**116.620.719**	**3,229%**	**3,229%**

Shareholders	N.º of Shares	% Capital	% Voting Rights
Caixa Geral de Depósitos Group			
Caixa Geral de Depósitos - strategic participation	83.153.710	2.303%	2.303%
Caixa Geral de Depósitos - trading book	2.583.688	0.072%	0.072%
Companhia de Seguros Fidelidade-Mundial, S.A.	17.545.373	0.486%	0.486%
Companhia de Seguros Império-Bonanca, S.A.	150.925	0.004%	0.004%
Cares	20,012	0.001%	0.001%
Multicare	16,573	0.000%	0.000%
Via Directa	5,461	0.000%	0.000%
Fundo de Pensões da Fidelidade Mundial	31,332	0.001%	0.001%
Fundo de Pensões CGD	2,198,319	0.061%	0.061%
Total	**105,705,393**	**2.927%**	**2.927%**
JPMorgan Group			
J.P. Morgan Securities Ltd (ordinary shares + position related to options)	104,449,880	2.892%	2.892%
J.P. Morgan Asset Management (UK) Ltd	63.254	0.002%	0.002%
J.P. Morgan Investment Management Inc.	328.882	0.009%	0.009%
J.P. Morgan Whitefriars Inc.	276.034	0.008%	0.008%
Total	**105,118,050**	**2.911%**	**2.911%**
Sogema SGPS, S.A.	96,402,158	2.669%	2.669%
Imo-Maque - Sociedade Imobiliária, S.A.	50,000	0.001%	0.001%
Finova SGPS, S.A.	50,000	0.001%	0.001%
Members of management boards	2,294	0.000%	0.000%
Total	**96,504,452**	**2.672%**	**2.672%**
Privado Holding SGPS, S.A.			
Privado Financeiras - own portfolio	83,210,052	2.304%	2.304%
Banco Privado Português, S.A. - clients portfolio management	389,160	0.011%	0.011%
Total	**83,599,212**	**2.315%**	**2.315%**
SFGP - Investimentos e Participacões, SGPS	38.690.148	1.071%	1.071%
IPG - Investimentos, Participacões e Gestão SGPS, S.A.	39.511.757	1.094%	1.094%
Members of management boards	1.000	0.000%	0.000%
Total	**78,202,905**	**2.165%**	**2.165%**
BCP Pension Fund	**78,127,246**	**2.163%**	**2.163%**
Manuel Fino SGPS, S.A.	1,000	0.000%	0.000%
Investifino - Investimentos e Participações SGPS	73,465,447	2.034%	2.034%
Grupo Soares da Costa SGPS, S.A.	85,656	0.002%	0.002%
Members of management boards	10,762	0.000%	0.000%
Total	**73,562,865**	**2.037%**	**2.037%**
Total Qualified Holdings	**2,227,014,761**	**61.667%**	**61.667%**

Source: Information received from the Shareholders

(1) The shares and voting rights held by Fundação Berardo and by Metalgest and companies in relation of group are object of reciprocal imputation.

(2) Equity Swap done with Banco Espírito Santo which, under the article 20º of the Securities Markets Code, should be imputed to the Fundação José Berardo.

(3) It is informed yet that the EDP/REN Pension Fund held, as at December 31, 2007, 39,903,775 shares corresponding to 1.105% of the Bank's share capital.

CONSOLIDATED FINANCIAL STATEMENTS

Banco Comercial Português

Consolidated Balance Sheet as at 31 December 2007 and 2006

	2007	2006
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	1,958,239	1,679,221
Loans and advances to credit institutions		
Repayable on demand	820,699	917,279
Other loans and advances	6,482,038	6,575,060
Loans and advances to customers	65,650,449	56,669,877
Financial assets held for trading	3,084,892	2,732,724
Financial assets available for sale	4,418,534	4,410,886
Assets with repurchasing agreement	8,016	4,048
Hedging derivatives	131,069	182,041
Investments in associated companies	316,399	317,610
Property and equipment	699,094	741,297
Goodwill and intangible assets	536,533	532,391
Current tax assets	29,913	23,498
Deferred tax assets	650,636	628,355
Other assets	3,379,650	3,631,180
	88,166,161	79,045,467
Liabilities		
Amounts owed to central banks	784,347	539,335
Amounts owed to others credit institutions	8,648,135	12,124,716
Amounts owed to customers	39,246,611	33,244,197
Debt securities	26,798,490	22,687,354
Financial liabilities held for trading	1,304,265	873,485
Other financial liabilities held for trading at fair value through results	1,755,047	-
Hedging derivatives	116,768	121,561
Provisions for liabilities and charges	246,949	211,141
Subordinated debt	2,925,128	2,932,922
Current income tax liabilities	41,363	42,416
Deferred income tax liabilities	46	80
Other liabilities	1,399,757	1,413,599
Total Liabilities	83,266,906	74,190,806
Equity		
Share capital	3,611,330	3,611,330
Treasury stock	(58,436)	(22,150)
Share premium	881,707	881,707
Preference shares	1,000,000	1,000,000
Fair value reserves	218,498	442,889
Reserves and retained earnings	(1,598,704)	(2,072,278)
Profit for the period attributable to Shareholders	563,287	787,115
Total Equity attributable to Shareholders of the Bank	4,617,682	4,628,613
Minority interests	281,573	226,048
Total Equity	4,899,255	4,854,661
	88,166,161	79,045,467

Consolidated Statement of Income for the years ended 31 December 2007 and 2006

	2007	2006
	(Thousands of Euros)	
Interest income	4,332,187	3,367,101
Interest expense	(2,794,884)	(1,936,341)
Net interest income	1,537,303	1,430,760
Dividends from equity instruments	27,921	32,494
Net fees and commission income	664,583	713,508
Net gains arising from trading and hedging activities	199,138	191,954
Net gains arising from available for sale financial assets	193,211	202,964
Other operating income	97,861	118,549
	2,720,017	2,690,229
Other net income from non banking activity	12,925	11,773
Total operating income	2,732,942	2,702,002
Staff costs	1,006,227	1,034,678
Other administrative costs	627,452	579,313
Depreciation	114,896	111,492
Operating costs	1,748,575	1,725,483
	984,367	976,519
Loans impairment	(260,249)	(119,918)
Other assets impairment	(45,754)	(19,413)
Other provisions	(49,095)	(15,951)
Operating profit	629,269	821,237
Share of profit of associates under the equity method	51,215	42,047
Gains from the sale of subsidiaries and other assets	7,732	130,640
Profit before income tax	688,216	993,924
Income tax		
Current	(73,045)	(87,936)
Deferred	3,475	(66,889)
Profit after income tax	618,646	839,099
Attributable to:		
Shareholders of the Bank	563,287	787,115
Minority interests	55,359	51,984
Profit for the period	618,646	839,099
Earnings per share (in euros)		
Basic	0.14	0.20
Diluted	0.14	0.20

PROPOSAL FOR THE APPROPRIATION OF PROFITS

Corrected Version

I. In view of the provisions of the law and of the by-laws concerning the legal reserve and the early appropriation of profits amounting to 133,619,193.93 euros corresponding to a gross interim dividend of 0.037 euros per share, made available on the November 29, 2007 and effectively paid;

In accordance with subparagraph f), paragraph 5 of article 66, and in terms of subparagraph b), paragraph 1 of article 376, of the Companies Code, and article 36 of the Bank's articles of association, we propose the following application of year-end results amounting to 338,844,043.33 euros, deducted from 133,619,193.93 euros, corresponding to the early appropriation of profits above mentioned:

a) 33,884,404.34 euros for reinforcement of the legal reserve;

b) 171,340,445.06 euros for retained earnings.

II. To maintain in future years the dividend policy traditionally carried out by the Bank, we propose also that the following balances be transferred to an unique account of "Retained Earnings": "Share Premiums" amounting to 881,706,964.27 euros; "Free Reserves" amounting to 1,176,853,816.75 euros; "Statutory Reserves" amounting to 84,000,000.00 euros; and "Legal Reserves" amounting to 130.795.138,32 euros.

Property: Millennium bcp

www.millenniumbcp.pt

Banco Comercial Português, S.A., Public Company
Head Office: Praça D. João I, 289 – 4000-295 Oporto
Share capital: 3.611.329.567 euros
Public deed registered in the Oporto Commercial Registry,
with the unique registry and tax number of 501 525 882

ANNUAL REPORT 2007
VOLUME II

Millennium bcp

Index

2007 REPORT OF THE SUPERVISORY BOARD

1. Statement by the Chairman of the Supervisory Board

Dear Shareholder,

On January 1st 2008 I was designated Chairman of the Supervisory Board of Banco Comercial Português, S.A. (Millennium bcp), following the resignation of the former Chairman Mr. Jorge Jardim Gonçalves.

The Report of the Supervisory Board 2007 presented in the following pages was prepared under the former chairmanship. Also, in 2008, a new Executive Board was elected for the three-year period 2008/2010.

As Chairman of this Board, I will put effort and focus seeking to ensure an effective supervision whilst the Bank continues its growth path. Additionally, stakeholders may count on the ongoing support and commitment of the Supervisory Board.

Gijsbert J. Swalef

Chairman of the Supervisory Board

February 18th 2008

2. Statement by the Chairman of the Supervisory Board in duty until December 31st 2007

The year of 2007 was the first full fiscal year of activity of the Supervisory Board, during which it was evidenced the importance of an effective segregation between executive and supervisory powers, adopted by the corporate governance model of Banco Comercial Português.

The Supervisory Board met twelve times, while its Specialised Committees held multiple working sessions, and regularly monitored the activity of the Executive Board and analysed the relevant strategic decisions, the business development plans and the Bank's governance structure, which were highlighted for many times during the year.

As far as corporate governance is concerned, the Supervisory Board specifically examined the statutory materials contained in the Agendas of the General Meetings of 2007 and related with the designation of the new Chairman of the Executive Board following the resignation of the former CEO.

During 2007, there were also changes in the composition of the Supervisory Board and its Specialised Committees, which is stated in the pages 6 and 7 of this Report as of December 31st 2007. The Sustainability and Corporate Governance Committee changed its designation to Corporate Governance Committee and started to work exclusively on corporate governance matters.

With almost two years of activity, and despite the somewhat troubled period observed during 2007, from both the media and the Bank governance bodies points of view, the Supervisory Board exerted its supervisory functions, within its powers as stated in the law and the Bank's Articles of Association, permanently following-up the Executive Board activity in what concerned the Bank's strategy, goals and interests. In 2007, the Supervisory Board consolidated its role as the corporate body responsible for the non-executive functions at the company, to who is increasingly required undertaking an active and responsible supervision.

Therefore, due to the efforts made towards the effectiveness and improvement of the company governance structures, I like to praise the members of the Executive Board, the employees of the Group as well as the members of the Supervisory Board and of its Specialised Committees for their achievements.

With the year end, so ends my position as Chairman of the Supervisory Board, and also as Chairman of the Senior Board, which becomes effective on the 31st of December of 2007, a decision I took and announced on the 4th of December after deep reflection. Under statutory terms, the Supervisory Board will be chaired by Mr. Gijsbert Swalef, first deputy-chairman, an experienced professional who used to be the first top executive of Eureko, an entity with whom the Bank has established a partnership agreement for more than a decade, and a keen advocate of the strategic independence and sustainability of Millennium bcp.

Jorge Jardim Gonçalves

December 31st 2007

3. Activity of the Supervisory Board

Corporate Governance

The corporate governance model that was approved at the Annual General Meeting of Shareholders of March 13th 2006 established a model based on a two-tier government, separating the functions of executive and supervisory powers in Banco Comercial Português, in line with the best international practices.

The experience accumulated during more than one year of activity and the fact that the amendments to the Companies Code, allowing the full implementation of this model, were published after the adaptation of the Bank's Articles of Association to the two-tier governance model, justified the proposed amendment to the Articles of Association, which aimed to improve the governance model, by increasing its efficiency and effectiveness, that the Supervisory Board (SB) intended to submit to the Annual General Meeting of Shareholders of May 28th 2007.

As it is of public knowledge, at the Annual General Meeting of May 28th 2007, the SB decided to withdraw the related item.

On June 27th 2007, a group of seven shareholders requested the Chairman of the General Meeting the call of an Extraordinary General Meeting (EGM) with the purpose to amend the Articles of Association, eliminating the two-tier governance model and adopting a one-tier governance system. The SB analysed the proposal and concluded, " It is considered inopportune and does not serve the interests of the Bank, its Shareholders or its other Stakeholders".

On July 10th 2007, two requests for the inclusion of additional items in the agenda were delivered to the Chairman of the General Meeting, one of them proposed by a group of shareholders aiming the dismissal and election of new members of the corporate bodies and another one aiming to maintain the Bank's stability and the current strategy of value creation enshrined in the Millennium 2010 program presented by the Executive Board (EB) on the 1st of June at the Investor Day. About the first request, the Chairman of the Senior Board wrote a letter to all the Shareholders on July 16th 2007 stating that the request "is a proposal for radical changes to the company's governing institutions. These would cause a break from institutional practice and culture, and create a risk of corporate governance instability endangering the company's existing strategic objectives that have already been adopted and accepted by the market." The Chairman of the Senior Board concluded in his letter that "the proposals some shareholders intend to submit to the General Meeting of August 6th 2007, both relative to the change of the current corporate governance model and to the dismissal and election of corporate body members, place the quality, experience, knowledge and culture of the Bank's Team at stake, thereby decreasing the existing confidence in the Bank's management and value creation abilities."

The EGM was held on August 6th and 27th 2007, being represented 71.88% of share capital. No proposal was presented regarding the item 8, which comprised the dismissal of SB members, and the remaining proposals scheduled in the agenda were withdrawn by the subscribers. On August 31st 2007, Mr. Filipe Pinhal was designated Chairman of the Executive Board, following the resignation of the former CEO.

In 2007, an EGM was called for January 15th 2008, proposed separately by the EB and one shareholder. The General Meeting approved the election of new General Meeting Board Members and of a new EB for the three-year period 2008/2010, the election of two effective members, Mr. António Mexia and Mr. Manuel Vicente, and one substitute member, Mr. Ângelo Ludgero Marques, of the SB through the end of the three-year period 2006/2008 and the ratification of the designation of three members to the Senior Board through the end of the four-year period 2005/2008, Mr. Luís Neiva dos Santos, Mr. Manuel Vicente and Mr. Maarten Dijkshoorn.

Composition of the Supervisory Board

The SB is composed by a number of members always higher than the number of EB members and elected by the General Meeting of Shareholders, in compliance with the legal requisites of independence stated in the Bank's Articles of Association and in the Law.

During the financial year 2007, the following members have stepped down from the SB: Mr. Mário Augusto de Paiva Neto, on July 2nd, Mr. Ricardo Manuel Simões Bayão Horta, deputy-chairman, on October 29th, and Josep Oliu Creus, voting member, on December 28th. On December 31st 2007, became effective the resignation of the Chairman of the SB, Mr. Jorge Jardim Gonçalves, already announced on December 4th 2007. Under statutory terms, the first deputy-chairman, Mr. Gijsbert Swalef was appointed as Chairman.

Following the resignation of Mr. Mário Augusto de Paiva Neto and Mr. Ricardo Manuel Simões Bayão Horta, the SB approved the proposals to call the substitute members Mr. José Eduardo Faria Neiva dos Santos and Mr. Mário Branco Trindade in the SB meetings of July 2nd and October 29th 2007 respectively, with effects from those dates onwards.

To fulfil the remaining vacancies for effective and substitute members, proposals were presented in order to designate new SB members to be submitted to the EGM convened for January 15th 2008. Thus, the EGM designated Mr. António Mexia and Mr. Manuel Vicente as SB effective members and Mr. Ângelo Ludgero Marques as SB substitute member. The SB composition as of December 31st 2007 was the following:

Chairman: Jorge Manuel Jardim Gonçalves
Deputy Chairmen: Gijsbert J. Swalef
António Manuel Ferreira da Costa Gonçalves
Voting Members: Francisco de la Fuente Sánchez
João Alberto Ferreira Pinto Basto
José Eduardo de Faria Neiva dos Santos
Keith Satchell
Luís de Melo Champalimaud
Luís Francisco Valente de Oliveira
Mário Branco Trindade

Composition of the Specialised Committees of the Supervisory Board

At the SB meeting of September 24th 2007, Mr. Luís Valente de Oliveira was appointed Chairman of the Audit and Risk Committee, effective November 23rd 2007, following the resignation of the former Chairman Mr. Ricardo Bayão Horta. In the same meeting, the SB deliberated to change the configuration of the Sustainability and Corporate Governance Committee, in order to deal exclusively with matters relating to corporate government, adopting the designation of Corporate Governance Committee, and its composition was also amended. This change did not affect the SB focus in the Bank's sustained growth within the economic, environment and social themes.

In its meeting of December 4th 2007, and following the above-mentioned changes in the composition of the SB and EB, the SB approved the new composition of its Specialised Committees. Mr. José Neiva dos Santos and Mr. Jeff Medlock substituted Mr. Mário Branco Trindade and Mr. Maarten Dijkhoorn, respectively, at the Audit and Risk Committee. Among other changes, Mr. Francisco Sánchez and Mr. João Alberto Pinto Basto were nominated Chairman of the Corporate Governance Committee and Chairman of the Nomination Committee respectively. The composition of the Specialised Committees as of December 31st 2007 was the following:

Audit and Risk Committee

Chairman: Luís Francisco Valente de Oliveira
Deputy-Chairman: João Alberto Ferreira Pinto Basto
José Eduardo de Faria Neiva dos Santos
Jeff Medlock (Expert Member)

Nomination Committee

Chairman: João Alberto Ferreira Pinto Basto
Deputy-Chairman: Francisco de la Fuente Sánchez
Ângelo Ludgero Marques (Expert Member)
Luís Manuel de Faria Neiva dos Santos (Expert Member)

Corporate Governance Committee

Chairman: Francisco de la Fuente Sánchez
Deputy-Chairman: João Alberto Pinto Basto
António Augusto Serra Campos Dias da Cunha (Expert Member)
José de Sousa Cunhal Melero Sendim (Expert Member)
Miguel Galvão Teles, indicated by Morais Leitão, Galvão Teles, Soares da Silva & Associados (Expert Member)
Filipe de Jesus Pinhal (Chairman of the Executive Board of Directors)

Terms of Reference of the Supervisory Board

In its meeting of September 24th 2007, the SB adjusted its Terms of Reference which establishes its functioning, in order to incorporate the change of competence of the Corporate Governance Committee.

Meetings of the Supervisory Board

During the financial year 2007, the SB met for twelve times, on January 10th and 29th, March 20th, April 23rd, May 28th, July 2nd, 9th and 23rd, August 31st, September 24th, October 29th and December 4th.

In 2007, the SB analysed the developments related with the tender offer for Banco BPI then underway and with the launch of a Bank in Romania, the annual, half-year and quarterly reports of the Specialised Committees, the situation of Millennium Bank (Turkey), the impact of the 2007 Portuguese Public Budget, the business evolution and the 2007 first quarter financial statements, the strategic plan presented at the Investor's Day, the issues to be submitted to the Annual General Meeting, including the proposal for appropriation of profits and the proposal of amendment of the Articles of Association, and the Bank's Internal Control System. The SB still analysed the SB self-assessment on the profile and composition of its members. Based on the analysis performed, in the opinion of the Audit and Risk Committee and the recommendation of the Sustainability and Corporate Governance Committee, the SB endorsed the 2006 Annual Report and 2006 Sustainability Report. The SB also focused on the independence of SB members, deliberated the call of two substitute members given the resignation of two effective members from the SB and analysed the information related with the Annual General Meeting of May 28th 2007 and the correspondence between EB members in what regarded the process of establishing a partnership agreement with an Angolan entity.

As per the date of August 31st 2007, the SB analysed the designation of Mr. Filipe Pinhal, the first deputy-chairman, as Chairman of the EB, substituting the former CEO who had resigned.

Throughout the second half of the year, it is worth to highlight: the analysis of the materials contained in the agenda of the EGM, convened for August 6th 2007, whose works were resumed on the August 27th 2007, and of the related developments, which included the appreciation of the audit report on the procedures of the EGM, requested by the EB and by the SB through the Audit and Risk Committee; the analysis of the merger proposal presented by Banco BPI and of the subsequent view of merging the two Banks; the analysis of the negotiation of a partnership agreement with Sonangol; the adverse context of the financial markets, namely the monetary, which has developed from August 2007, having the SB, through the works and meetings of the Audit and Risk Committee during the second half of 2007, analysed and followed, as usual, the liquidity management of the Group as well as the level of liquidity plan for 2008.

In its meeting of December 4th 2007, the SB analysed the request for the call of a General Meeting, scheduled for January 15th 2008, proposed separately by the EB and one shareholder, and approved the 2008 activity plan of the SB and of its Specialised Committees as well as the current composition of the latter, included on the Corporate Governance Report.

In a meeting held on February 18th 2008, the SB, in accordance with the Companies Code, under proposition of the Audit and Risk Committee and bearing in mind the statement issued by the External Auditors and by the Statutory Auditor, issued a favourable opinion on the EB's management report and accounts of the 2007 fiscal year, as well as on the EB's 2007 sustainability report, recommending its approval at the Annual General Meeting.

Information from the Executive Board

During financial year 2007, the SB gathered comprehensive and up-to-date information in all matters that required its approval as foreseen in the Companies Code, namely the report on the activity and consolidated accounts.

In complying with the legal framework foreseen in the Companies Code and in the Bank's Articles of Association, the Chairman of the SB and the Chairman of the Audit and Risk Committee were present, whenever deemed appropriate, in the EB meetings.

Meetings of the Specialised Committees of the Supervisory Board

The Audit and Risk Committee (ARC) met for eleven times during 2007, on January 26th (quarterly meeting), February 28th, March 29th, April 19th (quarterly meeting), May 31st, June 28th, July 19th (quarterly meeting) September 27th, October 18th (quarterly meeting), November 23rd and December 20th.

Among the tasks perfomed the ARC assisted the SB in its responsibilities to oversee the following: the consideration of the financial statements, both on an individual and consolidated basis; the monitoring of the evolution and control of the main risk and prudential indicators; the control of the liquidity position of the Bank; the monitoring of the evolution of the cost-to-income ratio; the follow-up of the activity of the external and of the internal auditors, the Risk Office, the Compliance Officer and of the Client Ombudsman; the analysis and follow-up of the implementation of the new Rules on Credit Granting, Follow-up and Recovery of Loans and the later changes to it; the review of the new versions of the Risk Manuals approved by the EB (Risk Management and Control Principles; Credit Principles and Guidelines; Operational Risk Principles and Guidelines) and of the main activity indicators estimated in the 2008 Budget; and the approval of the ARC activity plan for 2008.

As far as the external auditors are concerned, it is worth to mention: the certification of the independence of the external auditors; the favourable opinion on the proposal of KPMG Associados – Sociedade de Revisores Oficiais de Contas, S.A., regarding the audit actions to be developed during 2007 in the companies of the Group Banco Comercial Português; the assessment of the 2006 KPMG Recommendation Letter, the Economic Provisions reports issued by KPMG, and the conclusions of the Desktop Review to the financial statements performed by KPMG; and the analysis and approval of several proposals of non-audit services to be rendered by auditors.

Regarding the internal auditors, it is worth highlighting the analysis of: the change to the Principles, Structure, Functioning and Duties of the Group Audit Department; the 2007 Activity Plan and Budget of the Audit Department; the Report on the Internal Control System sent to the Bank of Portugal in June 2007 and the Report on the External Evaluation of BCP's Internal Audit elaborated by PriceWaterhouseCoopers. Still in the scope of the Internal Audit, the ARC analysed the information on the supervisory actions performed by the regulatory entities of the several markets where the Bank operates, including the progress reports related with the agreement set up between the bcpbank and the Office of the Comptroller of the Currency (OCC).

In 2008, the ARC reviewed in detail the 2007 Management Report and Year-End Financial Statements and recommended to the SB the adoption of a favourable opinion. The ARC approved the issue of this opinion in its meeting of February 12th 2008, after the EB approved the 2007 Management Report and Year-End Financial Statements in an earlier meeting on the same day.

The SB was informed on the works of the ARC on a regular basis.

The Nomination Committee met for seven times, on the January 9th and 29th, April 13th, July 26th, October 8th and 22nd and December 4th. Among the tasks performed it is worth to emphasise: the analysis of the remuneration policy of the EB and SB members, the criteria to apply in determining the 2006 variable remuneration attributable to the Group employees, the management policy of high-potential employees and the program of commercial skills development for the Bank employees. The Committee also assessed the study “Benchmark of the Corporate Governance Model 2006”, the annual reports of the remaining Specialised Committees, debated on the SB self-evaluation and approved its Activity Reports of 2006 and of the first-half of 2007 and the Activity Plan for 2008. The Committee gathered detailed information on the profile of a group of members of the Bank senior management team (“Alta Direcção”), discussed the proposal of amendment of the Articles of Association to submit to the Annual General Meeting and analysed the nomination matters that were justified during the year, having deliberated on a set of nominations for the corporate bodies of subsidiary companies, and analysed the proposals for the composition of the SB Specialised Committees and the filling of the changes with the Bank of Portugal. In its meeting of December 4th 2007, the Committee approved the proposal presented by the Chairman of the EB for the composition of the EB for the three-year period 2008/2010, to be submitted to the General Meeting, and the Committee issued a favourable opinion to the SB on the CEO proposed list for election of EB members, in order to be recommended its approval by the Shareholders. However, its subscriber withdrew this proposal in 2007.

On July 26th 2007, the Nomination Committee met at the request of the Senior Board, with the aim to verify the conditions made available to the EB to ensure its capacity to perform its duties, given the developments related with the call of an EGM, requested by a group of seven shareholders, that aimed to deliberate, namely, on the change of the corporate model of governance, with the consequent replacement of existing corporate bodies, and alternatively on the dismissal of five of the nine Bank executive board members, with the election of three new executive board members, and election of new SB members with eventual dismissal of SB members. The Nomination Committee concluded that “The EB has at its disposal the legal and statutory conditions for the regular functioning and performance of its duties, in order to ensure the good and sound management of the Bank.”

The SB was informed on the works of the Nomination Committee on a regular basis.

The Corporate Governance Committee met for six times, on the January 29th, April 13th, September 24th, October 8th and 22nd and December 4th.

Still under the designation of Sustainability and Corporate Governance Committee, this Committee analysed the EB's Annual Report, with particular focus to the chapter of the Corporate Governance Report, and the EB's Sustainability Report and on these matters issued an opinion to the SB. Among the remaining tasks performed it is worth highlighting: the approval of its 2006 Activity Report; the analysis of the results of the study "Benchmark of the Corporate Governance Model 2006" and the document related with the self-assessment of SB; analysis of the remuneration policy of the SB members; analysis of the EB's 2007 Sustainability Plan; the monitoring of the works of the Social Responsibility Committee and Stakeholders Committee, which were created within the scope of the EB; and the analysis of the Bank's reputation management.

Additionally, two important issues were analysed. The first, regarding the independence and incompatibility rules concerning the members of the General Meeting. The second, regarding the proposal of amendment of the Bank Articles of Association to be submitted to the Annual General Meeting, which aimed to improve the two-tier governance model that was adopted by the Bank.

On October 8th 2007, the Corporate Governance Committee met for the first time under the new designation and exclusive duties approved by the SB in its meeting of September 24th. The Corporate Governance Committee adopted as essential mission the coordination of the analysis of the Bank's governance model and, in general, on any matters related with corporate governance, in order to propose the corporate governance solutions that best fit the needs of the management, culture and strategy of the Bank, namely those that result from the best domestic and international practices. Specifically, the Committee considered all the proposals presented by Shareholders and by the Bank corporate bodies in this area. Therefore, and still in 2007, the Committee was able to elaborate on some issues concerning the Articles of Association and the functioning of the Bank's governance structures and submitted its analysis to the SB meeting of December 4th.

The SB was informed on the works of the Corporate Governance Committee on a regular basis.

Recommendations of the Audit and Risk Committee

Within the scope of its supervisory and advisory functions, the SB adopted the opinions and recommendations of the ARC issued in its meetings of January 26th 2007, June 28th 2007, July 19th 2007 and February 12th 2008 on the 2006 management report and accounts, the Report on the Internal Control System, the first-half 2007 management report and accounts, and the 2007 management report and accounts.

Recognitions

The SB, in its meetings of July 2nd and October 29th 2007, thanked Mr. Mário Augusto de Paiva Neto and Mr. Ricardo Bayão Horta, respectively, for their commitment over many years with the Group and acknowledges their achievements. They are owed a debt of gratitude.

For the timely and adequate manner in which the SB received the information needed for the exercise of its functions, the SB is grateful to the EB and the EB members, to the SB specialised committees and its members and to those in charge of the Departments involved.

The SB wishes to thank all the Employees of the Bank for their attitude and commitment, especially in the specific circumstances in which the Bank developed its activity during the year.

THE SUPERVISORY BOARD

February 18th 2008

OPINION OF THE SUPERVISORY BOARD

1. The Supervisory Board issues its opinion on the financial information, which includes the financial statements on an individual and on a consolidated basis and the management report as prepared by the Executive Board of Banco Comercial Português, S.A. for the period ended on December 31st, 2007.

2. The Supervisory Board met periodically with the Chairman of the Executive Board and with the Director responsible for the financial matters, and has been informed on a timely basis about the management decisions of the Executive Board.

3. The Audit and Risk Committee and the Corporate Governance Committee provided to the Supervisory Board all the relevant information and explanations for the accomplishment of its own duties, which included, namely, the procedures considered adequate and opportune concerning the compliance by the Bank with the by-laws and applicable legal framework.

4. In accordance with its duties, the Supervisory Board received and agreed with the recommendation of adoption of a favourable opinion, regarding the 2007 management report and financial statements prepared by the Executive Board, issued by the Audit and Risk Committee, having also appreciated the Auditors Report prepared by KPMG & Associados – SROC, S.A., concerning the financial statements, both on an individual and on a consolidated basis, and agrees with its contents.

5. The Supervisory Board issues a favourable opinion on the management report and financial statements prepared by the Executive Board, for the year ended on December 31st, 2007, recommending its approval by the Annual General Meeting of Shareholders.

Lisbon, February 18th 2008

The Supervisory Board

Recommendation of the Audit and Risk Committee

1. The Audit and Risk Committee (ARC) issues this recommendation to the Supervisory Board on the financial information, which includes the financial statements on an individual and on a consolidated basis and the management report as prepared by the Executive Board of Banco Comercial Português, S.A. as at December 31st 2007.

2. The ARC met periodically with the Chairman of the Executive Board and with the Director responsible for the financial matters, and has been informed on a timely basis about the management decisions of the Executive Board.

3. The Executive Board, the Director responsible for the financial matters, the officers of the Bank, the internal audit and the external auditors provided to the ARC all the relevant information and explanations for the accomplishment of its own duties, which included, namely, the procedures considered adequate and opportune concerning the compliance by the Bank with the by-laws and applicable legal framework.

4. On February 12th 2008 the ARC was informed by the Executive Board and by the external auditors of the following: based on supervening indications received from the *Comissão do Mercado dos Valores Mobiliários*, on the basis of the supervising entities investigations that started on December 2007 and having into consideration that those investigations are not yet concluded and, therefore, no final conclusions exist at this stage concerning the investigated matters, the Executive Board took the decision of adopting a prudent approach concerning the nature of certain risks now identified and, consequently, recorded a specific provision of 300 million euros to be allocated to the *Projecto da Baía de Luanda*, by adjusting (reduction) of the opening balance of retained earning as at January 1st 2006 (220.5 million euros net of tax).

The Executive Board also informed the ARC of the following: (i) with the decision undertaken by the Executive Board it does not confirm and does not recognises the existence of any alleged irregularities or offences perpetrated by the Bank; and (ii) maintains the expectations that the *Projecto da Baía de Luanda* will generate positive results for the Bank in the future (based on independent third parties valuations the value of the future economic benefits of the Project is between 231.6 million euros and 278.8 million euros), which will be recorded in net income in the period in which they are generated.

5. In accordance with its duties, the ARC appreciated the 2007 management report and the financial statements prepared by the Executive Board on which issues a favourable opinion, having also appreciated the Auditors Report prepared by KPMG & Associados – SROC, S.A., concerning the financial statements, both on an individual and on a consolidated basis, and agrees with its contents.

6. The ARC recommends to the Supervisory Board the adoption of a favourable opinion on the management report and financial statements prepared by the Executive Board for the year ended December 31st 2007.

February 18th 2008

The Audit and Risk Committee

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Banco Comercial Português

CONSOLIDATED FINANCIAL STATEMENTS

31 December
2 0 0 7

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2007 and 2006

	Notes	2007	2006
		(Thousands of Euros)	
Interest income	3	4,332,187	3,367,101
Interest expense	3	(2,794,884)	(1,936,341)
Net interest income		1,537,303	1,430,760
Dividends from equity instruments	4	27,921	32,494
Net fees and commissions income	5	664,583	713,508
Net gains arising from trading and hedging activities	6	199,138	191,954
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		2,720,017	2,690,229
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Share of profit of associates under the equity method	14	51,215	42,047
Gains from the sale of subsidiaries and other assets	15	7,732	130,640
Profit before income tax		688,216	993,924
Income tax			
Current	16	(73,045)	(87,936)
Deferred	16	3,475	(66,889)
Profit after income tax		618,646	839,099
Attributable to:			
Shareholders of the Bank		563,287	787,115
Minority interests	41	55,359	51,984
Profit for the year		618,646	839,099
Earnings per share (in euros)	17		
Basic		0.14	0.20
Diluted		0.14	0.20

CHIEF ACCOUNTANT THE BOARD OF DIRECTORS

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2007 and 2006

	Notes	2007	2006
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	18	1,958,239	1,679,221
Loans and advances to credit institutions			
Repayable on demand	19	820,699	917,279
Other loans and advances	20	6,482,038	6,575,060
Loans and advances to customers	21	65,650,449	56,669,877
Financial assets held for trading	22	3,084,892	2,732,724
Financial assets available for sale	22	4,418,534	4,410,886
Assets with repurchase agreement		8,016	4,048
Hedging derivatives	23	131,069	182,041
Investments in associated companies	24	316,399	317,610
Property and equipment	25	699,094	741,297
Goodwill and intangible assets	26	536,533	532,391
Current income tax assets		29,913	23,498
Deferred income tax assets	27	650,636	628,355
Other assets	28	3,379,650	3,631,180
		88,166,161	79,045,467
Liabilities			
Deposits from central banks		784,347	539,335
Deposits from other credit institutions	29	8,648,135	12,124,716
Deposits from customers	30	39,246,611	33,244,197
Debt securities issued	31	26,798,490	22,687,354
Financial liabilities held for trading	32	1,304,265	873,485
Other financial liabilities held for trading			
at fair value through profit or loss	33	1,755,047	-
Hedging derivatives	23	116,768	121,561
Provisions for liabilities and charges	34	246,949	211,141
Subordinated debt	35	2,925,128	2,932,922
Current income tax liabilities		41,363	42,416
Deferred income tax liabilities	27	46	80
Other liabilities	36	1,399,757	1,413,599
Total Liabilities		83,266,906	74,190,806
Equity			
Share capital	37	3,611,330	3,611,330
Treasury stock	40	(58,436)	(22,150)
Share premium		881,707	881,707
Preference shares	37	1,000,000	1,000,000
Fair value reserves	39	218,498	442,889
Reserves and retained earnings	39	(1,598,704)	(2,072,278)
Profit for the year attributable to Shareholders		563,287	787,115
Total Equity attributable to Shareholders of the Bank		4,617,682	4,628,613
Minority interests	41	281,573	226,048
Total Equity		4,899,255	4,854,661
		88,166,161	79,045,467

CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the years ended 31 December, 2007 and 2006

	2007	2006
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	4,218,603	3,298,501
Commissions income received	970,252	871,380
Fees received from services rendered	290,025	264,110
Interest expense paid	(2,668,285)	(1,876,625)
Commissions expense paid	(375,054)	(59,891)
Recoveries from charged-off loans	146,970	151,939
Net earned premiums	16,795	25,969
Claims incurred	(9,654)	(7,807)
Payments to suppliers and employees	(1,706,778)	(1,716,062)
	882,874	951,514
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	1,489,789	(528,575)
Deposits with Central Banks under monetary regulations	(1,631,407)	(287,320)
Loans and advances to customers	(9,253,601)	(4,213,864)
Short term trading account securities	(154,005)	(583,960)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	107,472	74,220
Deposits from credit institutions with agreed maturity date	(3,289,235)	1,278,672
Deposits from clients repayable on demand	(279,618)	(85,120)
Deposits from clients with agreed maturity date	6,178,161	(1,032,851)
	(5,949,570)	(4,427,284)
Income taxes (paid) / received	25,641	27,683
	(5,923,929)	(4,399,601)
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	-	256,620
Acquisition of shares in subsidiaries and associated companies	(16,720)	(253,672)
Dividends received	46,915	50,276
Interest income from available for sale financial assets	165,990	187,158
Proceeds from sale of available for sale financial assets	20,514,052	29,387,475
Available for sale financial assets purchased	(32,935,142)	(39,351,074)
Proceeds from available for sale financial assets on maturity	12,875,838	9,952,624
Acquisition of fixed assets	(177,991)	(109,711)
Proceeds from sale of fixed assets	122,071	80,633
Increase / (decrease) in other sundry assets	(244,795)	329,663
	350,218	529,992
Cash flows arising from financing activities		
Proceeds from issuance of subordinated debt	149,327	423,413
Reinbursement of subordinated debt	(137,781)	(444,546)
Proceeds from issuance of debt securities	8,451,039	5,728,436
Repayment of debt securities	(3,483,947)	(4,898,256)
Proceeds from issuance of commercial paper	17,705,311	17,986,824
Repayment of commercial paper	(16,659,257)	(14,189,842)
Share capital increase	-	22,998
Share premium	-	5,424
Dividends paid	(306,963)	(266,387)
Dividends paid to minority interests	(15,785)	(58,018)
Increase / (decrease) in other sundry liabilities and minority interests	(215,433)	(251,164)
	5,486,511	4,058,882
Exchange differences effect on cash and equivalents	38,387	(11,590)
Net changes in cash and equivalents	(48,813)	177,683
Cash and equivalents at the beginning of the year	1,523,405	1,345,722
Cash (note 18)	653,893	606,126
Other short term investments (note 19)	820,699	917,279
Cash and equivalents at the end of the year	1,474,592	1,523,405

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the years ended 31 December, 2007 and 2006

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Preference shares	Share premium	Legal and statutory reserves	Fair value and Cash Flow hedged reserves	Other reserves and retained earnings	Goodwill	Treasury stock	Minority interests
Balance on 31 December, 2005	4,602,020	3,588,331	1,000,000	870,303	430,193	316,711	956,635	(2,883,580)	(31,099)	354,526
Transfers to reserves:										
Legal reserve	-	-	-	-	36,033	-	(36,033)	-	-	-
Statutory reserve	-	-	-	-	15,074	-	(15,074)	-	-	-
Dividends paid in 2006	(266,387)	-	-	-	-	-	(266,387)	-	-	-
Profit for the year attributable to Shareholders of the Bank	787,115	-	-	-	-	-	787,115	-	-	-
Profit for the year attributable to minority interests	51,984	-	-	-	-	-	-	-	-	51,984
Increase in share capital by the issue of 22,998,229 shares (notes 37 and 46)	28,979	22,999	-	11,404	-	-	(5,424)	-	-	-
Dividends on preference shares	(48,910)	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	8,949	-	-	-	-	-	-	-	8,949	-
Exchange differences arising on consolidation	(11,590)	-	-	-	-	-	(11,590)	-	-	-
Fair value reserves (note 39) Financial assets available for sale	116,679	-	-	-	-	126,022	(9,343)	-	-	-
Cash Flow hedged reserves (note 39)	156	-	-	-	-	156	-	-	-	-
Minority interests	(180,462)	-	-	-	-	-	-	-	-	(180,462)
Impairment for other assets (restated - note 54)	(220,500)	-	-	-	-	-	(220,500)	-	-	-
Other reserves arising on consolidation (note 39)	(13,372)	-	-	-	-	-	(13,372)	-	-	-
Balance on 31 December, 2006 (restated)	4,854,661	3,611,330	1,000,000	881,707	481,300	442,889	1,117,117	(2,883,580)	(22,150)	226,048
Transfers to reserves:										
Legal reserve	-	-	-	-	60,902	-	(60,902)	-	-	-
Statutory reserve	-	-	-	-	19,000	-	(19,000)	-	-	-
Dividends paid in 2007	(306,963)	-	-	-	-	-	(306,963)	-	-	-
Profit for the year attributable to Shareholders of the Bank	563,287	-	-	-	-	-	563,287	-	-	-
Profit for the year attributable to minority interests	55,359	-	-	-	-	-	-	-	-	55,359
Dividends on preference shares	(48,910)	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	(36,286)	-	-	-	-	-	-	-	(36,286)	-
Exchange differences arising on consolidation	38,387	-	-	-	-	-	38,387	-	-	-
Fair value reserves (note 39)	(224,015)	-	-	-	-	(224,015)	-	-	-	-
Cash Flow hedged reserves (note 39)	(376)	-	-	-	-	(376)	-	-	-	-
Minority interests	166	-	-	-	-	-	-	-	-	166
Other reserves arising on consolidation (note 39)	3,945	-	-	-	-	-	3,945	-	-	-
Balance on 31 December, 2007	4,899,255	3,611,330	1,000,000	881,707	561,202	218,498	1,286,961	(2,883,580)	(58,436)	281,573

See accompanying notes to the consolidated financial statements

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. (the 'Bank') is a public bank, established in Portugal in 1985. It commenced operations on 5 May, 1986, and these consolidated financial statements reflect the results of the operations of the Bank and all its subsidiaries (together referred to as the 'Group') and the Group's interest in associates, for the years ended 31 December, 2007 and 2006.

The Executive Board of Directors approved these consolidated financial statements on 11 of February 2008. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Counsel, of 19 July 2002, and its adoption into Portuguese Law through Decree-Law no. 35/2002, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies.

For the preparation of the financial statements for the year ended 31 December, 2007, the Group adopted IFRS 7 Financial Instruments: disclosures and IAS 1 Presentation of Financial Statements (amendment) – Capital Disclosures. These standards were effective from 1 January, 2007. It should be noted that the impact of the adoption of the standards mentioned above relates to additional disclosures requirements, without any impact on the equity of the Group. In accordance with the transitional rules, comparative information is also provided.

Additionally, the Group adopted in 2007 the IFRIC 8 Scope of IFRS2, IFRIC 9 Reassessment of Embedded Derivatives and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these interpretations did not have any impact on the financial statements.

The consolidated financial statements for the year ended 31 December 2007 have been prepared in accordance with the IFRS, effective and adopted for use in the EU.

The financial statements are prepared under the historical cost convention, as modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading, and available-for-sale assets, except those for which a reliable measure of fair value is not available. Recognized assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The accounting policies set out below have been applied consistently throughout the Group entities and for all periods presented in these consolidated financial statements.

Within the scope of the investigations in progress by the Supervisory Authorities that are described in notes 39, 54 and 55, the balance Reserves and Retained Earnings includes, with effect as at 1 January 2006, a restatement resulting from the decision taken by the Executive Board of Directors of booking a provision regarding an asset booked on the consolidated financial statements resulting from the transactions described in notes 39, 54 and 55.

The preparation of the financial statements in conformity with IFRS requires the Executive Board of Directors to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. The Executive Board of Directors was elected on 15 of January 2008 and the assumptions and criteria used in the closing of the consolidated financial statements, as at 31 December 2007, were based in the information, gathered from the internal analyses and the contacts with CMVM and Bank of Portugal during the course of the current supervisiory activities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgement or complexity, or where assumptions and estimates are considered to be significant are presented in note ac).

b) Basis of consolidation

Investments in subsidiaries

Investments in subsidiaries where the Group exercises control are fully consolidated from the date the Group assumes control over its financial and operational activities until the control ceases to exist. Control is presumed to exist when the Group owns more than half of the voting rights. Additionally, control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities, even if the percentage of shareholding is less than 50%.

When the accumulated losses of a subsidiary attributable to the minority interest exceed the equity of the subsidiary attributable to the minority interest, the excess is attributed to the Group and charged to the income statement as it occurs. Profits subsequently reported by the subsidiary are recognized as profits of the Group until the prior losses attributable to minority interest previously recognised by the Group have been recovered.

Investments in associates

Investments in associated companies are consolidated by the equity method, since the date the Group acquires significant influence until the date it ceases. Associates are those entities, in which the Group has significant influence, but not control, over the financial and operating policy decisions of the investee. It is assumed that the Group has significant influence when it holds, directly or indirectly, 20% or more of the voting rights of the investee. Conversely, if the Group holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Group and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

The consolidated financial statements include the attributable part of the total results and reserves of associated companies accounted on an equity basis. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred in legal or constructive obligations or made payments on behalf of an associate.

Goodwill

Goodwill arising from business combinations occurred prior to 1 January 2004 was charged against reserves.

Business combinations occurred after 1 January 2004 are accounted for using the purchase method of accounting. The acquisition cost corresponds to the fair value determined on the acquisition date of the assets given and liabilities incurred or assumed including the costs directly associated with the transaction. Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of the investment and the corresponding share of the fair value of the net assets acquired.

Since the transition date to IFRS, which was on 1 January, 2004, positive goodwill arising from acquisitions is recognized as an asset and carried at cost and is not amortised. The value of recoverable goodwill is assessed annually to identify any impairment, regardless of the existence of any indication of any impairment. Impairment losses are recognized in the income statement.

Negative goodwill arising on an acquisition is recognized directly to the income statement in the period when the business combination occurs.

Special Purpose Entities ('SPE')

The Group fully consolidates certain SPE's when the substance of the relation with those entities indicates that the Group exercises control over its activities, independently of the percentage of the equity held.

The evaluation of the existence of control is determined based on the criteria established by SIC 12, which can be analysed as follows:

- The activities of the SPE, in substance, are being conducted on behalf of the Group, in accordance with the specific needs of the Group's business, so as to obtain benefits from these activities;
- The Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an "autopilot" mechanism, the Group has delegated these decision-making powers;
- The Group has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

Investments in foreign operations

The financial statements of the foreign subsidiaries and associates of the Group are prepared in their functional currency, defined as the currency of the primary economic environment in which they operate. On consolidation, assets and liabilities of the foreign subsidiaries are translated into euros at the official exchange rate at the balance sheet date.

The exchange differences arising from the translation to euros of the opening foreign currency net assets of entities consolidated in the Group on a full consolidation basis, or by the proportional or equity method are charged against consolidated reserves. Exchange differences arising from the hedging instruments related with foreign operations that are hedged are eliminated from profit and loss on the consolidation, through the gain or loss on the hedge instruments that is determined to be an effective hedge that is recognised directly in consolidated reserves and the ineffective portion is recognised immediately in the income statement.

The income and expenses of these subsidiaries are translated to Euros, at rates approximating the rates ruling at the dates of the transactions. Exchange differences arising from translation of the result for the reporting period from the exchange rate used in the income statement to the exchange rate prevailing at the period-end are recognised in reserves.

On disposal of a foreign operation, exchange differences related to the foreign operation investment and the associated hedged operation previously recognised in reserves are accounted for in the income statement.

Investments in jointly controlled entities

Jointly controlled entities are consolidated under the proportional method, and are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the joint venture entities' assets, liabilities, revenue and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

c) Loans and advances to customers

Loans and advances to customers include loans and advances originated by the Group, which are not intended to be sold in the short term and are recognised when cash is advanced to borrowers.

The derecognition of these assets occurs in the following situations: (i) the contractual rights of the Group have expired; or (ii) the Group transferred substantially all the risks and rewards associated.

Loans and advances to customers are initially recognized at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortized cost using the effective interest method, less impairment losses.

Impairment

The Group's policy consists in a regular assessment of the existence of objective evidence of impairment in their loan portfolios. Impairment losses identified are charged against income and subsequently the charge is reversed, if there is a reduction of the estimated impairment loss, in a subsequent period.

After initial recognition, a loan or a loan portfolio, defined as a group of loans with similar credit risk characteristics, may be classified as impaired when there is objective evidence of impairment as a result of one or more events and when the loss event has an impact on the estimated future cash flows of the loan or of the loan portfolio that can be reliably estimated.

According to IAS 39, there are two basic methods of calculating impairment losses: (i) individually assessed loans; and (ii) collective assessment.

(i) Individually assessed loans

Impairment losses on individually assessed loans are determined by an evaluation of the exposures on a case-by-case basis. For each loan considered individually significant, the Group assesses, at each balance sheet date, the existence of any objective evidence of impairment. In determining such impairment losses on individually assessed loans, the following factors are considered:

- Group's aggregate exposure to the customer and the existence of overdue loans;
- the viability of the customer's business and capability to generate sufficient cash flow to service their debt obligations in the future;
- the existence, nature and estimated value of the collaterals;
- a significant downgrading in the clients rating;
- the assets available on liquidation or bankruptcy;
- the ranking of all creditor claims;
- the amount and timing of expected receipts and recoveries;

Impairment losses are calculated by comparing the present value of the expected future cash flows, discounted at the original effective interest rate of the loan, with its current carrying value and the amount of any loss is charged in the income statement. The carrying amount of impaired loans is reduced through the use of an allowance account. For loans with a variable interest rate, the discount rate used corresponds to the effective annual interest rate, which was applicable in the period that the impairment was determined.

The present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from the foreclosure less costs for obtaining and selling the collateral.

Individual loans that are not identified as having an objective evidence of impairment are grouped on the basis of similar credit risk characteristics, and assessed collectively.

(ii) Collective assessment

Impairment losses are calculated on a collective basis in two different scenarios:

- for homogeneous groups of loans that are not considered individually significant; or
- in respect of losses which have been incurred but have not yet been identified ('IBNR') on loans subject to individual assessment for impairment (see section (i)).

The collective impairment loss is determined considering the following factors:

- historical loss experience in portfolios of similar risk characteristics;
- knowledge of the current economic and credit conditions and its impact on the historical losses level;
- the estimated period between a loss occurring and a loss being identified.

The methodology and assumptions used to estimate the future cash flows are reviewed regularly by the Group in order to monitor the differences between estimated and real losses.

Loans which have been individually assessed and for which no evidence of impairment has been identified, are grouped together based on similar credit risk characteristics for calculating a collective impairment loss. This loss covers loans that are impaired at the balance sheet date but which will not be individually identified as such until some time in the future.

The write-off of loans is performed against the related provision for loan impairment, when these correspond to 100% of the loans amount. Subsequent recoveries of amounts previously written off are accounted as a decrease of impairment losses in the year they occur.

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

1) Financial assets and liabilities at fair value through profit and loss

1a) Financial assets held for trading

The financial assets and liabilities acquired or issued with the purpose of sale or re-acquisition on the short term, namely bonds, Treasury Bills or shares or that make part of a financial instruments portfolio that are jointly managed and for which there is evidence of a recent and real model of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative that is an effective hedge instrument) are classified as trading.

Trading derivatives with a positive fair value are included in the balance financial assets held for trading and the trading derivatives with negative fair value are included in the balance financial liabilities held for trading.

1b) Financial assets and liabilities at fair value by decision of the own institution ("Fair Value Option")

The Group has adopted the Fair Value Option for the issues, loans and deposits performed during the year of 2007 that contain embedded derivatives or with related hedge derivatives. The variations of the credit risk of the Group related with financial liabilities at Fair Value Option are disclosed in the note Net gains arising from trading and hedging activities.

The financial assets and liabilities at fair value through profit and loss are initially accounted at their fair value, with the expenses and income related to the transactions being recognized in profit and loss and subsequently measured at fair value. The subsequent expenses and income resulting from changes in the fair value and the receiving of the dividends are recognized in the balance Net gains arising from trading and hedging activities of the statement of income. The accrual of interest and premium/discount (when applicable) is recognized in Net Interest Income according with the effective interest rate of each transaction, as well as that of the derivatives associated to financial instruments classified as Fair Value Option.

2) Financial assets available for sale

Financial assets available for sale held with the purpose of being maintained by the Group, namely bonds, Treasury Bills or shares, are classified as available for sale, except if they are classified as trading or held-to-maturity. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. Regarding bonds, the cost is amortized through profit and loss based on the effective interest rate. The financial assets available for sale are subsequently measured at fair value. The changes in fair value are accounted for against fair value reserves until they are sold or when they are subject to impairment losses. In the sale of the financial assets available for sale, the accumulated gains or losses recognized as fair value reserves are recognized in the balance Net gains and losses arising from available for sale financial assets. Interest income is recognized based on the effective interest rate, considering the useful life of the asset. In the situations where there is premium or discount associated to the assets, the premium or discount is included in the calculation of the effective interest rate. Dividends are recognized in income statement when the right to receive the dividends is attributed.

3) Other financial liabilities

The other financial liabilities are all financial liabilities that are not accounted as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customer and from other financial institutions, issued debt, and other transactions.

ii) Impairment

An assessment is made at each balance sheet date as to whether there is any objective evidence of impairment, namely circumstances where an adverse impact on estimated future cash flows of the financial asset or group of assets can be reliably estimated.

If an available-for-sale asset is determined to be impaired, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement. The impairment losses recognised in equity instruments classified as available for sale, when reverted, are recognized against reserves.

(iii) Embedded derivatives

Embedded derivatives should be accounted for separately as derivatives if the economic risks and benefits of the embedded derivative are not closely related to the host contract, unless the hybrid (combined) instrument is measured at fair value with changes in fair value recognised directly in the income statement. Embedded derivatives are classified as trading and accounted for at fair value with changes through profit and loss.

e) Derivatives hedge accounting

(i) Hedge accounting

The Group uses derivative financial instruments to hedge its exposure to currency and interest rate risks, resulting from financing and investment activities. However, derivatives not qualified for hedging are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on remeasurement are recognized in accordance with the hedging accounting model adopted by the Group. An hedging relationship exists when:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is valuable in a continuous basis and highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

When a derivative financial instrument is used to hedge exchange rate fluctuations arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and exchange rate differences related with the monetary items are recognized through income.

(*ii) Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement, together with changes in the fair value of the asset or liability or group thereof that are attributable to the hedged risk. If the hedging relationship no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the residual period to maturity.

(*iii) Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. Any gain or loss relating to an ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(*iv) Hedge effectiveness*

For each hedging relation in order to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such the Group performs prospective tests at inception date and retrospective tests in order to demonstrate in each reporting period the effectiveness, showing that the changes in the fair value of the hedging instrument are neutralized by the changes in the hedged item for the risk covered. Any ineffectiveness is recognised immediately in the income statement.

(v) Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are included in the income statement on the disposal of the foreign operation.

f) Reclassifications between financial instruments categories

Reclassification of the portfolio of financial assets and liabilities into or out of the fair value through profit and loss category is prohibited.

g) Derecognition

The Group derecognizes financial assets when all rights to future cash flows have expired or the assets are transferred. In the event of a transferral of assets, derecognition can only occur either when risks and rewards have substantially been transferred or the Group has not retained control of the assets.

The Group derecognizes financial liabilities when these are discharged, cancelled or extinguished.

h) Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, and shows a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity transaction are recognised under shareholders' equity and accounted for as a deduction from the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in shareholders' equity, net of transaction costs as treasury stock.

Distributions to holders of an equity instrument are debited directly to shareholders' equity as dividends when declared.

Preference shares issued by the Group are considered as an equity instrument when redemption of the shares is solely at the discretion of the issuer and dividends are paid at the discretion of the Group.

i) Compound financial instruments

Non-derivative financial instruments that contain both a liability and an equity component (convertible bonds) are classified as compound financial instruments. For those instruments to be considered as compound financial instruments, the terms of its conversion to ordinary shares (number of shares) does not vary with changes in their fair value. The liability component corresponds to the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The equity component corresponds to the difference between the proceeds of the issue and the amount attributed to the liability. The interest expense recognised in the income statement is calculated using the effective interest method.

j) Securities borrowing and lending business and repurchase transactions

(i) Securities borrowing and lending

Securities lent under securities lending arrangements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for assets held for trading or available-for-sale as appropriate. Cash collateral received in respect of securities lent is recognized as a financial liability. Securities borrowed under securities borrowing agreements are not recognized. Cash collateral placements in respect of securities borrowed are recognized under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognized on an accrual basis over the period of the transactions and are included in interest income or expense.

(ii) Repurchase agreements

Investments sold under repurchase agreements at a predetermined price ('repos') continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. Investments purchased subject to commitments to resell them at future dates ('reverse repos') are not recognized on the balance sheet and the amounts paid are recognized in loans to either banks or customers.

The difference between the sale and repurchase conditions is recognized on an accrual basis over the period of the transaction and is included in interest.

k) Non-current assets held for sale

Non-current assets or disposal groups (groups of assets to be disposed of together and related liabilities that include at least a non-current asset) are classified as held for sale when the assets or disposal groups are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or disposal groups acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is brought up to date in accordance with the applicable IFRS. After, these assets or disposal groups are measured at the lower of their carrying amount determined annually in accordance with the applicable IFRS and the fair value less costs to sell.

l) Finance lease transactions

Finance lease transactions for a lessee are recorded at the inception date of the lease as an asset and liability, at the fair value of the leased asset, which is equivalent to the present value of the future lease payments.

Lease rentals are apportioned between the finance charge and amortisation of the capital outstanding. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining liability balance for each period.

Assets held under finance leases for a lessor are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease.

Lease rentals are apportioned between the financial income and amortisation of the capital outstanding.

Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

m) Interest income and expense

Interest income and expense for all financial instruments measured at amortised cost are recognised in the income statement using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but without considering future impairment losses. The calculation includes all fees considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction.

If financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component of the changes in the fair value is not separated out and is classified under net losses/gains from financial assets. For hedging derivatives of interest rate risk, the interest component of the changes in their fair value is recognised under interest and similar income or interest expense and similar charges.

n) *Fee and commission income*

Fees and commissions are recognised according to the following criteria:

- Fees and commissions which are earned as services are provided are recognised in income over the period in which the service is being provided;
- Fees and commissions that are earned on the execution of a significant act, are recognised as income when the service is completed.

Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recognised in the net margin using the effective interest rate method.

o) *Results arising from trading and hedging activities and available for sale financial assets*

The results arising from trading and hedging activities and available for sale financial assets correspond to gains and losses arising from financial assets and liabilities classified as trading (including derivatives and embeded derivatives) and the corresponding interest and dividends. Also included are the gains and losses arising from the available for sale financial assets portfolio, and the changes of the fair value of the hedging derivatives and the hedged items, when applicable.

p) *Fiduciary activities*

Assets held in the scope of the fiduciary activity are not recognized in the consolidated financial statements of the Group. Fee and commissions arising from this activity are recognised in the income statement in the year to which they relate.

q) *Property and equipment*

Property and equipment are stated at deemed cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The Group performs impairment testing whenever events or circumstances show that the book value exceeds the recoverable amount. The difference between the book value and recoverable amount is charged to the profit and loss.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Premises	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 a 12
Other fixed assets	3

r) *Intangible Assets*

Research and development expenditure

The Group has not incurred in research and development costs.

Software

The Group accounts in intangible assets the associated costs to software acquired from external entities and proceeds to a linear depreciation by an estimate period of three years. The Group does not capitalize the internal costs arising from software development.

s) *Assets arising out of recovered loans*

Assets arising out of recovered loans includes buildings arising from the settlement of loan contracts are reported under ‘Other assets’, because of selling conditions and the period of time detained of these assets can be more than one year. These assets are inicially evaluated by the lower of its fair value and the carrying amount of the loan.

Fair value is based on the market value, being determined based on the expected selling price estimated through regular valuations performed by the Group.

Subsequent measurement is at the lower of its carrying amount and fair value. No depreciation is provided in respect of those assets. Any subsequent write-down of the acquired asset to fair value is recorded as an impairment loss and included in the income statement.

The Group is evaluating the conditions of the assets in accordance with IFRS 5 or IAS 40.

t) *Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including cash and deposits with banks.

Cash and cash equivalents exclude restricted balances with central banks.

u) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and the transactions are intended to be settled on a net basis.

v) *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values were determined.

w) *Employee benefits*

Defined benefit plans

The Group has the responsability to pay to their employees the pensions and the widows and orphan benefits and permanent disability, in accordance with the agreement entered with the collective labour agreements. These benefits are estimated in the pensions plans 'Plano ACT' and 'Plano ACTQ' of the Pension Plan of BCP Group, which corresponds to the referred collective labour agreements (the conditions are estimated in the private social security of the banking sector for the constitution of the right to receive a pension).

As for the benefits estimated in the two previous pensions plans, the Group also assume the responsability, if some conditions are verifyed in each year, of the attribution of an complementary plan to the employees of the Group, after due consideration to the requirements of the collective labour agreements applicable to each sector (complementary plan).

The Group's net obligation in respect of pension plans (defined benefit pensions plan) is calculated annually at each balance sheet date.

The Group elected at the transition date, as at 1 January 2004, for the retrospective application of IAS 19, performing the recalculation of the pension obligations and the corresponding actuarial gains and losses which will be deferred under the corridor method as defined in IAS 19. The calculation is made using the projected unit credit method and following actuarial and financial assumptions in line with parameters required by IAS 19.

The current services cost plus the interest cost on the unwiding of the Pension liabilities less the expected return on the Plan assets are recorded in operational costs.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value, being applied the discount rate determined by reference to interest rates of high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The net obligations is determined after the deduction of the fair value assets of the Pensions Plan.

Employee benefits, other than pension plans, namely post retirement health care benefits and death before retirement benefits are also included in the benefits plans calculation.

Costs arising from early retirements, as well as the corresponding actuarial gains and losses are recognized in the income statement on the year in which the early retirement is approved and announced.

Under the 'corridor' method, actuarial gains and losses not recognized, exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are recognized in the income statement over a period of 20 years, corresponding to the expected remaining working life of the employees participating in the plan.

The funding policy of the Plan is to make annual contributions by each Group company so as to cover the projected benefits obligations, including the non-contractual projected benefits. The minimum level required is 100% regarding the liability with pensioners and 95% regarding the employees in service.

Defined contributions plans

For the defined Contributions Plan for the Complementary non-contractual retirement benefit attributable to the employees of the Group, obligations are recognised as an expense in profit and loss when they are due.

Share based compensation plan (stock options)

The stock option programme allows Group employees to acquire shares of the Bank. The options exercise price equals the shares market price at the aquisition date. The fair value of the options, determined at the grant date, is recognized in the income statement, against equity, during the vesting period, based on its market value calculated at the attribution date.

During the first quarter of 2006, the stock options plan of 2003 ended.

As at 31 of December 2007, in force there is no share based compensation plan.

Variable remuneration paid to employees

The Board of Directors decides on the most appropriate criteria of allocation among employees.

This variable remuneration is charged to income statement in the year to which it relates.

x) Income tax

Income tax on the income for the year comprises current and deferred tax effects. Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly to reserves in which case it is recognized in reserves. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognized in shareholders' equity and are recognized in the profit and loss in the year the results that originated the deferred taxes are recognized.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date for each jurisdiction and that is expected to be applied when the temporary difference is reversed.

Deferred taxes assets are recognized to the extent it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

y) Segmental reporting

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

The Group controls its activity through the following major segments:

Portugal

- Retail Banking;
- Private Banking and Asset Management;
- Comercial;
- Corporate Banking and Investment Banking.

Foreign activity

- Europe;
- Overseas.

z) Provisions

Provisions are recognised when: (i) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events and (ii) a reliable estimate can be made of the amount of the obligation.

aa) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potencial ordinary shares, such as convertible debt and stock options granteed to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

ab) Insurance contracts

The Group issues contracts that contain insurance risk, financial risk or a combination of both insurance and financial risk. A contract, under which the Group accepts significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

A contract issued by the Group without significant insurance risk, but on which financial risk is transferred with discretionary participating features is classified as investment contract recognized and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Group that transfers only financial risk, without discretionary participating features, is classified as an investment contract and accounted for as a financial instrument.

The financial assets held by the Group to cover the liabilities arising under insurance and investment contracts are classified and accounted for in the same way as other Group financial assets.

Insurance contracts and investment contracts with discretionary participating features are recognized and measured as follows:

Premiums

Gross premiums written are recognized for as income in the period to which they respect, in accordance with the accrual accounting principle.

Reinsurance premiums ceded are accounted for as expense in the year to which they respect in the same way as gross premiums written.

Provision for unearned premiums

The provision for unearned gross premiums written and reinsurance ceded premiums reflects that part of the premiums written before the end of the year for which the risk period continues after the year end. This provision is calculated using the pro-rata temporis method applied to each contract in force.

ac) Critical accounting estimates and judgements in applying accounting policies

IFRS set forth a range of accounting treatments and require management to apply judgment and make estimates in deciding which treatment is most appropriate. The Executive Board of Directors was elected on 15 of January 2008 and the judments and estimates used, were based in the information, gathered from the internal analyses and the contacts with CMVM and Bank of Portugal during the course of the current supervisiory activities. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Group's reported results and related disclosure. A broader description of the accounting policies employed by the Group is shown in Note 1 to the Consolidated Financial Statements.

Because in many cases there are several alternatives to the accounting treatment chosen by management, the Group's reported results would differ if a different treatment were chosen. Management believes that the choices made by it are appropriate and that the financial statements present the Group's financial position and results fairly in all material respects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in price of the financial assets.

In addition, valuations are generally obtained through market quotation or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Group.

Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment losses on a regularly basis, as described in Note 1.c).

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The frequency of default, risk ratings, loss recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the income statement of the Group.

Fair value of derivatives

Fair values are based on listed market prices if available; otherwise fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could produce different financial results for a particular period.

Securitisations and special purpose entities

The Group sponsors the formation of special purpose entities (SPEs) primarily for asset securitisation transactions and for liquidity purposes. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control a SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question (See Note 1.b).

The determination of the SPEs that needs to be consolidated by the Group requires the use of estimates and assumptions in determining the respective expected residual gains and losses and which party retains the majority of such residual gains and losses. Different estimates and assumptions, as for example for credit risks, advance liquidation and interest rate, could lead the Group to a different scope of consolidation with a direct impact in net income.

In the ambit of the apllication of this accounting policy and in accordance with note 21, were included in the consolidation scope the following SPEs resulted from operations of securitization: NovaFinance n. 3 and 4, Kion and Orchis zo.o. The Group did not consolidate the following SPEs also resulted from operations of securitization: Magellan n. 1, 2, 3 and 4. For these SPEs, which are not recognized in the balance, concludes that the main risks and the benefits were transfered, as the Group do not detain any security issued by the SPEs, neither exposed to the performance of the credit porfolios.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the worldwide amount for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the year.

The Portuguese Tax Authorities are entitled to review the Bank and its subsidiaries' determination of its annual taxable earnings, for a period of four years or six years in case there are tax losses brought forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the Executive Board of Directors of the Bank, and those of its subsidiaries domiciled in Portugal are confident that material tax assessments do not have impact in the financial statements.

Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could impact the cost and liability of the pension plan.

Changes in these assumptions could materially affect these values.

Goodwill

On an annual basis, the Group performs an evaluation of the recoverable amount of the consolidation differences, based on the market value of the investments. According with IAS 36, in the absence of an active market that allows performing the evaluation of those investments, the market value should be determined based on the evaluation of the future estimated cash-flows, using all available information, which requires the use of judgment.

2. Net interest income and net gains arising from trading, hedging and Available for sale activities

IFRS requires separate disclosure of net interest income and net gains from trading, hedging and available for sale (AFS) activities, as presented in notes 3, 6 and 7. This required disclosure, however, does not take into account that net interest and net gains from trading, hedging an AFS activities are generated by a range of different business activities. In many cases, a particular business activity can generate both net interest and trading income.

These balances are analysed as follows:

	2007 Euros '000	2006 Euros '000
Net interest income	1,537,303	1,430,760
Net gains from trading, hedging and AFS activities	392,349	394,918
	1,929,652	1,825,678

3. Net interest income

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Interest income		
Interest on loans and advances	3,629,301	2,851,010
Interest on available for sale securities	297,856	187,126
Interest on deposits and other investments	405,030	328,965
	4,332,187	3,367,101
Interest expense		
Interest on deposits and inter-bank funding	1,454,402	1,086,010
Interest on securities sold under repurchase agreement	37,317	42,086
Interest on securities issued	1,280,088	808,245
Interest on other financial liabilities valued at fair value through profit and loss account	23,077	-
	2,794,884	1,936,341
Net interest income	1,537,303	1,430,760

The amount of Interest on loans and advances includes the amount of Euros 25,237,000 (2006: Euros 22,019,000) related to commissions which are accounted under the effective interest method, as referred in the accounting policy, note 1 c).

4. Dividends from equity instruments

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Dividends from available for sale securities	27,472	31,833
Other	449	661
	27,921	32,494

The amount of Dividends from available for sale securities corresponds to dividends received during the year.

5. Net fees and commissions income

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Fees and commissions income:		
From guarantees	77,911	77,692
From credit and commitments	361	347
From banking services	522,030	489,265
From insurance activity	2,082	2,228
From other services	323,479	273,296
	925,863	842,828
Fees and commissions expenses:		
From guarantees	742	992
From banking services	206,136	82,563
From insurance activity	652	822
From other services	53,750	44,943
	261,280	129,320
Net fees and commission income	664,583	713,508

The balance Commissions expenses from banking services includes the amount of Euros 88,694,000 related to the costs incurred with the Public Tender Offer for the acquisition of BPI, S.A. The referred amounts were accounted in the balance Other assets, as referred in note 28, and were recognized as expense for the period following the unsuccessful Public Tender Offer, as established in IFRS 3.

This referred caption also includes the amount of Euros 14,500,000 related to the costs incurred with the merger negociations with BPI, S.A., during the fourth quarter of 2007.

6. Net gains arising from trading and hedging activities

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Gains arising on trading and hedging activities:		
Foreign exchange activity	2,308,637	3,984,277
Financial instruments		
held for trading	1,395,364	1,161,003
through profit and loss account	30,341	-
Changes in fair value		
in hedging derivatives	977,074	1,128,079
in hedged item	75,930	156,477
Other activity	32,312	20,957
	4,819,658	6,450,793
Losses arising on trading and hedging activities:		
Foreign exchange activity	2,144,988	3,805,596
Financial instruments		
held for trading	1,361,275	1,153,520
through profit and loss account	29,594	-
Changes in fair value		
in hedging derivatives	985,109	1,206,094
in hedged item	56,319	41,523
Other activity	43,235	52,106
	4,620,520	6,258,839
Net gains arising from trading and hedging activities	199,138	191,954

The amount of Net gains arising from financial instruments through profit and loss account includes Euros 8,044,000 which reflect the fair value variations arising from changes in the credit risk of Group BCP.

7. Net gains arising from available for sale financial assets

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Gains arising from available for sale financial assets	308,924	220,610
Losses arising from available for sale financial assets	(115,713)	(17,646)
Net gains arising from available for sale financial assets	193,211	202,964

The value Gains arising from available for sale financial assets includes, for 2007, the amounts of Euros 173,321,000 and Euros 116,887,000 related with the gains arising from the sale of shares of EDP - Energias de Portugal and Banco Sabadell, respectively, as referred in notes 22 and 39. The investment held in Banco Sabadell was sold to the BCP Group Pension Fund.

The value Losses arising from available for sale financial assets includes, for 2007, the amount of Euros 79,838,000 related with the recognition of impairment losses related to the investment held in Banco BPI S.A. as a result of a prolonged decrease in the share price of this entity during the second semester of 2007, as referred in notes 22 and 39.

The value Net gains arising from available for sale financial assets includes, for 2006, the amounts of Euros 39,714,000 and Euros 69,416,000 related with the gains arising from the sale of shares of EDP - Energias de Portugal and Banco Sabadell, respectively, as referred in notes 22 and 39.

The referred amount also includes, for 2006, the amounts of Euros 42,600,000 and Euros 29,500,000 related with the gains arising from the sale of the residual notes from Magellan n.3 and n.4 securitization transactions, respectively, as referred in notes 21 and 22.

8. Other operating income

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Operating income		
Income from services	62,372	71,491
Cheques and others	31,039	35,582
Other operating income	77,050	86,332
	170,461	193,405
Operating costs		
Indirect taxes	35,319	36,695
Donations and quotizations	6,745	4,229
Other operating expenses	30,536	33,932
	72,600	74,856
	97,861	118,549

9. Staff costs

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Remunerations	632,792	636,619
Mandatory social security charges	325,050	357,032
Voluntary social security charges	16,439	23,255
Other staff costs	31,946	17,772
	1,006,227	1,034,678

As referred in note 48, the balance Remunerations includes, for 2007, the amount of Euros 41,695,000 (2006: Euros 146,104,000) related to early retirements during the year, and Euros 90,861,000 (2006: Euros 110,524,000) related to the pension cost for the year.

For 2007, the total amount of remunerations for the Executive Board of Directors of the Bank registered under Staff costs, was Euros 15,397,000 (2006: Euros 26,955,000) and the amounts accrued in previous years related with variable remuneration in the amount of Euros 16,440,000 were reversed. Additionally in 2007, it was made contributions to the Pension Plan of the Group in the amount of Euros 6,518,000 (2006: Euros 5,706,000).

During the year of 2007, the Group accounted in staff costs the amount of Euros 78,864,000 related liabilities with the retirement of the members of the Executive Board of Directors, occurred during the year.

Additionally there was a termination of the contracts with 3 former Board members at 31 December 2007, for which the Group paid the amount of Euros 18,700,000. Considering the amount provisioned and financed at that time, the impact of the liabilities with pensions in the net income for the year is Euros 12,770,000, which was neutralized by the reverse of the peiodification of the annual variable remunerations.

Regarding the retirement and termination of the employment contracts of the former members of the Executive Board of Directors, curtailment costs were accounted in the amount of Euros 16,633,000.

The average number of employees by professional category, at service in the Group, is analysed as follows by category:

	2007	2006
Portugal		
Management	1,247	1,186
Managerial staff	1,967	2,065
Staff	3,367	3,368
Other categories	4,296	4,506
	10,877	11,125
Abroad	9,447	8,343
	20,324	19,468

10. Other administrative costs

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Water, electricity and fuel	18,185	18,866
Consumables	10,619	9,810
Rents	124,896	122,438
Communications	50,649	47,717
Travel, hotel and representation costs	26,342	25,386
Advertising	50,992	49,432
Maintenance and related services	41,341	42,374
Credit cards and mortgage	17,808	11,774
Advisory services	40,269	28,038
Information technology services	23,272	22,701
Outsourcing	97,946	86,547
Other specialised services	24,535	24,510
Training costs	3,514	3,399
Insurance	16,372	16,297
Legal expenses	12,136	11,797
Transportation	12,118	11,696
Other supplies and services	56,458	46,531
	627,452	579,313

For the year 2007, the balance Rents, includes the amount of Euros 103,470,000 (2006: 102,467,000), related to rents paid regarding buildings used by the Group as Leaser.

11. Depreciation

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Intangible assets:		
Software	12,449	16,138
Other intangible assets	5,413	4,200
	17,862	20,338
Property and equipment:		
Land and buildings	52,151	47,519
Equipment		
Furniture	7,208	8,188
Office equipment	5,828	3,652
Computer equipment	15,385	15,108
Interior installations	8,538	9,661
Motor vehicles	1,868	1,516
Security equipment	3,357	3,619
Other tangible assets	2,699	1,891
	97,034	91,154
	114,896	111,492

12. Loans impairment

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the year	2,574	2,530
Write-back for the year	-	(1,178)
	2,574	1,352
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the year	665,975	454,548
Write-back for the year	(261,330)	(184,043)
Recovery of loans and interest charged-off	(146,970)	(151,939)
	257,675	118,566
	260,249	119,918

The balance Impairment for the year is related to an estimate of the incurred losses determined according with the methodology for a regular evaluation of objective evidence of impairment, as described in note 1c).

13. Other provisions

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Provision for other pensions benefits		
Charge for the year	370	558
Provision for guarantees and other commitments		
Charge for the year	14,254	2,710
Write-back for the year	(15,027)	(5,363)
Other provisions for liabilities and charges		
Charge for the year	60,173	28,463
Write-back for the year	(10,675)	(10,417)
	49,095	15,951

14. Share of profit of associates under the equity method

The contribution of the associated companies accounted for under the equity method to the Group's profit is as follows:

	2007 Euros '000	2006 Euros '000
Millenniumbcp Fortis Group	60,532	52,820
Amortization of value in force (VIF) for the Millennium bcp Fortis Group	(18,088)	(18,088)
Other companies	8,771	7,315
	51,215	42,047

15. Gains from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2007 Euros '000	2006 Euros '000
Sale of subsidiaries	-	131,382
Sale of other assets	7,732	(742)
	7,732	130,640

The amount of Gains from the sale of subsidiaries includes, for 2006 the amounts of Euros 82,208,000, Euros 26,484,000, Euros 14,781,000 and Euros 7,909,000 arising from the sale of the investments held in Interbanco, S.A., Banque BCP S.A.S. (France), Banque BCP Luxemburg and Bcp Bank Canada., respectively.

16. Income tax

The charge for the years 2007 and 2006 is comprised as follows:

	2007 Euros '000	2006 Euros '000
Current tax	73,045	87,936
Deferred tax		
Origination and reversal of temporary diferences	(31,569)	(111,274)
Effect of changes in tax rate	2,728	23,694
Tax losses utilized	25,366	154,469
	(3,475)	66,889
	69,570	154,825

The charge for income tax amounted to Euros 69,570,000 (2006: Euros 154,825,000), which represents an average tax rate of 10.1% of the consolidated net income before income tax (2006: 15.6%).

The balance Current rate - Charge for the year includes the amount of Euros 30,164,000 (2006: Euros 4,211,000), related mainly to corrections of previous years, resulting from the tax treatment of the revaluation of OTC derivatives, accounted in the balance sheet at fair value though profit and loss, whose revaluation has been allowed for tax purposes in the period of the accounting recognition.

The balance Origination and reversal of temporary diferences, includes the recognition of provisions that were subject to tax in the respective period but whose allowance, for tax purposes will only occur on a future period, allocation of profits of non-resident entities whose tax effectively paid was similar or below 60% of the tax due if these entities were resident in Portuguese territory, as well as the amounts charged for early retirements that will only be recognized for tax purposes in future periods.

The main adjustments made to the accounting profit for the calculation of the net taxable profit arising from timing differences are as follows:

- Changes arising from recognition in retained earnings of Pension Fund obligations and health care in the transition to IFRS, as well as the recognition of fair value reserves in AFS securities;

- The diference between the charges of the year, which fiscal recognition is in future periods, and the costs with early retirements accounted for prior years, which are deductible in the calculation of the net taxable income for the year, in accordance with the instructions from the Tax Authorities, in the amount of Euros 63,487,000 (2006: Euros 94,360,000);

- Net profit of non resident subsidiaries, for which the tax paid were less or equal to 60% of the tax that would have been paid if the subsidiaries were resident in Portugal, which was added, for the calculation of the current net taxable profit of the year, but which will be deductible in the future years, when the referred profit are distributed, in the amount of Euros 38,910,000 (2006: Euros 28,907,000).

- Loan impairment which, under the applicable legislation, were not considered for tax purposes in the current year, in the amount of Euros 163,646,000 (2006: Euros 177,824,000), and will be deductible in future years when the losses are realised.

The main adjustments to net income to calculate the net taxable income, with a permanent nature, are as follows:

- Dividends received which are not considered for calculating the net taxable profit, under the double taxation agreements, in the amount of Euros 25,756,000 (2006: Euros 32,850,000);

- Gains arising from the sale of investments in the amount of Euros 224,465,000 (2006: Euros 225,139,000), which are not taxable under current legislation;

- Decrease in the current net taxable profit resulting from the "Zona Franca da Madeira" branches, not considered for the calculation of the net taxable income within the legal limits, due to the applicable exemption until 31 December 2011, as well as the net profit of non-resident companies, in the amount of Euros 144,064,000 (2006: Euros 162,922,000);

- Deduction in the calculation of the net taxable profit of the tax benefits related to the granting of employment to young people under the age 30 as well as deduction of income from bonds issued by resident entities of Mozambique, in the amount of Euros 29,219,000 (2006: Euros 26,477,000);

The difference between the applicable nominal income tax rate and the average effective rate results from the adjustments considered in the calculation of the taxable income, under the current legislation.

The reconciliation of the standard tax rate to the effective tax rate is as follows:

	2007		2006	
	%	**Euros '000**	**%**	**Euros '000**
Income before income taxes		688,216		993,924
Current tax rate	26.5%	(182,377)	27.5%	(273,329)
Foreign tax rate effect (i)	-2.3%	15,653	-1.2%	11,851
Non deductible expenses (ii)	7.4%	(51,160)	4.3%	(43,147)
Tax exempt income (iii)	-20.5%	141,333	-20.1%	199,626
Fiscal incentives (iv)	-0.8%	5,272	-0.5%	5,359
Utilization of losses brought forward	0.0%	334	0.1%	(639)
Effect of rate changes on deferred taxes	0.4%	(2,729)	2.4%	(23,596)
Previous years corrections	-0.9%	6,095	1.2%	(12,058)
Autonomous tax and tax suported in foreign subsidiaries (v)	0.3%	(1,991)	0.1%	(890)
Tax benefit utilization (vi)	0.0%	-	1.8%	(18,002)
	10.1%	(69,570)	15.6%	(154,825)

References:

(i) - Difference between the tax rates applicable to non-resident companies and the standard tax rate in Portugal;
(ii) - Corresponds to tax associated to non deductible provisions in accordance with the applicable legislation;
(iii) - Tax associated with the following tax exempted or non-taxable income:
a) Dividends received which are not considered under the double taxation agreement, in the amount of Euros 25,756,000 (Tax: Euros 6,725,000);
b) Gains arising from the sale of the investments in the amount of Euros 224,465,000 (Tax: Euros 58,292,000);
c) Profit from the "Zona Franca da Madeira" branches, and net income of non-resident companies, in the amount of Euros 144,064,000 (Tax: Euros 38,177,000);
d) Net income of associated companies consolidated under the equity method, in the net amount of Euros 51,755,000 (Tax: Euros 13,720,000);
(iv) - Includes tax benefits resulting from granting employment to people under the age of 30, as well as on interest income of bonds issued by resident entities in Mozambique in the amount of Euros 29,219,000 (Tax: Euros 5,740,000);
(v) - Corresponds to autonomous taxation, according with the current legislation, of representation and non-deductible vehicle costs;
(vi) - Corresponds to application of article 86 of IRC Code.

For the years 2007 and 2006, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising on:

	2007 Euros '000	2006 Euros '000
Intangible assets	1,942	334
Other tangible assets	(692)	10,040
Impairment losses	(13,007)	(29,680)
Pensions	(56,992)	10,620
Derivatives	38,503	(62,542)
Tax losses utilized	25,388	159,748
Others	1,383	(21,631)
Deferred taxes	(3,475)	66,889

17. Earnings per share

The earnings per share are calculated as follows:

	2007 Euros '000	2006 Euros '000
Profit for the year	563,287	787,115
Dividends on preference shares	(48,910)	(48,910)
Adjusted profit	514,377	738,205
Weighted average number of ordinary shares	3,610,056,047	3,604,741,280
Basic earnings per share (euros)	0.14	0.20
Adjusted profit	514,377	738,205
Average number of shares		
Ordinary shares	3,610,056,047	3,604,741,280
Stock Options - program 2003	-	2,535,329
Total	3,610,056,047	3,607,276,609
Diluted earnings per share (euros)	0.14	0.20

The average number of shares above indicated is resulted from the number of existing shares since the beginning of each year, adjusted by the number of shares repurchased or issued in the period weighted by the time factor.

For the diluted earnings per share, the weighted average number of ordinary issued shares is adjusted considering the conversion of all potentially dilutive ordinary shares. In this context, in March 2006, and in accordance with the Stock Options Program attributed in April 2003 to its employees, the Bank issued 22,998,229 shares with nominal value of 1 Euro. The difference between the number of shares issued and the number of shares which should be issued considering the average market price was treated as an issue of ordinary shares without any impact in the profit of the year used for the calculation of the diluted earnings per share.

The amount of dividends on preference shares corresponds to two issues by BCP Finance Company which considering the rules established in IAS 32 and in accordance with the accounting policy presented in note 1 h), were considered as equity instruments. The issues are analized as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 100 each, issued by BCP Finance Company on 9 June, 2004, amounting to Euros 500 million, issued to redeem the 8,000,000 Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 50 each, issued by BCP Finance Company on 14 June, 1999, amounting to Euros 400,000,000.

- 10,000 preference shares with par value of Euros 50,000 perpectual each without voting rights issued in 13 October 2005, in the amount of Euros 500,000,000, to redeem the 6,000,000 preference shares of Euros 100 each without voting rights, in the amount of Euros 600,000,000, issued by BCP Finance Company at 28 September 2000.

18. Cash and deposits at central banks

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Cash	653,893	606,126
Central banks	1,304,346	1,073,095
	1,958,239	1,679,221

The balance Central banks includes deposits with Central Banks of the countries where the group operates to satisfy the legal requirements to maintain a cash reserve for which the value is based on the value of deposits and other liabilities. The cash reserve requirements, acording with the European Central Bank System for Euro Zone, establishes the maintenance of a deposit with the Central Bank equivalent to 2% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Credit institutions in Portugal	5,454	8,710
Credit institutions abroad	188,192	164,492
Amounts due for collection	627,053	744,077
	820,699	917,279

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

20. Other loans and advances to credit institutions

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Bank of Portugal	1,400,156	-
Credit institutions in Portugal	935,618	620,445
Credit institutions abroad	4,149,151	5,954,707
	6,484,925	6,575,152
Overdue loans - less than 90 days	-	121
Overdue loans - more than 90 days	222	74
	6,485,147	6,575,347
Impairment for credit risk	(3,109)	(287)
	6,482,038	6,575,060

This balance is analysed by the period to maturity, as follows:

	2007 Euros '000	2006 Euros '000
Up to 3 months	6,082,943	6,133,596
3 to 6 months	22,586	95,783
6 to 12 months	45,526	56,367
1 to 5 years	327,993	169,831
More than 5 years	5,877	119,575
Undetermined	222	195
	6,485,147	6,575,347

Impairment for credit risks in credit institutions for the Group is analysed as follows:

	2007 Euros '000	2006 Euros '000
Impairment for credit risks in credit institutions		
Balance on 1 January	287	14,147
Transfers	277	(12,412)
Impairment for the year	2,574	2,530
Write-back for the year	-	(1,178)
Loans charged-off	-	(2,791)
Exchange rate differences	(29)	(9)
Balance on 31 December	3,109	287

21. Loans and advances to customers

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Public sector	713,355	767,982
Asset-backed loans	37,250,063	32,295,178
Personal guaranteed loans	12,390,387	11,535,312
Unsecured loans	4,805,808	3,839,085
Foreign loans	4,425,482	3,222,763
Factoring	1,492,881	1,340,170
Finance leases	5,240,222	4,413,384
	66,318,198	57,413,874
Overdue loans - less than 90 days	69,070	62,149
Overdue loans - more than 90 days	485,513	436,265
	66,872,781	57,912,288
Impairment for credit risk	(1,222,332)	(1,242,411)
	65,650,449	56,669,877

As at 31 December 2007, the balance Loans and advances to customers includes the amount of Euros 2,667,661,000 regarding mortgage loans which are a collateral for asset-back securities issued in 2007, as referred in note 45.

The analysis of loans and advances to customers, by type of credit, is as follows:

	2007 Euros '000	2006 Euros '000
Short term		
Discounted bills	1,296,913	1,398,819
Current account credits	5,302,990	4,763,343
Overdrafts	1,757,356	2,264,212
Loans	5,606,424	8,512,369
Factoring	1,492,881	1,340,170
	15,456,564	18,278,913
Medium and long term		
Discounted bills	116,445	175,067
Loans	17,923,064	11,391,071
Mortgage loans	27,581,903	23,155,439
Finance leases	5,240,222	4,413,384
	50,861,634	39,134,961
	66,318,198	57,413,874
Overdue loans - less than 90 days	69,070	62,149
Overdue loans - more than 90 days	485,513	436,265
	66,872,781	57,912,288
Impairment for credit risk	(1,222,332)	(1,242,411)
	65,650,449	56,669,877

The analysis of loans and advances to customers by sector of activity is as follows:

	2007 Euros '000	2006 Euros '000
Agriculture	560,834	446,411
Mining	173,903	158,331
Food, beverage and tobacco	666,205	593,105
Textiles	693,895	700,896
Wood and cork	323,583	306,629
Printing and publishing	333,341	284,544
Chemicals	1,040,796	1,040,093
Engineering	1,193,459	1,076,317
Electricity, water and gas	596,709	560,690
Construction	5,222,023	5,878,559
Retail business	2,051,574	2,028,646
Wholesale business	3,031,246	2,690,710
Restaurants and hotels	1,095,196	997,247
Transports and communications	1,887,527	1,502,572
Services	11,841,191	10,300,999
Consumer credit	4,645,345	4,166,350
Mortgage credit	25,502,914	20,748,158
Other domestic activities	935,159	930,797
Other international activities	5,077,881	3,501,234
	66,872,781	57,912,288
Impairment for credit risk	(1,222,332)	(1,242,411)
	65,650,449	56,669,877

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2007, is as follows:

	Loans				
	Due within 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Undetermined maturity Euros '000	Total Euros '000
Agriculture	229,008	158,432	170,155	3,239	560,834
Mining	84,620	34,329	53,646	1,308	173,903
Food, beverage and tobacco	372,067	162,062	122,794	9,282	666,205
Textiles	393,527	106,392	177,150	16,826	693,895
Wood and cork	219,394	57,543	44,127	2,519	323,583
Printing and publishing	160,305	91,364	79,318	2,354	333,341
Chemicals	531,166	286,454	217,973	5,203	1,040,796
Engineering	637,557	258,330	285,158	12,414	1,193,459
Electricity, water and gas	120,017	56,392	420,212	88	596,709
Construction	2,539,026	1,503,011	1,044,393	135,593	5,222,023
Retail business	985,361	477,521	565,074	23,618	2,051,574
Wholesale business	1,722,877	565,955	692,273	50,141	3,031,246
Restaurants and hotels	251,746	279,730	554,092	9,628	1,095,196
Transports and communications	685,890	678,963	495,642	27,032	1,887,527
Services	4,808,796	3,634,828	3,353,792	43,775	11,841,191
Consumer credit	1,652,963	1,599,920	1,282,312	110,150	4,645,345
Mortgage credit	55,205	345,169	25,013,746	88,794	25,502,914
Other domestic activities	504,924	202,051	223,745	4,439	935,159
Other international activities	2,073,977	679,708	2,316,016	8,180	5,077,881
	18,028,426	11,178,154	37,111,618	554,583	66,872,781

The analysis of loans and advances to customers, by type of credit and by maturity date as at 31 December, 2007, is as follows:

	Loans				
	Due within 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Undetermined maturity Euros '000	Total Euros '000
Public sector	653,501	44,193	15,661	1,729	715,084
Asset-backed loans	4,923,587	5,766,511	26,559,965	244,303	37,494,366
Personal guaranteed loans	5,053,472	406,165	6,930,750	85,528	12,475,915
Unsecured loans	4,000,516	364,037	441,255	158,162	4,963,970
Foreign loans	1,623,530	2,430,734	371,218	7,086	4,432,568
Factoring	1,492,881	-	-	5,890	1,498,771
Finance leases	280,939	2,166,514	2,792,769	51,885	5,292,107
	18,028,426	11,178,154	37,111,618	554,583	66,872,781

Loans and advances to customers includes the effect of the following transactions:

- traditional securitizations owned by SPE's consolidated under SIC 12, in accordance with the accounting policy 1 b).
- synthetic securitizations.

BCP Group engages mainly in the securitization of mortgage loans, corporate loans and consumer loans. For this purpose, traditional securitizations and synthetic securitizations are used through specifically created Special Purpose Entities (SPEs). As referred in accounting policy 1 b), when the substance of the relationships with the SPE's indicates that the Group holds control of the activities, the SPE's are fully consolidated.

The balance Loans and Advances to customers includes the following amounts related to securitization transactions, by type of transaction:

	Traditional		Synthetic		Total	
	2007 Euros '000	2006 Euros '000	2007 Euros '000	2006 Euros '000	2007 Euros '000	2006 Euros '000
Consumer credit	747,219	223,149	-	-	747,219	223,149
Mortgage credit	413,096	653,984	-	-	413,096	653,984
Finance Leases	209,021	-	-	-	209,021	-
Loans to companies	-	-	2,762,024	3,049,140	2,762,024	3,049,140
	1,369,336	877,133	2,762,024	3,049,140	4,131,360	3,926,273

During 2007, the Group issued 2 securitization transactions namely NovaFinance n.º 4 (Consumer loans) issued by Millennium BCP and Orchis Sp. z o.o. (Finance leases) issued by Bank Millennium Poland. According with their characteristics and as referred in the accounting policy 1 g), these transactions were not derecognized on the Group´s financial statements.

During 2006, the Group sold the residual notes from the Magellan n.3 and n.4 securitization transactions. Following these sales the related Special Purpose Entities complied with the derecognition criteria, referred in the accounting policy 1 g) and ceased to be consolidated on the Group financial statements. The sales of the residual notes associated with these transactions generated a gain on the consolidated financial statements in the amount of Euros 42,600,000 and Euros 29,500,000 respectively, as referred in note 7.

The analysis of loans and advances to customers, based on the existence of impairment, is analyzed as follows:

	2007 Euros '000	2006 Euros '000
Total of loans	74,909,770	66,425,621
Loans and Advances to customers with impairment		
Individually significant		
Gross value	3,314,167	3,347,114
Impairment	649,141	722,737
Net book value	2,665,026	2,624,377
Parametric analysis		
Gross value	3,552,381	3,079,209
Impairment	343,899	338,914
Net book value	3,208,482	2,740,295
Loans and Advances to customers without impairment	68,043,222	59,999,298
Impairment (IBNR)	302,997	255,890
	73,613,733	65,108,080

The balances Total of loans includes the amounts of loans and advances to customers and guarantees granted and commitments to third parties.

The balances Impairment and Impairment (IBNR) were determined in accordance with accounting policy described in note 1 c).

The fair values of collaterals associated to the loan portfolios, is analyzed as follows:

	2007 Euros '000	2006 Euros '000
Loans and Advances to customers with impairment		
Individually significant		
Securities and other financial assets	188,958	106,563
Home mortgages	275,195	78,424
Other real-estate	735,793	635,530
Other guarantees	512,962	477,158
	1,712,908	1,297,675
Parametric analysis		
Securities and other financial assets	83,481	53,144
Home mortgages	2,091,759	1,705,951
Other real-estate	363,204	381,904
Other guarantees	450,355	391,859
	2,988,799	2,532,858
Loans and Advances to customers without impairment		
Securities and other financial assets	3,433,344	3,265,360
Home mortgages	22,991,083	16,460,036
Other real-estate	4,899,635	4,285,715
Other guarantees	8,640,585	7,814,558
	39,964,647	31,825,669
	44,666,354	35,656,202

According to the risk management policy of the Group, the amounts above do not include the fair value of the personal guarantees given by clients with low risk ratings.

The Group uses as credit risk mitigation instruments physical collaterals and financial guarantees. The physical collaterals are mainly mortgages on residential buildings from the mortgage portfolio and other mortgages on other types of buildings related with other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified evaluation entities or through the use of evaluation coefficients that reflect the market trends for each specific type of building and geographical area.

The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices.

The balance Loans and advances to customers includes the following amounts related with finance leases contracts:

	2007 Euros '000	2006 Euros '000
Gross value	6,775,018	5,510,286
Interest not yet due	(1,534,796)	(1,096,902)
Net book value	5,240,222	4,413,384

The analyse of the financial Leasing contracts in which the Group is Leaser, is presented as follows:

	2007 Euros '000	2006 Euros '000
Individualls		
Home	161,479	148,533
Consumer	144,743	164,402
Others	331,444	314,536
	637,666	627,471
Companies		
Mobiliary	1,985,818	1,592,699
Mortgage	2,616,738	2,193,214
	4,602,556	3,785,913
	5,240,222	4,413,384

Regarding the Operational Leasing, the Group does not present significant contracts as Leaser.

In accordance with note 10, the balance Rents, includs in reference of 31 December 2007, the amount of Euros 103,470,000 (2006: Euros 102,467,000), corresponding to rents paid regarding buildings used by the Group as Leaser.

The loan portfolio includes restructured loans that have been formally negotiated with the borrowers, in terms of reinforcing collaterals, deferring the maturity date and changing the interest rate. The analysis of restructured loans by sector of activity is as follows:

	2007	**2006**
	Euros '000	**Euros '000**
Agriculture	4,976	8,925
Mining	2,242	2,760
Food, beverage and tobacco	2,762	5,895
Textiles	17,866	14,682
Wood and cork	538	951
Printing and publishing	2,041	1,830
Chemicals	344	1,924
Engineering	18,387	8,286
Electricity, water and gas	27	43
Construction	10,171	15,716
Retail business	6,943	12,238
Wholesale business	16,903	18,007
Restaurants and hotels	6,200	8,534
Transports and communications	2,448	5,630
Services	27,024	27,339
Consumer credit	38,903	28,165
Mortgage credit	7,509	13,204
Other domestic activities	2,373	2,802
Other international activities	2,004	2,501
	169,661	179,432

The analysis of overdue loans by sector of activity for the Group is as follows:

	2007	**2006**
	Euros '000	**Euros '000**
Agriculture	3,239	4,648
Mining	1,308	4,043
Food, beverage and tobacco	9,282	9,638
Textiles	16,826	24,462
Wood and cork	2,519	4,462
Printing and publishing	2,354	2,470
Chemicals	5,203	7,327
Engineering	12,414	19,731
Electricity, water and gas	88	722
Construction	135,593	144,262
Retail business	23,618	19,386
Wholesale business	50,141	35,775
Restaurants and hotels	9,628	6,319
Transports and communications	27,032	13,533
Services	43,775	43,836
Consumer credit	110,150	77,865
Mortgage credit	88,794	68,104
Other domestic activities	4,439	3,643
Other international activities	8,180	8,188
	554,583	498,414

The analysis of overdue loans, by type of credit, for the Group is as follows:

	2007 Euros '000	2006 Euros '000
Public sector	1,729	977
Asset-backed loans	244,303	276,988
Personal guaranteed loans	85,528	80,016
Unsecured loans	158,162	106,669
Foreign loans	7,086	1,651
Factoring	5,890	2,965
Finance leases	51,885	29,148
	554,583	498,414

The impairment for credit risk is analysed as follows:

	2007 Euros '000	2006 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	1,219,098	1,321,284
Transfers resulting from changes in the Group's structure	-	(3,979)
Other transfers	(28,039)	2,010
Impairment for the year	665,975	454,548
Write-back for the year	(261,330)	(184,043)
Loans charged-off	(389,884)	(359,846)
Exchange rate differences	688	(10,876)
Balance on 31 December	1,206,508	1,219,098
Impairment for restructured loans:		
Balance on 1 January	23,313	23,148
Transfers	(7,489)	165
Balance on 31 December	15,824	23,313
	1,222,332	1,242,411

The table below shows the analysis of the impairment for overdue loans and other credit risks as at 31 December, 2007:

	Classes of overdue loans					
	Up to 3 months Euros '000	3 months to 6 months Euros '000	6 months to 1 year Euros '000	1 year to 3 years Euros '000	over 3 years Euros '000	Total Euros '000
Secured overdue loans	45,193	38,819	97,696	201,288	13,425	396,421
Impairment	2,911	4,492	20,410	100,644	13,425	141,882
Unsecured overdue loans	23,877	27,259	89,661	12,454	4,911	158,162
Impairment	357	7,361	36,227	12,454	4,911	61,310
Total overdue loans	69,070	66,078	187,357	213,742	18,336	554,583
Total impairment for overdue loans	3,268	11,853	56,637	113,098	18,336	203,192
Total impairment for non-overdue loans related to overdue loans and for other credit risks						1,003,316
Total impairment for restructured loans						15,824
Total impairment for credit risks						1,222,332

The analysis of the impairment, by sector of activity, is as follows:

	2007 Euros '000	2006 Euros '000
Agriculture	41,820	11,408
Mining	14,081	23,397
Food, beverage and tobacco	25,340	26,092
Textiles	50,850	85,525
Wood and cork	5,070	10,479
Printing and publishing	6,683	9,338
Chemicals	12,650	9,992
Engineering	49,602	74,027
Electricity, water and gas	749	1,435
Construction	159,616	176,870
Retail business	36,143	43,541
Wholesale business	127,295	131,763
Restaurants and hotels	14,425	23,139
Transports and communications	39,362	27,548
Services	249,445	192,334
Consumer credit	142,725	124,073
Mortgage credit	217,193	199,898
Other domestic activities	7,719	8,664
Other international activities	21,564	62,888
	1,222,332	1,242,411

The impairment for credit risk, by type of credit, is as follows:

	2007 Euros '000	2006 Euros '000
Public sector	2,400	2,124
Asset-backed loans	547,419	624,698
Personal guaranteed loans	202,232	176,804
Unsecured loans	409,694	402,647
Foreign loans	26,807	8,030
Factoring	3,982	4,016
Finance leases	29,798	24,092
	1,222,332	1,242,411

The analysis of the loans charged-off, by sector of activity, is as follows:

	2007 Euros '000	2006 Euros '000
Agriculture	5,718	8,118
Mining	1,245	4,724
Food, beverage and tobacco	6,042	8,273
Textiles	19,920	17,432
Wood and cork	4,537	2,403
Printing and publishing	1,699	1,304
Chemicals	681	1,514
Engineering	11,477	13,097
Electricity, water and gas	580	47
Construction	43,402	27,338
Retail business	13,652	15,362
Wholesale business	23,349	41,482
Restaurants and hotels	3,768	6,621
Transports and communications	5,326	7,519
Services	69,800	117,533
Consumer credit	76,100	55,223
Mortgage credit	23,906	25,550
Other domestic activities	43,008	3,081
Other international activities	35,674	3,225
	389,884	359,846

Loans and advances to customers are charged-off when there are no expectations, from an economic point of view, of recovering the loan amount and for collateralized loans, when the funds arising from the execution of the respective collaterals was already received. This charge-off is carried out for loans that are fully provided.

If there is a reduction on the impairment amount on a subsequent period to its initial booking and that reduction can be objectively associated with an event that has occurred after the recognition of the loss, the reduction in impairment is written-back to income.

The analysis of the loans charged-off, by type of credit, is as follows:

	2007 Euros '000	2006 Euros '000
Asset-backed loans	81,461	108,526
Personal guaranteed loans	82,967	58,610
Unsecured loans	216,949	182,988
Foreign loans	4,396	5,254
Factoring	2,368	933
Finance leases	1,743	3,535
	389,884	359,846

The analysis of recovered loans and overdue interest, during 2007 and 2006, which were charged-off during the year or in the previous year, by sector of activity is as follows:

	2007 Euros '000	2006 Euros '000
Agriculture	5,608	4,178
Mining	1,514	2,095
Food, beverage and tobacco	1,658	3,117
Textiles	6,224	9,127
Wood and cork	658	1,969
Printing and publishing	900	762
Chemicals	553	365
Engineering	9,338	10,103
Electricity, water and gas	541	7
Construction	23,422	15,628
Retail business	10,900	11,710
Wholesale business	13,984	21,419
Restaurants and hotels	6,390	5,552
Transports and communications	5,556	3,500
Services	20,022	14,053
Consumer credit	23,668	28,861
Mortgage credit	13,162	15,957
Other domestic activities	2,618	1,490
Other international activities	254	2,046
	146,970	151,939

The analysis of recovered loans and overdue interest during 2007 and 2006 which were charged-off during the year or in the previous year, by type of credit, is as follows:

	2007 Euros '000	2006 Euros '000
Public sector	-	12
Asset-backed loans	37,306	48,671
Personal guaranteed loans	29,300	18,675
Unsecured loans	79,864	82,508
Foreign loans	23	1,580
Finance leases	477	493
	146,970	151,939

22. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

	2007 Euros '000	2006 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	2,349,003	2,789,843
Issued by other entities	2,906,035	2,215,605
	5,255,038	5,005,448
Overdue securities	5,427	5,427
Impairment for overdue securities	(5,427)	(5,427)
	5,255,038	5,005,448
Shares and other variable income securities	1,336,500	1,392,907
	6,591,538	6,398,355
Trading derivatives	911,888	745,255
	7,503,426	7,143,610

The balance Trading derivatives includes, as at 31 December 2007, the valuation of the embedded derivatives separated from the host contract in accordance with the accounting policy presented in note 1 d) in the amount of Euros 7,255,000 (31 December 2006: Euros 27,798,000).

The portfolio of financial instruments by type, namely trading and available for sale securities is comprised of the following:

	2007			2006		
	Securities			Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	344,910	1,913	346,823	348,840	116,148	464,988
Foreign issuers	949,118	573,271	1,522,389	1,068,183	750,635	1,818,818
Bonds issued by other entities						
Portuguese issuers	161,710	111,054	272,764	41,231	336,238	377,469
Foreign issuers	217,758	58,470	276,228	193,651	137,023	330,674
Treasury bills and other Government bonds	406,494	73,297	479,791	135,773	370,264	506,037
Commercial paper	-	2,361,784	2,361,784	-	1,512,132	1,512,132
Other securities	686	-	686	-	757	757
	2,080,676	3,179,789	5,260,465	1,787,678	3,223,197	5,010,875
Quoted	1,744,221	660,139	2,404,360	1,708,449	1,148,487	2,856,936
Unquoted	336,455	2,519,650	2,856,105	79,229	2,074,710	2,153,939
Variable income:						
Shares in Portuguese companies	39,655	472,917	512,572	99,470	666,159	765,629
Shares in foreign companies	19,556	384,788	404,344	16,767	207,572	224,339
Investment fund units	33,117	386,425	419,542	83,554	319,385	402,939
Other securities	-	42	42	-	-	-
	92,328	1,244,172	1,336,500	199,791	1,193,116	1,392,907
Quoted	65,317	677,584	742,901	126,168	681,720	807,888
Unquoted	27,011	566,588	593,599	73,623	511,396	585,019
Impairment for overdue securities	-	(5,427)	(5,427)	-	(5,427)	(5,427)
	2,173,004	4,418,534	6,591,538	1,987,469	4,410,886	6,398,355
Trading derivatives	911,888	-	911,888	745,255	-	745,255
	3,084,892	4,418,534	7,503,426	2,732,724	4,410,886	7,143,610

The trading portfolio is recorded in accordance with accounting policy 1 d) at fair value.

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with fair value accounted for against fair value reserves, as referred in note 39. The amount of fair value reserves of Euros 219,752,000 (31 December 2006: Euros 463,520,000) is presented net of impairment losses in the amount of Euros 126,726,000 (31 December 2006: Euros 143,338,000).

During 2007, shares held in EDP - Energias de Portugal and Banco Sabadell were sold, as referred in note 7 and 39. The sale of shares held in EDP - Energias de Portugal, resulted in a write-off of provisions for impairment losses in the amount of Euros 104,257,000.

During 2007, and as referred in note 7, impairment losses were recognized in the amount of Euros 96,074,000, of which Euros 79,838,000 related to the investment held in Banco BPI S.A., as a result of a prolonged decrease in the share price during the second semester of 2007.

During 2006, shares held in EDP - Energias de Portugal and Banco Sabadell were sold to the BCP Pension Fund, as referred in note 7 and 39.

During 2006, the residual notes associated with the Magellan n.3 and n.4 securitization transactions, respectively were also sold, as referred in note 7.

The movements of the impairment of the available for sale securities are analised as follows:

	2007 Euros '000	2006 Euros '000
Balance on 1 January	143,338	184,190
Transfers resulting from changes in the Group's structure	-	10,656
Impairment for the year	96,074	888
Total charge-off during the year	(112,686)	(52,396)
	126,726	143,338

The analysis of the securities portfolio, namely trading and available for sale securities, by maturity date as at 31 December 2007, is as follows:

	Due within 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Undetermined maturity Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	160,402	186,421	-	346,823
Foreign issuers	9,762	144,335	1,368,292	-	1,522,389
Bonds issued by other entities					
Portuguese issuers	-	46,542	220,795	5,427	272,764
Foreign issuers	13,224	26,935	236,069	-	276,228
Treasury bills and other Government bonds	228,815	180,352	70,624	-	479,791
Commercial paper	1,655,024	706,760	-	-	2,361,784
Other securities	-	-	686	-	686
	1,906,825	1,265,326	2,082,887	5,427	5,260,465
Quoted	90,159	533,821	1,780,380	-	2,404,360
Unquoted	1,816,666	731,505	302,507	5,427	2,856,105
Variable income:					
Shares in Portuguese companies				512,572	512,572
Shares in foreign companies				404,344	404,344
Investment fund units				419,542	419,542
Other securities				42	42
				1,336,500	1,336,500
Quoted				742,901	742,901
Unquoted				593,599	593,599
Impairment for overdue securities				(5,427)	(5,427)
	1,906,825	1,265,326	2,082,887	1,336,500	6,591,538

The analysis of the securities portfolio, namely trading and available for sale securities, by maturity date as at 31 December 2006, is as follows:

	Due within 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Undetermined maturity Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	119	115,542	349,327	-	464,988
Foreign issuers	283	174,232	1,644,303	-	1,818,818
Bonds issued by other entities					
Portuguese issuers	27,685	40,942	303,415	5,427	377,469
Foreign issuers	6,528	15,118	309,028	-	330,674
Treasury bills and other					
Government bonds	128,718	83,041	294,278	-	506,037
Commercial paper	854,482	657,650	-	-	1,512,132
Other securities	-	-	757	-	757
	1,017,815	1,086,525	2,901,108	5,427	5,010,875
Quoted	114,040	355,010	2,387,886	-	2,856,936
Unquoted	903,775	731,515	513,222	5,427	2,153,939
Variable income:					
Shares in Portuguese companies				765,629	765,629
Shares in foreign companies				224,339	224,339
Investment fund units				402,939	402,939
				1,392,907	1,392,907
Quoted				807,888	807,888
Unquoted				585,019	585,019
Impairment for overdue securities				(5,427)	(5,427)
	1,017,815	1,086,525	2,901,108	1,392,907	6,398,355

The securities portfolio owned by the SPE's regarding securitization transactions, is comprised of the following:

	2007 Euros '000	2006 Euros '000
Fixed income:		
Bonds issued by other entities		
Portuguese issuers	-	191,948
Foreign issuers	-	22,635
	-	214,583
Quoted	-	210,016
Unquoted	-	4,567
	-	214,583

During the year of 2007, the Securitization Operation Tagus nº2 was liquidated.

The distribution of the securities included in the trading and available for sale portfolios by sector of activity, as at 31 December 2007 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other financial assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Agriculture	-	-	23,485	-	23,485
Mining	835	89	2,650	-	3,574
Food, beverage and tobacco	-	255	53,614	-	53,869
Textiles	868	86	34,741	1,037	36,732
Wood and cork	2,793	-	13,540	126	16,459
Printing and publishing	42	16,862	25,535	-	42,439
Chemicals	-	349	23,665	-	24,014
Engineering	-	5,985	47,261	187	53,433
Electricity, water and gas	17,069	5,796	302,882	-	325,747
Construction	20,138	2,932	76,118	645	99,833
Retail business	-	-	30,321	-	30,321
Wholesale business	907	394	191,462	63	192,826
Restaurants and hotels	-	342	17,452	-	17,794
Transport and communications	100,431	6,388	49,790	18	156,627
Services	398,955	877,439	1,889,487	3,351	3,169,232
Other international activities	1,527	-	50	-	1,577
	543,565	916,917	2,782,053	5,427	4,247,962
Government and Public securities	1,869,212	-	479,791	-	2,349,003
Impairment for overdue securities	-	-	-	(5,427)	(5,427)
	2,412,777	916,917	3,261,844	-	6,591,538

The distribution of the securities included in the trading and available for sale portfolios by sector of activity, as at 31 December 2007 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other financial assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	74	-	-	74
Food, beverage and tobacco	-	1	28,767	-	28,768
Textiles	-	88	29,978	1,037	31,103
Wood and cork	-	-	2,009	126	2,135
Printing and publishing	37	4,808	28,063	-	32,908
Chemicals	-	22	19,302	-	19,324
Engineering	31	8,389	6,376	187	14,983
Electricity, water and gas	18,615	284,344	340,176	-	643,135
Construction	40,007	2,498	49,985	645	93,135
Wholesale business	-	497	55,501	63	56,061
Restaurants and hotels	-	51	18,945	-	18,996
Transport and communications	138,609	9,119	4,507	17	152,252
Services	503,810	477,340	1,332,170	3,352	2,316,672
Other international activities	1,607	202,737	49	-	204,393
	702,716	989,968	1,915,828	5,427	3,613,939
Government and Public securities	2,283,806	-	506,037	-	2,789,843
Impairment for overdue securities	-	-	-	(5,427)	(5,427)
	2,986,522	989,968	2,421,865	-	6,398,355

The analysis of the trading derivatives by maturity as at 31 December 2007, is as follows:

	2007					
	Notional with remaining term				Fair values	
	Less than 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate Derivatives:						
OTC Market:						
Interest rate Swaps	9,934,229	17,246,491	27,168,248	54,348,968	590,133	443,551
Interest rate Options (purchase)	194,215	395,950	1,217,239	1,807,404	3,140	-
Interest rate Options (sale)	326,893	435,880	1,238,270	2,001,043	-	2,881
	10,455,337	18,078,321	29,623,757	58,157,415	593,273	446,432
Stock Exchange transactions:						
Interest rate Futures	205,760	29,413	27,512	262,685	-	-
Interest rate Options (purchase)	143,154	-	-	143,154	-	-
Interest rate Options (sale)	279,514	-	-	279,514	-	-
	628,428	29,413	27,512	685,353	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contract	392,729	66,412	2,482	461,623	6,409	8,768
Currency Swaps	12,474,631	3,467,501	13,911	15,956,043	150,622	545,234
Currency Options (purchase)	6,853	15,733	1,516	24,102	759	-
Currency Options (sale)	6,863	15,746	1,633	24,242	-	782
	12,881,076	3,565,392	19,542	16,466,010	157,790	554,784
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	67,127	499,647	793,128	1,359,902	21,730	37,497
Shares/indexes Options (purchase)	276,613	399,710	-	676,323	3,246	-
Shares/indexes Options (sale)	99,875	359,710	-	459,585	-	521
	443,615	1,259,067	793,128	2,495,810	24,976	38,018
Stock Exchange transactions:						
Shares futures	39,019	-	-	39,019	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	-	95,010	6,933,191	7,028,201	2,352	5,101
Other swaps	16,268	317,864	1,828,730	2,162,862	126,242	127,951
	16,268	412,874	8,761,921	9,191,063	128,594	133,052
Total financial instruments traded in:						
OTC Market	23,796,296	23,315,654	39,198,348	86,310,298	904,633	1,172,286
Stock Exchange	667,447	29,413	27,512	724,372	-	-
Embedded derivatives					7,255	52,626
	24,463,743	23,345,067	39,225,860	87,034,670	911,888	1,224,912

The analysis of the trading derivatives by maturity as at 31 December 2006, is as follows:

	2006					
	Notional with remaining term				Fair values	
	Less than 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate Derivatives:						
OTC Market:						
Interest rate Swaps	10,205,277	12,255,119	17,662,182	40,122,578	433,603	324,075
Interest rate Options (purchase)	85,180	219,950	1,019,755	1,324,885	7,001	-
Interest rate Options (sale)	159,640	262,250	1,018,768	1,440,658	-	7,268
	10,450,097	12,737,319	19,700,705	42,888,121	440,604	331,343
Stock Exchange transactions:						
Interest rate Futures	282,487	270,311	186,150	738,948	-	-
Interest rate Options (purchase)	513,932	513,895	-	1,027,827	-	-
Interest rate Options (sale)	749,801	613,895	-	1,363,696	-	-
	1,546,220	1,398,101	186,150	3,130,471	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contracts	688,564	4,861	3,782	697,207	26,201	3,016
Currency Swaps	6,275,808	3,609,972	-	9,885,780	134,056	269,206
Currency Options (purchase)	24,101	7,170	7,310	38,581	691	-
Currency Options (sale)	23,119	7,170	7,777	38,066	-	681
	7,011,592	3,629,173	18,869	10,659,634	160,948	272,903
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	45,497	110,624	710,409	866,530	17,294	15,275
Shares/indexes Options (purchase)	1,579,918	40,000	1,640,218	3,260,136	71,600	-
Shares/indexes Options (sale)	1,579,918	-	1,640,218	3,220,136	-	68,625
Other shares/indexs contracts	-	-	50,000	50,000	-	-
	3,205,333	150,624	4,040,845	7,396,802	88,894	83,900
Stock Exchange transactions:						
Shares futures	52,024	-	-	52,024	-	-
Shares/indexes Options (purchase)	76,776	-	-	76,776	-	-
Shares/indexes Options (sale)	-	78,139	-	78,139	-	-
	128,800	78,139	-	206,939	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	31,497	48,099	8,084,473	8,164,069	915	19,258
Other swaps	71,355	201,419	1,379,263	1,652,037	26,096	50,191
	102,852	249,518	9,463,736	9,816,106	27,011	69,449
Total financial instruments traded in:						
OTC Market	20,769,874	16,766,634	33,224,155	70,760,663	717,457	757,595
Stock Exchange	1,675,020	1,476,240	186,150	3,337,410	-	-
Embedded derivatives					27,798	54,890
	22,444,894	18,242,874	33,410,305	74,098,073	745,255	812,485

23. Hedging derivatives

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Assets:		
Swaps	131,069	153,843
Others	-	28,198
	131,069	182,041
Liabilities:		
Swaps	116,768	117,775
Others	-	3,786
	116,768	121,561

The Group uses derivatives to hedge interest and exchange rate risks. The accounting method depends on the nature of the hedged risk, namely if the Group is exposed to fair value changes, variability in cash-flows or highly probable forecast transactions.

From 1 January 2005, for the hedging relationships which comply with the hedging requirements of IAS 39, the Group adopted the fair value hedge model, and holds in its derivatives portfolio mainly interest rate swaps, which are hedging fair value changes of Debt securities issued interest rate risk / Financial assets AFS.

The Group performs periodical effectiveness tests of the hedging relationships and for the period ended 31 December 2007 accounted for against earnings the amount of Euros 10,614,000 (31 December 2006: Euros 15,485,000), corresponding to the ineffective part of the fair value hedge relationships. The Group also adopted fair value hedge for interest rate risk for a designated portfolio of fixed interest rate loans with maturity of more than one year. During 2007, for the referred hedging relationships, the ineffective part of the fair value hedge amounted to a negative value of Euros 3,081,000 (31 December 2006: Euros 656,000). The Group designated a group of future transactions in foreign currency, for which adopted fair value hedge model for exchange rate risk. For the referred hedging relationships, the ineffective part of the fair value hedge amounted to a negative value of Euros 122,000.

The adjustment calculated to the assets and liabilities which includes hedged items is analyed as follows:

	2007 Euros '000	2006 Euros '000
Loans	(19,056)	(16,838)
Deposits / Loans	(467)	(7,432)
Debt issued	30,359	60,658
Financial assets available for sale	(546)	(185)
	10,290	36,203

The analysis of the hedging derivatives by maturity as at 31 December 2007, is as follows:

	2007					
	Notional with remaining term				Fair values	
	Less than 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Fair value hedge derivatives with interest rate risk:						
Over the counter:						
Interest rate Swaps	483,126	2,973,343	8,311,958	11,768,427	70,188	111,141
Credit default swaps	-	-	67,931	67,931	127	-
	483,126	2,973,343	8,379,889	11,836,358	70,315	111,141
Stock Exchange transactions:						
Interest rate Futures	397,440	298,609	89,515	785,564	-	-
Interest rate Options (purchase)	26,239	-	-	26,239	-	-
Interest rate Options (sale)	13,373	-	-	13,373	-	-
	437,052	298,609	89,515	825,176	-	-
Cash flow hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	-	-	2,571,369	2,571,369	60,754	5,627
	-	-	2,571,369	2,571,369	60,754	5,627
Total financial instruments transacted by:						
Over the counter	483,126	2,973,343	10,951,258	14,407,727	131,069	116,768
Stock Exchange	437,052	298,609	89,515	825,176	-	-
	920,178	3,271,952	11,040,773	15,232,903	131,069	116,768

The analysis of the hedging derivatives by maturity as at 31 December 2006, is as follows:

	2006					
	Notional with remaining term				Fair values	
	Less than 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Fair value hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	155,008	1,553,462	7,699,327	9,407,797	153,843	117,775
Interest rate Options (purchase)	-	-	674	674	-	-
	155,008	1,553,462	7,700,001	9,408,471	153,843	117,775
Stock Exchange transactions:						
Interest rate Futures	64,541	320,003	286,882	671,426	28,198	3,786
Interest rate Options (purchase)	17,144	-	-	17,144	-	-
Interest rate Options (sale)	17,144	-	-	17,144	-	-
	98,829	320,003	286,882	705,714	28,198	3,786
	253,837	1,873,465	7,986,883	10,114,185	182,041	121,561

24. Investments in associated companies

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Portuguese credit institutions	15,362	11,124
Foreign credit institutions	20,469	17,787
Other Portuguese companies	280,568	288,573
Other foreign companies	-	126
	316,399	317,610

The balance Investments in associated companies is analysed as follows:

	2007 Euros '000	2006 Euros '000
Banque BCP, S.A.S.	16,632	14,142
Banque BCP (Luxembourg), S.A.	3,837	3,645
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	260,094	268,677
SIBS - Sociedade Interbancária de Serviços, S.A.	14,795	13,657
Unicre - Cartão Internacional de Crédito, S.A.	15,362	11,124
VSC - Aluguer de Veículos Sem Condutor, Lda.	5,679	6,239
Other	-	126
	316,399	317,610

The investments correspond to unquoted companies, being consolidated by the equity method. Investment in associated company Millenniumbcp Fortis Grupo Segurador, S.G.P.S. corresponds to 49% of the company. The Group companies are presented in note 56.

'The main indicators of the associated companies are analysed as follows:

	Total Assets Euros '000	Total Liabilities Euros '000	Total Income Euros '000	Profit for the year Euros '000
2007				
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	10,981,218	9,917,745	1,348,699	87,297
SIBS - Sociedade Interbancária de Serviços, S.A. (*)	132,246	59,394	136,533	8,959
Unicre - Cartão Internacional de Crédito, S.A. (*)	228,135	167,260	218,681	12,923
VSC - Aluguer de Veículos Sem Condutor, Lda.	214,440	203,081	64,104	(1,120)
2006				
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	10,510,565	9,429,623	1,244,839	70,434
SIBS - Sociedade Interbancária de Serviços, S.A.	130,422	66,529	124,595	8,959
Unicre - Cartão Internacional de Crédito, S.A.	226,687	178,735	242,210	12,923
VSC - Aluguer de Veículos Sem Condutor, Lda.	221,290	208,812	67,961	(580)

(*) - estimated values.

The Group limits the exposure in foreign investments, through funding of the net investment in foreign operations with loans in the same currencies, to eliminate the risk of currency exchange rate. The information on net investments, held by the Group, in foreign institutions and the funding used to hedge these investments, as at 31 December 2007 is as follows:

Companies	Currency	Net Investment Currency '000	Funding debt Currency '000	Net Investment Euros '000	Funding debt Euros '000
Banque Privée BCP (Suisse) S.A.	CHF	118,969	118,969	71,898	71,898
BCP Capital Finance Limited	USD	90	90	61	61
BCP Bank & Trust Company Ltd.	USD	340,000	340,000	230,963	230,963
BCP Finance Bank Ltd	USD	561,000	561,000	381,088	381,088
BCP Finance Company, Ltd	USD	1	1	1	1
BCPBank National Association	USD	85,399	85,399	58,012	58,012
BII Finance Company Limited	USD	25	25	17	17

The information of the gains and losses in exchange rates on the loans to cover the investments in foreign institutions, accounted as exchange differences, are presented in the statement of changes in equity.

The ineffectiveness generated in the hedging operations is recognized in the statement of income, as refered in accounting policy 1 e).

25. Property and equipment

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Land and buildings	993,077	1,035,789
Equipment		
Furniture	99,160	101,901
Office equipment	57,728	55,886
Computer equipment	306,465	310,552
Interior installations	138,661	141,790
Motor vehicles	22,826	19,136
Security equipment	76,653	80,157
Work in progress	40,639	44,242
Other tangible assets	50,455	43,223
	1,785,664	1,832,676
Accumulated depreciation and impairment		
Charge for the year	(97,034)	(91,154)
Accumulated charge for the previous years	(989,536)	(1,000,225)
	(1,086,570)	(1,091,379)
	699,094	741,297

The Property and equipment movements during 2007 are analysed as follows:

	Balance on 1 January Euros '000	Acquisitions / Charge Euros '000	Disposals / Charged-off Euros '000	Transfers Euros '000	Exchange differences Euros '000	Balance on 31 December Euros '000
Cost:						
Land and buildings	1,035,789	53,190	(124,799)	23,619	5,278	993,077
Equipment:						
Furniture	101,901	5,846	(8,348)	(79)	(160)	99,160
Office equipment	55,886	9,858	(9,927)	78	1,833	57,728
Computer equipment	310,552	31,003	(37,632)	-	2,542	306,465
Interior installations	141,790	3,100	(5,813)	-	(416)	138,661
Motor vehicles	19,136	4,427	(1,314)	-	577	22,826
Security equipment	80,157	1,890	(5,363)	-	(31)	76,653
Work in progress	44,242	30,124	(34,132)	27	378	40,639
Other tangible assets	43,223	7,120	(1,929)	-	2,041	50,455
	1,832,676	146,558	(229,257)	23,645	12,042	1,785,664
Accumulated depreciation:						
Land and buildings	468,327	52,151	(56,761)	3,559	3,323	470,599
Equipment:						
Furniture	76,231	7,208	(1,733)	(68)	171	81,809
Office equipment	47,596	5,828	(9,909)	180	1,430	45,125
Computer equipment	283,782	15,385	(37,002)	-	2,365	264,530
Interior installations	107,658	8,538	(1,933)	-	(116)	114,147
Motor vehicles	11,029	1,868	(1,288)	-	193	11,802
Security equipment	68,241	3,357	(5,363)	77	(16)	66,296
Other tangible assets	28,515	2,699	(134)	(189)	1,371	32,262
	1,091,379	97,034	(114,123)	3,559	8,721	1,086,570

26. Goodwill and intangible assets

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Intangible assets		
Software	153,145	129,326
Other intangible assets	85,279	84,386
	238,424	213,712
Accumulated amortisation		
Charge for the year	(17,862)	(20,338)
Accumulated charge for the previous years	(184,906)	(161,815)
	(202,768)	(182,153)
	35,656	31,559
Goodwill		
Millennium Bank (Greece)	294,260	294,260
Millennium Bank (Poland)	164,040	163,987
Banco Investimento Imobiliário, S.A.	40,859	40,859
Others	1,718	1,726
	500,877	500,832
	536,533	532,391

In December 2006 and following the public partial offer of up to 16% of the share capital of Bank Millennium, S.A., in Poland, the Group acquired 131,701,722 shares of the referred bank, that represent 15.51% of its share capital and voting rights, in the amount of Euros 253,200,000. This acquisition generated goodwill in the consolidated Financial Statements in the amount of Euros 164,040,000. After this acquisition, the Group owns 65.51% of the share capital of this subsidiary.

The Intangible assets movements during 2007 are analysed as follows:

	Balance on 1 January Euros '000	Acquisitions / Charge Euros '000	Disposals / Charged-off Euros '000	Transfers Euros '000	Exchange differences Euros '000	Balance on 31 December Euros '000
Cost:						
Software	129,326	21,426	(337)	34	2,696	153,145
Other intangible assets	84,386	9,903	(13,822)	514	4,298	85,279
	213,712	31,329	(14,159)	548	6,994	238,424
Goodwill	500,832	53	-	-	(8)	500,877
	714,544	31,382	(14,159)	548	6,986	739,301
Accumulated amortisation:						
Software	105,121	12,449	(211)	34	2,613	120,006
Other intangible assets	77,032	5,413	(4,692)	540	4,469	82,762
	182,153	17,862	(4,903)	574	7,082	202,768

According with the accounting policy 1b) the recoverable amount of the consolidation differences ('Goodwill') is annually evaluated, regardless of the existence of impairment signs. Therefore and according with IAS 36 and although there are no indicators of the existence of impairment associated to the investments as at 31 December 2007, the Group performed the impairment tests above. Based on the performed analysis, the conclusions are analyzed as follows:

Millennium Bank (Poland)

The impairment test of the consolidation differences accounted for Millennium Bank in Poland considered the market value of the bank’s shares in the Warsaw Stock Exchange. According with IAS 36, whenever there is an active market for the asset, like a Stock Exchange, the market value of the shares is the best evidence of the fair value. Therefore and considering the evolution of the share price, there is no indication of impairment for the consolidation differences arising from this investment.

Millennium Bank (Greece)

In regards with Millennium Bank of Greece, the shares of the Bank are not negociated because the Bank is not listed in any stock exchange. In this case, in accordance with IAS 36, in absent of an active market, the market value is determined in base of the best available information at the date of the analyse, which allows a sell of the asset between two interests and independent parts. The Bank has an avaliation done by independent entity and which was used the avaliation model of multiple comparable transations, for example price / book value. As result of the valuation, the Bank considered that there is no impairment arising from the consolidation differeces.

Banco Investimento Imobiliário, S.A.

The impairment test of the consolidation differences arising from Banco Investimento Imobiliário, S.A. considered the valuation of the investment based on the present value of the future cash flows based on budget and most recent projections. The universe of activity considered included the activities that at the date of generation of Goodwill were undertaken by Banco Investimento Imobiliário, S.A. and were afterwards transferred to other areas of the Group. Therefore, and considering the valuation prepared by the Bank considered that there is no impairment arising from the consolidation differences.

The main assumptions used in the referred valuation are presented as follows:

Discount rate (cost of capital)	9.0%
Perpetual increase rate	4.1%
Minimum capital level	6.0%
Periods of estimations	5 years

In accordance with the valuation performed, the Bank considered that there is no recognition of impairment arising from the consolidation differences of this investment.

27. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities as at 31 December, 2007 and 2006 are analysed as follows:

	2007		2006	
	Assets Euros '000	**Liabilities Euros '000**	**Assets Euros '000**	**Liabilities Euros '000**
Intangible assets	434	6	2,406	28
Other tangible assets	3,032	1,775	4,727	4,456
Impairment losses	267,363	-	254,065	-
Pensions	313,076	-	255,789	-
Financial assets available for sale	8,683	4,004	3,871	5,098
Derivatives	19,290	79,139	71,514	36,517
Others	169,349	82,320	73,975	53,660
Unused tax losses	36,653	-	61,767	-
	817,880	167,244	728,114	99,759
Deferred tax assets	650,636		628,355	
Others	-	46	-	80
Deferred tax liabilities		46		80
Net deferred tax	650,590		628,275	

Deferred tax assets are recognised for unused tax losses and tax credits only to the extent that realisation of the related tax benefit is probable. The uncertainty of the recoverability of the unused tax losses and tax credits is taken into account in establishing the deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to income taxes levied by the same taxation authority.

The net deferred tax asset is analysed as follows:

	2007	2006
	Euros '000	Euros '000
Balance on 1 January	628,275	712,890
Transfers resulting from changes in the Group's structure	-	(452)
Charged to profit	3,475	(66,889)
Charged to equity	19,842	(17,772)
Exchange rate differences	(1,002)	498
Balance on 31 December	650,590	628,275

The change in net deferred tax does not equal the deferred tax expense because there are a number of situations where changes in deferred tax are charged directly to shareholders' equity, namely: (i) deferred tax on unrealised gains and losses on available for sale investments (ii) deferred tax assets and liabilities on currency translations on foreign subsidiaries and (iii) acquisition and disposal of subsidiaries.

As at 31 December 2007, the amount of unrecognized temporary diferences refers mainly to unused tax losses in the amount of Euros 7,104,000 (31 December 2006: Euros 102,243,000). The referred amounts were not recognised considering the degree of uncertainty and remaining period of recovery.

With the exception of the tax losses, the remain temporary diferences do not present maturity date.

As for that, and regarding the reportable tax losses, the maturity date can be analysed as follows:

Maturity date	2007 Euros '000	2006 Euros '000
2007	-	10,039
2008	11,318	13,616
2009	11,071	13,413
2010	2,590	10,558
2011	1,782	7,741
2012	3,360	-
2013 and followings	6,532	6,400
	36,653	51,728

In accordance with note 34, the Group accounted in reference to 31 December 2007, provions in the amount of Euros 37,000,000 for fortuitous fiscal contingencies that can be occur from diferent interpretation of the legislation between the Bank and the Fiscal Authorities.

28. Other assets

This balance is analysed as follows:

	2007	2006
	Euros '000	Euros '000
Debtors	335,696	437,688
Investments arising from recovered loans	1,239,803	1,139,664
Amounts due for collection	30,353	25,606
Recoverable tax	65,259	70,827
Recoverable government subsidies on mortgage loans	73,968	202,871
Associated companies	4,405	5,944
Interest receivable	37,116	64,086
Prepayments and deferred costs	1,114,533	1,160,302
Amounts receivable on trading activity	103,929	164,889
Amounts due from customers	191,815	229,679
Reinsurance technical provision	609	822
Sundry assets	324,124	235,933
	3,521,610	3,738,311
Impairment for other assets	(141,960)	(107,131)
	3,379,650	3,631,180

The balance Investments arising from recovered loans includes the amount of Euros 447,187,000 (31 December 2006: Euros 167,284,000) related to buildings accounted for in Fundo de Investimento Imobiliário Imosotto Acumulação, Fundo de Investimento Imobiliário Gestão Imobiliária and Fundo de Investimento Imobiliário Imorenda, which in accordance with SIC 12, are consolidated under the full consolidation method in accordance with the accounting policy presented in note 1 b).

Considering the financing requirements related with the Public Tender Offer for BPI, SA, the Bank celebrated an underwriting with UBS. As at 31 December, 2006 the amount of Euros 58,800,000, arising from this contract, was recorded in the balance Sundry assets. As established in IFRS 3, this amount was kept in this balance considering the expect success of the Public Tender Offer. This amount was transferred to costs as a consequence of the unsuccessful operation, as referred in note 5.

As at 31 December 2007, the balances related with the Group's deferred costs related with pensions, included in Prepayments and deferred costs are analysed as follows:

	2007 Euros '000	2007 Euros '000
Projected benefit obligations	(5,878,738)	(5,715,359)
Value of the Pension Fund	5,616,436	5,578,010
	(262,302)	(137,349)
Actuarial losses		
Corridor	587,876	571,536
Amount in excess of the corridor	765,032	668,353
	1,352,908	1,239,889
	1,090,606	1,102,540

The corridor and the amount in excess of the corridor were determined in accordance with the accounting policy described in note 1 w). The impairment for other assets is analysed as follows:

	2007 Euros '000	2006 Euros '000
Balance on 1 January	107,131	120,257
Transfers	1,013	6,732
Impairment for the year	47,726	20,185
Write back for the year	(1,972)	(1,281)
Amounts charged-off	(11,850)	(37,992)
Exchange rate differences	(88)	(770)
Balance on 31 December	141,960	107,131

29. Deposits from other credit institutions

This balance is analysed as follows:

	2007			2006		
	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000
Credit institutions in Portugal	84,646	256,963	341,609	44,937	177,421	222,358
Credit institutions abroad	253,853	8,052,673	8,306,526	185,693	11,716,665	11,902,358
	338,499	8,309,636	8,648,135	230,630	11,894,086	12,124,716

This balance is analysed by the maturity date, as follows:

	2007 Euros '000	2006 Euros '000
Up to 3 months	4,465,402	5,803,399
3 to 6 months	1,283,446	2,057,155
6 to 12 months	859,675	2,102,915
1 to 5 years	1,690,278	1,522,301
More than 5 years	349,334	638,946
	8,648,135	12,124,716

30. Deposits from customers

This balance is analysed as follows:

	2007			2006		
	Non interest bearing Euros '000	**Interest bearing Euros '000**	**Total Euros '000**	**Non interest bearing Euros '000**	**Interest bearing Euros '000**	**Total Euros '000**
Deposits from customers:						
Repayable on demand	13,109,467	1,066,881	14,176,348	12,140,772	2,315,148	14,455,920
Time deposits	-	21,111,358	21,111,358	-	13,917,668	13,917,668
Saving accounts	-	3,523,888	3,523,888	-	4,433,864	4,433,864
Other items	-	435,017	435,017	-	436,745	436,745
	13,109,467	26,137,144	39,246,611	12,140,772	21,103,425	33,244,197

In accordance with Regulation no. 180/94 of 15 December, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The calculations of the annual contributions for this Fund are based on the criteria laid out in Regulation 11/94 of the Bank of Portugal.

This balance is analysed by the period to maturity, as follows:

	2007 Euros '000	**2006 Euros '000**
Deposits from customers repayable on demand:	14,176,348	14,455,920
Time deposits and saving accounts from customers:		
Up to 3 months	19,223,482	13,877,259
3 to 6 months	2,566,270	2,225,627
6 to 12 months	2,536,123	1,870,361
1 to 5 years	309,371	378,285
	24,635,246	18,351,532
Other items:		
Up to 3 months	141,164	117,533
3 to 12 months	54,580	-
More than 1 year	239,273	319,212
	435,017	436,745
	39,246,611	33,244,197

31. Debt securities issued

This balance is analysed as follows:

	2007 Euros '000	**2006 Euros '000**
Bonds	19,379,041	15,481,070
Commercial paper	7,303,532	7,114,227
Other	115,917	92,057
	26,798,490	22,687,354

The balance Bonds includes issues for which the embedded derivative was separated from the host contract, in accordance with note 22 and accounting policy in note 1 d).

The characteristics of debt securities issued as at 31 December, 2007, are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued :					
Banco Comercial Português:					
EMTN BCP-SFE 21ª Em.	May, 2000	May, 2010	Fixed rate of 5.2%	65,000	63,376
BCP 4.9% Nov01/11-2ªEm.	November, 2001	November, 2011	Fixed rate of 4.9%	25,000	23,981
BCP 5.4% Nov01/11-1ªEm.	November, 2001	November, 2011	Fixed rate of 5.4%	175,000	169,557
BCP 5.34% March-02/Mar-12	March, 2002	March, 2012	Fixed rate of 5.34%	162,712	161,631
BCP Ob Cx Sep 2003/2011	September, 2003	September, 2011	Fixed rate of 4.37%	120,249	114,776
BCP 3.78% Dec 2008	December, 2003	December, 2008	Fixed rate of 3.78%	15,500	15,219
BCP 3.85% Dec 2008	December, 2003	December, 2008	Fixed rate of 3.85%	5,000	4,909
BCP Dec 2003-2008	December, 2003	December, 2008	Euribor 360 6 Months + 0.21%	15,000	15,000
BCP SFE Rend. Cr. Jan 04/08	January, 2004	January, 2008	Increasing rate of: 1st year 2.125%; 2nd year 2.5%; 3rd year 3%; 4th year 5%	4,742	4,757
BCP SFI Rend. Cr. Jan 04/08	January, 2004	January, 2008	Increasing rate of: 1st year 2.125%; 2nd year 2.5%; 3rd year 3%; 4th year 5%	10,972	11,193
BCP SFI Glo.Eq.Inc.Bui.Strat.	January, 2004	January, 2009	Indexed to portfolio of 20 shares	1,975	2,015
BCP SFE Glob.Target Red.	May, 2004	May, 2009	Indexed to portfolio of 20 shares	1,375	1,375
BCP SFI Glob.Target Red.	May, 2004	May, 2009	Indexed to portfolio of 20 shares	1,570	1,570
BCP Super Inv.Mill.Nov 04/09	November, 2004	November, 2009	Indexed to portfolio of funds	45,220	45,220
BCP Rend.Cr.Feb 05/09	February, 2005	February, 2009	Increasing rate of: 1st year 2%; 2nd year 2.25%; 3rd year 2.5%; 4th year 3.125%	38,031	37,655
BCP SFI Rend.Cr.Feb 05/08	February, 2005	February, 2008	Increasing rate of: 1st and 2nd Sem. 2%; 3rd and 4th Sem. 2.25%; 5th Sem. 2.5%; 6th Sem. 3.1%	49,325	49,286
BCP SFE Rend.Cr.Feb 05/08	February, 2005	February, 2008	Increasing rate of: 1st and 2nd Sem. 2%; 3rd and 4th Sem. 2.25%; 5th Sem. 2.5%; 6th Sem. 3.1%	12,358	12,348
BCP Rend. Cr. Sep 08	March ,2005	September, 2008	Increasing rate of: 1st Sem. 2%; 2nd Sem. 2.125%; 3rd Sem. 2.25%; 4th Sem. 2.5%; 5th Sem. 2.75%; 6th Sem. 3%; 7th Sem. 3.25%	91,401	90,769
BCP Rend. 8 March 10	March ,2005	March , 2010	1st year 4%; 2nd year and following Max (9.3% - 2 * Euribor 12 months)	24,482	24,482
BCP SFI Rend.Cr. March 05/08	March ,2005	March , 2008	Increasing rate of: 1st and 2nd Sem. 2%; 3rd and 4th Sem. 2.2%; 5th Sem. 2.5%; 6th Sem. 3%	19,514	19,478
BCP Mill. Ind. Mun. Mar 05/10	March ,2005	March , 2010	Indexed to portfolio of indexes	11,956	11,956
BCP SFE Rend.Cr. March 05/08	March ,2005	March , 2008	Increasing rate of: 1st and 2nd Sem. 2%; 3rd and 4th Sem. 2.2%; 5th Sem. 2.5%; 6th Sem. 3%	4,996	4,987
BCP Super Inv.Mill. 05/10	April, 2005	December, 2010	Indexed to portfolio of funds	36,049	32,491
BCP Rend.Cr. Nov 08	May, 2005	November, 2008	Increasing rate of: 1st e 2nd Trim. 2%; 3rd e 4th Trim. 2.15%; 5th e 6th Trim. 2.3%; 7th e 8th Trim. 2.4%; 9th e 10th Trim. 2.5%; 11th e 12th Trim. 3%; 13th e 14th Trim. 3.15%	31,203	30,966
BCP Rend. Cr. May 08	May, 2005	May, 2008	Increasing rate of: 1st and 2nd Sem. 2%; 3rd and 4th Sem. 2.2%; 5th Sem. 2.4%; 6th Sem. 2.65%	13,114	13,064
BCP Rend. 8 May 10	May, 2005	May, 2010	1st year 4%; 2nd year and following Max (10.17% - 2 * Euribor 12 months)	18,009	17,157
BCP Rend. 8 May 10 2ª em.	May, 2005	May, 2010	1st year 4%; 2nd year and following Max (9.15% - 2 * Euribor 12 months)	9,165	8,790
BCP SFI Rend. Cr. May 05/08	May, 2005	May, 2008	Increasing rate of: 1st Sem. 2%; 2nd Sem. 2.1%; 3rd Sem. 2.25%; 4th Sem. 2.4%; 5th Sem. 2.6%; 6th Sem. 3.25%	16,005	15,965
BCP SFE Rend. Cr. May 05/08	May, 2005	May, 2008	Increasing rate of: 1st Sem. 2%; 2nd Sem. 2.1%; 3rd Sem. 2.25%; 4th Sem. 2.4%; 5th Sem. 2.6%; 6th Sem. 3.25%	4,184	4,174
BCP Rend. Cr. June 08	June, 2005	June, 2008	Increasing rate of: 1st year 2%; 2nd year 2.1%; 3rd year 2.2%	25,392	25,774

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP SFI 5% June 05/08	June, 2005	June, 2008	Fixed rate of 5%	31,868	31,565
BCP Activo 4 June 05/09	June, 2005	June, 2009	Indexed to portfolio of shares	5,027	4,858
BCP SFE 5% June 05/08	June, 2005	June, 2008	Fixed rate of 5%	12,116	12,004
BCP Ob Cx Aex Aug 05/10	August, 2005	August, 2010	Indexed to Aex index	10,000	9,620
BCP Ob Cx Sp/Mib Aug 05/10	August, 2005	August, 2010	Indexed to Mib index	10,000	9,620
BCP Ob Cx Dj euroxx50	August, 2005	August, 2010	Indexed to Dj euroxx50 index	10,000	9,620
BCP Ob Cx Cac 40	August, 2005	August, 2010	Indexed to Cac 40 index	10,000	9,620
BCP Ob Cx Ibex 35	August, 2005	August, 2010	Indexed to Ibex 35 index	10,000	9,620
BCP Ob Cx Rend. 7 - Aug 2010	August, 2005	August, 2010	1st year 3.25%; 2nd year and following Max(8.1% - 2 * Euribor 12 months)	25,917	24,503
BCP Ob Cx R. Cr. Sep 08 2ª em.	September 2005	September 2008	1st Sem. 1.7%; 2nd Sem. 1.85%; 3rd Sem. 2%; 4th Sem. 2.2%; 5th Sem. 2.4%; 6th Sem. 2.7%	21,628	21,473
BCP SFI Ob Cx B Eq. S. Sep 07	September 2005	September 2007	Indexed to Down Jones EuroStoxx 50 index	9,136	8,739
BCP Ob Cx Triplo R. Sep 05/10	September 2005	September 2010	Indexed to Down Jones Global Titans 50 index	13,698	13,578
BCP Ob Cx Rend. Cr. Oct 2008	October, 2005	October, 2008	1st Sem. 1.7%; 2nd Sem. 1.8%; 3rd Sem. 1.9%; 4th Sem. 2%; 5th Sem. 2.1%; 6th Sem. 2.5%		
BCP Ob Cx Rend. 7 Oct 2010	October, 2005	October, 2010	1st year 3.5%; 2nd year and following Max(8.31% - 2 * Euribor 12 months)	9,252	8,641
BCP Ob Cx R. C. Nov 08 2ª em.	November, 2005	November, 2008	1st year 2%; 2nd year 2.25%; 5th Sem. 2.5%; 6th Sem. 2.6%	19,435	19,256
BCP SFI Ob Cx R. Cr. Nov 08	November, 2005	November, 2008	1st year 2%; 2nd year 2.25%; 5th Sem. 2.5%; 6th Sem. 2.6%	3,010	2,983
BCP Ob Cx Rend. Real Nov 10	November, 2005	November, 2010	Indexed to IPC index	15,000	13,992
BCP SFE Ob Cx R. Cr. Nov 08	November, 2005	November, 2008	1st year 2%; 2nd year 2.25%; 5th Sem. 2.5%; 6th Sem. 2.6%	653	647
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to DJ EuroStoxx 50 index	2,427	2,246
BCP SFI Ob Cx W. G. I. Dec 08	December, 2005	December, 2008	Indexed to portfolio of indexes	4,482	4,318
BCP Ob Cx R. Cr. Jan 2009	January, 2006	January, 2009	1st Sem. 1.7%; 2nd Sem. 1.8%; 3rd Sem. 1.9%; 4th Sem. 2%; 5th Sem. 2.85%; 6th Sem. 3.10%	41,818	41,430
BCP SFI Ob Cx R. Cr. Jan 2009	January, 2006	January, 2009	1st Sem. 2.125%; 2nd Sem. 2.25%; 3rd Sem. 2.5%; 4th Sem. 2.65%; 5th Sem. 2.85%; 6th Sem. 3.1%	6,723	6,661
BCP SFE Ob Cx R. Cr. Jan 2009	January, 2006	January, 2009	1st Sem. 2.125%; 2nd Sem. 2.25%; 3rd Sem. 2.5%; 4th Sem. 2.65%; 5th Sem. 2.85%; 6th Sem. 3.1%	1,842	1,825
BCP Ob Cx M.S. Act. Jan 05/ 11	January, 2006	January, 2011	Indexed to portfolio of indexes	9,882	9,696
BCP Ob Cx R. Cr. Feb 06/08	February, 2006	February, 2008	1st Sem. 2.15%; 2nd Sem. 2.45%; 3rd Sem. 2.7%; 4th Sem. 3%	62,621	62,568
BCP SFI Ob Cx R. Cr. Feb 06/08	February, 2006	February, 2008	1st Sem. 2.15%; 2nd Sem. 2.45%; 3rd Sem. 2.7%; 4th Sem. 3%	10,482	10,473
BCP SFE Ob Cx R. Cr. Feb 06/08	February, 2006	February, 2008	1st Sem. 2.15%; 2nd Sem. 2.45%; 3rd Sem. 2.7%; 4th Sem. 3%	4,029	4,026
BCP Ob Cx I. Glob.12 Feb 06/11	February, 2006	February, 2011	Indexed to portfolio of indexes	15,453	15,453
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50 index	1,100	1,019
BCP Ob Cx R. Cr. Mar 06/08	March, 2006	March, 2008	1st Sem. 2.25%; 2nd Sem. 2.5%; 3rd Sem. 2.75%; 4th Sem. 3%	68,209	68,094
BCP SFI Ob Cx R. Cr. Mar 06/08	March, 2006	March, 2008	1st Sem. 2.25%; 2nd Sem. 2.5%; 3rd Sem. 2.75%; 4th Sem. 3%	10,852	10,833
BCP SFE Ob Cx R. Cr. Mar 06/08	March, 2006	March, 2008	1st Sem. 2.25%; 2nd Sem. 2.5%; 3rd Sem. 2.75%; 4th Sem. 3%	3,506	3,500
BCP Ob Cx Top 5 Mar 06/08	March, 2006	March, 2008	1st Sem. 2%; 2nd Sem. 3%; 3rd Sem. 4%; after 3rd Sem., indexed to portfolio of shares	46,046	45,965
BCP Ob Cx M. Oport Mar 06/10	March, 2006	March, 2010	Indexed to portfolio of indexes	9,851	9,365
BCP Ob Cx. 3.84% Abr 2016	April, 2006	April, 2016	Fixed rate 3.84 %	1,000	961
BCP Ob Cx R. Cr. May 06/08	May, 2006	May, 2008	1st Sem. 2.5%; 2nd Sem. 2.75%; 3rd Sem. 3%; 4th Sem. 3.5%	72,951	72,837
BCP SFI Ob Cx R. Cr. May 06/08	May, 2006	May, 2008	1st Sem. 2.5%; 2nd Sem. 2.75%; 3rd Sem. 3%; 4th Sem. 3.5%	10,330	10,314
BCP Ob Cx Top 6 May 06/08	May, 2006	May, 2008	1st Sem. 2%; 2nd Sem. 3%; 3rd Sem. 4%; after 3rd Sem., Indexed to portfolio of shares	42,056	41,954

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP SFE Ob Cx R.Cr. May 06/08	May, 2006	May, 2008	1st Sem. 2.5%; 2nd Sem. 2.75%; 3rd Sem. 3%; 4th Sem. 3.5%	1,938	1,935
BCP Ob Cx R. Cr. Jun 06/08	June, 2006	June, 2008	1st Sem. 2.5%; 2nd Sem. 2.75%; 3rd Sem. 3.25%; 4th Sem. 4%	82,382	82,351
BCP SFI Ob Cx R. Cr. Jun 06/08	June, 2006	June, 2008	1st Sem. 2.5%; 2nd Sem. 2.75%; 3rd Sem. 3.25%; 4th Sem. 4.%	8,756	8,752
BCP SFE Ob Cx R. Cr. Jun 06/08	June, 2006	June, 2008	1st Sem. 2.5%; 2nd Sem. 2.75%; 3rd Sem. 3.25%; 4th Sem. 4%	3,022	3,021
BCP Ob Cx Top6 2Em Jun 06/08	June, 2006	June, 2008	1st Sem. 2%; 2nd Sem. 3%; 3rd Sem. 4%; after 3rd Sem., indexed to portfolio of shares	37,577	37,524
BCP Ob Cx Cab. W. Eq. Jul 06/09	July, 2006	July, 2009	Indexed to portfolio of 3 indexes	1,810	1,697
BCP Ob Cx Cab. Mund. Jul 06/09	July, 2006	July, 2009	Indexed to portfolio of 3 indexes	3,750	3,566
BCP Ob Cx Af. Cr. 6% Aug 06/08	August, 2006	August, 2008	1st Trim. 2%; 2nd Trim. 2.125%; 3rd Trim. 2.25%; 4th Trim. 2.5%; 5th Trim. 2.75%; 6th Trim. 3%; 7th Trim. 3.75%; 8th Trim. 6%	92,125	92,464
BCP SFI Ob Cx A.C.6% Aug 06/08	August, 2006	August, 2008	1st Trim. 2%; 2nd Trim. 2.125%; 3rd Trim. 2.25%; 4th Trim. 2.5%; 5th Trim. 2.75%; 6th Trim. 3%; 7th Trim. 3.75%; 8th Trim. 6%	17,120	17,183
BCP SFE Ob Cx A.C.6% Aug 06/08	August, 2006	August, 2008	1st Trim. 2%; 2nd Trim. 2.125%; 3rd Trim. 2.25%; 4th Trim. 2.5%; 5th Trim. 2.75%; 6th Trim. 3%; 7th Trim. 3.75%; 8th Trim. 6%	3,719	3,733
BCP Ob Cx N. D. 4% Aug 06/08	August, 2006	August, 2008	Fixed rate 4%	18,359	18,359
BCP Ob Cx N. D. Var Aug 06/09	August, 2006	August, 2009	Indexed to portfolio of shares	19,150	18,943
BCP Ob Cx A.C. 6% Sep 06/08	September, 2006	September, 2008	1st Trim. 2.25%; 2nd Trim. 2.375%; 3rd Trim. 2.5%; 4th Trim. 3%; 5th Trim. 3.125%; 6th Trim. 3.25%; 7th Trim. 3.75%; 8th Trim. 6%	247,359	247,936
BCP SFI Ob Cx A. Pt. Sep 06/08	September, 2006	September, 2008	1st Trim. 2.25%; 2nd Trim. 2.375%; 3rd Trim. 2.5%; 4th Trim. 3%; 5th Trim. 3.125%; 6th Trim. 3.25%; 7th Trim. 3.75%; 8th Trim. 6%	103,001	103,241
BCP Ob Cx Top 8 Sep 06/08	September, 2006	September, 2008	1st Sem. 2%; 2nd Sem. 3%; 3rd Sem. 4%; 4th Sem., indexed to portfolio of 4 shares	33,244	33,128
BCP SFE Ob Cx A. Pt. Sep 06/08	September, 2006	September, 2008	1st Trim. 2.25%; 2nd Trim. 2.375%; 3rd Trim. 2.5%; 4th Trim. 3%; 5th Trim. 3.125%; 6th Trim. 3.25%; 7th Trim. 3.75%; 8th Trim. 6%	22,578	22,630
BCP Ob Cx A. Cr. 6% Oct 06/08	October, 2006	October, 2008	1st Trim. 2.25%; 2nd Trim. 2.375%; 3rd Trim. 2.5%; 4th Trim. 3%; 5th Trim. 3.125%; 6th Trim. 3.25%; 7th Trim. 3.75%; 8th Trim. 6%	161,789	162,090
BCP Ob Cx M. A. 7% Oct 06/08	October, 2006	October, 2008	1st Trim. 2.25%; 2nd Trim. 2.375%; 3rd Trim. 2.5%; 4th Trim. 2.75%; 5th Trim. 3.%; 6th Trim. 3.125%; 7th Trim. 4.%; 8th Trim. 7.%	52,880	53,082
BCP SFI Ob Cx A. Pt. Oct 06/08	October, 2006	October, 2008	1st Trim. 2.25%; 2nd Trim. 2.375%; 3rd Trim. 2.5%; 4th Trim. 3.%; 5th Trim. 3.125%; 6th Trim. 3.25%; 7th Trim. 3.75%; 8th Trim. 6.%	54,194	54,294
BCP Ob Cx Top 9 Oct 06/08	October, 2006	October, 2008	1st Sem. 2.%; 2nd Sem. 3.%; 3rd Sem. 4.%; 4th Sem., indexed to portfolio of 4 shares	42,820	42,641
BCP SFE Ob Cx A. Pt. Oct 06/08	October, 2006	October, 2008	1st Trim. 2.25%; 2nd Trim. 2.375%; 3rd Trim. 2.5%; 4th Trim. 3.%; 5th Trim. 3.125%; 6th Trim. 3.25%; 7th Trim. 3.75%; 8th Trim. 6.%	15,401	15,430
BCP Ob Cx Rend. Trim. 2008	October, 2006	October, 2008	1st Trim. 2.5%; 2nd Trim. 2.5%; 3rd Trim. 2.75%; 4th Trim. 2.75%; 5th Trim. 3.%; 6th Trim. 3.%; 7th Trim. 3.5%; 8th Trim. 3.5%	1,080	1,078

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Ob Cx Top 10 Nov 06/08	November, 2006	November, 2008	1st Sem. 2%; 2nd Sem. 3%; 3rd Sem. 4%; 4th Sem., indexed to portfolio of shares	29,253	29,098
BCP Ob Cx Eur. P. P. Nov 06/08	November, 2006	November, 2008	Indexed to Down Jones EuroStoxx 50 index	1,600	1,556
BCP Ob Cx R. 24 Nov 06/08	November, 2006	November, 2008	1st coupon: 24%; 2nd to 5th coupon: 2.4%	84,393	83,152
BCP SFI Ob Cx R. 24 Nov 06/08	November, 2006	November, 2008	1st coupon: 24%; 2nd to 5th coupon: 2.4%	22,443	22,113
BCP Ob Cx R. Global 06/11	November, 2006	November, 2011	Index to Down Jones EuroStoxx 50 index	8,276	7,770
BCP SFE Ob Cx R. 24 Nov 06/08	November, 2006	November, 2008	1st coupon: 24%; 2nd to 5th coupon: 2.4%	7,123	7,018
BCP Ob Cx R 24 Dec 06/08	December, 2006	December, 2008	1st coupon: 24%; 2nd to 5th coupon: 2.4%	32,962	32,509
BCP SFI Ob Cx R. 24 Dec 06/08	December, 2006	December, 2008	1st coupon: 24%; 2nd to 5th coupon: 2.4%	8,540	8,423
BCP Ob Cx Eurosto50 Dec 06/08	December, 2006	December, 2008	Indexed to Down Jones EuroStoxx 50 index	42,824	41,490
BCP Ob Cx R. Global II 06/11	December, 2006	December, 2011	Indexed to Down Jones EuroStoxx 50 index	10,000	9,598
BCP Ob Cx R. Global II 2E 06/11	December, 2006	December, 2011	Indexed to Down Jones EuroStoxx 50 index	2,000	1,920
BCP SFE Ob Cx R. 24 Dec 06/08	December, 2006	December, 2008	1st coupon: 24%; 2nd to 5th coupon: 2.4%	1,367	1,348
BCP FRN Mai 07/14	May, 2007	May, 2014	Euribor 3M + 0.15%	1,250,000	1,250,000
BCP FRN Mai 07/11	May, 2007	May, 2011	Euribor 3M + 0.15%	400,000	400,000
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.75%	1,500,000	1,516,228
BCP FRN Set 12	August, 2007	September, 2012	Euribor 3M + 0.10%	310,000	310,000
BCP Cov Bonds Out 07/14	October, 2007	October, 2014	Fixed rate of 4.75%	1,000,000	1,010,262
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.18%	100,000	100,000
BCP Ob Cx I. Esp. Dec 07/09	December, 2007	December, 2009	5.25%. subject to Switch	43,787	43,787
BCP Ob Cx I. Esp. Dec 07/09	December, 2007	December, 2009	5.50%. subject to Switch	164,663	164,663
BCP Ob Cx I. Eur. Dec 07/09	December, 2007	December, 2009	1º Trim. 3%; 2º Trim. 3.25%; 3º Trim. 3.50%; 5º Trim. 3.75%; 6º Trim. 4%; 7º Trim. 4.25%; 4º e 8º Trim. indexed to portfolio of shares	9,456	9,456
BCP Ob Cx I. Esp. Dec 07/09	December, 2007	December, 2009	5.25% subject to Switch	156,575	156,575
BCP Ob Cx I. Esp. Dec 07/09	December, 2007	December, 2009	5.50% subject to Switch	142,554	142,554
BCP Ob Cx I. Esp. Dec 07/09	December, 2007	December, 2009	5.75% subject to Switch	63,511	63,511
BCP Investimento :					
Rend. Seguro Sep00/08	September, 2000	September, 2008	Fixed rate of 3%	29,140	29,140
5.72% - Nov00/08-1ª Série	November, 2000	November, 2008	Fixed rate of 5.72%	27,650	27,337
5.72% - Nov00/08-2ª Série	November, 2000	November, 2008	Fixed rate of 5.72%	15,940	15,756
5.825% - Nov00/08-1ª Série	November, 2000	November, 2008	Fixed rate of 5.825%	59,250	58,708
5.825% - Nov00/08-2ª Série	November, 2000	November, 2008	Fixed rate of 5.825%	49,820	49,358
5.65% - Nov08 - 3ª Série	December, 2000	November, 2008	Fixed rate of 5.65%	4,000	3,953
5.32% - 2001/09.Mar 2009	March, 2001	March, 2009	Fixed rate of 5.32%	49,400	48,621
5.34% - 2001/09.Mar 2009	March, 2001	March, 2009	Fixed rate of 5.34%	15,000	14,768
5.35% - 2001/09.Mar 2009	March, 2001	March, 2009	Fixed rate of 5.35%	12,700	12,504
5.36% - 2001/09.Mar 2009	March, 2001	March, 2009	Fixed rate of 5.36%	37,000	36,430
6.522% - March 2001/2009	March, 2001	March, 2009	Fixed rate of 6.522%	7,500	7,410
Rendimento Seguro 2001/2009	March, 2001	March, 2009	Fixed rate of 1.95%	7,500	7,500
Bank Millennium:					
Millennium Leasing Sp z o.o. - S. A13	December, 2007	January, 2008	Fixed rate of 6.17%	37,389	37,389
Orchis Sp. z o.o. - G. S. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 26.0 bp	63,759	63,759
Orchis Sp. z o.o. - EIB S. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 26.0 bp	116,878	116,878
Orchis Sp. z o.o. - M. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 15.0 bp	18,923	18,923
Banco de Investimento Imobiliário :					
FRN's BII Finance Company	September, 1996	September, 2011	Euribor 3 months + 1.75%	315,962	315,031
BCP Finance Bank :					
BCP Fin.Bank - EUR 37.5 m	March, 2000	March, 2008	Fixed rate of 5.83%	37,500	37,351
BCP Fin.Bank - EUR 50 m	March, 2000	March, 2008	Fixed rate of 5.6625%	50,000	49,785
BCP Fin.Bank - EUR 25 m	April, 2000	April, 2008	Fixed rate of 5.615%	25,000	24,873
BCP Fin.Bank - EUR 42.5 m	April, 2000	April, 2008	Fixed rate of 5.86%	42,500	42,285
BCP Fin.Bank - EUR 21.781 m	May, 2000	May, 2008	Fixed rate of 6.1619%	25,000	24,840
BCP Fin.Bank - EUR 25 m	May, 2000	May, 2008	Fixed rate of 5.618%	21,781	20,751

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Fin.Bank - EUR 75 m	May, 2000	May, 2008	Fixed rate of 5.68167%	75,000	74,449
BCP Fin.Bank - EUR 80 m	June, 2000	June, 2008	Increasing rate of 4.86% in 1st year (Plus 25bp cumulatively in the end of the 1st, 2nd, 3rd and 4th year; 50bp in the 5th year and 100bp in the 6th and 7th year).	80,000	79,509
BCP Fin.Bank - EUR 20 m	June, 2000	June, 2008	Increasing rate of 4.87% in 1st year (Plus 25bp cumulatively in the end of the 1st, 2nd, 3rd and 4th year; 50bp in the 5th year and 100bp in the 6th and 7th year).	20,000	19,902
BCP Fin.Bank - EUR 20 m	July, 2000	June, 2008	Increasing rate of 4.66% in 1st year (Plus 25bp cumulatively in the end of the 1st, 2nd, 3rd and 4th year; 50bp in the 5th year and 100bp in the 6th and 7th year).	20,000	19,951
BCP Fin.Bank - EUR 19.5 m	July, 2000	June, 2008	Increasing rate of 4.71% in 1st year (Plus 25bp cumulatively in the end of the 1st, 2nd, 3rd and 4th year; 50bp in the 5th year and 100bp in the 6th and 7th year).	19,500	19,446
BCP Fin.Bank - EUR 29 m	September, 2000	September, 2008	Fixed rate of 6.25%	28,300	28,248
BCP Fin.Bank - EUR 1.25 m	October, 2000	September, 2008	Fixed rate of 6.25%	1,250	1,262
BCP Fin.Bank - EUR 11.429 m	November, 2001	November, 2009	Indexed to portfolio of shares	568	568
BCP Fin.Bank - EUR 15 m	November, 2001	November, 2011	Zero coupon	15,000	12,348
BCP Fin.Bank - USD 4.515 m	November, 2001	November, 2009	Indexed to portfolio of shares	226	226
BCP Fin.Bank - EUR 12 m	December, 2001	December, 2011	Zero coupon	12,000	9,849
BCP Fin.Bank - EUR 5 m	February, 2002	December, 2011	Dsct. Rate <=> 6.8540559%	5,000	3,969
BCP Fin.Bank - EUR 5 m	May, 2002	December, 2011	Dsct. Rate <=> 7.0821486%	5,000	3,985
BCP Fin.Bank - EUR 10 m	July, 2002	July, 2009	Dsct. rate 5.22741% <=> 6.0338566%	10,000	9,030
BCP Fin.Bank - Euros 6.1 m	May, 2003	May, 2010	Fixed rate 1.74% + max (CPI UE; 0%)	4,690	4,693
BCP Fin.Bank - Euros 300 m	June, 2003	June, 2008	Fixed rate of 3.1%	300,000	300,000
BCP Fin.Bank - Euros 90 m	June, 2003	June, 2013	Euribor 360 3 months + 0.35%	90,000	90,000
BCP Fin.Bank - GBP 18.5 m	June, 2003	June, 2008	Fixed rate of 4.178%	25,227	25,075
BCP Fin.Bank - Euros 200 m	July, 2003	July, 2008	Euribor 3 months + 0.25%.	200,000	199,891
BCP Fin.Bank - CZK 1000 m	August, 2003	August, 2008	Pribor 6 months + 0.2%	37,554	37,543
BCP Fin.Bank - HKD 100 m	August, 2003	August, 2008	Fixed rate of 3.95% until 3rd year; 4.35% to 4th and 5th year	8,711	8,688
BCP Fin.Bank - Euros 8.82 m	November, 2003	November, 2008	1st year 6%; 2nd and following index to portfolio of shares	7,034	7,033
BCP Fin.Bank - Euros 20 m	December, 2003	December, 2023	Fixed rate of 5.31%	20,000	18,132
BCP Fin.Bank - USD 3.53 m	December, 2003	December, 2008	1st year 5%; 2nd and following index to USD Libor 6 months	2,226	2,226
BCP Fin.Bank - Euros 50 m	December, 2003	December, 2008	Fixed rate of 4.1355%	50,000	49,137
BCP Fin.Bank - EUR 500 m	February, 2004	February, 2009	Euribor 3 months + 0.15%	500,000	499,855
BCP Fin.Bank - EUR 10 m	March, 2004	March, 2024	Fixed rate of 5.01%	10,000	9,802
BCP Fin.Bank - USD 18 m	May, 2004	May, 2008	Fixed rate of 2.695%	9,831	9,691
BCP Fin.Bank - EUR 250 m	May, 2004	May, 2008	Euribor 3 months + 0.175%	250,000	250,000
BCP Fin.Bank - USD 5 m	May, 2004	May, 2009	Increasing rate of: 1st year 3.47%; 2nd year 3.72%; 3rd year 3.97%; 4th year 4.22%; 5th year 4.47%	2,745	2,805
BCP Fin.Bank - EUR 100 m	May, 2004	May, 2009	Euribor 3 months + 0.2%	100,000	100,000
BCP Fin.Bank - USD 11 m	June, 2004	June, 2009	1st year 5% ; 2nd year Max(Min(8%; 4*(5.25% - USD Libor 3 months)); 0%); 3rd year Max(Min(8%; 4*(6.25% - USD Libor 3 months)); 0%); 4th year Max(Min(8%; 4*(7.25% - USD Libor 3 months)); 0%); 5th year (8%; 4*(8.25% - USD Libor 3 months)); 0%)	177	183
BCP Fin.Bank - EUR 15 m	June, 2004	May, 2008	Increasing rate of: 1st year 2.55%; 2nd year 2.75%; 3rd year 3.75%; 4th year 7.25%	1,886	1,886
BCP Fin.Bank - HKD 156 m	August, 2004	August, 2009	HKD Hibor 3 months + 0.23%	13,589	13,623
BCP Fin.Bank - EUR 50 m	September, 2004	September, 2014	Euribor 3 months + 0.2%	50,000	49,849
BCP Fin.Bank - EUR 50 m	September, 2004	September, 2009	Euribor 3 months + 0.15%	50,000	49,984
BCP Fin.Bank - EUR 500 m	October, 2004	October, 2009	Euribor 3 months + 0.15%	500,000	499,829

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Fin.Bank - EUR 20 m	December 2004	December 2014	Euribor 6 months + 0.22%	20,000	19,976
BCP Fin.Bank - USD 5 m	January, 2005	January, 2008	Increasing rate of: 1st and 2nd Sem. 2.5%; 3rd and 4th Sem. 3%; 5th Sem. 3.5%; 6th Sem. 3.9%	2,262	2,264
BCP Fin.Bank - USD 7.845 m	January, 2005	January, 2010	(USD Libor 6 months + 2%) *n/N; (n: n. of days USD Libor 6 months <= Barrier)	1,661	1,663
BCP Fin.Bank - EUR 9.7 m	January, 2005	January, 2012	1st year 7.5%; 2nd year Max (former coupon + 1.75% - Euribor 3 months); 3rd year Max (former coupon + 2.25% - Euribor 3 months); 4th year Max (former coupon + 2.75% - Euribor 3 months); 5th year Max (former coupon + 3.25% - Euribor 3 months); 6th year Max (former coupon + 3.75% - Euribor 3 months); 7th year Max (former coupon + 4.25% - Euribor 3 months)	6,760	6,773
BCP Fin.Bank - EUR 650 m	January, 2005	January, 2010	Euribor 6 months + 0.15%	650,000	649,871
BCP Fin.Bank - EUR 3 m	February, 2005	February, 2015	1st year 6.6%; 2nd to 4th year former coupon *n/N; 5th year 6.6%; 6th to 10th year former coupon *n/N; (n: n. of days Euribor 3 months <= Barrier)	2,420	2,421
BCP Fin.Bank - EUR 100 m	February, 2005	February, 2008	Euribor 3 months + 0.11%	100,000	100,000
BCP Fin.Bank - USD 2.9 m	February, 2005	February, 2015	1st year 9.7%; 2nd year and following formar coupon *n/N; (n: n. of days USD Libor 6 months <= Barrier)	1,916	1,916
BCP Fin.Bank - EUR 50 m	February, 2005	February, 2008	Euribor 3 months + 0.11%	50,000	50,000
BCP Fin.Bank - CAD 3 m	March ,2005	March, 2008	Increasing rate of: 1st and 2nd Sem. 2.25%; 3rd and 4th Sem. 3%; 5th Sem. 3.25%; 6th Sem. 3.75%	2,052	2,051
BCP Fin.Bank - EUR 40 m	April, 2005	March, 2008	Euribor 12 months + 0.09%	40,000	39,999
BCP Fin.Bank - EUR 20 m	April, 2005	April, 2015	Euribor 3 months + 0.18%	20,000	20,000
BCP Fin.Bank - EUR 300 m	April, 2005	April, 2010	Euribor 3 months + 0.125%	300,000	299,868
BCP Fin.Bank - EUR 3.5 m	April, 2005	April, 2015	1st year 6% *n/N; 2nd year and following Formar coupon *n/N; (n: n. of days Euribor 3 months <= Barrier)	2,761	2,013
BCP Fin.Bank - USD 6.55 m	April, 2005	April, 2012	1st Sem. 9.5%; 2nd Sem. And following Former coupon *n/N; (n: n. of days USD Libor 6 months <= Barrier)	4,212	3,715
BCP Fin.Bank - USD 5.4 m	June, 2005	June, 2010	1st Sem. 6.25% *n/N; 2nd Sem. and following Former coupon *n/N; (n: n. of days USD Libor 6 months <= Barrier)	3,413	3,155
BCP Fin.Bank - CAD 7.4 m	July, 2005	July, 2008	1st year 2.98%; 2nd year 3.23%; 3rd year 3.4	5,038	5,030
BCP Fin.Bank - EUR 3.5 m	July, 2005	July, 2010	(Euribor 3 months + 1%) *n/N; (n: number of days Euribor 3 months <= Barrier)	3,065	2,883
BCP Fin.Bank - USD 55 m	July, 2005	July, 2010	1st year 6.25%; 2nd year and following Former coupon *n/N (n: number of days USD Libor 3 months <= Barrier)	23,894	15,700
BCP Fin.Bank - EUR 2.3 m	July, 2005	July, 2010	(Euribor 6 months + 1%) *n/N; (n: number of days Euribor 3 months <= Barrier)	2,000	1,872
BCP Fin.Bank - USD 36 m	August, 2005	August, 2010	1st year 6.25%; 2nd year and following Former coupon *n/N (n: number of days USD Libor 3 months <= Barrier)	12,971	11,713
BCP Fin.Bank - EUR 3 m	August, 2005	August, 2008	(Euribor 6 months + 0.9%) *n/N; (n: number of days Euribor 6 months <= Barrier)	3,000	2,960
BCP Fin.Bank - EUR 3.335 m	August, 2005	August, 2010	(Euribor 6 months + 1%) *n/N; (n: number of days Euribor 6 months <= Barrier)	3,335	3,142
BCP Fin.Bank - EUR 3 m	August, 2005	August, 2015	1st year 6.25%; 2nd year and following Max(8.25% - 2 * Euribor 12 months)	2,920	2,503
BCP Fin.Bank - EUR 3.5 m	August, 2005	August, 2010	(Euribor 3 months + 0.9%) *n/N; (n: number of days Euribor 3 months <= Barrier)	2,200	2,021
BCP Fin.Bank - EUR 3.28 m	November, 2005	November, 2012	1st year 3%; 2nd year 3.125%; 3rd year 3.25%; 4th year 3.375%; 5th year 3.5%; 6th year 3.625%; 7th year 3.75%	2,956	2,839
BCP Fin.Bank - USD 1.025 m	December, 2005	December, 2010	Indexed to Dow Jones Global Titans 50 Index	696	614

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Fin.Bank - EUR 222 m	December, 2005	December, 2013	Euribor 3 months + 50 bp	216,750	216,765
BCP Fin.Bank - EUR 500 m	February, 2006	February, 2011	Euribor 3 months + 0.1%	489,000	488,252
BCP Fin.Bank - GBP 50 m	February, 2006	February, 2009	GBP Libor - BBA 3M + 0.04%	68,180	68,264
BCP Fin.Bank - USD 7.27 m	March, 2006	March, 2011	1st year 7.50% ; 2nd year and following Max (14.35% - 2 * USD Libor 6 months; 0)	4,939	4,767
BCP Fin.Bank - EUR 1000 m	March, 2006	March, 2009	Euribor 3 months + 0.1%	1,000,000	1,000,000
BCP Fin.Bank - EUR 8 m	March, 2006	March, 2009	1st year 8.5% if "Commodities" if on the observation date < Barrier. otherwise 1st year 0.0%; 2nd year 17% if Commodities if on the observation date < Barrier, otherwise 2nd year 0.0%; 3rd year 25.5% if "Commodities" if on the observation date < Barrier, otherwise 3rd year 0.0%	3,849	3,703
BCP Fin.Bank - EUR 2.5 m	April, 2006	March, 2008	Indexed to GSCI Agriculture	2,500	2,483
BCP Fin.Bank - EUR 200 m	April, 2006	April, 2010	Euribor 3 months + 0.125%	200,000	200,000
BCP Fin.Bank - EUR 2.5 m	April, 2006	March, 2008	Indexed to Down Jones EuroStoxx 50 index Technology	2,500	2,467
BCP Fin.Bank - EUR 5.335 m	April, 2006	April, 2009	Indexed to GSCI Sugar Excess Return index	2,229	2,038
BCP Fin.Bank - EUR 13.45 m	May, 2006	May, 2014	Euribor 6 months + 37 bp per year	12,950	12,950
BCP Fin.Bank - EUR 5.65 m	May, 2006	May, 2014	Euribor 6 months + 32 bp per year	5,550	5,550
BCP Fin.Bank - EUR 1.844 m	May, 2006	May, 2009	Indexed to portfolio of 3 indexes	1,844	1,735
BCP Fin.Bank - USD 5.25 m	May, 2006	May, 2009	(USD Libor 6 months + 0.5%) *n/N; (n: n. of days USD CMS 10Y < Barrier)	3,566	3,356
BCP Fin.Bank - EUR 3.175 m	June, 2006	June, 2008	1st year 2.5%; 2nd year indexed to portfolio of shares	2,893	2,879
BCP Fin.Bank - EUR 11 m	June, 2006	June, 2014	Euribor 6 months + 35 bp per year	11,000	11,000
BCP Fin.Bank - EUR 4 m	June, 2006	June, 2008	1st year 3%; 2nd year indexed to portfolio of shares	3,695	3,671
BCP Fin.Bank - GBP 14,6 m	July, 2006	July, 2011	Fixed tax of 5.3525%	19,909	19,916
BCP Fin.Bank - USD 3 m	July, 2006	July, 2016	USD Libor 6 months + 0.75% *n/N; (n: n. of days USD Libor 6 months< Barrier)	2,038	1,277
BCP Fin.Bank - EUR 10.2 m	July, 2006	July, 2009	Indexed to portfolio of indexes	9,545	9,149
BCP Fin.Bank - CAD 3 m	August, 2006	February, 2008	Fixed tax of 4.16667%	1,915	1,916
BCP Fin.Bank - USD 9 m	August, 2006	February, 2008	Fixed tax of 5.1%	4,856	4,863
BCP Fin.Bank - EUR 1.225 m	August, 2006	August, 2009	Indexed to portfolio of indexes	1,150	1,097
BCP Fin.Bank - EUR 0.885 m	August, 2006	August, 2009	Indexed to portfolio of 3 indexes	810	775
BCP Fin.Bank - EUR 1.5 m	August, 2006	August, 2009	Indexed to portfolio of 2 indexes of "NOKIA OYJ" shares	1,500	1,438
BCP Fin.Bank - USD 25 m	September, 2006	September, 2009	USD Libor 1 month + 0.055% per year	16,983	16,992
BCP Fin.Bank - EUR 1500 m	October, 2006	October, 2009	Euribor 3 months + 0.1% per year	1,500,000	1,499,937
BCP Fin.Bank - EUR 2 m	November, 2006	November, 2009	Indexed to portfolio of indexes	2,000	1,885
BCP Fin.Bank - USD 2 m	November, 2006	November, 2009	Indexed to portfolio of indexes	1,257	1,153
BCP Fin.Bank - CZK 500 m	December, 2006	December, 2011	Pribor 3 months+0.09% per year	18,777	18,642
BCP Fin.Bank - EUR 1.3 m	December, 2006	December, 2009	Indexed to portfolio of 3 shares	1,300	1,300
BCP Fin.Bank - USD 3.63 m	December, 2006	June, 2008	Indexed to S&P BRIC 40 Index	2,466	2,445
BCP Fin.Bank - EUR 1.4 m	December, 2006	December, 2009	Indexed to portfolio of 3 indexes	1,400	1,314
BCP Fin.Bank - EUR 70 m	December, 2006	December, 2011	Euribor 3 months + Margin. Margin: 18/03/07 to and including 18/06/08: 0.02% per year; 18/09/08 to and including 18/12/08: 0.07% per year; 18/03/09 to and including 18/06/09: 0.11% per year; 18/09/09 to and including 18/12/09 : 0.13% per year; 18/03/10 to and including 18/06/10: 0.15% per year; 18/09/10 to and including 18/12/10: 0.17% per year; 18/03/11 to 18/06/11: 0.19% per year; 18/09/11 to and including maturity date: 0.19% per year	70,000	70,000
BCP Fin.Bank - EUR 1.28 m	December, 2006	June, 2008	Indexed to S&P BRIC 40 Index	1,280	1,268

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Fin.Bank - EUR 1.7 m	December, 2006	December, 2011	1st year: 6% if on the observation date EUR/USD<Barrier. 0% otherwise; 2nd year: 12% if on the observation date EUR/USD<Barrier, 0% otherwise; 3rd year: 18% if on the observation date EUR/USD<Barrier, 0% otherwise; 4th year: 24% if on the observation date EUR/USD<Barrier, 0% otherwise; 5th year: 3% if on the observation date EUR/USD<Barrier, 0% otherwise Barrier: 1.3300	1,650	1,420
BCP Fin.Bank - EUR 20 m	December, 2006	June, 2015	Index to Nikkei 225 index	20,000	20,000
BCP Fin.Bank - EUR 100 m	January, 2007	January, 2017	Euribor 3 months + 0.175%	100,000	100,000
BCP Fin.Bank - EUR 1000 m	February, 2007	February, 2012	Euribor 3 months + 0.125%	1,000,000	999,664
BCP Fin.Bank - USD 1500 m	April, 2007	May, 2012	1M Libor + 5 bps until 02/05/08; 2nd year 1M LIBOR+6bps; 3rd year 1M LIBOR+7bps; 4th year 1M LIBOR+8bps; 5th year: 1M LIBOR+9bps	1,018,953	1,018,527
Bank Millennium (Grécia)					
Kion 2006-1 A	December, 2006	July, 2051	Euribor 3 months + 0.15%	359,285	359,285
Kion 2006-1 B	December, 2006	July, 2051	Euribor 3 months + 0.27%	28,200	28,200
Kion 2006-1 C	December, 2006	July, 2051	Euribor 3 months + 0.55%	18,000	18,000
NOVA Nº 3					
NOVA Nº 3 - Class A Notes	November, 2002	November, 2011	Euribor 3 months + 0.28%	34,713	34,713
NOVA Nº 3 - Class B Notes	November, 2002	November, 2011	Euribor 3 months + 0.4%	11,200	11,200
NOVA Nº 3 - Class C Notes	November, 2002	November, 2011	Euribor 3 months + 0.73%	8,000	8,000
NOVA Nº 3 - Class D Notes	November, 2002	November, 2011	Euribor 3 months + 1.375%	16,000	16,000
					19,239,142
Accruals					139,899
					19,379,041
Commercial Paper:					
BCP Finance Bank:					
BCP Finance Bank - EUR 60 m	January, 2007	January, 2008	Fixed rate of 4.03%	60,000	59,953
BCP Finance Bank - EUR 100 m	January, 2007	January, 2008	Fixed rate of 4.09%	100,000	99,751
BCP Finance Bank - USD 10 m	January, 2007	January, 2008	Fixed rate of 5.39%	6,793	6,769
BCP Finance Bank - GBP 10 m	January, 2007	January, 2008	Fixed rate of 5.86%	13,636	13,575
BCP Finance Bank - EUR 50 m	February, 2007	February, 2008	Fixed rate of 4.11%	50,000	49,824
BCP Finance Bank - EUR 50 m	February, 2007	February, 2008	Fixed rate of 4.11%	50,000	49,824
BCP Finance Bank - EUR 100 m	February, 2007	February, 2008	Fixed rate of 4.065%	100,000	99,584
BCP Finance Bank - USD 140 m	February, 2007	February, 2008	Fixed rate of 5.38%	95,102	94,565
BCP Finance Bank - USD 20 m	February, 2007	February, 2008	Fixed rate of 5.4%	13,586	13,497
BCP Finance Bank - USD 10,5 m	February, 2007	February, 2008	Fixed rate of 5.4%	7,133	7,085
BCP Finance Bank - JPY 15 m	February, 2007	February, 2008	Fixed rate of 0.7%	18,190	18,172
BCP Finance Bank - EUR 50 m	February, 2007	February, 2008	Fixed rate of 4.13%	50,000	49,703
BCP Finance Bank - EUR 15 m	March, 2007	March, 2008	Fixed rate of 4.1%	15,000	14,881
BCP Finance Bank - EUR 58 m	March, 2007	March, 2008	Fixed rate of 4.1%	58,000	57,522
BCP Finance Bank - EUR 10 m	March, 2007	March, 2008	Fixed rate of 4.15%	10,000	9,903
BCP Finance Bank - EUR 70 m	March, 2007	March, 2008	Fixed rate of 4.16%	70,000	69,303
BCP Finance Bank - EUR 20 m	April, 2007	February, 2008	Fixed rate of 4.17%	20,000	19,915
BCP Finance Bank - EUR 20 m	April, 2007	April, 2008	Fixed rate of 4.21%	20,000	19,773
BCP Finance Bank - EUR 20 m	April, 2007	February, 2008	Fixed rate of 4.22%	20,000	19,900
BCP Finance Bank - USD 199 m	April, 2007	January, 2008	Fixed rate of 5.345%	135,181	134,881
BCP Finance Bank - EUR 25 m	April, 2007	January, 2008	Fixed rate of 4.21%	25,000	24,953
BCP Finance Bank - EUR 50 m	April, 2007	April, 2008	Fixed rate of 4.27%	50,000	49,385
BCP Finance Bank - EUR 50 m	April, 2007	April, 2008	Fixed rate of 4.27%	50,000	49,379
BCP Finance Bank - EUR 16 m	April, 2007	January, 2008	Fixed rate of 4.2%	16,000	15,950
BCP Finance Bank - EUR 10 m	May, 2007	April, 2008	Fixed rate of 4.29%	10,000	9,859
BCP Finance Bank - EUR 10 m	May, 2007	April, 2008	Fixed rate of 4.29%	10,000	9,859
BCP Finance Bank - EUR 50 m	May, 2007	April, 2008	Fixed rate of 4.3%	50,000	49,293
BCP Finance Bank - EUR 12 m	May, 2007	May, 2008	Fixed rate of 4.31%	12,000	11,827

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 13 m	May, 2007	May, 2008	Fixed rate of 4.32%	13,000	12,803
BCP Finance Bank - EUR 100 m	May, 2007	May, 2008	Fixed rate of 4.33%	100,000	98,437
BCP Finance Bank - USD 300 m	May, 2007	February, 2008	Fixed rate of 5.365%	203,791	202,134
BCP Finance Bank - USD 17 m	May, 2007	May, 2008	Fixed rate of 5.34%	11,548	11,308
BCP Finance Bank - EUR 150 m	May, 2007	May, 2008	Fixed rate of 4.41%	150,000	147,329
BCP Finance Bank - EUR 50 m	June, 2007	June, 2008	Fixed rate of 4.5%	50,000	49,008
BCP Finance Bank - USD 8 m	June, 2007	June, 2008	Fixed rate of 5.46%	5,434	5,303
BCP Finance Bank - USD 250 m	June, 2007	March, 2008	Fixed rate of 5.435%	169,825	167,974
BCP Finance Bank - USD 100 m	June, 2007	March, 2008	Fixed rate of 5.432%	67,930	67,140
BCP Finance Bank - USD 100 m	June, 2007	June, 2008	Fixed rate of 5.45%	67,930	66,226
BCP Finance Bank - EUR 14 m	June, 2007	June, 2008	Fixed rate of 4.51%	14,000	13,708
BCP Finance Bank - USD 100 m	June, 2007	March, 2008	Fixed rate of 5.39%	67,930	67,086
BCP Finance Bank - USD 200 m	June, 2007	June, 2008	Fixed rate of 5.425%	135,860	132,389
BCP Finance Bank - USD 25 m	June, 2007	June, 2008	Fixed rate of 5.425%	16,983	16,546
BCP Finance Bank - CHF 6 m	June, 2007	June, 2008	Fixed rate of 3.03%	3,626	3,573
BCP Finance Bank - EUR 100 m	June, 2007	June, 2008	Fixed rate of 4.51%	100,000	97,819
BCP Finance Bank - USD 200 m	July, 2007	April, 2008	Fixed rate of 5.39%	135,860	133,995
BCP Finance Bank - USD 100 m	July, 2007	July, 2008	Fixed rate of 5.415%	67,930	66,120
BCP Finance Bank - CHF 20 m	July, 2007	April, 2008	Fixed rate of 2.94%	12,087	11,992
BCP Finance Bank - JPY 50 m	July, 2007	April, 2008	Fixed rate of 0.00000091%	60,632	60,483
BCP Finance Bank - EUR 8 m	July, 2007	January, 2008	Fixed rate of 4.32%	8,000	7,992
BCP Finance Bank - EUR 30 m	July, 2007	January, 2008	Fixed rate of 4.33%	30,000	29,971
BCP Finance Bank - USD 100 m	July, 2007	July, 2008	Fixed rate of 5.4125%	67,930	66,063
BCP Finance Bank - USD 50 m	July, 2007	January, 2008	Fixed rate of 5.385%	33,965	33,919
BCP Finance Bank - USD 15 m	July, 2007	April, 2008	Fixed rate of 5.41%	10,190	10,039
BCP Finance Bank - USD 10 m	July, 2007	April, 2008	Fixed rate of 5.41%	6,793	6,692
BCP Finance Bank - USD 30 m	July, 2007	January, 2008	Fixed rate of 5.38%	20,379	20,349
BCP Finance Bank - USD 300 m	July, 2007	January, 2008	Fixed rate of 5.37%	203,791	203,396
BCP Finance Bank - GBP 20 m	July, 2007	January, 2008	Fixed rate of 6.14%	27,272	27,194
BCP Finance Bank - EUR 64 m	July, 2007	July, 2008	Fixed rate of 4.6%	64,000	62,429
BCP Finance Bank - USD 250 m	July, 2007	January, 2008	Fixed rate of 5.36%	169,825	169,296
BCP Finance Bank - GBP 10 m	July, 2007	April, 2008	Fixed rate of 6.31%	13,636	13,379
BCP Finance Bank - EUR 25 m	July, 2007	January, 2008	Fixed rate of 4.36%	25,000	24,919
BCP Finance Bank - EUR 12 m	July, 2007	July, 2008	Fixed rate of 4.57%	12,000	11,694
BCP Finance Bank - EUR 10 m	July, 2007	July, 2008	Fixed rate of 4.52%	10,000	9,743
BCP Finance Bank - USD 10,5 m	August, 2007	January, 2008	Fixed rate of 5.33%	7,133	7,131
BCP Finance Bank - USD 15 m	August, 2007	February, 2008	Fixed rate of 5.28%	10,190	10,139
BCP Finance Bank - EUR 40 m	August, 2007	March, 2008	Fixed rate of 4.42%	40,000	39,698
BCP Finance Bank - EUR 100 m	August, 2007	February, 2008	Fixed rate of 4.4%	100,000	99,562
BCP Finance Bank - EUR 20 m	August, 2007	February, 2008	Fixed rate of 4.41%	20,000	19,907
BCP Finance Bank - EUR 20 m	August, 2007	February, 2008	Fixed rate of 4.71%	20,000	19,847
BCP Finance Bank - GBP 140 m	September, 2007	March, 2008	Fixed rate of 6.38%	190,905	188,142
BCP Finance Bank - EUR 15 m	September, 2007	January, 2008	Fixed rate of 4.77%	15,000	14,941
BCP Finance Bank - GBP 25 m	September, 2007	February, 2008	Fixed rate of 6.37%	34,090	33,743
BCP Finance Bank - GBP 90 m	September, 2007	March, 2008	Fixed rate of 6.345%	122,724	120,834
BCP Finance Bank - EUR 21 m	October, 2007	April, 2008	Fixed rate of 4.61%	21,000	20,682
BCP Finance Bank - EUR 150 m	October, 2007	April, 2008	Fixed rate of 4.605%	150,000	147,732
BCP Finance Bank - EUR 10 m	October, 2007	January, 2008	Fixed rate of 4.56%	10,000	9,966
BCP Finance Bank - EUR 50 m	October, 2007	April, 2008	Fixed rate of 4.595%	50,000	49,289
BCP Finance Bank - USD 29.5 m	October, 2007	April, 2008	Fixed rate of 5.17%	20,039	19,725
BCP Finance Bank - EUR 2.5 m	October, 2007	October, 2008	Fixed rate of 4.65%	2,500	2,410
BCP Finance Bank - USD 6 m	October, 2007	February, 2008	Fixed rate of 5.25%	4,076	4,047
BCP Finance Bank - USD 60 m	October, 2007	January, 2008	Fixed rate of 5.37%	40,758	40,673
BCP Finance Bank - EUR 120 m	October, 2007	January, 2008	Fixed rate of 4.73%	120,000	119,780
BCP Finance Bank - EUR 25 m	October, 2007	January, 2008	Fixed rate of 4.7%	25,000	24,954
BCP Finance Bank - GBP 35 m	October, 2007	January, 2008	Fixed rate of 6.32%	47,726	47,611
BCP Finance Bank - EUR 10 m	October, 2007	January, 2008	Fixed rate of 4.73%	10,000	9,987
BCP Finance Bank - EUR 35 m	October, 2007	January, 2008	Fixed rate of 4.73%	35,000	34,954
BCP Finance Bank - GBP 8 m	October, 2007	January, 2008	Fixed rate of 6.26%	10,909	10,892
BCP Finance Bank - EUR 24 m	October, 2007	March, 2008	Fixed rate of 4.73%	24,000	23,784
BCP Finance Bank - GBP 25 m	October, 2007	January, 2008	Fixed rate of 6.315%	34,090	34,043
BCP Finance Bank - EUR 100 m	October, 2007	January, 2008	Fixed rate of 4.79%	100,000	99,894
BCP Finance Bank - EUR 130 m	October, 2007	January, 2008	Fixed rate of 4.8%	130,000	129,896
BCP Finance Bank - EUR 4 m	October, 2007	March, 2008	Fixed rate of 4.75%	4,000	3,960
BCP Finance Bank - GBP 30 m	October, 2007	January, 2008	Fixed rate of 6.31%	40,908	40,887

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 93 m	October, 2007	January, 2008	Fixed rate of 4.8025%	93,000	92,963
BCP Finance Bank - EUR 70 m	October, 2007	January, 2008	Fixed rate of 4.8%	70,000	69,972
BCP Finance Bank - EUR 50 m	October, 2007	January, 2008	Fixed rate of 4.8%	50,000	49,980
BCP Finance Bank - EUR 50 m	October, 2007	January, 2008	Fixed rate of 4.8%	50,000	49,960
BCP Finance Bank - EUR 50 m	October, 2007	January, 2008	Fixed rate of 4.81%	50,000	49,987
BCP Finance Bank - EUR 50 m	October, 2007	January, 2008	Fixed rate of 4.81%	50,000	49,987
BCP Finance Bank - EUR 50 m	October, 2007	January, 2008	Fixed rate of 4.81%	50,000	49,953
BCP Finance Bank - GBP 110 m	October, 2007	January, 2008	Fixed rate of 6.24%	149,997	149,945
BCP Finance Bank - CHF 25 m	October, 2007	January, 2008	Fixed rate of 2.88%	15,108	15,106
BCP Finance Bank - USD 11 m	October, 2007	January, 2008	Fixed rate of 5.45%	7,472	7,469
BCP Finance Bank - EUR 30 m	October, 2007	February, 2008	Fixed rate of 4.79%	30,000	29,877
BCP Finance Bank - EUR 10 m	October, 2007	April, 2008	Fixed rate of 4.78%	10,000	9,881
BCP Finance Bank - USD 25 m	November, 2007	March, 2008	Fixed rate of 4.91%	16,983	16,831
BCP Finance Bank - EUR 20 m	November, 2007	February, 2008	Fixed rate of 4.52%	20,000	19,890
BCP Finance Bank - EUR 9 m	November, 2007	February, 2008	Fixed rate of 4.52%	9,000	8,951
BCP Finance Bank - EUR 34 m	November, 2007	February, 2008	Fixed rate of 4.56%	34,000	33,795
BCP Finance Bank - EUR 60 m	November, 2007	February, 2008	Fixed rate of 4.56%	60,000	59,630
BCP Finance Bank - EUR 150 m	November, 2007	February, 2008	Fixed rate of 4.59%	150,000	149,050
BCP Finance Bank - EUR 6 m	November, 2007	February, 2008	Fixed rate of 4.57%	6,000	5,962
BCP Finance Bank - JPY 67.5 m	November, 2007	February, 2008	Fixed rate of 0.93%	81,853	81,735
BCP Finance Bank - EUR 30 m	November, 2007	February, 2008	Fixed rate of 4.69%	30,000	29,783
BCP Finance Bank - JPY 75 m	November, 2007	February, 2008	Fixed rate of 0.97%	90,948	90,806
BCP Finance Bank - EUR 60 m	November, 2007	February, 2008	Fixed rate of 4.72%	60,000	59,547
BCP Finance Bank - EUR 189 m	November, 2007	February, 2008	Fixed rate of 4.745%	189,000	187,542
BCP Finance Bank - EUR 40 m	November, 2007	February, 2008	Fixed rate of 4.72%	40,000	39,693
BCP Finance Bank - JPY 57 m	November, 2007	February, 2008	Fixed rate of 1%	69,120	69,007
BCP Finance Bank - USD 5 m	November, 2007	February, 2008	Fixed rate of 5.18%	3,397	3,368
BCP Finance Bank - EUR 40 m	November, 2007	February, 2008	Fixed rate of 4.745%	40,000	39,691
BCP Finance Bank - EUR 6.5 m	November, 2007	February, 2008	Fixed rate of 4.73%	6,500	6,450
BCP Finance Bank - GBP 26 m	December, 2007	June, 2008	Fixed rate of 6.38%	35,454	34,524
BCP Finance Bank - EUR 15.5 m	December, 2007	March, 2008	Fixed rate of 4.82%	15,500	15,368
BCP Finance Bank - USD 5 m	December, 2007	March, 2008	Fixed rate of 5.23%	3,397	3,365
BCP Finance Bank - EUR 50 m	December, 2007	March, 2008	Fixed rate of 4.89%	50,000	49,536
BCP Finance Bank - USD 45 m	December, 2007	March, 2008	Fixed rate of 5.27%	30,569	30,263
BCP Finance Bank - EUR 35 m	December, 2007	March, 2008	Fixed rate of 4.88%	35,000	34,676
BCP Finance Bank - EUR 60 m	December, 2007	March, 2008	Fixed rate of 4.9%	60,000	59,434
BCP Finance Bank - EUR 10 m	December, 2007	June, 2008	Fixed rate of 4.89%	10,000	9,782
BCP Finance Bank - GBP 10 m	December, 2007	February, 2008	Fixed rate of 6.57%	13,636	13,517
BCP Finance Bank - USD 20 m	December, 2007	March, 2008	Fixed rate of 5.11%	13,586	13,441
BCP Finance Bank - EUR 13 m	December, 2007	March, 2008	Fixed rate of 4.93%	13,000	12,866
BCP Finance Bank - USD 43 m	December, 2007	January, 2008	Fixed rate of 5.35%	29,210	29,136
BCP Finance Bank - USD 25 m	December, 2007	February, 2008	Fixed rate of 5.24%	16,983	16,862
BCP Finance Bank - EUR 14 m	December, 2007	December, 2008	Fixed rate of 4.88%	14,000	13,364
BCP Finance Bank - USD 20 m	December, 2007	January, 2008	Fixed rate of 5.34%	13,586	13,544
BCP Finance Bank - USD 13 m	December, 2007	January, 2008	Fixed rate of 5.31%	8,831	8,804
BCP Finance Bank - EUR 7.5 m	December, 2007	February, 2008	Fixed rate of 4.93%	7,500	7,450
BCP Finance Bank - GBP 40 m	December, 2007	March, 2008	Fixed rate of 6.5%	54,544	53,816
BCP Finance Bank - EUR 12 m	December, 2007	March, 2008	Fixed rate of 4.95%	12,000	11,873
BCP Finance Bank - EUR 30 m	December, 2007	March, 2008	Fixed rate of 4.96%	30,000	29,681
BCP Finance Bank - EUR 50 m	December, 2007	March, 2008	Fixed rate of 4.95%	50,000	49,469
BCP Finance Bank - EUR 5 m	December, 2007	December, 2008	Fixed rate of 4.91%	5,000	4,772
BCP Finance Bank - EUR 25 m	December, 2007	March, 2008	Fixed rate of 4.86%	25,000	24,736
BCP Finance Bank - GBP 60 m	December, 2007	March, 2008	Fixed rate of 6.41%	81,816	80,697
BCP Finance Bank - EUR 29 m	December, 2007	March, 2008	Fixed rate of 4.8%	29,000	28,698
BCP Finance Bank - CHF 89 m	December, 2007	February, 2008	Fixed rate of 2.91%	53,786	53,565
BCP Finance Bank - USD 7 m	December, 2007	February, 2008	Fixed rate of 5.17%	4,755	4,721
BCP Finance Bank - EUR 25 m	December, 2007	March, 2008	Fixed rate of 4.79%	25,000	24,724
BCP Finance Bank - EUR 16.5 m	December, 2007	March, 2008	Fixed rate of 4.78%	16,500	16,318
BCP Finance Bank - GBP 25 m	December, 2007	March, 2008	Fixed rate of 6.23%	34,090	33,608
BCP Finance Bank - USD 25 m	December, 2007	April, 2008	Fixed rate of 5.08%	16,983	16,721
BCP Finance Bank - JPY 75 m	December, 2007	June, 2008	Fixed rate of 1.1%	90,948	90,467
BCP Finance Bank - GBP 20 m	December, 2007	February, 2008	Fixed rate of 6.2%	27,272	27,020
BCP Finance Bank - EUR 23 m	December, 2007	March, 2008	Fixed rate of 4.775%	23,000	22,747
BCP Finance Bank - EUR 30 m	December, 2007	February, 2008	Fixed rate of 4.65%	30,000	29,781
BCP Finance Bank - JPY 100 m	December, 2007	March, 2008	Fixed rate of 1.12%	121,264	120,932
					7,303,532

This balance is analysed by the period to maturity, as follows:

	2007 Euros '000	2006 Euros '000
Bonds:		
Up to 3 months	638,076	1,214,027
3 to 6 months	1,284,155	106,948
6 to 12 months	1,839,384	1,747,689
1 to 5 years	10,407,612	11,041,865
More than 5 years	5,069,915	1,277,085
	19,239,142	15,387,614
Accruals	139,899	93,456
	19,379,041	15,481,070
Commercial paper:		
Up to 3 months	5,577,730	4,900,543
3 to 6 months	1,489,207	1,560,636
6 to 12 months	236,595	653,048
	7,303,532	7,114,227
Other:		
Up to 3 months	-	10
3 to 12 months	13,406	-
1 to 5 years	102,511	92,047
	115,917	92,057
	26,798,490	22,687,354

32. Financial liabilities held for trading

The balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Short selling securities	-	54,431
Securities loans	79,353	6,569
Swaps	1,159,334	678,005
Options	4,184	76,574
Embedded derivatives	52,626	54,890
Others	8,768	3,016
	1,304,265	873,485

This balance Financial liabilities held for trading includes, the embedded derivatives valuation separated from the host contract in accordance with the accounting policy presented in note 1 d), in the amount of Euros 52,626,000 (31 December 2006: Euros 54,890,000). This note should be analysed together with note 22.

33. Other financial liabilities held for trading at fair value through profit or loss

The balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Deposits from credit institutions	31,710	-
Debt securities issued	1,723,337	-
	1,755,047	-

The balance Other financial liabilities held for trading at fair value through profit and loss account includes the amount of Euros 8,044,000 from the fair value changes of the risk credit of the Group BCP, as referred in the accounting policy presented in note 1 d).

The characteristics of debt securities issued as at 31 December, 2007, are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued :					
Banco Comercial Português:					
BCP Ob Cx C.Call Feb 2007/09	February, 2007	February, 2009	Indexed to DJ EuroStoxx 50 index	1,250	1,286
BCP Ob Cx 8%Feb 2007/09	February, 2007	February, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 8.000%	96,197	96,673
BCP Ob Cx 8%Feb 2007/09 2Em	February, 2007	February, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 8.000%	23,132	23,247
BCP SFI Ob Cx.8%Feb 2007/09	February, 2007	February, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 8.000%	26,125	26,254
BCP Ob Cx Eurostoxx50 Feb 2007/09	February, 2007	February, 2009	Indexed to DJ EuroStoxx 50 index	27,235	27,318
BCP Ob Cx MR Dax Feb 2007/10	February, 2007	February, 2010	Indexed to DAX 30 index	14,686	14,683
BCP Ob Cx R.G.III Feb 2007/12	February, 2007	February, 2012	Indexed to DJ EuroStoxx 50 index	21,099	20,342
BCP SFE Ob Cx 8%Feb 2007/09	February, 2007	February, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 8.000%	6,210	6,241
BCP Ob Cx 9%Mar 2007/09	March, 2007	March, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 9.000%	121,362	121,954
BCP SFI Ob Cx 9%Mar 2007/09	March, 2007	March, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 9.000%	24,010	24,128
BCP Ob Cx Eurostoxx50 Mar 2007/09	March, 2007	March, 2009	Indexed to DJ EuroStoxx 50 index	16,232	16,429
BCP Ob Cx Op 4%+ Mar 2007/10	March, 2007	March, 2010	Indexed to portfolio of shares	21,199	20,670
BCP Ob Cx RGIv Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	12,672	12,615
BCP Ob Cx RGIv 2Em Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	13,303	13,186
BCP SFE Ob Cx 9%Mar 2007/09	March, 2007	March, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 9.000%	2,962	2,977
BCP Ob Cx 9%May 2007/09	May, 2007	May, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 9.000%	80,284	80,781
BCP SFI Ob Cx 9%May 2007/09	May, 2007	May, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 9.000%	14,100	14,188
BCP Ob Cx I. M. May 2010	May, 2007	May, 2010	Indexed to portfolio of indexes	6,808	6,962
BCP Ob Cx RGV 2Em May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	5,000	4,877
BCP Ob Cx RGV May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	12,204	11,916
BCP SFE Ob Cx 9%May 2007/09	May, 2007	May, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.000%; 8th Trim. 9.000%	516	520
BCP Ob Cx Obr 10 E-J Jun 2007/10	June, 2007	June, 2010	Indexed to portfolio of indexes	6,490	6,438
BCP Ob Cx 10 %Jun 2007/09	June, 2007	June, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.250%; 8th Trim. 10.000%	84,327	85,259
BCP SFI Ob Cx 10%Jun 2007/09	June, 2007	June, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.250%; 8th Trim. 10.000%	14,440	14,599
BCP Ob Cx RGVi Jun 2007/12	June, 2007	June, 2012	Indexed to portfolio of indexes	14,650	14,237

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP SFE Ob Cx 10%Jun 2007/09	June, 2007	June, 2009	1st Trim. 2.500%; 2nd Trim. 2.500%; 3rd Trim. 2.750%; 4th Trim. 2.750%; 5th Trim. 3.000%; 6th Trim. 3.000%; 7th Trim. 4.250%; 8th Trim. 10.000%	1,001	1,012
BCP Ob Cx Inv. 16 Aug 2007/09	August, 2007	August, 2009	1st Trim. 3%; 2nd Trim. 3.25%; 3rd Trim. 3.50%; 5th Trim. 3.75%; 6th Trim. 4%; 7th Trim. 4.25%; 4th e 8th Trim. Indexed to portfolio of 4 shares	29,996	29,592
BCP Ob Cx M.C. Aug 2007/09	August, 2007	August, 2009	1st Sem. 3.750%; 2nd Sem. 4.000%; 3rd Sem. 4.250%; 4th Sem. 4.500%	62,116	61,950
BCP SFI Ob Cx M.C. Aug 2007/09	August, 2007	August, 2009	1st Sem. 3.750%; 2nd Sem. 4.000%; 3rd Sem. 4.250%; 4th Sem. 4.500%	16,496	16,451
BCP Ob Cx RGVii Aug2007/12	August, 2007	August, 2012	Indexed to portfolio of indexes	12,646	12,455
BCP SFE Ob Cx M.C. Aug 2007/09	August, 2007	August, 2009	1st Sem. 3.750%; 2nd Sem. 4.000%; 3rd Sem. 4.250%; 4th Sem. 4.500%	1,460	1,456
BCP Ob Cx I.Eur. Sep 2007/09	September, 2007	September, 2009	1st Trim. 3%; 2nd Trim. 3.25%; 3rd Trim. 3.50%; 5th Trim. 3.75%; 6th Trim. 4%; 7th Trim. 4.25%; 4th e 8th Trim. Indexed to portfolio of 4 shares	25,335	24,943
BCP Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.00%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	40,488	40,403
BCP SFI Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.00%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	8,805	8,764
Ob Cx BCP RGViii Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	6,500	6,694
BCP Ob Cx RGViii 2E Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	6,800	6,698
BCP Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.500%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.000%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.500%	25,416	25,260
BCP SFI Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.500%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.000%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.500%	13,905	13,823
BCP Ob Cx M.C. Sep 2007/09	September, 2007	September, 2009	1st Sem. 3.500%; 2nd Sem. 3.750%; 3rd Sem. 3.875%; 4th Sem. 4.000%	46,694	46,560
BCP SFI Ob Cx M.C. Sep 2007/09	September, 2007	September, 2009	1st Sem. 3.500%; 2nd Sem. 3.750%; 3rd Sem. 3.875%; 4th Sem. 4.000%	59,720	59,551
BCP SFE Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.00%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	299	298
BCP SFE Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.500%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.000%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.500%	370	368
BCP SFE Ob Cx M.C. Sep 2007/09	September, 2007	September, 2009	1st Sem. 3.500%; 2nd Sem. 3.750%; 3rd Sem. 3.875%; 4th Sem. 4.000%	5,248	5,233
BCP Ob Cx RGIx Oct 2007/12	October, 2007	October, 2012	Indexed to DJ EuroStoxx 50 index	3,300	3,216
BCP Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.00%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	51,325	51,351
BCP SFI Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.00%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	30,327	30,342
BCP Ob Cx M.R.Eur. Oct2010	October, 2007	October, 2010	Indexed to DJ EuroStoxx 50 index	14,803	14,591
BCP SFE Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.00%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	1,943	1,944
BCP Ob Cx I.S.Mund. Nov 07-09	November, 2007	November, 2009	1st Trim. 3%; 2nd Trim. 3.25%; 3rd Trim. 3.50%; 5th Trim. 3.75%; 6th Trim. 4%; 7th Trim. 4.25%; 4th e 8th Trim. Indexed to portfolio of 4 shares	20,937	20,885
BCP Ob Cx Inv. P. Nov 2009	November, 2007	November, 2009	1st Sem. 3.50%; 2nd Sem. 3.75%; 3rd Sem. 4.15%; 4th Sem. 4.50%	55,849	55,661
BCP SFI Ob Cx I.P. Nov 2009	November, 2007	November, 2009	1st Sem. 3.50%; 2nd Sem. 3.75%; 3rd Sem. 4.15%; 4th Sem. 4.50%	35,284	35,165

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP SFE Ob Cx I.P. Nov 2009	November, 2007	November, 2009	1st Sem. 3.50%; 2nd Sem. 3.75%; 3rd Sem. 4.15%; 4th Sem. 4.50%	4,600	4,585
BCP Ob Cx RGX Dec 2007/12	December, 2007	November, 2012	Indexed to DJ EuroStoxx 50 index	2,500	2,446
BCP Ob Cx I.P. Dec 2009	December, 2007	December, 2009	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 3.80%; 4th Sem. 4.25%	31,037	31,037
BCP SFI Ob Cx I.P. Dec 2009	December, 2007	December, 2009	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 3.80%; 4th Sem. 4.25%	6,471	6,471
BCP SFE Ob Cx I.P. Dec 2009	December, 2007	December, 2009	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 3.80%; 4th Sem. 4.25%	2,187	2,187
BCP Finance Bank:					
MTN - USD 2 Millions	February, 2007	February, 2008	Indexed to Standard & Poor's 500 index	1,216	1,265
MTN - EUR 5 Millions	February, 2007	February, 2009	Indexed to portfolio of 2 indexes	4,896	4,921
MTN - EUR 1.7 Millions	February, 2007	February, 2010	Indexed to portfolio of 2 shares	1,700	1,782
MTN - EUR 1 Millions	February, 2007	February, 2010	Indexed to portfolio of 2 shares	1,000	1,067
MTN - EUR 1.405 Millions	February, 2007	February, 2010	Indexed to portfolio of 3 shares	1,405	1,375
MTN - EUR 4.282 Millions	February, 2007	February, 2009	Indexed to DJ EuroStoxx 50 index	4,182	4,283
MTN - EUR 7.925 Millions	February, 2007	February, 2008	Indexed to portfolio of 10 shares	7,925	8,009
MTN - EUR 1.1 Millions	February, 2007	February, 2010	Indexed to portfolio of 2 shares	1,100	1,080
MTN - USD 1.4 Millions	March, 2007	March, 2010	Indexed to portfolio of 3 indexes	951	938
MTN - EUR 5.7 Millions	March, 2007	March, 2010	Indexed to portfolio of 3 shares	5,700	5,437
MTN - EUR 3.62 Millions	March, 2007	March, 2010	Indexed to portfolio of 3 shares	3,620	3,620
MTN - EUR 2.505 Millions	March, 2007	March, 2010	Indexed to portfolio of 5 shares	2,505	2,556
MTN - EUR 1 Millions	March, 2007	March, 2011	Indexed to DJ EuroStoxx 50 index	1,000	955
MTN - USD 1.25 Millions	April, 2007	April, 2010	Fixed rate of 8.04%	849	835
MTN - USD 1.33 Millions	April, 2007	April, 2010	Fixed rate of 8.04%	903	823
MTN - EUR 1 Millions	April, 2007	April, 2010	Fixed rate of 4.5%	1,000	1,004
MTN - USD 1.32 Millions	April, 2007	April, 2010	Indexed to portfolio of 3 indexes	897	881
MTN - EUR 5 Millions	April, 2007	April, 2010	Indexed to portfolio of 3 shares	5,000	4,672
MTN - USD 1.055 Millions	April, 2007	October, 2008	Indexed to S&P BRIC 40 index	717	734
MTN - USD 1.065 Millions	April, 2007	April, 2009	Indexed to portfolio of 3 indexes	723	702
MTN - USD 5.86 Millions	May, 2007	May, 2010	Indexed to portfolio of 3 shares	3,981	3,640
MTN - EUR 8.4 Millions	May, 2007	May, 2011	6M EURIBOR + 1.30%	8,400	8,181
MTN - EUR 2.5 Millions	May, 2007	May, 2008	Indexed to portfolio of 3 Interest rates	2,500	2,472
MTN - JPY 4100 Millions	May, 2007	October, 2010	3M JPY LIBOR	24,859	24,500
MTN - USD 100 Millions	June, 2007	June, 2009	3M USD-LIBOR-BBA + 0.03%	67,930	68,048
MTN - EUR 7.037 Millions	June, 2007	June, 2008	Indexed to portfolio of 5 shares	6,990	6,952
MTN - USD 1.888 Millions	June, 2007	June, 2008	Indexed to portfolio of 5 shares	1,283	1,275
MTN - EUR 3.445 Millions	July, 2007	January, 2009	Indexed to WTI price	3,445	3,455
MTN - EUR 1.01 Millions	July, 2007	July, 2008	Indexed to DJ EuroStoxx 50 index	1,010	992
MTN - EUR 4.24 Millions	July, 2007	July, 2010	Indexed to portfolio of 3 shares	4,240	3,850
MTN - EUR 5.1 Millions	July, 2007	July, 2010	Indexed to portfolio of 2 shares	5,100	3,219
MTN - CAD 50 Millions	July, 2007	July, 2010	3M CDOR	34,604	34,071
MTN - USD 5 Millions	August, 2007	August, 2009	Fixed rate of 5.25%	3,397	3,441
MTN - EUR 5.01 Millions	August, 2007	August, 2008	Indexed to portfolio of exchange rates against USD	5,010	5,075
MTN - USD 4.29 Millions	August, 2007	August, 2008	Indexed to portfolio of exchange rates against USD	2,914	2,975
MTN - EUR 2.925 Millions	August, 2007	August, 2008	Indexed to iShares S&P Latin American 40 Index Fund	2,925	2,940
MTN - USD 3.8 Millions	August, 2007	August, 2008	Indexed to iShares S&P Latin American 40 Index Fund	2,581	2,653
MTN - EUR 1.3 Millions	August, 2007	August, 2010	Indexed to portfolio of 3 indexes	1,300	1,014
MTN - USD 1.05 Millions	August, 2007	August, 2010	Indexed to portfolio of 3 indexes	713	563
MTN - EUR 14 Millions	August, 2007	August, 2008	6M EURIBOR + 0.50%	14,000	13,975
MTN - USD 3.754 Millions	August, 2007	February, 2008	Indexed to portfolio of exchange rates agains	2,550	2,591
MTN - EUR 1.695 Millions	August, 2007	August, 2010	Indexed to portfolio of commodities	1,695	1,695
MTN - EUR 2.03 Millions	August, 2007	August, 2010	Indexed to portfolio of 2 shares	2,030	1,975
MTN - USD 3 Millions	September, 2007	September, 2009	Fixed rate of 5.125%	2,038	2,064
MTN - EUR 1.5 Millions	October, 2007	January, 2008	Fixed rate of 17.4%	1,500	1,488
MTN - USD 1.15 Millions	October, 2007	January, 2008	Fixed rate of 18.40%	781	800
MTN - USD 1 Millions	October, 2007	January, 2008	Fixed rate of 28.60%	679	679
MTN - USD 1.15 Millions	October, 2007	January, 2008	Fixed rate of 30.00%	781	781
MTN - EUR 0.7 Millions	October, 2007	January, 2008	Fixed rate of 10.6%	700	700
MTN - EUR 4.8 Millions	October, 2007	April, 2008	Fixed rate of 9%	4,740	4,497

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
MTN - EUR 2.5 Millions	October, 2007	October, 2008	Indexed to DJ EuroStoxx 50 index	2,500	2,430
MTN - EUR 1.41 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 shares	1,410	1,410
MTN - EUR 3.425 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 indexes	3,425	3,089
MTN - USD 3.95 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 indexes	2,683	2,683
MTN - USD 4 Millions	October, 2007	February, 2010	Fixed rate of 4.2857143%	2,147	2,184
MTN - EUR 18.26 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 indexes	18,260	18,260
MTN - EUR 1.545 Millions	October, 2007	January, 2008	Fixed rate of 22%	1,545	1,469
MTN - EUR 0.965 Millions	October, 2007	January, 2008	Fixed rate of 18.8%	965	918
MTN - EUR 2.075 Millions	October, 2007	October, 2011	Fixed rate of 6%	2,075	2,075
MTN - EUR 1.04 Millions	October, 2007	October, 2008	Indexed to DJ EuroStoxx 50 index	1,040	1,048
MTN - EUR 8.2 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	8,200	8,200
MTN - EUR 2.65 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	2,650	2,650
MTN - USD 2.8 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	1,902	1,902
MTN - EUR 2.55 Millions	November, 2007	November, 2008	Indexed to DJ EuroStoxx 50 index	2,550	2,564
MTN - EUR 3.415 Millions	November, 2007	February, 2008	Fixed rate of 15.36%	3,415	3,415
MTN - EUR 8.29 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	8,290	8,290
MTN - EUR 1.675 Millions	November, 2007	May, 2009	Indexed to portfolio of 3 shares	1,675	1,675
MTN - EUR 3.445 Millions	November, 2007	February, 2008	Fixed rate of 29.40%	3,445	3,445
MTN - USD 2.1 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	1,427	1,427
MTN - USD 3 Millions	November, 2007	June, 2010	Fixed rate of 4.6451613%	2,028	2,039
MTN - EUR 2.4 Millions	December, 2007	June, 2009	Indexed to portfolio of 3 shares	2,400	2,400
MTN - USD 2.96 Millions	December, 2007	December, 2008	Indexed to S&P5000 index	2,011	2,017
MTN - EUR 21 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	21,000	21,000
MTN - PLN 60 Millions	December, 2007	June, 2008	Fixed rate of 13.10%	16,697	16,697
MTN - PLN 40 Millions	December, 2007	June, 2008	Fixed rate of 15.00%	11,131	11,131
MTN - PLN 2.75 Millions	December, 2007	June, 2008	Fixed rate of 13.10%	765	765
MTN - EUR 2.9 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	2,900	2,900
MTN - USD 7.488 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	5,087	5,087
MTN - EUR 12.962 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	12,962	12,962
MTN - EUR 1.285 Millions	December, 2007	March, 2008	Fixed rate of 19.20%	1,285	1,285
MTN - EUR 1.375 Millions	December, 2007	March, 2008	Fixed rate of 23.20%	1,375	1,375
MTN - EUR 16.312 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	16,312	16,312
MTN - USD 0.84 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	571	570
					1,712,346
Accruals					10,991
					1,723,337

This balance is analysed by the period to maturity, as follows:

	2007 Euros '000
Bonds issued:	
Up to 3 months	28,220
3 to 6 months	43,789
6 to 12 months	37,403
1 to 5 years	1,602,934
	1,712,346
Accruals	10,991
	1,723,337

34. Provisions for liabilities and charges

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Provision for guarantees and other commitments	73,705	75,130
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	4,626	4,110
Life insurance	35,774	33,820
Bonuses and rebates	3,613	3,425
Provision for pension costs	2,643	2,226
Other provisions	126,588	92,430
	246,949	211,141

Changes in Provision for guarantees and other commitments are analysed as follows:

	2007 Euros '000	2006 Euros '000
Balance on 1 January	75,130	79,825
Transfers	(528)	(629)
Impairment for the year	14,254	2,710
Write-back for the year	(15,027)	(5,363)
Loans charged-off	(292)	(1,068)
Exchange rate differences	168	(345)
Balance on 31 December	73,705	75,130

Changes in Other provisions are analysed as follows:

	2007 Euros '000	2006 Euros '000
Balance on 1 January	92,430	150,447
Transfers	9,985	(11,009)
Impairment for the year	60,173	28,463
Write-back for the year	(10,675)	(10,417)
Amounts charged-off	(25,242)	(63,917)
Exchange rate differences	(83)	(1,137)
Balance on 31 December	126,588	92,430

The provisions were accounted in accordance with the probability of occurrence of certain contingencies related with the Group's activity.

35. Subordinated debt

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Bonds	2,922,257	2,824,114
Preference shares	-	98,959
Other subordinated debt	2,871	9,849
	2,925,128	2,932,922

The balance Preference shares corresponds as at 31 December 2006 to shares issued by subsidiaries and associates of the Bank, that in accordance with the accounting policy presented in note 1 h) were classified to Subordinated debt.

As at 31 December 2007, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
BCP March 2011	June 2001	March 2011	Fixed rate of 6.35%	150,000	146,999
BCP September 2011	September 2001	September 2011	Fixed rate of 6.15%	120,000	115,392
Bank Millennium:					
Bank Millennium	December 2001	December 2011	Fixed rate of 6.360%	79,937	79,937
Bank Millennium 2007	December 2007	December 2017	Fixed rate of 6.337%	149,327	149,327
Banco de Investimento Imobiliário:					
BII 1998	December 1998	December 2008	Euribor 3 months + 0.5%	29,928	29,907
BII 2004	December 2004	December 2014	See reference (i)	15,000	14,968
BCP Finance Bank:					
EMTN 44ª Emissão - 1 Tranche	March 2001	March 2011	Fixed rate of 6.25%	400,000	399,678
EMTN 44ª Emissão - 2 Tranche	May 2001	March 2011	Fixed rate of 6.25%	200,000	199,839
BCP Fin. Bank Ltd EMTN -119	October 2003	October 2013	See reference (ii)	400,000	398,909
BCP Fin. Bank Ltd EMTN -295	December 2006	December 2016	See reference (iii)	400,000	398,560
BCP Fin. Bank Ltd 2005	May 2005	June 2015	See reference (iv)	300,000	299,678
					2,233,194
Perpetual Bonds					
BCP - Euro 200 millions	June 2002	-	See reference (v)	198,675	185,461
BCP - Euro 175 millions	November 2002	-	See reference (vi)	175,000	163,437
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	199,519	199,520
TOPS's BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	89,502	90,642
BCP Leasing 2001	December 2001	-	See reference (vii)	4,986	4,986
					644,046
Other subordinated debt					
BIM	December 2000	-	50% Discount rate of B.Mozambique	2,871	2,871
Accruals					45,017
					2,925,128

References :
(i) - Until 10th Euribor 6 months + 0.40%; After 10th coupon Euribor 6 months + 0.90%
(ii) - Euribor 3 months + 0.55% (1.05% after October 2008)
(iii) - Euribor 3 months + 0.3% (0.80% after December 2011)
(iv) - Euribor 3 months + 0.35% (0.85% after June 2010)
(v) - Until 40th coupon 6.130625%; After 40th coupon Euribor 3 months + 2.4%
(vi) - Until 40th coupon 5.41%; After 40th coupon Euribor 3 months + 2.4%
(vii) - Until 40th coupon Euribor 3 months + 1.75%; After 40th coupon Euribor 3 months + 2.25%

The analysis of the subordinated debt by the period to maturity, is as follows:

	2007 Euros '000	2006 Euros '000
Up to 3 months	-	30,000
3 months to 1 year	29,907	-
1 to 5 years	941,845	1,003,063
More than 5 years	1,261,442	1,118,990
Undetermined	646,917	731,065
	2,880,111	2,883,118
Accruals	45,017	49,804
	2,925,128	2,932,922

36. Other liabilities

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Creditors:		
Suppliers	122,551	121,347
From factoring operations	40,533	19,083
Other creditors	442,998	339,406
Public sector	62,851	49,417
Interest payable	177,675	270,024
Deferred income	29,345	8,169
Holiday pay and subsidies	65,432	60,832
Other administrative costs payable	4,205	3,526
Amounts payable on trading activity	107,422	180,145
Other liabilities	346,745	361,650
	1,399,757	1,413,599

As referred in note 48, the balance Other liabilities includes the amount of Euros 95,139,000, related to the obligations with pensions already recognised in Staff costs, related to previous members of the Board of Directors. The referred obligations are not covered by the Pension Fund of the Group, and corresponds to amounts payable by the Group.

37. Share capital and preference shares

As at 27 March 2006, as established in the Stock Options Program attributed in April 2003 to the employees, was celebrated by public deed the share capital increase resulting from the exercise of the Stock Options Program, which corresponded to the issue of 22,998,229 shares with the nominal value of 1 Euro. As a result of the referred share capital increase, the share capital of the Bank, increased to Euros 3,611,329,567 and is represented by 3,611,329,567 shares with a nominal value of 1 Euro each, which is fully paid.

The balance Preference shares corresponds to two issues by BCP Finance Company which according to IAS 32 and in accordance with the accounting policy presented in note 1 h), were considered as equity instruments. The issues are analized as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value Euros 100 each, issued by BCP Finance Company on 9 June, 2004, amounting to Euros 500,000,000, issued to redeem the 8,000,000 Non-cumulative Guaranteed Non-voting Preference Shares of par value Euros 50 each, issued by BCP Finance Company on 14 June, 1999, amounting to Euros 400,000,000.

- 10,000 preference shares with par value of Euros 50,000 each without voting rights issued in 13 October 2005, in the amount of Euros 500,000,000, issued to finance the early redemption of the 6,000,000 preference shares of Euros 100 each, in the amount of Euros 600,000,000, issued by BCP Finance Company at 28 September 2000.

38. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable in cash. In this context, the General Assembly in May 2007 approved an increase of Euros 60,902,000 to Legal reserve (see note 39).

In accordance with current legislation, the Group companies must set-up annually a reserve with a minimum percentage between 5 and 20 percent of their net annual profits depending on the nature of their activity.

39. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	2007 Euros '000	2006 Euros '000
Fair value reserves		
Financial instruments available for sale	219,752	463,520
Cash-flow hedge	(272)	193
Tax		
Financial instruments available for sale	(1,034)	(20,787)
Cash-flow hedge	52	(37)
	218,498	442,889
Reserves and retained earnings:		
Legal reserve	477,202	416,300
Statutory reserve	84,000	65,000
Interim dividends	(133,619)	(133,619)
Other reserves and retained earnings	1,016,989	665,649
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Exchange differences arising on consolidation	23,836	(14,551)
Other reserves arising on consolidation	(183,532)	(187,477)
	(1,598,704)	(2,072,278)

The legal reserve movement is analysed in note 38.

The Fair value reserves correspond to the accumulated fair value changes of the financial instruments available for sale, in accordance with the accounting policy presented in note 1 d).

The balance Statutory reserves correspond to a reserve to stabilise dividends that, according with the Bank's By-Laws can be distributed.

As referred in accounting policy 1 a), the balance Reserves and Retained Earnings includes, as at 1 January 2006, a restatement in the amount of Euros 220,500,000 (net of deferred tax) resulting from the decision taken by the Executive Board of Directors of recording a provision regarding an asset booked on the consolidated financial statements resulting from the transactions described in notes 54 and 55.

The gross movements in Fair value reserves including cash flow hedge, during 2007 are analysed as follows:

	Balance on 1 January Euros '000	Revaluation Euros '000	Impairment in results Euros '000	Sales Euros '000	Balance on 31 December Euros '000
Eureko, B.V.	188,000	61,488	-	-	249,488
EDP - Energias de Portugal	131,502	41,819	-	(173,321)	-
Banco Sabadell, S.A.	138,932	(22,045)	-	(116,887)	-
BPI, S.A.	-	(79,838)	79,838	-	-
Others	5,086	(51,982)	16,236	924	(29,736)
	463,520	(50,558)	96,074	(289,284)	219,752

During 2007, and as referred in note 7 and 22, the Group sold the investments in Banco Sabadell and in EDP - Energias de Portugal. The potential gains previously recorded as fair value reserves, on a consolidated bases, in the amounts of Euros 116,887,000 and Euros 173,321,000, respectively were recognized in results in 2007, as referred in note 7.

The balance Others includes a negative amount of Euros 43,389,000 (31 December 2006: Euros 9,678,000) related to the appropriation of 49% of the fair value reserves of Millennum Fortis.

The gross movements during 2006 are analysed as follows:

	Balance on 1 January Euros '000	Revaluation Euros '000	Impairment in results Euros '000	Sales Euros '000	Balance on 31 December Euros '000
Eureko, B.V.	174,900	13,100	-	-	188,000
EDP - Energias de Portugal	58,891	112,325	-	(39,714)	131,502
Banco Sabadell, S.A.	105,501	102,847	-	(69,416)	138,932
Magellan nº3	-	42,600	-	(42,600)	-
Magellan nº4	-	29,500	-	(29,500)	-
Others	1,953	23,062	888	(20,817)	5,086
	341,245	323,434	888	(202,047)	463,520

40. Treasury stock

This balance is analysed as follows:

	2007			2006		
	Net book value Euros '000	Number of securities	Average book value Euros	Net book value Euros '000	Number of securities	Average book value Euros
Banco Comercial Português, S.A. shares	7,377	2,526,439	2.92	11,433	4,087,916	2.80
Other treasury stock	51,059			10,717		
	58,436			22,150		

Treasury stock refers to own securities held by the companies included in the consolidation perimeter. These securities are held within the limits established by the By-Laws and the Company Code.

41. Minority interests

This balance is analysed as follows:

	Balance		Statement of Income	
	2007 Euros '000	2006 Euros '000	2007 Euros '000	2006 Euros '000
Bank Millennium, S.A.	241,839	199,424	42,016	38,577
BIM - Banco Internacional de Moçambique	35,437	24,289	14,232	13,246
Other subsidiaries	4,297	2,335	(889)	161
	281,573	226,048	55,359	51,984

The movements of the minority interests are analysed as follows:

	2007 Euros '000	2006 Euros '000
Balance on 1 January	226,048	354,526
Exchange differences	14,608	(5,541)
Net income attributable to minority interests	55,359	51,984
Aquisition of Millennium Bank's (Greece) share capital	-	(89,684)
Dividends	(15,785)	(58,018)
Sale of Interbanco's share capital	-	(26,400)
Other	1,343	(819)
	281,573	226,048

42. Guarantees and future commitments

Guarantees and future commitments are analysed as follows:

	2007 Euros '000	2006 Euros '000
Guarantees granted	8,036,989	8,513,334
Guarantees received	23,562,219	29,645,865
Commitments to third parties	13,771,122	10,797,340
Commitments from third parties	11,699,959	22,598,588
Securities and other items held for safekeeping on behalf of customers	143,768,679	130,158,525
Securities and other items held under custody by the Securities Depository Authority	124,323,617	104,147,633
Other off balance sheet accounts	124,604,829	96,044,863

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2007 Euros '000	2006 Euros '000
Guarantees granted:		
Guarantees	7,422,260	7,693,683
"Stand-by" letter of credit	183,280	159,628
Open documentary credits	275,591	209,767
Bails and indemnities	155,858	260,431
Other liabilities	-	189,825
	8,036,989	8,513,334
Commitments to third parties		
Irrevocable commitments		
Time deposits contracts	1,596,108	1,110,244
Irrevocable credit lines	3,821,477	1,771,008
Securites subscription	46,786	1,067,697
Other irrevocable commitments	318,151	138,096
Revocable commitments		
Revocable credit lines	5,673,652	4,791,573
Bank overdraft facilities	2,314,043	1,918,722
Other revocable commitments	905	-
	13,771,122	10,797,340

Within its normal business, the Group offers certain financial products that traditionally include credit related instruments accounted in off-balance sheet accounts and whose risks are therefore not partially or totally reflected on the consolidated financial statements.

The guarantees granted by the Group might or not might be related with loan transactions, where the Group grants a guarantee in connection with a loan granted to a client by a third entity. According with its specific characteristics it is expected that some of these guarantees expire without being demanded and therefore these transactions do no necessarily represent a cash-outflow.

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited once they are collateralized by the shipped goods and are generally short term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk is limited.

The financial instruments accounted as Guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in note 1c). The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the group in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

Considering their nature, as described above, no material losses are anticipated as a result of these transactions.

43. Assets under management

In accordance with article 29 of Decree-Law 252/03 of October 17, which regulates the investment organisms, the funds managing companies together with the bank, which is the custodian Bank of the Funds, are jointly responsible to all the funds investors, for the compliance of all legal obligations arising from the applicable Portuguese legislation and arising in accordance with the regulations of the funds. The total value of the funds managed by the Group companies is analysed as follows:

	2007 Euros '000	2006 Euros '000
Banco Comercial Português, S.A.	673,447	755,111
Millennium bcp - Gestão de Fundos de Investimento, S.A.	5,175,837	6,804,025
BII Investimentos International, S.A.	650,705	744,925
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	320,233	-
Millennium TFI S.A.	1,435,916	924,934
	8,256,138	9,228,995

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets held in a fiduciary capacity are not included in these financial statements. For certain services are set objectives and levels of return for assets under management. The total assets under management by Group companies is analysed as follows:

	2007 Euros '000	2006 Euros '000
Investment funds	6,168,806	7,391,304
Real-estate investment funds	1,413,885	1,082,580
Wealth management	673,447	755,111
Assets under deposit	133,359,987	117,427,594
	141,616,125	126,656,589

44. Distribution of profit

The distribution of profit of Banco Comercial Português, S.A. is analysed as follows:

	2007 Euros '000	2006 Euros '000
Dividends paid by Banco Comercial Português, S.A.		
Dividends declared and paid related to last year	173,344	132,768
Dividends antecipaded for the current year	133,619	133,619
	306,963	266,387

45. Relevant events occured during 2007

Second issue of covered bonds

In October 2007, Banco Comercial Português, S.A. made the second issue of Covered Bonds, in the amount of Euros 1,000 millions and a maturity of 7 years. This transaction was performed in the scope of the Covered Bonds Programme of the Bank, defined in June.

First issue of Covered Bonds in the european market in the amount of Euros 1,500 million

In June 2007, Banco Comercial Português, S.A. determined the conditions of its first issue of Covered Bonds, in the amount of Euros 1.500 million and a maturity of 10 years.

Banca Millennium, S.A. (Romania)

In February 2007, the Group has set-up Banca Millennium, S.A. (Romania), with a stake of 99.99% of the share capital, corresponding to Euros 39,996,000 (RON 135,486,450), represented by 2,709,729 shares. This entity has started its activity in October 2007.

46. Stock options

In accordance with IFRS 2, share remuneration plans for which the grant date is after 7 November 2002 have to be considered within the transition adjustments to IFRS on 1 January 2004. In 2006, the employee options were exercised, and therefore in March 2006 was celebrated by public deed the share capital increase resulting from the Stock Options Program, which corresponded to a share capital increase of 22,998,229 shares. The plan is analysed as follows:

Beneficiaries:

Employees of the Group that fulfill the following cumulative requirements:

- having received an extraordinary gratification equal or above Euros 6,500 in 2003;
- having a monthly remuneration above Euros 3,500;
- not being excluded form the annual extraordinary gratification plan in the last three years.

Benefit granted:

Attribution of share subscription rights.

Number of employees included and number of rights necessary:

The number of employees included in this program is 565, corresponding to 26,269,755 share subscription rights.

Summary of the plan:

Grant date: 21 April 2003
Number of share subscription rights: 26,269,755
Fair value: Euros 0.24
Exercise date: 1 March 2006

Market value:
Grant date: Euros 6,305,000

In accordance with IFRS 2, the fair value of the stock options granted, determined at the grant date, was recognized in net income, against equity, during the vesting period, considering the market value at the date of atribution. As at the exercise date, this amount was recognized as share premium.

47. Fair value

Fair value is based on market prices, whenever these are available. If market prices are note available, as it happens regarding many products sold to clients, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according with its financial characteristics and the discount rates used include both the interest rate curve and the current conditions of the pricing policy in the Group.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model that, necessarily have some degree of judgement and reflect exclusively the value attributed to different financial instruments. However it does not consider prospective factors, like the future business evolution. Under these conditions, the values presented cannot be understood as an estimate of the economic value of the Group.

The main methods and assumptions used in estimating the fair value for the assets and liabilities of the Group are presented as follows:

Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand and Amounts owed to other credit institutions

Considering the short maturity of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Other loans and advances to credit institutions, Amounts owed to other credit institutions from Inter-bank Money Market transactions and Assets with repurchase agreement

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in identical instruments for each of the different maturities. The discount rate include the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year). As at 31 December 2007, the average discount rate was 4.20% for loans and advances and 4.66% for the deposits. As at 31 December 2006 the rates were 3.75% and 3.96%, respectively.

Financial assets held for trading (except derivatives), Financial liabilities held for trading (except derivatives) and Financial assets available for sale

These financial instruments are accounted at fair value. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Interest rates are determined based on information disseminated by the suppliers of content financial - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar source but regarding interbank money market. The interest rate curve obtained is still calibrated against the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate methods of interpolation. The same interest rate curves are used in the projection of the cash flows not deterministic such as indexes.

As at 31 December 2007, the following table presents the values of the interest rates used in the clearance of the interest rate curve of major currencies, including EUR, USD, GBP and PLN:

	Currencies			
	EUR	**USD**	**GBP**	**PLN**
1 days	4.00%	4.35%	5.55%	5.22%
7 days	3.93%	4.55%	5.59%	5.22%
1 month	4.21%	4.49%	5.95%	5.42%
2 months	4.35%	4.65%	5.84%	5.50%
3 months	4.54%	4.70%	5.89%	5.58%
6 months	4.58%	4.60%	5.83%	5.89%
9 months	4.64%	4.26%	5.76%	5.99%
1 year	4.67%	4.25%	5.69%	6.22%
2 years	4.55%	3.79%	5.22%	6.22%
3 years	4.53%	3.90%	5.14%	6.14%
5 years	4.56%	4.17%	5.09%	6.02%
7 years	4.61%	4.40%	5.06%	5.92%
10 years	4.72%	4.65%	5.01%	5.81%
15 years	4.86%	4.87%	4.92%	
20 years	4.91%	4.96%	4.83%	
30 years	4.89%	5.00%	4.67%	

If there is optionality involved, is used the standard templates (Black & Scholes, Black, Ho and others) considering the areas of volatility apply. Whenever it considers that there are no references market of sufficient quality or that the available models do not apply fully meet the characteristics of the financial instrument, it is applied specific quotations supplied by an external entity, typically a counterparty of the business. In case of shares not listed, they are recognized at historical cost when there is not available a market value and it is not possible to determine reliably its fair value.

Hedging and trading derivatives

All derivatives are recorded at fair value. In case of those who are quoted in organised markets it is used its market price. As for derivatives traded " Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their variability.

Interest rates are determined based on information disseminated by the suppliers of content financial - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar source but regarding interbank money market. The interest rate curve obtained is still calibrated against the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate methods of interpolation. The interest rate curves are used in the projection of the cash flows not deterministic such as indexes. As at 31 December 2007, the following table presents the values of the interest rates used in the clearance of the curve interest rate of major currencies, including EUR, USD, GBP and PLN:

	Currencies			
	EUR	**USD**	**GBP**	**PLN**
1 days	4.00%	4.35%	5.55%	5.22%
7 days	3.93%	4.55%	5.59%	5.22%
1 month	4.21%	4.49%	5.95%	5.42%
2 months	4.35%	4.65%	5.84%	5.50%
3 months	4.54%	4.70%	5.89%	5.58%
6 months	4.58%	4.60%	5.83%	5.89%
9 months	4.64%	4.26%	5.76%	5.99%
1 year	4.67%	4.25%	5.69%	6.22%
2 years	4.55%	3.79%	5.22%	6.22%
3 years	4.53%	3.90%	5.14%	6.14%
5 years	4.56%	4.17%	5.09%	6.02%
7 years	4.61%	4.40%	5.06%	5.92%
10 years	4.72%	4.65%	5.01%	5.81%
15 years	4.86%	4.87%	4.92%	
20 years	4.91%	4.96%	4.83%	
30 years	4.89%	5.00%	4.67%	

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments for each of the homogeneous classes of this type of instrument and with similar maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year) and the actual spread of the Group, which was calculated from the average production of the last three months of the year. For 31 December 2007, the average discount rate was 6.03% and for December 2006 was 5.34%. The calculations also includes the credit risk spread.

Loans and advances to customers without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the existing portfolio are similar to current conditions used by the Bank. Therefore the amount in the balance sheet is a reasonable estimate of its fair value.

Deposits from customers

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in identical instruments with a similar maturity. The discount rate used reflects the actual rates of the Group to this kind of investments and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interes rate swap market, at the end of the year) and the actual spread of the Group, which was calulated from the average prodution of the last three months of the year. For 31 December 2007, average discount rate was of 4.51% and for December 2006 was 2.79%.

Debt securities issued and Subordinated debt

For these financial instruments, the fair value was calculated for components that are not yet reflected in the balance sheet. The instruments that are at fixed rate and for which the Group adopts an accounting policy of "hedge-accounting", the fair value related to the interest rate risk is already recorded.

For the fair value calculation, it were considered other components of risk in addition to the interest rate risk already recorded. The fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted by associated factors, predominantly the credit risk and trading margin, the latter only in the case of issues placed for non-institutional customers of the Group. As original reference, the Group applies the curves resulting from the interest rate swaps markets for each specific currency.

The credit risk (spread credit) is represented by an execess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments. For own emissions placed among non institutional costumers of the Group, it was added one more differential (spread trade), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the commercial network owned. The average reference rates of the curve of income obtained from quotations of the market in EUR and used in the calculation of the fair value of treasury stock was 5.60% for subordinated issues and 5.22% senior and collateralized issues.

For financial liabilities with embedded derivatives separable and for which the Group makes revaluation, the calculation of fair value focused on all the components of these instruments, so that the difference found as at 31 December 2007, in the amount of Euros 33,130,000 (31 December 2006: increase of Euro 31,995,000), which correspond to an increase in financial liabilities, includes a payable amount of Euros 45,371,000 (31 December 2006: Euros 27,092,000) which are recorded in Financial assets and liabilities held for trading and reflect the fair value of derivatives embedded.

The next table shows the main adjustments to the financial assets and liabilities of the Group that do not represent its fair value:

	2007					
	Held for Trading Euros '000	Available for sale Euros '000	Amortized cost Euros '000	Others Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at central banks	-	-	-	1,958,239	1,958,239	1,958,239
Loans and advances to credit institutions						
Repayable on demand	-	-	-	820,699	820,699	820,699
Other loans and advances	-	-	6,482,038	-	6,482,038	6,479,495
Loans and advances to customers	-	-	65,650,449	-	65,650,449	65,868,560
Financial assets held for trading	3,084,892	-	-	-	3,084,892	3,084,892
Financial assets available for sale	-	4,418,534	-	-	4,418,534	4,418,534
Assets with repurchase agreement	-	-	8,016	-	8,016	8,016
Hedging derivatives	131,069	-	-	-	131,069	131,069
Investments in associated companies	-	-	-	316,399	316,399	316,399
	3,215,961	4,418,534	72,140,503	3,095,337	82,870,335	83,085,903
Deposits from central banks	-	-	784,347	-	784,347	784,347
Deposits from other credit institutions	-	-	8,648,135	-	8,648,135	8,577,229
Amounts owed to customers	-	-	39,246,611	-	39,246,611	39,226,885
Debt securities	-	-	26,798,490	-	26,798,490	26,831,620
Financial liabilities held for trading	1,304,265	-	-	-	1,304,265	1,304,265
Other financial liabilities held for trading at fair value through profit or loss	1,755,047	-	-	-	1,755,047	1,755,047
Hedging derivatives	116,768	-	-	-	116,768	116,768
Subordinated debt	-	-	2,925,128	-	2,925,128	2,938,077
	3,176,080	-	78,402,711	-	81,578,791	81,534,238

	2006					
	Held for Trading Euros '000	Available for sale Euros '000	Amortized cost Euros '000	Others Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at central banks	-	-	-	1,679,221	1,679,221	1,679,221
Loans and advances to credit institutions						
Repayable on demand	-	-	-	917,279	917,279	917,279
Other loans and advances	-	-	6,575,060	-	6,575,060	6,573,962
Loans and advances to customers	-	-	56,669,877	-	56,669,877	57,314,989
Financial assets held for trading	2,732,724	-	-	-	2,732,724	2,732,724
Financial assets available for sale	-	4,410,886	-	-	4,410,886	4,410,886
Assets with repurchase agreement	-	-	4,048	-	4,048	4,048
Hedging derivatives	182,041	-	-	-	182,041	182,041
Investments in associated companies	-	-	-	317,610	317,610	317,610
	2,914,765	4,410,886	63,248,985	2,914,110	73,488,746	74,132,760
Deposits from central banks	-	-	539,335	-	539,335	539,335
Deposits from other credit institutions	-	-	12,124,716	-	12,124,716	12,130,314
Amounts owed to customers	-	-	33,244,197	-	33,244,197	33,192,483
Debt securities	-	-	22,687,354	-	22,687,354	22,719,349
Financial liabilities held for trading	873,485	-	-	-	873,485	873,485
Hedging derivatives	121,561	-	-	-	121,561	121,561
Subordinated debt	-	-	2,932,922	-	2,932,922	3,074,682
	995,046	-	71,528,524	-	72,523,570	72,651,209

48. Pensions

The Group assumed the responsibility to pay to their employees, pensions on retirement or disabilities and other responsibilities. These responsabilities also comply with the terms of the 'Acordo Colectivo de Trabalho do Sector Bancário' (ACT). The Group's pension obligations and other responsibilities are covered through the Banco Comercial Português Pension Fund managed by PensõesGere - Sociedade Gestora de Fundo de Pensões, S.A. At 31 December, 2007 and 2006 the number of participants covered by this pension plan is analysed as follows:

	2007	2006
Number of participants		
Pensioners	15,551	15,389
Employees	10,777	10,841
	26,328	26,230

In accordance with the accounting policy, described in note 1 w), the pension obligation and the respective funding for the Group as at 31 December, 2007 and 2006 based on an actuarial valuation made using the projected unit credit method are analysed as follows:

	2007 Euros '000	2006 Euros '000	2005 Euros '000	2004 Euros '000	2003 Euros '000
Projected benefit obligations					
Pensioners	4,525,481	4,466,823	4,256,913	3,738,983	2,873,493
Employees	1,353,257	1,248,536	1,182,435	811,789	836,070
	5,878,738	5,715,359	5,439,348	4,550,772	3,709,563
Seniority premium	53,723	51,526	52,670	52,038	-
Value of the Pension Fund	(5,616,436)	(5,578,010)	(5,015,958)	(3,659,282)	(3,381,528)
Unfunded liabilities	316,025	188,875	476,060	943,528	328,035
Liabilities not coverd by the Pension Fund	(456,598)	(461,376)	(429,796)	(352,098)	(332,758)
(Surplus) / Deficit	(140,573)	(272,501)	46,264	591,430	(4,723)

As at 31 December 2007, the value Projected benefit obligations includes the amount of Euros 336,488,000 (31 December 2006: Euros 298,446,000) related with the obligations with past services for the Complementary Plan which are totally funded.

Following the decision of the Executive Board of Directors dated 21 September 2006, the ‘Complementary Pension Plan’ which was established in the ‘Plano de Pensões do Fundo de Pensões do Grupo Banco Comercial Português’ (Defined benefit), will be funded through a defined contribution. However, the employees hired until the reference date of this decision maintain the benefits that they were entitled to under the previous plan (‘Defined Benefit’). This defined benefit is guaranteed by the Group company to which they are contractually related at the date of retirement.

On this basis, Group companies will, annually, fund the Pension Fund in order to cover this benefit, in case of a deficit. The amount will be determined in accordance with the actuarial valuation performed each year, and funding will be performed annually.

The change in the present value of obligations during 2007 is analysed as follows:

	2007				2006
		Extra-Fund			
	Pension Benefit obligations Euros '000	Seniority premium Euros '000	Other retirement Benefits Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	5,305,509	51,526	409,850	5,766,885	5,492,018
Service cost	73,423	3,479	1,842	78,744	73,871
Interests costs	245,673	2,360	18,828	266,861	254,154
Actuarial (gains) and losses					
Current	75,454	-	(6,202)	69,252	103,827
Arising from changes in actuarial assumptions	16,524	-	(6,261)	10,263	-
Payments	(275,014)	(4,038)	(22,494)	(301,546)	(287,644)
Early retirement programmes	23,779	-	7,312	31,091	121,457
Contributions of employees	11,266	-	-	11,266	11,464
Other charges	(751)	396	-	(355)	(2,262)
Balance as at 31 December	5,475,863	53,723	402,875	5,932,461	5,766,885

The elements of the assets of the Pension Fund are analyzed:

	2007 Euros '000	2006 Euros '000
Variable income securities	2,193,703	2,715,273
Fixed income securities	2,349,589	1,807,489
Premises	653,630	639,678
Others	419,514	415,570
Balance as at 31 December	5,616,436	5,578,010

The balance Premises includes the buildings owned by the Fund and used by the Group companies that as at 31 December 2007, amounted to Euros 383,699,000 (31 December 2006: Euros 368,370,000)

The change in the fair value of assets of the Fund during 2007 and 2006 is analysed as follows:

	2007 Euros '000	2006 Euros '000
Balance as at 1 January	5,578,010	5,015,958
Expected return on plan assets	289,552	262,055
Actuarial gains / (losses)	(80,358)	260,347
Contributions to the Fund	93,731	290,940
Payments	(275,014)	(260,211)
Contributions of employees	11,266	11,464
Other charges	(751)	(2,543)
Balance as at 31 December	5,616,436	5,578,010

The contributions made by the Group to the Pension Fund during 2007 did not result in any significant actuarial gain or loss. The evolution of the fair value of the securities related with those asset contributions made in 2006 and 2005 that resulted in significant actuarial gains or losses in 2007 and 2006 is presented as follows:

			Potential and realized Gains/(Losses)			
			2007		2006	
Issuer	Contribution Year	Contribution Value	Year Euros'000	Acumulated Euros'000	Year Euros'000	Acumulated Euros'000
Friends Provident PLC (i)	2005	82,531,602	(32,333)	(10,428)	14,873	21,905
Comercial Imobiliária (ii)	2005	200,000,000	(2,866)	(115,866)	(113,000)	(113,000)
EDP - Energia de Portugal (i)	2005	164,228,497	49,742	188,705	97,905	138,963
Banca Intesa Spa (i)	2005	486,656,411	(54,799)	187,128	171,248	241,927
EDP - Energia de Portugal (i)	2006	44,225,000	9,135	20,590	17,980	11,455
Banco de Sabadell (i)	2006	20,467,500	(803)	(14,910)	2,205	(14,108)
Banco Sabadell (i)	2006	83,079,500	(2,622)	(64,925)	7,203	(62,304)
			(34,546)	190,294	198,414	224,838

Type:
(i) - shares
(ii) - commercial paper

The securities issued by companies of the Group accounted on the portfolio of the Fund are analysed as follows:

	2007 Euros '000	2006 Euros '000
Fixed income securities	156,068	56,098
Variable income securities	229,107	269,482
	385,175	325,580

The change in the amounts payable to the Pension Fund related with the obligations, during 2007 and 2006 is analysed as follows:

	(Surplus) / Deficit				
	2007				2006
		Extra-Fund			
	Pension Benefit obligations Euros '000	Seniority premium Euros '000	Other retirement Benefits Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	(272,501)	51,526	409,850	188,875	476,060
Service cost	73,423	3,479	1,842	78,744	73,871
Interest costs	245,673	2,360	18,828	266,861	254,154
Cost with early retirement programs	23,779	-	7,312	31,091	121,457
Expected return on plan assets	(289,552)	-	-	(289,552)	(262,055)
Actuarial (gains) and losses					
Current	155,812	-	(6,202)	149,610	(156,520)
Arising from changes in actuarial assumptions	16,524	-	(6,261)	10,263	-
Contributions to the Fund	(93,731)	-	-	(93,731)	(290,940)
Benefits paid	-	(4,038)	(22,494)	(26,532)	(27,433)
Other charges	-	396	-	396	281
Balance as at 31 December	(140,573)	53,723	402,875	316,025	188,875

The contributions to the Pension Fund, made by the companies of the Group, are analysed as follows:

	2007 Euros '000	2006 Euros '000
Shares	-	77,248
Other securities	78,735	213,671
Cash	14,996	21
	93,731	290,940

As at 31 December 2007, the value of the pensions paid by the Pension Fund amounted to Euros 275,119,000 (31 December 2006: Euros 260,211,000).

In accordance with IAS 19, deferred actuarial losses, including the corridor, as at 31 December 2007 are analysed as follows:

	Actuarial losses	
	Corridor Euros '000	Amount in excess of the Corridor Euros '000
Balance as at 1 January 2007	571,536	668,353
Actuarial gains and losses		
Current	-	149,610
Arising from changes in actuarial assumptions	-	10,263
Amortisation of actuarial gains and losses	-	(34,412)
Other variations	-	(12,442)
Variation in the corridor	16,340	(16,340)
Balance as at 31 December 2007	587,876	765,032

As at 31 December 2007, considering the value of the actuarial gains and losses registered in the calculation of the benefit obligations and in the value of the Fund, the value of the corridor calculated in accordance with paragraph 92 of IAS 19, amounted to Euros 587,876,000 (31 December 2006: Euros 571,536,000).

As at 31 December 2007, the net actuarial gains and losses in excess of the corridor amounted to Euros 765,032,000 (31 December 2006: Euros 668,353,000) and will be amortized against staff costs over a 20 year period considering the balance at the beginning of the year, as referred in the accounting policy presented in note 1 w).

In 2007, the Group accounted as pension costs the amount of Euros 135,672,000 (31 December 2006: Euros 256,628,000). The cost of the year is analysed as follows:

	2007			2006
	Pension and other Benefits Costs Euros '000	Seniority premium Euros '000	Total Euros '000	Total Euros '000
Service cost	75,265	3,479	78,744	73,871
Interest costs	264,501	2,360	266,861	254,154
Expected return on plan assets	(289,552)	-	(289,552)	(262,055)
Amortization of actuarial gains and losses	34,412	-	34,412	45,411
Costs with early retirement programs	31,091	-	31,091	121,457
Reversal of the actuarial losses from the responsibilities of early retirement 'curtailment'	13,720	-	13,720	24,647
Other	-	396	396	(857)
Cost of the year	129,437	6,235	135,672	256,628

As referred in note 36, as at 31 December 2007, the Group accounted the amount of Euros 95,139,000, related to the obligations with pensions already recognised in Staff costs, related to previous members of the Board of Directors. The referred obligations are not covered by the Pension Fund of the Group, and correspond to amounts payable by the Group.

Considering the market indicators, particularly the estimations of the inflation and the long term interest rate for Euro Zone as well as the demographic characteristics of the participants, the Group changed the actuarial assumptions used for the calculation of the liabilities for the pension obligations with reference to 31 December 2006. The comparative analysis of the actuarial assumptions is shown as follows:

	Banco Comercial Português Fund	
	2007	2006
Increase in future compensation levels	3.25%	2.75%
Pensions increase rate	2.25%	1.75%
Projected rate of return of fund assets	5.5%	5.5%
Discount rate	5.25%	4.75%
Mortality tables		
Men	TV 73/77 - 1st year	TV 73/77 - 1st year
Women	TV 88/90	TV 88/90
Disability rate	0%	0%
Turnover rate	0%	0%
Costs with health benefits increase rate	6.5%	6.5%

The assumptions used in the calculation of the pension liabilities are in accordance with the requirements of IAS 19. No disability retirements are considered in the calculation of the total liabilities, because it is covered by an insurance policy.

The projected rate of return of the funds assets was determined on a consistent way according with current market conditions and with the nature and return of the plan assets.

Net actuarial losses related to the diference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities for the year ended 31 December 2007 amounted to Euros 159,873,000 (31 December 2006: actuarial gains of Euros 156,520,000) and are analyzed as follows:

	Actuarial (gains) / losses	
	2007 Euros '000	2006 Euros '000
Increase in future compensation levels	38,515	74,827
Increase in pensions	41,000	29,000
Return of fund assets	80,358	(260,347)
	159,873	(156,520)

Health benefit costs have a significant impact in pension costs. Considering this impact we produced a sensitivity analysis to a positive one percent variation in health benefit costs (from 6.5% to 7.5% in 2007) and a negative variation (from 6.5% to 5.5% in 2007) of one percent in health benefit costs, whose impact is analysed as follows:

	Positive variation of 1% (6.5% to 7.5%)		**Negative variation of 1% (6.5% to 5.5%)**	
	2007	**2006**	**2007**	**2006**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Pension cost impact	524	455	(524)	(525)
Liability impact	45,670	38,629	(45,670)	(44,572)

The liabilities with health benefits are fully covered by the Pension Fund and amount to Euros 296,852,000 (31 December 2006: Euros 289,718,000)

The estimated value of contributions to the pension plan in 2008 is Euros 133,686,000 (31 December 2006: Euros 42,165,000).

49. Related parties

The Group grants loans in the ordinary course of its business within the Group and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector (the “ACTV”) which includes substantially all employees of banks operating in Portugal, the Group grants loans to employees at interest rates fixed under the ACTV for each type of loan upon request by the employees.

As of 31 December, 2007, loans to members of the Executive Board of Directors and their direct family members amounted to Euros 111,000 (31 December 2006: Euros: 240,000), which represented 0.01% of shareholders’ equity (31 December 2006: 0.01%). Most of these loans are credit cards expenses, which are totally paid in the next month.

As of 31 December 2007, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders holding, together with their affiliates, 2% or more of the share capital whose holdings in aggregate, together with their affiliates, represent 61.7% of the share capital as of 31 December 2007 (31 December 2006: 43.5%) described in the Executive Board of Directors report, amounted to approximately Euros 2,272,183,000 (31 December 2006: 2,041,803,000). Each of these loans was made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavourable features. From the assessment of impairment which is regularly performed by the Group, impairment in the amount of Euros 54,700,000 (31 December 2006: Euros 30,446,000) has been booked in the financial statements for these loans.

Remunerations to the Executive Board of Directors

The total amount of compensation accrued for the Executive Board of Directors for the financial year ended 31 December 2007 was Euros 15,397,000 (31 December 2006: Euros 26,955,000). Notwithstanding, in 2007, it was reversed, in the profit and loss account, the amount of Euros 16,440,000 related to the accrual made in previous year of pluriannual variable remunerations. In addition, contributions to the pension fund amounted to Euros 6,518,000 for the financial year ended 31 December 2007 (31 December 2006: Euros 5,706,000).

Transactions with the BCP Pension Fund

The Group has made transactions with the Pension Fund, during 2007, that are analyzed as follows:

- Contribution of 77,000,000 bonds BPA Floating 29/09/2049 in the amount of Euros 77,205,000, as referred in note 48 Pensions.

- Contribution of the economic rights related with the shares of Brisal, Lusoscut – A.E. da Beira Litoral and Lusoscut – A.E. Grande Porto, in the amount of Euros 1,530,000, as referred in note 48 Pensions.

Additionally and as referred in note 48 Pensions, other additional contributions were made by the Group in cash, in the amount of Euros 14,997,000. During the year 2007, the Group also sold to the Pension Fund, 23,920,412 shares of Banco Sabadell in the amount of Euros 180,671,000, as referred in notes 7, 22 and 39.

Recovery of loans previously charged-off

During the year 2007 the Group has accounted for a recovery of loans previously charged-off in the amount of Euros 14,300,000 regarding a set of loans to companies related with a member of the family of a member of the Governing Boards.

Retirements of the members of the Executive Board of Directors

In 2007, the Group booked Euros 78,864,000 under staff costs related to the present value of the retirement benefits granted to the members of the Executive Board of Directors, who retired during the year.

Additionally there was a termination of the contracts with three former Board members in functions at 31 December 2007, for which the Group paid the amount of Euros 18,700,000. Considering the amount provisioned and financed at that time related to the liabilities with pensions, the impact in the net income for the year amounted to Euros 12,770,000, which was neutralized by the reversal of the accrual of the pluriannual variable remunerations described above (Euros 16,440,000).

Regarding the retirement and termination of the employment contracts of the former members of the Executive Board of Directors, curtailment costs were accounted in the amount of Euros 16,633,000.

The shareholder and bondholder position of members of the Corporate's Boards, is as follows:

Shareholders / Bondholders	Security	Number of securities at 31/12/2007	Number of securities at 31/12/2006	Changes during 2007 Acquisitions	Changes during 2007 Disposals	Date	Unit Price Euros
Members of Corporate Boards							
Filipe de Jesus Pinhal	BCP shares	3,700,000	3,100,000	25,000		07-Sep-07	3.43
				25,000		10-Sep-07	3.42
				25,000		10-Sep-07	3.26
				25,000		11-Sep-07	3.23
				25,000		12-Sep-07	3.20
				25,000		13-Sep-07	3.19
				25,000		14-Sep-07	3.16
				25,000		17-Sep-07	3.04
				25,000		19-Sep-07	3.09
				25,000		19-Sep-07	3.15
				25,000		20-Sep-07	3.11
				25,000		21-Sep-07	3.04
				25,000		24-Sep-07	3.00
				25,000		25-Sep-07	2.90
				250,000		27-Sep-07	2.82
	Pref. Shares Perp. S. C - BCP Fin. Company	3,500	3,500				
Christopher de Beck	BCP shares	1,344,415	1,344,415				
	Bank Millennium shares (Poland)	95,000	95,000				
António Manuel de Seabra e Melo Rodrigues	BCP shares	2,287,647	2,187,647	100,000		28-Sep-07	2.79
António Manuel P. C. de Castro Henriques	BCP shares	1,710,000	1,414,276	20,074		14-Mar-07	2.70
				20,000		15-Mar-07	2.65
				45,650		15-Mar-07	2.65
				50,000		25-Jul-07	3.58
				100,000		13-Aug-07	3.70
				30,000		27-Sep-07	2.77
				10,000		27-Nov-07	2.98
				10,000		12-Dec-07	2.90
				5,000		14-Dec-07	2.77
				5,000		14-Dec-07	2.78
	Bonds BCP Finance Perp 4,239 eur	400	400				
	BCP Ob Cx Inv.Especial 2007/2009 4ª Em	1,000	0	1.000 (a)		26-Dec-07	50
Alípio Barrosa Pereira Dias	BCP shares	200,000	200,000				
Alexandre Alberto Bastos Gomes	BCP shares	755,045	755,045				
Francisco José Queiroz de Barros de Lacerda	BCP shares	800,000	800,000				
	Bonds BCP F. Bk Altern. World (01/09)	0	25		25	31-Dec-07	127.04
Boguslaw Jerzy Kott	BCP shares	17,500	17,500				
	Bank Millennium shares (Poland)	3,023,174	3,023,174				
	BCP Bonds Cx European Prd Perf Nov/06 08	100	100				
	BCP Ob Cx Inv. Especial 2007/2009 2ª Em	1,600	0	1.600 (a)		04-Dec-07	50
Members of Supervisory Board							
Jorge Manuel Jardim Gonçalves	BCP shares	10,300,000	10,000,000	50,000		10-May-07	3.04
				50,000		11-May-07	3.03
				50,000		14-May-07	2.97
				50,000		15-May-07	3.01
				100,000		27-Sep-07	2.80
	Bonds BCP F. Bk C. Step-Up N. (06/15)	244	244				
	Bonds BCP Finance Perp 4,239 Eur	1,000	1,000				
	Bank Millennium shares (Poland)	10,000	10,000				

Shareholders / Bondholders	Security	Number of securities at 31/12/2007	Number of securities at 31/12/2006	Changes during 2007 Acquisitions	Changes during 2007 Disposals	Changes during 2007 Date	Unit Price Euros
Gijsbert Swalef	BCP shares	217,416	215,871		350	16-Jan-07	2.83
					280	19-Jan-07	2.82
				2,175		29-Jun-07	4.14
António Manuel Ferreira da Costa Gonçalves	BCP shares	4,015,577	4,015,577				
	Bcp bonds Cx Sup Inv Mill II 12/10	2,000	2,000				
Francisco de La Fuente Sánchez	BCP shares	1,780	1,780				
	BCP Bonds Cx Rend. Cresc. Feb 06/08	900	900				
	BCP Bonds Cx TOP 6 May 06/08	1,000	1,000				
	Bonds Cx Aforro Cresct 6% Sep 2006/08	1,600	1,600				
	BCP Bonds Cx Top 10 November 2006/2008	400	400				
	BCP Ob Cx Millennium Cresc Agosto 2010	500	0	500 (a)		13-Sep-07	50
	BCP Ob Cx Multi-Rend Europa Out. 2010	1,500	0	1.500 (a)		16-Oct-07	50
	BCP Obg Cx Inv. Selec. Mundial Nov 07/09	2,000	0	2.000 (a)		27-Nov-07	50
	BCP Obg Cx Inv. Especial 2007/2009 3ª Em	300	0	300 (a)		31-Dec-07	50
João Alberto Pinto Basto	BCP shares	125,186	125,186				
José Eduardo Faria Neiva dos Santos	BCP shares	1,000	0	100		25-May-07	3.51
				900		25-Jul-07	3.62
Keith Satchell	BCP shares	2,900	2,900				
Luís Francisco Valente de Oliveira	BCP shares	62,659	62,659				
Luís de Melo Champalimaud	BCP shares	5,000	5,000				
Mário Branco Trindade	BCP shares	41,085	41,085				
Spouse and Dependent Children							
Teresa Maria A. Moreira Rato Beck	BCP shares	2,433	2,418	15		19-Jul-07	3.98
Rita S.G. Castro Henriques	BCP shares	1,230	1,230				
	Bonds BCP Super Invt. Millen. II /12/10	77	77				
Rosa Amélia Moutinho Martins Barbosa	BCP shares	1,533	1,533				
Maria Ferreira R Teixeira Lacerda	BCP shares	1,000	0	1,000		16-Jul-07	3.98
Maria D'Assunção Jardim Gonçalves	BCP shares	1,221,208	1,221,208				
	Bonds BCP F. CO 5,543 PCT Eur	0	5,000		5.000 (b)	29-Oct-07	
Alexandra Maria Ferreira C. Gonçalves	BCP shares	170,000	170,000				
	BCP Ob Cx Inv. Especial 2007/2009 2ª Em	1,000	0	1.000 (a)		04-Dec-07	50
	BCP Fin Ilin Wr Bask Enhanc X Eur Dec/10	80	0	80 (a)		14-Dec-07	1,000

(a) Subscription.

(b) Internal Deposit / Internal Transfer.

As at 31 December 2007, the Bank had credits over subsidiaries and the Millennium bcp Fortis Group, represented or not by securities, included in the items of Loans and advances to credit institutions and to customers and financial assets held for trading and available for sale, are analysed as follows:

	Loans and advances		Financial assets		
	Credit Institutions Euros '000	Customers Euros '000	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Banco de Investimento Imobiliário, S.A.	2,613,183	-	-	586,757	3,199,940
Banque Privée BCP (Suisse) S.A.	836,827	-	-	-	836,827
BCP Bank & Trust Company (Cayman) Limited	1,302,492	-	-	-	1,302,492
BCP Finance Bank Ltd	491,158	-	19,698	168,538	679,394
Millennium bcp Investimento Group	148,482	-	-	418,999	567,481
Millennium Bank (Greece) Group	1,729,304	-	59,216	-	1,788,520
Banco Millennium Angola, S.A.	31,252	-	-	-	31,252
Millennium Bank, Anonim Sirketi (Turkey)	7,665	-	-	-	7,665
Others	872	710	-	-	1,582
	7,161,235	710	78,914	1,174,294	8,415,153

As at 31 December 2007, the Bank had credits over associated companies, represented or not by securities, included in the items of Loans and advances to credit institutions and to customers, and financial assets held for trading and available for sale, in the amount of Euros 106,647,000.

As at 31 December 2007, the Bank's liabilities with subsidiaries and the Millennium bcp Fortis Group, represented or not by securities, included in items Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt, are analysed as follows:

	Deposits from				
	Credit Institutions Euros '000	Customers Euros '000	Debt Securities Issued Euros '000	Subordinated Debt Euros '000	Total Euros '000
Banco Activobank (Portugal), S.A.	210,146	-	-	-	210,146
Banco de Investimento Imobiliário, S.A.	69,143	546	-	-	69,689
Bank Millennium (Poland) Group	29,646	-	-	-	29,646
Banque Privée BCP (Suisse) S.A.	236,394	83	-	-	236,477
BCP Bank & Trust Company (Cayman) Limited	2,506,883	-	-	-	2,506,883
BCP Finance Bank Ltd	18,213,690	-	-	2,204,817	20,418,507
BCP Finance Company, Ltd	-	2,508	-	1,020,297	1,022,805
BCP Internacional II, S.G.P.S. Sociedade Unipessoal, Lda.	-	172,957	-	-	172,957
BCP Investment, B.V.	-	321,852	-	-	321,852
BitalPart, B.V.	-	1,214	-	-	1,214
BIM - Banco Internacional de Moçambique, S.A.R.L.	111,922	-	-	-	111,922
Millennium bcp Investimento Group	335,145	15,611	275,784	1,415	627,955
Millennium Bank (Greece) Group	893,519	-	-	-	893,519
Millennium bcp - Gestão de Fundos de Investimento, S.A.	-	32,172	-	-	32,172
BCP - Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.	-	230,160	-	-	230,160
Comercial Imobiliária, S.A.	-	13,864	-	-	13,864
Seguros & Pensões Gere, S.G.P.S., S.A.	-	905,974	-	-	905,974
Banco Millennium Angola, S.A.	12,790	-	-	-	12,790
Millennium bcp - Prestação de Serviços, A.C.E.	-	4,774	-	-	4,774
Millennium bcp Fortis Group	-	156,133	-	-	156,133
Others	690	1,099	-	-	1,789
	22,619,968	1,858,947	275,784	3,226,529	27,981,228

As at 31 December 2007, the Bank's liabilities with associated companies, represented or not by securities, included in items Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt, in the amount of Euros 23,794,000.

As at 31 December 2007, the income generated by the Bank on inter-company transactions with subsidiaries, included in the items of Interest income, Commissions, Other operating income and Gains arising from trading activity, are analysed as follows:

	Interest income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Gains arising from trading activity Euros '000	Total Euros '000
Banco Activobank (Portugal), S.A.	-	-	6	1,193	1,199
Banco de Investimento Imobiliário, S.A.	224,633	6,284	182	1,549	232,648
Bank Millennium (Poland) Group	-	-	-	3,283	3,283
Banque Privée BCP (Suisse) S.A.	27,379	-	-	-	27,379
BCP Bank & Trust Company (Cayman) Limited	47,758	-	-	20,131	67,889
BCP Finance Bank Ltd	25,994	-	-	206,284	232,278
Millennium Bank, Anonim Sirketi (Turkey)	157	-	-	37,335	37,492
BitalPart, B.V.	2,084	-	-	-	2,084
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	2,904	-	2,904
Millennium bcp Investimento Group	51,403	-	1,058	45,148	97,609
Millennium Bank (Greece) Group	48,335	-	-	6,560	54,895
Millennium bcp - Gestão de Fundos de Investimento, S.A.	-	31,194	381	-	31,575
Comercial Imobiliária, S.A.	8,628	-	-	-	8,628
Seguros & Pensões Gere, S.G.P.S., S.A.	4,693	-	-	-	4,693
Millennium bcp - Prestação de Serviços, A.C.E.	1,289	-	14,958	-	16,247
Millennium bcp Fortis Group	-	-	51,855	-	51,855
Others	1,091	60	102	-	1,253
	443,444	37,538	71,446	321,483	873,911

As at 31 December 2007, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in items Interest expense, Commissions, Administrative costs and Losses arising from trading activity, are analysed as follows:

	Interest expense Euros '000	Commissions costs Euros '000	Administrative costs Euros '000	Losses arising from trading activity Euros '000	Total Euros '000
Banco Activobank (Portugal), S.A.	8,297	93	(105)	865	9,150
Banco de Investimento Imobiliário, S.A.	6,076	6,048	419	483	13,026
Bank Millennium (Poland) Group	858	-	-	2,281	3,139
Banque Privée BCP (Suisse) S.A.	5,084	-	-	-	5,084
BCP Bank & Trust Company (Cayman) Limited	117,684	-	-	32,430	150,114
BCP Finance Bank Ltd	949,070	-	-	214,976	1,164,046
BCP Finance Company, Ltd	49,589	-	-	-	49,589
BCP Internacional II, S.G.P.S. Sociedade Unipessoal, Lda.	1,811	-	-	-	1,811
BCP Investment, B.V.	18,259	-	-	-	18,259
Millennium Bank, Anonim Sirketi (Turkey)	462	-	-	32,086	32,548
Millennium BCPBank	272	-	187	446	905
BIM - Banco Internacional de Moçambique, S.A.R.L.	5,905	-	-	-	5,905
Millennium bcp Investimento Group	53,878	-	-	42,932	96,810
Millennium Bank (Greece) Group	21,371	2,689	-	3,988	28,048
Seguros & Pensões Gere, S.G.P.S., S.A.	32,097	-	-	-	32,097
Banco Millennium Angola, S.A.	1,985	-	-	-	1,985
Millennium bcp - Prestação de Serviços, A.C.E.	163	-	129,602	-	129,765
Millennium bcp Fortis Group	-	-	9,104	-	9,104
Pinto Totta International Finance	4,128	-	-	-	4,128
Others	353	-	(49)	-	304
	1,277,342	8,830	139,158	330,487	1,755,817

The inter-company balances and transactions are eliminated on consolidation, as referred in note 1 b).

50. Segmental reporting

Millennium bcp offers a wide range of banking activities and financial services in Portugal and abroad, with special focus on Commercial Banking, Corporate and Investment Banking and Private Banking and Asset Management.

Segments description

Commercial Banking is the dominant business in the Group's activity, both in terms of volumes and contribution to results. The Commercial Banking activity includes the Millennium bcp's network in Portugal, operating as a marketing and distribution channel targeting the segments of Retail Banking and Companies, focusing the activity on satisfying customers' financial needs, both individual and companies. The Commercial Banking also includes the segment of Foreign Business, operating through several banking operations in markets with affinity to Portugal and in markets of recognised growth potential, in Europe and in other regions.

The strategy approach of Retail Banking in Portugal, was set to target mass market customers, who appreciate a value proposition based on innovation and speed, and affluent customers and small businesses, who for their specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring attendance through a dedicated Account Manager. Within the scope of the cross-selling strategy, the Retail Banking also acts as a distribution channel for financial products and services of Millennium bcp business as a whole.

The Companies segment includes the Companies network in Portugal, which covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, focused on innovation and on an overall offer of traditional banking products complemented by specialised financing, and the activity of the Bank's Internacional Department.

The Foreign Business comprises the operations carried out outside Portugal, namely in Poland, Greece, Turkey, Romania, Mozambique, Angola and United States. The Group is represented by a universal bank in Poland and by an operation based on the innovation of products and services in Greece. The Group also operates in Turkey, through an operation focused on financial advising, and Romania, through a greenfield operation launched in 2007, focused on mass market and businesses, companies and affluents. All the above operations develop their activities under the same commercial brand of Millennium bank. Outside Europe, the Group is represented in Mozambique by Millennium bim, a universal bank targeting both companies and individual customers, in Angola by Millennium Angola, a bank focused on individuals and public and private sector companies and institutions, and in the United States by Millennium bcpbank, a local bank that serves the local population, namely the Portuguese community.

The Corporate and Investment Banking segment includes the Corporate network in Portugal, dedicated to corporate and institutional customers with an annual turnover in excess of 100 million euros, providing a complete range of value added products and services, and includes the Investment Banking business, which is undertaken essentially by Millennium investment banking, a company specialised in capital markets, in providing strategic and financial advisory, specialised financial services of project finance, corporate finance, securities brokerage and equity research, as well as in structuring risk-hedging derivatives products.

The Private Banking and Asset Management activity comprises the Private Banking network in Portugal, the Banque Privée BCP, a private banking platform incorporated under Swiss law, the ActivoBank7, a universal Bank, focusing on brokerage and on the selection and counselling of long-term investment products, and the subsidiary companies specialized in the asset management business.

The segment Other includes the centralized management of shareholdings and the remaining corporate activities and operations that are not included in the business segments, namely the bancassurance activity, a joint-venture with the Belgian-Dutch Group Fortis, and the remaining amounts not allocated to the segments.

Business Segments Activity in 2007

The figures reported for each segment result from aggregating the subsidiaries and business units integrated in each segment, including the impacts arising from the capital allocation and from the balancing process of each entity's level, both at balance sheet and income statement, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

Each segment's net contribution reflects the individual results reached by business units, independently from the percentage held by the Group, including the impacts of the funds transfers mentioned above. The following information is based on financial statements prepared according to IFRS and on the organizational model in place at Millennium bcp. In June, 2007, the business booked at Banco de Investimento Imobiliário was allocated to the business areas that manage the respective clients (Domestic Retail Banking, Private Banking and Asset Management, Companies and Corporate and Investment Banking). At the same time, some securities portfolios previously included in Corporate and Investment Banking were allocated to new owners, namely Companies and Corporate Areas.

Geographical Segments

The Group operates with special emphasis in the Portuguese and Polish markets, and also in a few affinity markets. Considering this, the geographical segments include Portugal, Poland, Greece and Other. The segment Portugal reflects, essentially, the activities carried out by Millennium bcp in Portugal, Millennium investment banking, ActivoBank7 and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland) while the segment Greece contains the activity of Millennium Bank (Greece). The segment Other comprises the Group's operations not included in the remaining segments, namely the activities developed in other countries, such as Turkey, Romania, United States, Mozambique and Angola.

At 31 December 2007, the net contribution of the major business segments is analysed as follows:

	Commercial Banking					Private		
	Retail Banking	Companies	Foreign Business	Total	Corporate and Investment Banking	Banking and Asset Management	Other	Consolidated
Income statement								
Interest income	2,009,189	638,084	901,186	3,548,459	738,733	176,425	(131,430)	4,332,187
Interest expense	(1,001,508)	(423,714)	(502,396)	(1,927,618)	(578,140)	(124,329)	(164,797)	(2,794,884)
Net interest income	1,007,681	214,370	398,790	1,620,841	160,593	52,096	(296,227)	1,537,303
Commissions and other income	440,190	90,377	300,310	830,877	130,807	129,958	82,806	1,174,448
Commissions and other costs	(26,456)	(5,605)	(71,958)	(104,019)	(11,124)	(51,283)	(197,000)	(363,426)
Net commissions and other income	413,734	84,772	228,352	726,858	119,683	78,675	(114,194)	811,022
Net gains arising from trading activity	-	-	116,583	116,583	64,373	167	(78,996)	102,127
Staff costs and administrative costs	737,324	79,278	481,230	1,297,832	91,235	66,528	178,084	1,633,679
Depreciations	1,489	124	45,499	47,112	286	526	66,972	114,896
Operating costs	738,813	79,402	526,729	1,344,944	91,521	67,054	245,056	1,748,575
Impairment and provisions	(108,764)	(27,724)	(41,169)	(177,657)	(2,624)	(6,981)	(167,836)	(355,098)
Share of profit of associates under the equity method	-	-	-	-	(560)	-	51,775	51,215
Net gain from the sale of other assets	-	-	-	-	-	-	290,222	290,222
Profit before income tax	573,838	192,016	175,827	941,681	249,944	56,903	(560,312)	688,216
Income tax	(152,067)	(50,884)	(34,540)	(237,491)	(59,281)	(11,119)	238,321	(69,570)
Profit after income tax	421,771	141,132	141,287	704,190	190,663	45,784	(321,991)	618,646
Consolidated profit for the year attributable to:								
Shareholders of the Bank	421,771	141,132	91,766	654,669	190,663	45,784	(327,829)	563,287
Minority interests	-	-	49,521	49,521	-	-	5,838	55,359
Balance sheet								
Cash and Loans and advances to credit institutions	3,630,073	1,336,154	2,363,853	7,330,080	7,361,470	779,275	(6,209,849)	9,260,976
Loans and advances to customers	33,639,040	10,244,448	11,446,889	55,330,377	9,589,156	3,270,376	(2,539,460)	65,650,449
Financial assets available for sale	20,532	461,513	639,717	1,121,762	2,614,252	2,931	679,589	4,418,534
Other assets	1,093,914	64,790	1,775,077	2,933,781	1,703,751	44,840	4,153,830	8,836,202
Total Assets	38,383,559	12,106,905	16,225,536	66,716,000	21,268,629	4,097,422	(3,915,890)	88,166,161
Deposits from others credit institutions	6,725,533	2,943,412	3,940,872	13,609,817	5,281,137	1,326,046	(10,784,518)	9,432,482
Deposits from customers	17,961,264	1,772,147	10,181,547	29,914,958	3,058,557	1,832,031	4,441,065	39,246,611
Debt securities issued	11,069,611	6,245,417	642,434	17,957,462	8,137,978	648,604	54,446	26,798,490
Other liabilities	1,393,135	512,533	919,906	2,825,574	3,771,637	147,332	1,044,780	7,789,323
Total Liabilities	37,149,543	11,473,509	15,684,759	64,307,811	20,249,309	3,954,013	(5,244,227)	83,266,906
Equity and minority interests	1,234,016	633,396	540,777	2,408,189	1,019,320	143,409	1,328,337	4,899,255
Total Liabilities, Equity and minority interests	38,383,559	12,106,905	16,225,536	66,716,000	21,268,629	4,097,422	(3,915,890)	88,166,161

At 31 December 2006, the net contribution of the major business segments is analysed as follows:

	Commercial Banking					Private		
	Retail Banking	Companies	Foreign Business	Total	Corporate and Investment Banking	Banking and Asset Management	Other	Consolidated
Income statement								
Interest income	1,403,068	446,301	688,975	2,538,344	503,885	116,539	208,333	3,367,101
Interest expense	(522,021)	(253,235)	(348,768)	(1,124,024)	(396,619)	(74,468)	(341,230)	(1,936,341)
Net interest income	881,047	193,066	340,207	1,414,320	107,266	42,071	(132,897)	1,430,760
Commissions and other income	478,816	83,294	239,584	801,694	112,257	110,356	90,150	1,114,457
Commissions and other costs	(40,779)	(7,250)	(67,881)	(115,910)	(9,721)	(44,532)	(68,713)	(238,876)
Net commissions and other income	438,037	76,044	171,703	685,784	102,536	65,824	21,437	875,581
Net gains arising from trading activity	-	-	104,484	104,484	120,160	73	170,201	394,918
Staff costs and administrative costs	780,603	85,021	416,329	1,281,953	83,955	67,193	180,890	1,613,991
Depreciations	1,485	136	39,456	41,077	333	508	69,574	111,492
Operating costs	782,088	85,157	455,785	1,323,030	84,288	67,701	250,464	1,725,483
Impairment and provisions	(58,983)	(26,752)	(27,730)	(113,465)	2,748	(3,162)	(41,403)	(155,282)
Share of profit of associates under the equity method	-	-	302	302	(290)	-	42,035	42,047
Net gain from the sale of other assets	-	-	-	-	-	-	131,383	131,383
Profit before income tax	478,013	157,201	133,181	768,395	248,132	37,105	(59,708)	993,924
Income tax	(131,453)	(43,230)	(26,069)	(200,752)	(69,696)	(7,197)	122,820	(154,825)
Profit after income tax	346,560	113,971	107,112	567,643	178,436	29,908	63,112	839,099
Consolidated profit for the year attributable to:								
Shareholders of the Bank	346,560	113,971	60,501	521,032	178,436	29,908	57,739	787,115
Minority interests	-	-	46,611	46,611	-	-	5,373	51,984
Balance sheet								
Cash and Loans and advances to credit institutions	3,392,170	1,264,928	1,833,842	6,490,940	5,399,334	659,241	(3,377,955)	9,171,560
Loans and advances to customers	26,840,247	8,870,391	7,861,654	43,572,292	8,565,338	2,600,177	1,932,070	56,669,877
Financial assets available for sale	-	-	1,156,422	1,156,422	2,850,217	2,853	401,394	4,410,886
Other assets	1,105,052	68,091	1,486,013	2,659,156	2,314,612	52,396	3,766,980	8,793,144
Total Assets	31,337,469	10,203,410	12,337,931	53,878,810	19,129,501	3,314,667	2,722,489	79,045,467
Deposits from others credit institutions	4,592,473	2,064,471	2,894,709	9,551,653	5,746,446	971,549	(3,605,597)	12,664,051
Deposits from customers	16,160,218	1,710,991	7,641,183	25,512,392	3,175,298	1,565,154	2,991,353	33,244,197
Debt securities issued	8,083,772	5,340,157	601,489	14,025,418	7,644,521	496,610	520,805	22,687,354
Other liabilities	1,492,564	546,026	806,292	2,844,882	1,799,002	162,521	788,799	5,595,204
Total Liabilities	30,329,027	9,661,645	11,943,673	51,934,345	18,365,267	3,195,834	695,360	74,190,806
Equity and minority interests	1,008,442	541,765	394,258	1,944,465	764,234	118,833	2,027,129	4,854,661
Total Liabilities, Equity and minority interests	31,337,469	10,203,410	12,337,931	53,878,810	19,129,501	3,314,667	2,722,489	79,045,467

At 31 December 2007, the net contribution of the major geografic segments is analysed as follows:

	Portugal									
	Retail Banking	**Companies**	**Corporate and Investment Banking**	**Private Banking and Asset Managment**	**Other**	**Total**	**Poland**	**Greece**	**Other**	**Consolidated**
Income statement										
Interest income	2,009,189	638,084	738,733	176,425	(131,430)	3,431,001	425,225	270,742	205,219	4,332,187
Interest expense	(1,001,508)	(423,714)	(578,140)	(124,329)	(164,797)	(2,292,488)	(241,098)	(160,413)	(100,885)	(2,794,884)
Net interest income	1,007,681	214,370	160,593	52,096	(296,227)	1,138,513	184,127	110,329	104,334	1,537,303
Commissions and other income	440,190	90,377	130,807	129,958	82,806	874,138	189,766	48,498	62,046	1,174,448
Commissions and other costs	(26,456)	(5,605)	(11,124)	(51,283)	(197,000)	(291,468)	(31,361)	(15,365)	(25,232)	(363,426)
Net commissions and other income	413,734	84,772	119,683	78,675	(114,194)	582,670	158,405	33,133	36,814	811,022
Net gains arising from trading activity	-	-	64,373	167	(78,996)	(14,456)	87,399	7,478	21,706	102,127
Staff costs and administrative costs	737,324	79,278	91,235	66,528	178,084	1,152,449	254,459	104,732	122,039	1,633,679
Depreciations	1,489	124	286	526	66,972	69,397	22,995	7,752	14,752	114,896
Operating costs	738,813	79,402	91,521	67,054	245,056	1,221,846	277,454	112,484	136,791	1,748,575
Impairment and provisions	(108,764)	(27,724)	(2,624)	(6,981)	(167,836)	(313,929)	(17,744)	(14,963)	(8,462)	(355,098)
Share of profit of associates under the equity method	-	-	(560)	-	51,775	51,215	-	-	-	51,215
Net gain from the sale of other assets	-	-	-	-	290,222	290,222	-	-	-	290,222
Profit before income tax	573,838	192,016	249,944	56,903	(560,312)	512,389	134,733	23,493	17,601	688,216
Income tax	(152,067)	(50,884)	(59,281)	(11,119)	238,321	(35,030)	(28,738)	(6,048)	246	(69,570)
Profit after income tax	421,771	141,132	190,663	45,784	(321,991)	477,359	105,995	17,445	17,847	618,646
Consolidated profit for the year attributable to:										
Shareholders of the Bank	421,771	141,132	190,663	45,784	(327,829)	471,521	69,438	17,445	4,883	563,287
Minority interests	-	-	-	-	5,838	5,838	36,557	-	12,964	55,359
Balance sheet										
Cash and Loans and advances to credit institutions	3,630,073	1,336,154	7,361,470	779,275	(6,209,849)	6,897,123	643,676	1,205,277	514,900	9,260,976
Loans and advances to customers	33,639,040	10,244,448	9,589,156	3,270,376	(2,539,460)	54,203,560	6,128,922	3,966,430	1,351,537	65,650,449
Financial assets available for sale	20,532	461,513	2,614,252	2,931	679,589	3,778,817	528,640	13,358	97,719	4,418,534
Other assets	1,093,914	64,790	1,703,751	44,840	4,153,830	7,061,125	1,142,828	160,550	471,699	8,836,202
Total Assets	38,383,559	12,106,905	21,268,629	4,097,422	(3,915,890)	71,940,625	8,444,066	5,345,615	2,435,855	88,166,161
Deposits from others credit institutions	6,725,533	2,943,412	5,281,137	1,326,046	(10,784,518)	5,491,610	1,632,362	1,949,837	358,673	9,432,482
Deposits from customers	17,961,264	1,772,147	3,058,557	1,832,031	4,441,065	29,065,064	5,792,838	2,568,618	1,820,091	39,246,611
Debt securities issued	11,069,611	6,245,417	8,137,978	648,604	54,446	26,156,056	236,949	405,485	-	26,798,490
Other liabilities	1,393,135	512,533	3,771,637	147,332	1,044,780	6,869,417	495,372	238,668	185,866	7,789,323
Total Liabilities	37,149,543	11,473,509	20,249,309	3,954,013	(5,244,227)	67,582,147	8,157,521	5,162,608	2,364,630	83,266,906
Equity and minority interests	1,234,016	633,396	1,019,320	143,409	1,328,337	4,358,478	286,545	183,007	71,225	4,899,255
Total Liabilities, Equity and minority interests	38,383,559	12,106,905	21,268,629	4,097,422	(3,915,890)	71,940,625	8,444,066	5,345,615	2,435,855	88,166,161

At 31 December 2006, the net contribution of the major geografic segments is analysed as follows:

	Portugal									
	Retail Banking	**Companies**	**Corporate and Investment Banking**	**Private Banking and Asset Managment**	**Other**	**Total**	**Poland**	**Greece**	**Other**	**Consolidated**
Income statement										
Interest income	1,403,068	446,301	503,885	116,539	208,333	2,678,126	298,727	178,175	212,073	3,367,101
Interest expense	(522,021)	(253,235)	(396,619)	(74,468)	(341,230)	(1,587,573)	(175,663)	(81,261)	(91,844)	(1,936,341)
Net interest income	881,047	193,066	107,266	42,071	(132,897)	1,090,553	123,064	96,914	120,229	1,430,760
Commissions and other income	478,816	83,294	112,257	110,356	90,150	874,873	130,622	36,338	72,624	1,114,457
Commissions and other costs	(40,779)	(7,250)	(9,721)	(44,532)	(68,713)	(170,995)	(34,388)	(12,658)	(20,835)	(238,876)
Net commissions and other income	438,037	76,044	102,536	65,824	21,437	703,878	96,234	23,680	51,789	875,581
Net gains arising from trading activity	-	-	120,160	73	170,201	290,434	92,383	6,322	5,779	394,918
Staff costs and administrative costs	780,603	85,021	83,955	67,193	180,890	1,197,662	201,875	88,413	126,041	1,613,991
Depreciations	1,485	136	333	508	69,574	72,036	15,768	6,978	16,710	111,492
Operating costs	782,088	85,157	84,288	67,701	250,464	1,269,698	217,643	95,391	142,751	1,725,483
Impairment and provisions	(58,983)	(26,752)	2,748	(3,162)	(41,403)	(127,552)	(10,165)	(10,624)	(6,941)	(155,282)
Share of profit of associates under the equity method	-	-	(290)	-	42,035	41,745	-	-	302	42,047
Net gain from the sale of other assets	-	-	-	-	131,383	131,383	-	-	-	131,383
Profit before income tax	478,013	157,201	248,132	37,105	(59,708)	860,743	83,873	20,901	28,407	993,924
Income tax	(131,453)	(43,230)	(69,696)	(7,197)	122,820	(128,756)	(15,824)	(6,867)	(3,378)	(154,825)
Profit after income tax	346,560	113,971	178,436	29,908	63,112	731,987	68,049	14,034	25,029	839,099
Consolidated profit for the year attributable to:										
Shareholders of the Bank	346,560	113,971	178,436	29,908	57,739	726,614	34,025	14,034	12,442	787,115
Minority interests	-	-	-	-	5,373	5,373	34,024	-	12,587	51,984
Balance sheet										
Cash and Loans and advances to credit institutions	3,392,170	1,264,928	5,399,334	659,241	(3,377,955)	7,337,718	552,388	832,215	449,239	9,171,560
Loans and advances to customers	26,840,247	8,870,391	8,565,338	2,600,177	1,932,070	48,808,223	3,892,067	2,885,377	1,084,210	56,669,877
Financial assets available for sale	-	-	2,850,217	2,853	401,394	3,254,464	767,077	29,533	359,812	4,410,886
Other assets	1,105,052	68,091	2,314,612	52,396	3,766,980	7,307,131	1,207,086	130,779	148,148	8,793,144
Total Assets	31,337,469	10,203,410	19,129,501	3,314,667	2,722,489	66,707,536	6,418,618	3,877,904	2,041,409	79,045,467
Deposits from others credit institutions	4,592,473	2,064,471	5,746,446	971,549	(3,605,597)	9,769,342	1,775,970	988,356	130,383	12,664,051
Deposits from customers	16,160,218	1,710,991	3,175,298	1,565,154	2,991,353	25,603,014	4,011,099	1,939,809	1,690,275	33,244,197
Debt securities issued	8,083,772	5,340,157	7,644,521	496,610	520,805	22,085,865	1,489	600,000	-	22,687,354
Other liabilities	1,492,564	546,026	1,799,002	162,521	788,799	4,788,912	431,423	216,771	158,098	5,595,204
Total Liabilities	30,329,027	9,661,645	18,365,267	3,195,834	695,360	62,247,133	6,219,981	3,744,936	1,978,756	74,190,806
Equity and minority interests	1,008,442	541,765	764,234	118,833	2,027,129	4,460,403	198,637	132,968	62,653	4,854,661
Total Liabilities, Equity and minority interests	31,337,469	10,203,410	19,129,501	3,314,667	2,722,489	66,707,536	6,418,618	3,877,904	2,041,409	79,045,467

51. Risk Management

The Group is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally considering the specific risks of each business.

The Group's risk-management policy is designed to ensure adequate relationship at all times between its own funds and the business it carries on, and also to evaluate the risk/return profile by business line.

In this connection, monitoring and control of the main types of financial risk – credit, market, liquidity and operational – to which the Group's business is subject are of particular importance.

Main Types of Risk

Credit – Credit risk is associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterparty to an agreement to fulfil their obligations.

Market – Market risk reflects the potential loss inherent in a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations that exist between them and the respective volatility.

Liquidity – Liquidity risk reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).

Operational – Operational risk is understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems, and also the potential losses resulting from external events.

Internal Organisation

The Banco Comercial Português Executive Board of Directors is responsible for the definition of the risk policy, including approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The General and Supervisory Board, through the Audit and Risk Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity. At the proposal of the Banco Comercial Português Executive Board of Directors, the General and Supervisory Board is also charged with approving the risk-tolerance level acceptable to the Group.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business. This Committee has four sub-committees, the Credit Risk, the Market and Liquidity, the Operational Risk and the Pension Fund Monitoring Sub-Committees.

The Group Risk Officer is responsible for the control of risks in every Group entity, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. He is also charged with keeping the Risk Committee informed of the Group’s level of risk, proposing measures for its control and implementing the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally at Risk Sub-Committee level, and they are provided with Risk Office structures whose dimension is in accordance with the risks inherent in their particular business. A Risk Control Committee has been set up at each subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

Risk Evaluation and Management Model

For purposes of profitability analysis and quantification and control of risks, each entity is divided into the following management areas:

- Trading: involves those positions whose objective is to obtain short-term gains through sale or revaluation. These positions are actively managed, are tradable without restriction and may be valued frequently and precisely, including the securities and sales derivatives and ALCO’s (Asset and Liability Management Comittee) specific portfolios;
- Financing and hedging: involves the Bank’s institutional financing and acts as the intermediary in those hedging operations that are carried out;
- Investment: includes those positions in securities to be held during a longer period of time or those that are not tradable on liquid markets;
- Commercial: deals with commercial activity with customers;
- Structural: deals with balance sheet elements or operations that, because of their nature, are not directly related with any of the other areas;
- ALM: is the function of managing assets and liabilities.

The overhaul undertaken of the management areas allows effective separation of the management of the trading and banking portfolios.

Risk assessment

Credit Risk

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. To this end, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk. The Rating Master Scale also identifies those customers showing worsening credit capacity and, in particular, those classified as being in default in keeping with the new Basel II Accord.

All the rating and scoring models used by the Group are being duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as the lynchpin of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralisation of loans and more adequate pricing of the risk incurred.

The Group has made significant alterations to the decision process in order to ensure greater consistency and efficiency in decision taking.

To quantify the credit risk at the level of the various portfolios, the Group has developed a model based on an actuarial approach, which provides the probability distribution of total loss. In addition to the Probability of Default (PD) and of the Amount of the Loss Given Default (LGD) as the focal points, consideration is also given to the uncertainty associated with the development of these parameters, through the introduction of the respective volatility. The effects of diversification and/or concentration between the sectors of the loan portfolios are quantified by introducing the respective correlations.

Market Risks

The main yardstick used by the Group in evaluating the market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and a unilateral statistical confidence interval of 99%. In calculating the volatility associated with each risk vector, the model assumes a greater weighting for the market conditions seen in the more recent days, thus ensuring more accurate adjustment to market conditions.

A specific risk evaluation model is also applied to securities and associated derivatives. With the necessary adjustments, this model follows regulatory standard methodology.

The following table shows these major indicators for the year 2007:

	Euros '000				
	29-Dec-06	**30-Mar-07**	**29-Jun-07**	**28-Sep-07**	**31-Dec-07**
Global Risk	19,182	18,900	15,437	8,276	7,812
Of which:					
Generic Risk (VaR)	3,278	3,300	3,374	3,958	3,651
Specific Risk	15,904	15,600	11,989	3,563	3,835

Capital at risk values are determined both on an individual basis for each one of the position portfolios of those areas having responsibilities in risk taking and management and also in consolidated terms, taking into account the effects of diversification between the various portfolios.

To ensure that the VaR adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a backtesting process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

Two other complementary measures are used: a measure for the non-linear risk, at a confidence level of 99% and a standard measure for the commodities risk.

Evaluation of the interest-rate risk originated by the banking portfolio is performed via a risk-sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet.

In this analysis consideration is given to the financial characteristics of the contracts available on the information systems. On the basis of these data the respective expected cash flows are projected in accordance with the repricing dates.

Aggregation of the expected cash flows for each time interval for each of the currencies under analysis allows determination of the interest-rate gaps per repricing period.

The interest-rate sensitivity of the balance in each currency is calculated through the difference between the present value of the interest-rate mismatch after discounting the market interest rates and the discounted value of the same cash flows parallel shift of the market interest rates.

The following table shows the expected impact on the Banking Book Economic Value due to parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, on each of the main currencies:

		2007		Euros '000
Currency	**- 200 pb**	**- 100 pb**	**+ 100 pb**	**+ 200 pb**
CHF	3,642	1,763	(1,658)	(3,218)
EUR	(174,004)	(85,167)	81,573	159,666
PLN	18,919	9,340	(9,111)	(18,004)
USD	17,090	11,184	(7,326)	(10,934)
TOTAL	(134,353)	(62,880)	63,478	127,510

		2006		Euros '000
Currency	**- 200 pb**	**- 100 pb**	**+ 100 pb**	**+ 200 pb**
CHF	4,162	2,015	(1,894)	(3,677)
EUR	(175,088)	(85,698)	82,081	160,661
PLN	36,772	18,154	(17,709)	(34,993)
USD	45,746	29,935	(19,609)	(29,268)
TOTAL	(88,408)	(35,594)	42,869	92,723

Each month the Group undertakes hedging operations on the market with a view to reducing the interest-rate mismatch of the risk positions associated with the portfolio of transactions belonging to the commercial and structural areas.

Liquidity risk

Evaluation of the Group's liquidity risk is carried out using indicators defined by the Supervisory Authorities on a regular basis and other internal metrics for which exposure limits are also defined.

The evolution of the Group's liquidity situation for short-term time horizons (up to 3 months) is reviewed daily on the basis of two indicators defined in-house, immediate liquidity and quarterly liquidity. These measure the maximum fund-taking requirements that could arise on a single day, considering the cash-flow projections for periods of 3 days and of 3 months, respectively.

Calculation of these indicators involves adding to the liquidity position of the day under analysis the estimated future cash flows for each day of the respective time horizon (3 days or 3 months) for the transactions as a whole brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, for their dimension, have to be quoted by the Trading Room. To the value thus calculated the amount of assets in the Bank's securities portfolio considered highly liquid is added, leading to determination of the liquidity gap accumulated for each day of the period under review.

In parallel, the evolution of the Group's liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, with a view to decisions being taken leading to the upkeep of financing conditions adequate to the continuation of the business. In adition, the Market and Liquidity Risks Sub-Committee is responsible for controlling the liquidity risk. This control is reinforced with the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries, fulfil its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

Operational Risk

The approach to operational risk management is based on the business and support end-to-end processes. Process management is the responsibility of the Process Owners, who are the main parties responsible for evaluation of the risks and for strengthening the performance within the scope of their processes. The Process Owners are responsible for keeping up to date all the relevant documentation concerning the processes, for ensuring the real adequacy of all the existing controls through direct supervision or by delegation on the departments responsible for the controls in question, for co-ordinating and taking part in the risk self-assessment exercises, and for detecting and implementing improvement opportunities, including mitigating measures for the more significant exposures.

In the operational risk model implemented in the Group, there is a systematic process of gathering information on operational losses, that defines on a systematic form, the causes and the efects associated to an eventual detected loss. From the analises of the historical information and its relationships, processes involving greater risk are identified and mitigated measures are launched to reduce the critical exposures.

52. Solvency

The own funds of Banco Comercial Português are determined according with the applicable regulatory rules, namely Regulation 12/92 from the Bank of Portugal. The total own funds result from the sum of the core own funds (Tier 1) and the complementary own funds (Tier 2) and the subtraction of the component Deductions.

The core own funds include the paid-up capital and the share premium, the reserves and the retained earnings, the minority interests and the deferred impacts associated with the transition adjustments to the International Financial Reporting Standards, that have started in 2005 and will last until 2011. The preference shares are also considered in the core own funds, according with the Bank of Portugal as long as they are not higher than the limit defined by that entity for the total amount of that aggregate, determined before the deduction related with qualified investments.

Furthermore, for the determination of the core own funds, the following are deducted: own shares, goodwill, other intangible assets, deferred costs related with actuarial variations in excess of the corridor, revaluation reserves related with unrealized gains in available for sale assets (net of taxes) and the part of the deferred tax assets that eventually exceeds 10% of the amount of core own funds, before the deduction related with the qualified investments. This deduction refers to the investments owned in financial institutions, on one hand, and in insurance companies, on the other, when higher than 10% and 20%, respectively, as long as they are not fully consolidated. The deduction is done in equal parts to the core own funds and the complementary own funds and is also applied to the part of the aggregated value of the investments lower than 10% in financial institutions that exceeds the respective regulatory limit.

Core own funds can also be influenced by the existence of revaluation differences in other assets, in cash-flow hedge transactions or in financial liabilities at fair value through profit and loss, in the amount that corresponds to own credit risk, by the existence of a general banking risks provision or by an impairment insufficiency, in the case that credit impairment charges, determined according with the International Financial Reporting Standards, are lower than the impairment charges defined according with Regulation 3/95 from the Bank of Portugal, on an unconsolidated basis.

The complementary own funds include the subordinated debt and the provisions to general credit risks, as well as 45% of the unrealized gains in available for sale assets and other assets and the amounts related with preference shares and the insufficiency of provisions that are deducted to the core own funds. These elements are included in the Upper Tier 2, except the subordinated debt, that is split between the Upper Tier 2 (undetermined term debt) and Lower Tier 2 (remaining).

Issued subordinated debt can only be included in the own funds after the agreement by the Bank of Portugal and as long as the following limits are fulfilled: a) Tier 2 cannot be higher than Tier 1; and b) the Lower Tier 2 cannot amount to more than 50% of Tier 1. Additionally, subordinated loans with determined term should be amortized at a 20% yearly rate, on their last five years before maturity. Complementary own funds are also subject to a deduction of 50% of the amount of the investments in financial institutions and insurance companies, as already referred. In the case that the amount of the complementary own funds is not enough to accommodate this deduction, the respective excess should be subtracted to the core own funds.

For the determination of the regulatory capital of the Group it is also necessary to perform some deductions to the total own funds, namely, the amount of the real estate assets resulting from recovered loans that have remained in the Bank’s accounts for a certain period and the potential excess of exposure considering the High Risks limits.

The own funds requirements for credit risk are determined according with the risks accounted in the Balance Sheet of the Group and in off-balance sheet accounts and can be mitigated, in accordance with the defined in Regulation 1/93 of the Bank of Portugal, depending on type of counterparty, the maturities of the transactions and the existing collaterals. The requirements for securitized assets, determined in accordance with Regulations 1/93 and 10/2001. Additionally specific requirements for the trading portfolio are also calculated, in accordance with the Regulation 7/96.

	2007 **Euros '000**	**2006** **Euros '000**
Core own funds		
Paid-up capital and share premium	4,493,037	4,493,037
Reserves and retained earnings	(1,193,741)	(1,254,676)
Minority interests	277,648	222,427
Preference shares	688,037	913,376
Intangible assets	(536,303)	(532,384)
Net impact of accruals and deferrals	(281,118)	(176,843)
Other regulatory adjustments	(85,099)	(11,433)
	3,362,461	3,653,504
Complementary own funds		
Upper Tier 2	914,319	917,343
Lower Tier 2	1,642,370	1,741,790
	2,556,689	2,659,133
Deductions to total own funds	(22,387)	(181,480)
Total own funds	5,896,763	6,131,157
Own fund requirements		
Requirements from Regulation 1/93	4,746,756	4,288,469
Trading portfolio	39,676	29,847
Securitization transactions	148,560	121,167
	4,934,992	4,439,483
Capital ratios		
Tier 1	5.5%	6.6%
Tier 2 (*)	4.1%	4.4%
Solvency ratio	9.6%	11.0%

(*) Includes deductions to total own funds

53. Accounting standards recently issued

The new standards and interpretations that have been issued, but that are not yet effective and that the Group has not yet applied on its Financial Statements, can be analyzed as follows:

IAS 1 (amendment) – Presentation of Financial Statements

The International Accounting Standards Board (IASB) has issued in September 2007, IAS 1 (amendment) Presentation of Financial Statements, which is applicable from 1 January, 2009, although allowing for an early adoption. The approval by the European Commission is under analysis by the European Financial Reporting Advisory Group - EFRAG (EFRAG).

Changes from current IAS 1:

- The presentation of a statement of financial position (formerly "balance sheet") is required for the current and comparative period. Under revised IAS 1, a statement of financial position also must be presented as at the beginning of the comparative period when the entity restates the comparatives following a change in accounting policy, the correction of an error, or the reclassification of items in the financial statements. In such cases three statements of financial position will be presented, compared to two of each of the other statements required.

- The presentation of information in ways that improve the ability of investors, creditors, and other financial statement users to distinguish between transactions with shareholders, in their capacity as shareholders (e.g. dividends, treasury shares), and transactions with third parties, which will be summarised in a statement of ‘comprehensive income’.

In face of these changes (presentations) the impact evaluated by the Group is only at the presentation level, and at 31 December 2007 it was not detemined the precise meaning of that changes.

IAS 23 (amendment) – Borrowing costs

The International Accounting Standards Board (IASB) has issued in March, 2007 an amendment to IAS 23 Borrowing costs, which is applicable from 1 January, 2009, although allowing for an early adoption. The approval by the European Commission is under analysis by the Accounting Regulatory Committee (ARC).

This standard requires the capitalization of borrowing costs that are directly attributable to the acquisition, production or construction of a qualifying asset, as part of the cost of that asset. As a result, the option to recognize such borrowing costs as an expense in the period which they arise was eliminated.

As the available information does not allow to determine the precise impact of the standard, any estimate is presented. However in face of the nature of the items, is not expect any material impact from its adoption.

IFRS 2 (amendment) – Share-based payments: vesting conditions

The International Accounting Standards Board (IASB) issued in January, 2008 an amendment to IFRS 2, which will be effective from 1 January 2009, although allowing for an early adoption. The approval by the European Commission is under analysis by the European Financial Reporting Advisory Group - EFRAG.

The objective of the amendment to IFRS 2 was to clarify that (i) vesting conditions are service conditions and performance conditions only and that (ii) all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

As for 31 December 2007, the Group does not have any stock options plan, as refered in note 46, so that the issue of the standard does not have any impact in the financial statemets of the Group.

IFRS 3 (revised) – Business combinations and IAS 27 (amendment) Consolidated and Separate Financial Statements

The International Accounting Standards Board (IASB) issued in January 2008, IFRS 3 (revised) Business Combination and an amendment to IAS 27 Consolidated and Separate Financial Statements. These standards are applicable to periods from or on 1 January, 2009, although allowing for an early adoption. The approval by the European Commission is under analysis by the European Financial Reporting Advisory Group - EFRAG.

The main changes the revised IFRS 3 and amended IAS 27 will make to existing requirements or practice relate to (i) partial acquisitions, whereby non-controlling interests (previously named minority interests) can be measured either at fair value (implying full goodwill recognition against non-controlling interests) or at their proportionate interest in the fair value of the net identifiable assets acquired (which is the original IFRS 3 requirement); (ii) step acquisitions whereby, upon acquisition of a subsidiary and in determining the resulting goodwill, any investment in the business held before the acquisition is measured at fair value against the profit and loss account; (iii) acquisition-related costs, which must generally, be recognised as expenses (rather than included in goodwill); (iv) contingent consideration which must be recognised and measured at fair value at the acquisition date, subsequent changes in fair value being recognised in profit or loss (rather than by adjusting goodwill); and (v) changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control which are required to be accounted for as equity transactions.

Additionally, IAS 27 was amended to require that an entity attributes a share of the accumulated loss of a subsidiary to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance, and to specify that, upon losing control of a subsidiary, an entity measures any non-controlling interest retained in the former subsidiary at its fair value, determined at the date the control is lost.

As the available information does not allows to determine the precise impact of the standard, any estimate is presented.

IFRS 8 – Operational segments

The International Accounting Standards Board (IASB) has issued on 30 November 2006 the IFRS 8 Operational segments, which was endorsed by the European Commission on 21 November, 2007. This standard is applicable to periods from or on 1 January, 2009.

IFRS 8 sets out the requirements for disclosures of information about an entity's operations segments and also about services and products, geographical areas where the entity operates and its major clients. This standard specifies how an entity should disclose its information in the annual financial statements and, as a consequential amendment to IAS 34 Interim Financial Reporting, regarding the information to be disclosed in the interim financial reporting. Each entity should also provide a description of the segmental information disclosed namely profit or loss and of segment assets, as well as a brief description of how the segmental information is produced.

In face of these changes (presentations) the impact evaluated by the Group is only at the presentation level, and at 31 December 2007 it was not detemined the precise impact of that changes.

IFRIC 11 – IFRS 2 – Group and Treasury Share transactions

The International Financial Reporting Interpretations Committee (IFRIC) has issued on 2 November, 2006 an Interpretation—IFRIC 11 – IFRS 2 Group and Treasury Share Transactions, which is applicable from 1 January, 2008, although allowing for an early adoption. IFRIC 11 clarifies in what conditions a share based payment in accordance with IFRS 2, with treasury shares or shares of another group company should be classified in the subsidiaries financial statements as an equity settled or cash settled based payment.

As for 31 December 2007, the Group does not have any stock options plan, as refered in note 46, so that the issue of the standard does not have any impact in the financial statemets of the Group.

IFRIC 12 – Service Concession Arrangements

The International Financial Reporting Interpretations Committee (IFRIC) has issued in July, 2007 IFRIC 12 – Service Concession Arrangements, which is applicable from 1 January, 2008, although allowing for an early adoption. The approval by the European Commission is under analysis by the Accounting Regulatory Committee (ARC). The IFRIC 12 applies to public-to-private service concession arrangements. This interpretation will be applicable only when a) the grantor controls or regulates what services the operator must provide and b) the grantor controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

In face of the contracts include in the standard, it is not expected any impact at the level of the Group.

IFRIC 13 – Customer Loyalty Programmes

The IFRIC 13 Customer Loyalty Programmes was issued on 28 June, 2007 and will be effective from 1 July, 2008, although allowing for an early adoption. The approval by the European Commission is under analysis by the Accounting Regulatory Committee (ARC).

This interpretation addresses how companies, that grant their customers loyalty award credits (often called 'points') when buying goods or services, should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. The available information does not allow to determine the real impact of this standard, any estimation is presented. However the Group is collecting information that will allow to calculate the eventual impacts.

IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interpretation

The International Financial Reporting Interpretations Committee (IFRIC) has issued in July, 2007 IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interpretation which is applicable from 1 January, 2008, although allowing for an early adoption. The approval by the European Commission is under analysis by the European Financial Reporting Advisory Group - EFRAG.

This interpretation addresses how entities should determine the limit placed by paragraph 58 of IAS 19 Employee Benefits on the amount of a surplus in a pension plan they can recognise as an asset and discusses how a minimum funding requirement affects that limit.

It was not calculated the impact of this presentation, so that any estimate is presented.

Amendment to IAS 32 Financial Instruments: Presentation – Puttable financial instruments and obligations arising on liquidation

International Accounting Standards Board (IASB) issued, in February 2008, an amendment to IAS 32 Financial Instruments: Presentation - Puttable financial instruments and obligations arising on liquidation effective from 1 January 2009.

Under the current requirements of IAS 32, if an issuer can be required to pay cash or another financial asset in return for redeeming or repurchasing a financial instrument, the instrument is classified as a financial liability. As a result of the amendments, some financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the last residual interest in the net assets of the entity. The Board also amended IAS 1 Presentation of Financial Statements to add new disclosure requirements relating to puttable instruments and obligations arising on liquidation.

The Group does not expect any material impact from the adoption of this amendment.

54. Accounting impact arising from the inspection from the supervisory authorities

In the scope of the investigations which are currently being performed by the supervisory authorities, which are described in note 55, the Bank promoted an internal investigation in relation to the transactions realized with off-shore entities.

This internal investigation identified that, between 1999 and 2002, BCP Group financed off-shore entities for the purposes of acquisition of shares issued by the Group. In November 2002, the referred off-shore entities sold, to a financial institution, the BCP shares held, which represented 4.99% of the share capital of the Bank as at that date and, simultaneously acquired notes (Notes), issued by that financial institution, with an amount equivalent to 50% of the proceeds from the sale. This financial institution communicated to the market, on 9 December 2002, the acquisition of a qualified investment in the Bank.

The above referred loans were subject to a restructuring, occurred in March 2004, having been assumed by a group whose main activity consists on the development of real estate projects (from now on referred to as “GI”). Following this restructuring, GI assumed net liabilities amounting to 450 million euros, net of the reimbursement of the Notes occurred in December 2004. On the same date, the Bank sold to GI an entity named Comercial Imobiliária, for 26 million euros, and a real estate portfolio for 61 million euros.

In 2005, as referred to in note 48, the Group made a contribution in kind to Grupo Banco Comercial Português Pension Fund (Pension Fund) which included commercial paper issued by Comercial Imobiliária, S.A and shares issued by quoted companies.

Considering the significant exposure of the Bank towards GI and the real-estate sector in which this entity operates, in 2005, the Bank allocated a provision, in the amount of 85 million euros, to the existing loans resulting from the above referred transactions.

In June 2006, the Bank, which previously had acquired a minority shareholding of 11.5% in Comercial Imobiliária, granted shareholders loans to this entity, in the amount of 300 million euros, in order to allow Comercial Imobiliária to acquire, from another GI subsidiary, an indirect majority shareholding in an Angolan entity which owned the so called Baia de Luanda Project. This entity had obtained, in October 2005, the concession, for 60 years, of the Baia de Luanda leasehold. With the proceeds from this transaction, GI repaid to BCP an additional portion of the loan, corresponding to 305 million euros.

In June 2007, considering the significance of the Project, the additional financing requirements for its development and the extent of GI’s indebtedness with BCP, this entity proposed and BCP accepted, a holding of 68.34% of Comercial Imobiliária share capital, that at the date held an economic interest of 54% in the Baia de Luanda Project, as a repayment of the residual loan, which amounted to 61 million euros. As a result of this transaction, BCP become owner of 90% of Comercial Imobiliária share capital and, indirectly, of 54% of the future economic benefits of the above mentioned project.

Considering the existing indications arising from the ongoing investigations conducted by the supervisory authorities regarding a more thorough review of the economic substance of the above referred transactions, the Bank decided to consider a more prudent interpretation, regarding the risks now identified, the nature of the transactions and restructurings which occurred, and recorded an adjustment of 300 million euros with effect at 1 January 2006, with a net impact of 220.5 million euros after considering the tax effect.

As referred to in note 55, such decision does not represent any kind of recognition by the Bank of the existence of the alleged infractions which may be attributed to it.

It should be noted, in any case, that the Bank maintains its expectation about the future profitability of the Baia de Luanda Project (the market value of which attributable to the Group, determined by independent valuers, is estimated to be between 278.8 and 231.6 million euros), which will be recognised as income by the Bank when it is generated.

The above referred adjustment, recognised in accordance with IFRS and in the notes to the financial statements, can be analysed as follows:

	Restated		
	Equity 31.12.2006 Euros '000	**Net income 2006 Euros '000**	**Equity 01.01.2006 Euros '000**
Previosly reported	4,841,892	779,894	4,247,494
Adjustments:			
Loan granted	(300,000)	-	(300,000)
Provision for loan losses	9,825	9,825	-
Deferred tax	76,896	(2,604)	79,500
	(213,279)	7,221	(220,500)
Restated	4,628,613	787,115	4,026,994

55. Administrative proceedings

1. At the end of the year, the Bank received a formal notice dated 27 December 2007 informing that administrative proceeding no. 24/07/CO was being brought by the Bank of Portugal against the Bank, *"based in preliminary evidence of administrative offences foreseen in the General Framework of credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, of December 31), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respect to the amount of own funds and breach of prudential obligations"*.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceeding was brought *"based in facts related with 17 off-shore entities, which nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out"*.

The Bank was not, however, formally notified of any charges or accusations in abovementioned administrative proceeding and, therefore, does not have a clear indication of the facts so to allow it to specifically and fully identify the matters that may be involved.

2. On the other hand, on 11 January 2008, a press release which title was "Principal Resolutions of the Executive Board of the CMVM" was made available in the Portuguese Securities Commission ("CMVM") website. Such press release mentioned that:

"The Executive Board of the Comissão do Mercado de Valores Mobiliários (CMVM), at a meeting held on 20 December 2007, adopted the following resolutions:

· Institute administrative infraction proceeding against Banco Comercial Português SA:
· for possible concealment of information from the CMVM;
· for other facts still being assessed but already clearly in breach of the law and CMVM's regulations, including any individual responsibilities of the persons in charge of BCP.
(…)"

Again, the Bank did not receive any formal notice of any charges or accusations in the abovementioned administrative proceeding or proceedings containing a description of the alleged facts that may be attributed to it and their legal consequences.

3. On 21 December 2007, CMVM addressed a notice to the Bank, indicating that it should make public disclosure thereof, which the Bank did on 23 December 2007. The notice read as follows:

"The CMVM, pursuant to its powers, is now engaged in a supervision action on BCP (as a listed company), in order to determine the nature and the activities of several off-shore entities responsible for investments in securities issued by BCP Group or related entities. Despite the process of supervision being in progress, in particular in order to obtain a complete and final description of the situation and of the market behaviour of those entities, as well as to determine the relevant liabilities (including personal liabilities), the CMVM came to the following preliminary findings:

a) The mentioned off-shore entities have constituted securities portfolios – which included almost exclusively shares of BCP – with financing obtained from Banco Comercial Português, and there is, in general, no evidence that such entities were financed for this purpose by any other significant transfer from an entity external to the BCP Group;

b) It is already known that part of the debts was eliminated through the assignment of credits to third parties for a residual consideration;

c) The conditions of these financings and the governance of such entities give the appearance that BCP has assumed all the risk concerning those off-shore entities, and that it had power to control the life and business of such entities;

d) Thus, such transactions are in fact the financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within BCP;

e) Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular in what concerns the amount of BCP's own funds and its owners;

f) Significant market transactions made by the mentioned entities were detected, involving significant considerations; these transactions require a deeper analysis, in order to find out about possible infringements of the market rules.

Thus, given the nature of these conclusions and the urgency of the matter, the CMVM, under article 360, no. 1, f) of the Portuguese Securities Code, asks BCP to immediately:

a) Inform the market about whether the financial information recently disclosed by it already reflects all the financial losses pursuant to the above mentioned situation;

b) Inform about the existence of any other situations which were not disclosed, in order to allow the investors to make a properly reasoned judgment about the securities issued by BCP;

c) Transcribe in its communication the full text of this CMVM notice; BCP may inform, if it deems appropriate, the fact that BCP was not yet formally heard about these conclusions.

The CMVM will continue the current process of supervision within its powers and with all its consequences, and will notify the appropriate authorities of any illegalities of different nature, and will further cooperate with the Bank of Portugal within the framework of Bank of Portugal's powers."

Again, the Bank was not heard in connection with such preliminary findings and their grounds, which the Bank did not accept, and reserved, in the abovementioned public disclosure document of 23 December 2007, its right to take a stand at an appropriate moment in the process.

4. The communications and notices mentioned above, even if read together with the public statements and press news concerning declarations of the heads of the Bank of Portugal and the CMVM before a Parliament Commission, do not allow more than an approximate or preliminary analysis, considering the inexistence of specific attributions, charges or accusations.

In general terms, the administrative offences referred to in the General Framework of Credit Institutions and Financial Companies ("RGICSF") in case the facts mentioned in the notice referred to in 1. above are demonstrated would be the following:

a) the breach of accounting rules or procedures set forth in the law or by the Bank of Portugal which does not cause a serious harm to the knowledge of the patrimonial and financial standing of the Institution constitutes an administrative offence foreseen in article 210, f), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. If, on the other hand, the relevant conduct causes such serious harm, that may constitute an administrative offence foreseen in article 211, g), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000.

b) The (i) omission of information and communications due to the Bank of Portugal in the relevant delays; or (ii) the provision of incomplete information, constitute an administrative offence foreseen in article 210, h) (now i)), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000.

On the other hand, the provision to the Bank of Portugal of (i) false information, or (ii) incomplete information, capable of leading to erroneous conclusions with identical or similar effect to that of the provision of false information on the matter constitute an administrative offence foreseen in article 211, r), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000;

c) The breach of prudential ratios or limits determined by law, by the Minister of Finance or by the Bank of Portugal in the exercise of their legal functions, constitutes an administrative offence foreseen in article 210, d), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000.

On the other hand, the breach of prudential ratios or limits determined by certain provisions of the RGICSF, by the Minister of Finance or by the Bank of Portugal, when a serious harm for the financial balance of the relevant credit institution results or may result from such illicit breach, constitutes an administrative offence foreseen in article 211, h), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000.

5. CMVM's press release referred to in 2. above, its notice referred to in 3. above and, without prejudice of their informal nature, the public declarations made by CMVM's officials referred to in 4. above could also preliminarily raise the abstract possibility (and with the abovementioned caveat that the Bank has not been notified of any element other than those mentioned above) that one or more of the sanctions foreseen in the Portuguese Securities Code ("CVM"), in the Portuguese Companies Code or the Penal Code might be theoretically applicable to some of the facts attributed to the Bank and, in particular, the following:

a) Pursuant to article 7 of the CVM, the information relating to financial instruments, securities markets, financial intermediation activities, settlement and clearing of transactions, public offers and issuers should be complete, truthful, up-to-date, clear, objective and lawful. Breach of this provision constitutes an administrative offence foreseen in articles 389, no. 1, a), and 401, no. 1 of the CVM, punished, pursuant to article 388, no. 1, a), of the CVM , with a fine between Euros 25,000 and Euros 2,500,000;

b) Other actions that constitute a breach of the law or CMVM regulations may, considering their nature, constitute other administrative offences, which might also be punished with fines between Euros 25,000 and Euros 2,500,000.

6. The inexistence of further specification and conclusions in respect of the facts attributed to the Bank, besides not allowing the equation of civil liability aspects that might be associated to them, does not allow any estimate on the amounts resulting from possible administrative liability, it being important to note that, at the end of any relevant proceeding, the deciding authority would have to make a global consideration of all possible infractions demonstrated pursuant a final court decision to decide on the final amount.

7. Meanwhile, in the context of the global elements available, including informal contacts with CMVM in the abovementioned investigation, even though the Bank was not yet heard in this respect, it was possible to obtain indications relating to the substance and structure of the transactions and operations involved, which, if confirmed, would make the adoption of the adjustments mentioned in note 54 to be considered as legally required by the provisions applicable to the information made by a listed company, which adjustments the Bank decided to make in that context based on reasons of prudence.

Consequently, such decision and such adjustment do not imply any kind of admission or recognition by the Bank of the existence of any of the alleged infractions which may be attributed to it; thus, the Bank reserves all its rights related thereto.

56. BCP Group list of companies

As at 31 December 2007, the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the purchase method according, were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
AF Internacional, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	498,798	EUR	Holding company	100.0	100.0	–
Millennium bcp - Gestão de Fundos de Investimento, S.A.	Lisbon	6,720,691	EUR	Investment fund management	100.0	100.0	–
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0	100.0	–
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
Banco Millennium BCP Investimento, S.A.	Lisbon	75,000,000	EUR	Banking	100.0	100.0	–
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0	100.0	–
Soticre - Sociedade de Titularização de Créditos, S.A.	Lisbon	250,000	EUR	Securitization of Credits	100.0	100.0	–
CISF Veículos - Sociedade de Aluguer, Lda.	Oporto	49,880	EUR	Long term rental	100.0	100.0	100.0
Luso Atlântica - Aluguer de Viaturas, S.A.	Oporto	1,000,000	EUR	Long term rental	100.0	100.0	100.0
Banco de Investimento Imobiliário, S.A.	Lisbon	157,000,000	EUR	Banking	100.0	100.0	100.0
BII Internacional, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	–
BII Finance Company Limited	George Town	25,000	USD	Investment	100.0	100.0	–
Banco ActivoBank (Portugal), S.A.	Lisbon	23,500,000	EUR	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	741,000,000	MZN	Banking	66.7	66.7	–
Banco Millennium Angola, S.A.	Luanda	2,008,956,625	AOA	Banking	100.0	100.0	100.0
Bank Millennium, S.A.	Warsow	849,181,744	PLN	Banking	65.5	65.5	65.5
Millennium TFI S.A.	Warsow	10,300,000	PLN	Investment fund management	65.5	65.5	–
Millennium Dom Maklerski S.A.	Warsow	16,500,000	PLN	Broker	65.5	65.5	–
Millennium Leasing Sp. z o.o.	Warsow	43,400,000	PLN	Leasing	65.5	65.5	–
Millennium Lease Sp.z o.o.	Warsow	86,318,000	PLN	Leasing	65.5	65.5	–
BBG Finance BV	Rotterdam	90,000	EUR	Investment	65.5	65.5	–
TBM Sp.z o.o.	Warsow	500,000	PLN	Advisory and services	65.5	65.5	–
MB Finance AB	Stockholm	500,000	SEK	Investment	65.5	65.5	–
Millennium Service Sp. z o.o	Warsow	1,000,000	PLN	Insurance	65.5	65.5	–
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium BCPBank	Newark	2,500,000	USD	Banking	100.0	100.0	–
Millennium Bank, Societe Anonyme	Athens	176,100,000	EUR	Banking	100.0	100.0	–
Millennium Bank, Anonim Sirketi	Istanbul	163,791,316	TRY	Banking	100.0	100.0	–
Millennium Fin, Vehicles, Vessels, Appliances and Equipment Trading, Societé Anonyme	Athens	199,980	EUR	Investment	100.0	100.0	–
Millennium Mutual Funds Management Company, Societe Anonyme	Athens	1,176,000	EUR	Investment fund management	100.0	100.0	–
Banca Millennium S.A.	Bucarest	135,500,000	RON	Banking	100.0	100.0	–
BCP Internacional II, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP - Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.	Lisbon	47,000,000	EUR	Holding company	100.0	100.0	100.0
BitalPart, B.V.	Rottherdam	19,370	EUR	Holding company	100.0	100.0	–
BCP Investment, B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	–
BCP Holdings (USA), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
Seguros & Pensões Gere, S.G.P.S., S.A.	Lisbon	380,765,000	EUR	Holding company	100.0	100.0	89.0
Anjala Holdings , S.A.	Tortola	54,402,000	USD	Holding company	100.0	90.0	–
BCP Bank & Trust Company Ltd.	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Capital Finance Limited	George Town	16,000,000	USD	Investment	100.0	100.0	–
BCP Finance Bank Ltd	George Town	246,000,000	USD	Banking	100.0	100.0	–
BCP Finance Company, Ltd	George Town	1,517,736,100	USD	Investment	100.0	3.0	–
Millennium bcp - Escritório de Representações e Serviços, S/C Ltda.	Sao Paulo	16,874,724	BRL	Financial Services	100.0	100.0	100.0
Millennium bcp - Serviços de Comércio Electrónico, S.A.	Lisbon	240,000	EUR	Videotex services	100.0	100.0	100.0
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
Banpor Consulting S.R.L.	Bucarest	1,750,000	RON	Services	100.0	100.0	100.0
Comercial Imobiliária, S.A.	Lisbon	293,747,255	EUR	Real-estate management	90.0	90.0	90.0
Paço de Palmeira - Sociedade Agrícola e Comercial, Lda	Braga	39,905	EUR	Agriculture industry	100.0	100.0	100.0
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	329,500	EUR	Services	93.1	93.7	51.1
Servitrust - Trust Management and Services, S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0

As at 31 December 2007, the associated companies , were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Banque BCP, S.A.S.	Paris	65,000,000	EUR	Banking	19.9	19.9	19.9
Banque BCP (Luxembourg), S.A.	Luxembourg	12,500,000	EUR	Banking	19.9	19.9	–
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Unicre - Cartão de Crédito Internacional, S.A.	Lisbon	10,000,000	EUR	Credit cards	30.3	30.3	30.0
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 31 December 2007, the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the purchase method and equity method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Luso Atlântica - Mediadora de Seguros, S.A.	Oporto	50,000	EUR	Insurace broker	100.0	100.0	–
Millennium Insurance Agent Unipersonal Limited Liability Company	Athens	18,000	EUR	Insurance	100.0	100.0	–
Seguros & Pensões RE Limited	Dublin	1,500,000	EUR	Life reinsurance	100.0	100.0	–
SIM - Seguradora Internacional de Moçambique, S.A.R.L.	Maputo	147,500,000	MZN	Insurance	89.9	60.0	–

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	Lisbon	1,000,002,375	EUR	Holding company	49.0	49.0	–
Companhia Portuguesa de Seguros de Saúde, S.A.	Lisbon	12,000,000	EUR	Health insurance	49.0	49.0	–
Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.	Lisbon	22,375,000	EUR	Life insurance	49.0	49.0	–
Ocidental - Companhia Portuguesa de Seguros, S.A.	Lisbon	12,500,000	EUR	Non-life insurance	49.0	49.0	–
Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A.	Lisbon	1,200,000	EUR	Pension fund management	49.0	49.0	–

57. Subsequents events

As at 15 January 2008, it takes place the Shareholder Meeting in which was represented by 71.21% of the share capital and was aproved the proposal to elect the following membbers of the Executive Board of Directors for the period 2008/2010:

President: Carlos Jorge Ramalho Santos Ferreira
Vice-Presidents: Armando António Martins Vara and Paulo José de Ribeiro Moita Macedo
Members: José João Guilherme, Nelson Ricardo Bessa Machado, Luís Maria França de Castro Pereira Coutinho and Vítor Manuel Lopes Fernandes.

As at 19 February 2008, with the objective to reinforce the capital levels and to finance internal increase plans, the Executive Board of Directors submited to the Supervisory Board and to the Senior Board, to realize an capital increase of the amount of thrirteen hundred millions of euros, which had the unanimity favorable opinion of both Boards.

DECLARATION OF COMPLIANCE

It is declared, that in the extent of the knowledge of the below signed, the individual and consolidated financial statements of **Banco Comercial Português, S.A.** ("BCP" or "Bank"), which comprehend (i) the individual and consolidated balance sheet as at December 31, 2007, (ii) the individual and consolidated income statements, the changes in equity and the cash flow statement for the year ended December 31, 2007, (iii) a summary of the significant accounting policies and (iv) the notes to individual and consolidated accounts, give a true and appropriate image of the individual and consolidated financial position of the Bank as at December 31, 2007 and of the individual and consolidated income of their operations and changes in the equity and of their individual and consolidated cash flow statements for the year ended in that date according to the Adjusted Accounting Standards (NCA) as defined by the Bank of Portugal and International Financial Reporting Standards (IFRS) as endorsed by the European Union, respectively.

Considering that this Executive Board of Directors was elected on January 15, 2008, the assumptions and criteria used in closing the individual and consolidated financial statements, as at December 31, 2007, had in consideration the data collected, through internal analysis and of the contacts held with the Securities Market Commission and Bank of the Portugal, in the scope of the supervisory actions in course.

The individual and consolidated financial statements of the Bank for the year ended December 31, 2007 were approved by the Executive Board of Directors on February 12, 2008.

It is also declared that the 2007 management report of BCP truly describes the evolution of the businesses, of the performance and position of the Bank and its subsidiaries included in the consolidation perimeter, and contains a description of the main risks and uncertainties that they face. The management report was approved by the Executive Board of Directors on April 3, 2008.

Lisbon, April 3, 2008

Carlos Santos Ferreira

Armando Vara

Paulo Macedo

Luis Pereira Coutinho

Vítor Fernandes

José João Guilherme

Nelson Machado

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AUDITORS' REPORT

(ISSUED BY THE STATUTORY AUDITOR, A CMVM REGISTERED AUDITOR)

INTRODUCTION

1. In accordance with the applicable legislation, we present our Audit Report, on the consolidated financial information included in Annual Report of the Executive Board of Directors and in accompanying financial statements for the year ended 31 December 2006 of **Banco Comercial Português Group** which comprises the consolidated Balance Sheet as at 31 December, 2007 (which shows total assets of 88,166,161 thousand Euros and Shareholders' Equity of 4,617,682 thousand Euros, including consolidated profit of the year attributable to the shareholders of the Bank of 563,287 thousand Euros) and the consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and the corresponding notes to the accounts.

2. The amounts of the financial statements and the financial information were derived from the accounting records.

RESPONSIBILITIES

3. The Executive Board of Directors is responsible for:

a) the preparation of the consolidated financial information in accordance with International Financial Reporting Standards as adopted by the European Union which presents fairly the consolidated financial position and of the results of its operations and its cash flows;

b) the preparation of financial information in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, current, clear, objective and lawful as established by CVM;

c) the adoption of adequate accounting principles;

d) the maintaining of an appropriate internal control system; and

e) the communication of any relevant fact that may have influenced the activity, financial position and results of the Bank or the Group.

4. Our responsibility is to verify the financial information as referred above, namely if the information is complete, true, current, clear, objective and lawful as required by the CVM in order to express a professional, independent opinion based on our audit.

KPMG

SCOPE

5. Our audit was conducted in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ('Ordem dos Revisores Oficiais de Contas'), which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial information are free of material misstatement. Our audit included the following:

   - verification that the financial statements of the companies included in the consolidation have been properly audited and, in those significant cases in which they were not, verification, on a test basis, of the documents underlying the figures contained therein, and an assessment of the estimates made, based on judgements and criteria defined by the respective Board of Directors, used in preparation of the referred financial statements;

   - verification of the consolidation procedures and of the application of the equity method;

   - assessing the adequacy of the accounting principles used as well as their disclosures;

   - verification of the application of the going concern principle;

   - evaluating the overall financial statement presentation; and

   - assessment of whether the consolidated financial information is complete, true, current, clear, objective and lawful.

6. Our audit included the verification of the consistency of the consolidated financial information included in Annual Report of the Executive Board of Directors with the financial statements.

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

OPINION

8. In our opinion, the consolidated financial information referred to above presents fairly, in all material respects, the consolidated financial position of **Banco Comercial Português Group**, as at 31 December 2007, and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included therein is complete, true, current, clear, objective and lawful.

Lisbon, 18 February 2008

KPMG & Associados, SROC, S.A.
Represented by

Vitor Manuel da Cunha Ribeirinho
(ROC nº 1081)

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To the Executive Board of Directors of
Banco Comercial Português, S.A.

REPORT ON THE AUDIT WORK CARRIED OUT FOR THE YEAR ENDED 31 DECEMBER, 2007

1. In accordance with line a) of point 1 of Article 52 of Decree Law no. 487/99, of 16 November and other related regulations, we present the Report on the Audit Work.

2. We have carried out a statutory audit of the stand alone and consolidated financial statements of **Banco Comercial Português, S.A.** ('the Bank') for the year ended 31 December, 2007, in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), with the depth considered necessary in the circumstances. Following our audit we issued a statutory audit opinion and auditors' report of individual and consolidated financial statements, both without reserves.

3. Amongst others, the following procedures were adopted:

(1) Accompanying the management of the Bank, including reading the relevant minutes of the Executive Board of Directors, Supervisory Board, Audit and Risk Committee and attending meetings with the Board members, on which we have requested and obtained any clarifications that we considered necessary.

(2) Consideration as to the adequacy and consistent application of the accounting policies adopted by the Bank, namely regarding provisions, amortizations, recognition or deferral of gains and losses.

(3) Verification that the stand alone and consolidated financial statements, which comprise: the stand alone financial statements, the Balance Sheet as at 31 December, 2007, the Statement of Income, the Statement of Cash Flows and Statement of Changes in Equity for the year then ended and the corresponding Notes, in accordance with accepted accounting principles in Portugal, particularly with Adjusted Accounting Standards established by the Bank of Portugal which is based on the application of International Financial Reporting Standards ("IFRS") as adopted by European Union with the exception of the issues referred in articles no. 2 and no. 3 of Regulation 1/2005 and article no. 2 of Regulation 4/2005 of the Bank of Portugal ("Normas de Contabilidade Ajustadas") and the consolidated financial statements, the consolidated Balance Sheet as at 31 December, 2007, the consolidated Statement of Income, the consolidated Statement of Cash Flows and consolidated Statement of Changes in Equity for the year then ended and the corresponding Notes, in accordance with IFRS as adopted by the European Union.

(4) Verification that the financial statements are in accordance with the supporting accounting records.

(5) Analysis of Bank's internal control system, carrying out tests on a sample basis.

(6) Analysis of the financial information disclosed, carrying substantive tests according to the materiality.

- Loans to costumers analytical review;
- Analysis of the bank reconciliations for nostro accounts prepared by the Bank;
- Written confirmation from correspondent banks;
- Analysis of Other assets and Other liabilities;
- Analysis of changes in Property and equipment and Intangible assets, as well in its depreciations;
- Analysis of other Liabilities, namely amounts payable;
- Analysis of Bank's and subsidiaries tax requirements and review of the calculation of the income tax payable;
- Analysis of costs and income, losses and gains registered in the year, particularly in its balance, accrual and deferral;
- Analysis of transactions and open balances with Group companies;
- Analysis of correct application of consolidation methods;
- Analysis of information disclosed on notes to the financial statements.

4. We reviewed the report from the Executive Board of Directors and its compliance with audit individual and consolidated financial statements and legal requirements.

5. We required Management Representation Letter in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors.

6. As a result of the work performed, we concluded that there are no issues that should be reported to the Executive Board of Directors.

7. We take this opportunity to thank everyone for excellent collaboration received from the Executive Board of Directors, Management and staff of the Bank during the course of our work.

Lisbon, 18 February, 2008

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Represented by

Vítor Manuel da Cunha Ribeirinho
(Statutory Auditor no. 1081)

CORPORATE GOVERNANCE REPORT

The objective of the present report is not only to describe the Corporate Governance practices followed by Banco Comercial Português regarding the financial year of 2007, in a clear and comprehensive way, but also to fully inform Shareholders of the significant changes that occurred already during the financial year of 2008.

For purposes of increased transparency and ease of comparison and search, the present report was elaborated according to the format annexed to CMVM (Securities Market Commission) Regulation 7/2001 and the provisions of article 245-A (3) of the Securities Code. Its elaboration has already considered the contents of Regulation 1/2007, which will come into force on 1 January 2009.

CHAPTER 0

Compliance Statement

Of the 14 recommendations issued by CMVM on the Corporate Governance of listed companies, Banco Comercial Português considers to have adopted 13 recommendations in their entirety, partially adopting recommendation number 8.

Regarding recommendation number 8, and as in previous financial years, the Remunerations and Welfare Board, as well as the Executive Board of Directors, consider that, given the collegiate nature of this governing body, consisting entirely of executive members equally and jointly responsible for institutional welfare, it would not be appropriate to disclose individual remunerations.

It should be added that the aforementioned Bodies consider, and the Supervisory Board agreed, that the relevant issue for Shareholders and remaining interested parties is a complete transparency in disclosing the remuneration policies of Directors, including a clear communication of global amounts paid to the Executive Board of Directors for performing its function, as well as the rules governing their establishment and corresponding distribution by the various Board members.

Regarding recommendation number 4, Banco Comercial Português considers that the existing restriction to voting rights by any shareholder to 10% of the votes present at each moment in General Meeting, far from preventing the success of take over bids, ensures small and medium shareholders the right to exercise a greater control over the decisions relating to these or other matters that may be submitted to the General Meeting.

Recommendation	Degree of compliance	Description of the present Report
I Information disclosure		
Recommendation 1 The company should ensure the existence of permanent contacts with the market, respecting the principle of shareholder equality and preventing information access asymmetries between investors. For this purpose the society should create an investor support office.	Full	Chapter I Page 157-158 Chapter III Page 163
II Exercise of Voting Rights and Shareholder Representation		
Recommendation 2 Active exercise of voting rights should not be restricted in any way, either directly, namely by correspondence, or by representation. The following are considered as restrictions to active exercise of voting rights: a) imposition of deadlines for deposit or blocking of shares for participation in General Meetings' exceeding 5 working days; (b) any statutory restriction to voting by correspondence; c) imposition of deadlines exceeding 5 working days for reception of votes by correspondence.	Full	Chapter I Page 132 Chapter II Page 162
III Company Rules		
Recommendation 3 The company should create an internal control system for effective detection of risks linked to company activity, in order to safeguard its assets and promote corporate governance transparency.	Full	Chapter I Page 134 Page 136 Page 138 Page 146-147 Chapter III Page 163 Chapter IV Page 169
Recommendation 4 Any measures adopted to prevent success of takeover bids should respect the company's and Shareholder's interests. Any defensive clauses resulting in company assets erosion in the event of a control transfer or alterations in Executive Administration bodies that may prove detrimental to free share transferability and free assessment of Executive Board members performance by Shareholders are considered contrary to these interests.	Full	Chapter 0 Page 127 Chapter III Page 165 Please see introductory note
IV Management Body		
Recommendation 5 The Executive Board should be composed by a variety of members engaged in effective guidance of company management and its senior managers.	Full	Chapter I Page 140 Chapter IV Page 166

Recommendation 5-A The management body should include a sufficient number of non-executive directors, whose role is to continuously follow and evaluate company management by the executive board members. Members of other governing bodies may perform complementary or, at least, substitute roles, provided they have equivalent supervision competences and actually exercise them.	Full	Chapter I Page 132 Page 134 Page 139 Chapter IV Page 166
Recommendation 6 Non-executive members of the management body should include a sufficient number of independent members. In cases where only one non-executive Director exists, this individual should be an independent member. Independent members of other governing bodies may perform complementary or, at least, substitute roles, provided they have equivalent supervision competences and actually exercise them.	Full	Chapter I Page 134
Recommendation 7 The management body should create internal control commissions with structure and corporate governance evaluation competences.	Full	Chapter I Page 139-145 Chapter IVPage Page 166
Recommendation 8 The remunerations of the management body members should be structured in order to allow alignment of their interests with company interests and should be individually disclosed on an annual basis.	Partial	Chapter IV Page 169 Page 170 Please see introductory note
Recommendation 8-A A declaration on the governing bodies remuneration policy should be submitted to the appraisal of the Annual General Meeting of Shareholders.	Full	Chapter IV Page 166 Page
Recomendação 9 Members of the remuneration commission or equivalent body should be independent from the management body.	Full	Chapter I Page 132
Recommendation 10 Proposals relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to members of the management body and/or staff should be submitted to the General Meeting of Shareholders. Proposals should include all necessary elements for correct plan evaluation. Proposals should be accompanied by plan regulations or, if these have not yet been elaborated, by the general conditions the plan should obey to.	Full	Chapter I Page 157
Recommendation 10-A The company should adopt a policy of communication of any alleged internal irregularities occurred, consisting of the following elements: indication of means that may be	Full	Chapter I Page 138-139 Chapter IV Page 169

used for internal practices, including legitimate communication recipients, and communications processing, including confidential treatment, if this is wished by the communicating party. General guidelines relative to this policy should be disclosed in the corporate governance report.		
V Institutional Investors		
Recommendation 11 Institutional Investors should consider their responsibilities relatively to diligent, efficient and critical use of the rights associated to the assets they hold or the management of which is entrusted to them, namely concerning information and voting rights.	Full	Chapter I Page 158

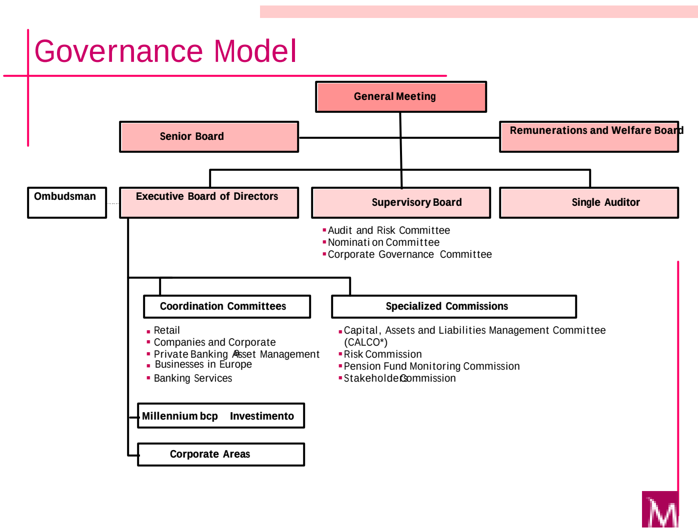
CHAPTER I

Information Disclosure

Corporate Governance Model of Banco Comercial Português

The corporate governance model, as a means of achieving the objectives set by Banco Comercial Português, has been a constant subject of internal reflection by the Bank, which has attentively followed the evolution of different organization models implemented on national an international levels, with the objective of incorporating in its organizational structure the main Good Corporate Governance criteria – equity, transparency, alignment and accountability – and the adoption of practices aimed at achieving: role separation, specialised supervision, financial and management control, risk control, prevention of conflict of interests and sustainability orientation.

The model currently adopted by the Bank was implemented following the statutory alteration which came into force in June 2006, with the aim of ensuring separation between management and supervision, which is performed by non-executive members in large part independent of the company and its management. During 2007 there were no significant changes in the respective structure.



GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest governing body, representing the entire Shareholder universe. This body is responsible for electing and dissolving its own Board, management and supervisory body members and the External Auditor, as well as approving alterations to the Articles of Association, deliberating on reports and accounts, results application proposals and any matters submitted at the request of management and supervisory bodies and, in general, deliberating on all matters specially allocated to this body by law or the company contract, or not included in the attributions of other company bodies.

General Meeting of shareholders deliberations are reached by majority of votes, except in cases where legal or statutory dispositions require a qualified majority. Deliberations on company contract alterations fall under the latter category and in this case, alterations may only be approved by a majority of two thirds or three quarters of the total number of issued votes, according to article 21 of the aforementioned Articles of Association.

During 2007, the Chairman of the Board of the General Meeting of Shareholders was Professor Germano Marques da Silva, the corresponding Deputy-Chairman being Mr. Ângelo Ludgero Marques.

Since the mandate of this governing body ceased on December 31, 2007, in the General Meeting held on January 15, 2008, a new Board of the General Meeting was elected for the three-year period currently underway of 2008/2010, having as Chairman Professor António Manuel da Rocha e Menezes Cordeiro and as Deputy-Chairman Professor Manuel António de Castro Portugal Carneiro da Frada.

In accordance with the Bank's Articles of Association and the Companies Code article 446-B number 1 a), the Board of the General Meeting's secretary is the person that, at each moment, performs the functions of Company Secretary.

Both elected members of the Board of the General Meeting fulfill the independence requirements laid out in article 414 number 5 of the Companies Code applicable to the incompatibilities regime stipulated in article 414-A number 1 of the aforementioned Code.

During 2007, the remuneration of the Chairman of the Board was established in 150 thousand euros.

REMUNERATIONS AND WELFARE BOARD

This Board sets remunerations for the Board of the General Meeting and the Executive Board of Directors and approves the corresponding remunerations policy.

The Board is formed by the following Shareholders, elected by the General Meeting of Shareholders:

Chairman: António Manuel Ferreira da Costa Gonçalves (67 years old)

Voting Members: João Alberto Ferreira Pinto Basto (76 years old)

Pedro Maria Calaínho Teixeira Duarte (53 years old)

None of the members of this Board is a member of the Executive Board of Directors, his /her spouse, relative or related in line of descent until the third degree.

António Manuel Ferreira da Costa Gonçalves and João Alberto Ferreira Pinto Basto are members of the Supervisory Board and the Senior Board and Pedro Maria Calaínho Teixeira Duarte is a member of the Senior Board.

The mandate for which they were elected corresponds to 2005/2007.

SENIOR BOARD

This governing body, elected by the General Meeting of Shareholders, consists exclusively of Bank Shareholders.

Its current composition, following the filling of vacancies resolved in the General Meeting held on January 15, 2008, is as follows:

Chairman: António Manuel Ferreira da Costa Gonçalves (67 years old)

Deputy Chairmen:

Gijsbert J. Swalef (67 years old)

João Alberto Pinto Basto (76 years old)

Pedro Maria Calaínho Teixeira Duarte (53 years old)

Voting Members:

Ângelo Ludgero da Silva Marques (69 years old)

António Augusto Serra Campos Dias da Cunha (74 years old)

António Luís Guerra Nunes Mexia (50 years old)

Dimitrios Contominas (68 years old)

E. Alexandre Soares dos Santos (73 years old)

Henrique Jaime Welsh (73 years old)

Hipólito Mendes Pires (60 years old)

Jassim Mohamed Al-Bahar (65 years old)

José de Sousa Cunhal Melero Sendim (43 years old)

José Manuel Pita Goes Ferreira (70 years old)

Josep Oliu Creus (58 years old)

Keith Satchell (56 years old)

Luís Manuel de Faria Neiva dos Santos (65 years old)

Maarteen W. Dijskshoorn (57 years old)

Manuel Alfredo da Cunha José de Mello (59 years old)

Manuel Domingos Vicente (51 years old)

Manuel Roseta Fino (83 years old)

Mário Fernandes da Graça Machungo (67 years old)

Ricardo Herculano Freitas Fernandes (47 years old)

Vasco Luís S. Quevedo Pessanha (65 years old)

<u>As part of their corresponding functions:</u>

The Chairman of the Board of the General Meeting of Shareholders

The Members of the Supervisory Board

The Chairman of the Executive Board of Directors

During the year of 2007, the following resigned from their functions: Jorge Manuel Jardim Gonçalves (Chairman), Vasco Maria Guimarães José de Mello (Deputy-Chairman), Ricardo Manuel Simões Bayão Horta (Deputy-Chairman), Mário Augusto da Paiva Neto (Voting Member) and Jaime de Sousa Lima (Voting Member).

The Senior Board has the special role of monitoring company life, as well as the duty, in accordance with previous opinion to express its views on the most relevant Bank and Group activity aspects, namely: general management policy, activity plan, budgets and annual investment plans, General Meeting of Shareholders calling, reports and proposals to be submitted to the General Meeting of Shareholders, management report and annual accounts, important extensions or reductions in the company activity, important company organisation alterations, change of registered office, share capital increases and company demerger, merger and transformation projects.

The Senior Board consists of individual Shareholders (associated to institutional, reference, minority, national and foreign Shareholders), and the Chairman of the Board of the General Meeting of Shareholders, all the members of the Supervisory Board and the CEO.

This Governing Body has shown itself to be a meaningful gain for the Group, as well as a fundamental component of the Governance Model, especially in the implementation of a policy of communication with Shareholders, based on a mutual understanding of objectives.

The current mandate is 2005/2008.

During the year of 2007, the Senior Board met 9 times.

SUPERVISORY BOARD.

The Supervisory Board (SB) is the social body, according to the double-tier model adopted by Banco Comercial Português since June 2006, whereby Management and Supervision functions are separated, being responsible for the latter.

The SB consists of eleven members and one deputy members, elected by the General Meeting of Shareholders. This number, in accordance with the Companies Code and the Bank's Articles of Association, will always be higher than that of the Executive Board of Directors (EBD), which currently consists of seven members, in comparison with nine in 2007.

All members of this Board are non-executive and six qualify as independent, as laid out in article 414, number 5 of the Companies Code. Of those who do not fill the requirements, four are related with entities that own a participation exceeding 2% of the Bank's share capital and one was elected for two successive mandates for the Bank's supervisory body. All members comply with the incompatibility rules described in article 414-A, number 1, including paragraph (f).

The current SB results from the alterations and filling of vacancies that occurred in the General Meeting of Shareholders held on January 15, 2008, for the three-year period of 2006/2008, its composition being as follows:

Chairman: Gijsbert J. Swalef (67 years old) (Non-Independent)

Deputy-Chairman: António Manuel Ferreira da Costa Gonçalves (67 years old) (Independent)

Voting Members: António Luís Guerra Nunes Mexia (50 years old) (Non-Independent)

Francisco de la Fuente Sánchez (65 years old) (Non-Independent)

João Alberto Ferreira Pinto Basto (77 years old) (Independent)

José Eduardo de Faria Neiva dos Santos (70 years old) (Independent)

Keith Satchell (56 years old) (Independent)

Luís Francisco Valente de Oliveira (70 years old) (Independent)

Luís de Melo Champalimaud (55 years old) (Independent)

Manuel Domingos Vicente (51 years old) (Non-independent)

Mário Branco Trindade (71 years old) (Non-Independent)

Deputy Member: Ângelo Ludgero da Silva Marques (69 years old) (Independent)

In annex to this report are indicated the respective professional qualifications and number of shares representing the Bank's share capital borne by each of them.

In 2007, the SB met twelve times.

During the year of 2007, the following resigned from their functions: Jorge Manuel Jardim Gonçalves (Chairman), Ricardo Manuel Simões Bayão Horta (Deputy-Chairman), Josep Oliu Creus (Voting Member), Mário Augusto de Paiva Neto (Voting Member), Pedro Maria Calaínho Teixeira Duarte (Deputy Member) and Vasco Maria Guimarães José de Mello (Deputy Member).

The remuneration of the SB, consists of a fixed annual value and was approved in the 2007 Annual General Meeting of Shareholders, considering:

- The fact that a year had elapsed between the election and the remuneration established;
- the valuable contribution given by the Supervisory Board's activity regarding Banco Comercial Português and the Group it leads;
- the high responsibility held by the function of member of the Supervisory Board, as well as the time it consumes; and finally,
- the economic situation of Banco Comercial Português;
- the recommendation of the Remunerations and Welfare Board;

Under these terms and in compliance with article 440 of the Companies Code, the remuneration of the Members of the Supervisory Board, including those of the substitute members, always and whenever they participate regularly in the Board's meetings, was established as follows, in four annual equal instalments:

Chairman:	360.000€/Year
Deputy-Chairman, chairing the Specialised Committee for Financial Matters:	350.000€/Year
Deputy-Chairman who integrates a Specialised Committee:	290.000€/Year

Deputy-Chairman who does not integrate a Specialised Committee:	150.000€/Year
Voting Member who integrates a Specialised Committee:	150.000€/Year
Voting Member who does not integrate a Specialised Committee:	115.000€/Year

The SB follows, inspects, supervises and advises the EBD on several matters, namely by issuing opinions on the Management Report and Accounts, Internal Control policies and systems, Risk Management policy; Compliance policy and Statutory Auditor independence, as well as defining criteria and competences regarding the appointment of governing body members for the Bank and its associated companies, Sustainability policies and Corporate Governance policies. The SB is also responsible for issuing an opinion on the annual vote of confidence in administration body members, replacing EBD members in case of absence or inability and calling a General Meeting of Shareholders when deemed appropriate.

The Chairman of the Supervisory Board is especially responsible for representing the SB, calling meetings and defining the corresponding Agendas, as well as appointing the SB Member that, according to the terms of number 5 of article 432 of the Companies Code, should attend EBD meetings.

In order to fulfil its competences, the SB has instituted three independent Specialised Committees to exercise specific functions. These are composed of Advising Members, which are members of the SB appointed to these Committees and Expert Members, able to contribute to the good functioning and performance of the corresponding Committees through their academic qualifications and professional experience. Each one of these Experts celebrates the inherent contract with the company.

The activity performed by the SB is presented in more detail in the Annual Report of activity, which will be submitted to appreciation by the Annual General Meeting of Shareholders and published simultaneously with the Bank's Annual Report and Accounts.

The **Audit and Risk Committee (CAR)**, a Committee for financial matters, assists and advises the SB on matters relative to the Management and Accounts Report, Internal Control Systems, Risk Management policy, Compliance policy and Statutory Auditor independence. The CAR is composed as follows:

Chairman: Luís Francisco Valente de Oliveira (70 years old)

Deputy-Chairman: João Alberto Ferreira Pinto Basto (77 years old)

José Eduardo de Faria Neiva dos Santos (70 years years old)

Jeff Medlock (Expert Member) (67 years old)

In 2007, the CAR met eleven times.

During the year of 2007, the following resigned from their functions: Ricardo Manuel Simões Bayão Horta (Chairman), Mário Branco Trindade and the expert members Maarten Dijkshoorn and Germano Marques da Silva.

The **Nomination Committee (NC)** assists and advises the SB on matters relative to the definition of competence profiles and composition of structures and internal bodies, as well as issuing recommendations to the SB regarding lists of members for governing bodies of the Bank and associated companies and opinions on the annual vote of confidence in administration body members. The NC is composed as follows:

Chairman: João Alberto Ferreira Pinto Basto (76 years old)

Deputy-Chairman: Francisco de la Fuente Sánchez (65 years old)

Ângelo Ludgero Marques (Expert Member) (69 years old)

Luís Manuel de Faria Neiva dos Santos (Expert Member) (65 years old)

In 2007, the NC met seven times.

During the year of 2007, the following resigned from their functions: Jorge Manuel Jardim Gonçalves (Chairman) and António Costa Gonçalves (Deputy-Chairman).

The **Corporate Governance Committee (CGC)** assists and advises the SB on matters relative to Corporate Governance policies. It has the essential mission of coordinating the reflection assignments on the Bank's current corporate governance model and, in general, on any matters relative to corporate governance, so as to recommend the governance solutions that are best adapted to the Bank's management, culture and strategy needs, namely those related with the best international practices. This Committee will hear and engage in dialogue with the Members of other governing bodies, in addition to Shareholders and experts. The CGC is composed as follows:

Chairman: Francisco de la Fuente Sánchez (65 years old)

Deputy-Chairman: João Alberto Pinto Basto (76 years old)

António Augusto Serra Campos Dias da Cunha (Expert Member) (74 years old)

José de Sousa Cunhal Melero Sendim (Expert Member) (43 years old)

Miguel Galvão Teles, appointed by Morais Leitão, Galvão Teles, Soares da Silva & Associados (Expert Member) (68 years old)

Carlos Jorge Ramalho dos Santos Ferreira (Chairman of the Executive Board of Directors) (58 years old)

This Committee replaced the Sustainability and Corporate Governance Committee (SCGC) and began dealing exclusively with matters relative to corporate governance, thus justifying the change in name. This organic change does not affect the focus of the SB on matters relative to the Bank's sustainable growth efforts, in terms of its economic, environmental and social responsibility aspects, which remain as performance vectors for the SB.

In 2007 the CGC and the SCGC met six times.

During the year of 2007, the following resigned from their functions: Jorge Manuel Jardim Gonçalves (Chairman), António Costa Gonçalves, Josep Oliu Creus (Voting Member), João Soares da Silva (Expert Member) and Rafael Mora (Expert Member). In 2008, following the General Meeting held on January 15, Carlos Santos Ferreira (the current Chairman of the EBD) replaced Filipe Pinhal (former Chairman of the EBD) on this Committee.

Supervisory Board Chairman's Office

The SB has an office – the Supervisory Board Chairman's Office, appointed by the Chairman of the SB, to assist the SB, its Chairman and respective Specialised Committees. The Office has its own and autonomous functioning infrastructures, including nine fulltime employees.

Head of the Supervisory Board Chairman's Office: Luís Manuel Neto Gomes.

STATUTORY AUDITOR

In the double-tier model adopted by Banco Comercial Português, the Statutory Auditor is responsible for inspecting account books and records for compliance with regulations, accounts documents accuracy, accounts policies and valuing criteria adopted, as well as the elaboration of an annual report on the monitoring activities undertaken.

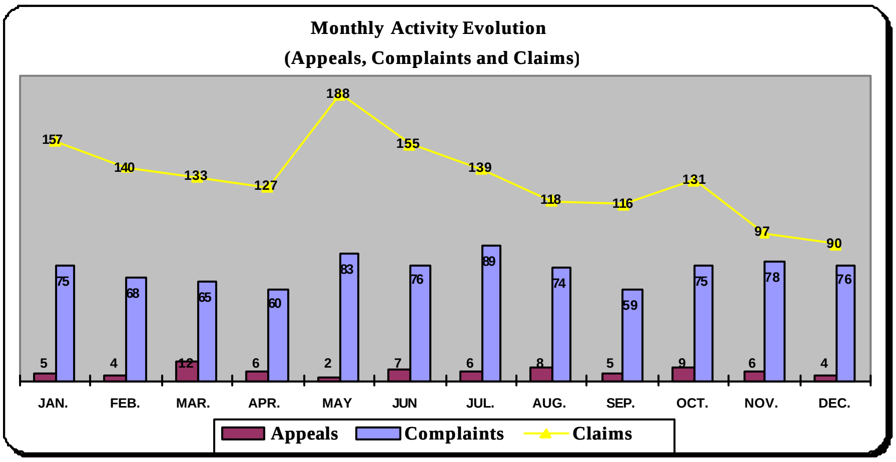
The Statutory Auditor is elected by the Shareholders in the General Meeting of Shareholders for a three-year mandate, with the current Statutory Auditor elected for the 2005/2007 mandate. These functions are currently performed by KPMG & Associados, SROC, S.A., represented by Mr. Vítor Manuel da Cunha Ribeirinho, with Ms. Ana Cristina Soares Valente Dourado, as Deputy.

OMBUDSMAN OFFICE

The Ombudsman is an independent entity whose mission is to defend and promote the rights, guarantees and legitimate interests of all Millenium bcp Customers by recommending the adoption or alteration of practices or procedures.

Its actions are governed by the Ombudsman Regulations, which establish that this entity's procedures should embrace the principles of impartiality, celerity, gratuitousness and confidentiality. Within this scope, the possibility of equitative procedures resulting from the observance of Millenium bcp's Code of Conduct, as well as evident prevalence of applicable rulings, should also be taken into account when considering these situations.

During the year of 2007, the Ombudsman Office monitored the evolution of 2,469 files relative to requests and claims. The processing of these files was also ensured in cooperation with the Contact Centre Department, and it also analysed 74 appeals. The Ombudsman issued 1 recommendation to the Executive Board of Directors, the latter having agreed with it.



The response deadlines relative to claims and appeals established by the Regulations were complied with, since the average response time observed was 22 days. 66% of the claims were accepted, the same occurring with 17% of the appeals. Eleven of the appeals accepted did not need any recommendation to the EBD – in view of its relative simplicity – having been performed directly by the Bank's respective areas.

The Ombudsman is adequately disclosed in the Millenium bcp portal, through the Ombudsman link. Information regarding this entity is available, namely on how claims should be made; direct access to the Regulations is also provided.

During the year of 2007, the Ombudsman functions were performed by Eduardo Consiglieri Pedroso, an individual of recognized competence and vast experience in the banking activity, not employed by Banco Comercial Português or any companies or institutions it controls.

The Ombudsman Officer has its own office and functioning structures, including three fulltime employees.

EXECUTIVE BOARD OF DIRECTORS

The Executive Board of Directors is constituted by executive members only and carries out the company management, in accordance with the double-tier governance model adopted by the Bank. This body holds the widest company management and representation powers.

According to the Bank's articles of association, the Executive Board of Directors may, when deemed appropriate, increase the share capital, after favourable opinion by the Supervisory Board and the Senior Board, on one or more occasions, up to the amount corresponding to three quarters of the existing share capital, at the moment of the granted authorisation or at each of its future renewals. On 13 March, 2006, date when the authorization was granted, its value amounted to 2,708,497,175 euros. The aforementioned authorization requires Shareholder preference rights to be respected.

The General Meeting of Shareholders elects the Executive Board of Directors. There are no special rules relative to the substitution of the members of this Board.

During the year of 2007, last year of the mandate for which it had been elected (2005/2007), the Executive Board of Directors of Banco Comercial Português had the following composition: Chairman: Paulo Jorge de Assunção Rodrigues Teixeira Pinto (47 years old); Deputy-Chairman and Chairman: Filipe de Jesus Pinhal (61 years old); Deputy-Chairman: Christopher de Beck (61 years old); Voting Members: António Manuel de Seabra e Melo Rodrigues (52 years old), António Manuel Pereira Caldas de Castro Henriques (50 years old), Alípio Barrosa Pereira Dias (64 years old), Alexandre Alberto Bastos Gomes (52 years old), Francisco José Queiroz de Barros de Lacerda (47 years old) and Boguslaw Jerzy Kott (60 years old).

Following the resignation of Paulo Jorge de Assunção Rodrigues Teixeira Pinto from his functions submitted on August 31, 2007, the Executive Board of Directors' chair was attributed to Filipe de Jesus Pinhal.

In 2008, and following the General Meeting held at the request of the Chairman of the Board of Directors and some Shareholders, the Executive Board of Directors was completely remodelled, currently having, for the three-year period of 2008/2010, the following composition: Chairman: Carlos Jorge Ramalho dos Santos Ferreira (58 years old); Deputy-Chairmen: Armando António Martins Vara (53 years old) and Paulo José de Ribeiro Moita de Macedo (44 years old); Voting Members: José João Guilherme (50 years old), Nelson Ricardo Bessa Machado (48 years old), Luís Maria França de Castro Pereira Coutinho (45 years old) and Vítor Manuel Lopes Fernandes (44 years old).

The respective professional qualifications and number of shares representing the Bank's share capital borne by each of them are indicated in annex to this report.

COMPANY SECRETARY

The Company Secretary and the Alternate Company Secretary are appointed by the Executive Board of Directors and their functions cease when the Board mandate reaches an end. Their essential function is to perform secretarial functions in Corporate bodies meetings, certificate their actions, as well as corresponding member powers, provide information required by the Shareholders within the scope of the corresponding information rights and elaborate certificates relative to copies of minutes and other company documents.

Company Secretary: Ana Isabel dos Santos de Pina Cabral, appointed on March, 2005.

Alternate Company Secretary: Miguel Barbosa Namorado Rosa, which performed functions until July, 2007, and António Augusto Amaral de Medeiros, appointed in August, 2007.

Both the Company Secretary and the Alternate Secretary have a Law degree and were reappointed to their respective functions by the current Executive Board of Directors.

EXECUTIVE BOARD OF DIRECTORS CHAIRMAN'S OFFICE: This office is responsible for providing support, including technical support, to the Chairman of the Executive Board of Directors, whenever required, in different domains, namely the following: analysis and preparation of documents for various meetings, elaboration of presentations, preparation of letters and statements, participation in specialised committees and projects of strategic relevance, organisation or follow-up of specific events, and institutional representation before external entities.

The functions of Head of Chairman's Office were performed by Miguel Barbosa Namorado Rosa until July, 2007, and by Miguel Maya Dias Pinheiro, since then, having been reappointed to his respective position by the current Executive Board of Directors.

COMMITTEES, COMMISSIONS AND CORPORATE AREAS

Regarding company internal organisation and the decision-making structure, it is important to mention the existence of a series of several Committees and Commissions, consisting of Bank or Group Employees who are the main responsible for the corresponding areas, as well as those Directors to whom special mentoring of the corresponding matters has been entrusted.

COORDINATION COMMITTEES

There are currently 5 Coordination Committees, whose goal is to simplify management decision articulation involving top Management of the various units included in each Business Area and in the Banking Services Unit, with the mission of aligning perspectives and supporting the decision-making process relative to management decisions by the Executive Board of Directors.

During the first eight months of 2007, and similarly to the previous year, there were 7 Executive Committees: Retail, Companies and Corporate, Private Banking and Asset Management, Investment Banking, European Banking, Overseas Banking and Banking Services.

In September 2007, the Executive Board of Directors approved a set of decisions, which included the readjustment of business areas, redesignation of the Executive Coordination Committees into Coordination Committees, as well as the distribution, among its members, of the responsibilities for the management of the business and support areas. The main changes to the corporate governance model which continued until the end of 2007, consisted of:

- Redesignation of the Executive Coordination Committees into Coordination Committees;
- Change of name and composition of the Corporate and Investment Banking and Companies Banking Coordination Committee;

- Creation of a Coordination Committee of External Businesses, integrating the banking operations of the previous European Banking and Overseas Banking Committees;
- Distribution of responsibilities among the management of business and support areas, with the appointment of the following coordinators:

  Retail: Filipe Pinhal
  Private Banking and Asset Management: Alexandre Bastos Gomes
  Companies: Alípio Dias
  Corporate and Investment Banking: Alípio Dias
  Foreign Businesses: Christopher de Beck
  Banking Services: Christopher de Beck
  Corporate Areas: Filipe Pinhal

At the start of 2008, and following the General Meeting held on 15 January, the creation of the current 5 Coordination Committees was approved: Retail, Corporate and Companies, Private Banking and Asset Management, Investment Banking and European Businesses.

The responsibility for Investment Banking was not included within the scope of the Committees, since it has a specific governance model. (Director: José João Guilherme).

The global coordination of the African and American operations shall be directly assumed by the Directors of Milennium bcp responsible for those operations, since it was considered that the specificity of those markets justifies individual treatment, and, consequently, they did not benefit from integration in Coordination Committees (Directors: Armando Vara and Luís Pereira Coutinho).

RETAIL COORDINATION COMMITTEE, composed by 10 members, which also includes, in addition to the Directors with related functions Nelson Machado and José João Guilherme, the Heads of North, South Centre, North Centre and South Commercial Departments, as well as the Commercial Areas Management and Information Department (DIGAC), Commercial Innovation and Promotion Department (DIPC) and Activo Bank7.

This Committee has the mission of coordinating Bank Retail Business in Portugal, being responsible for defining the commercial strategy, as well as its implementation in the various existing distribution channels. This Committee is also responsible for the Coomercial Innovation and Promotion Department serving Commercial Networks, online Banking for Private Custom ers and the Bank's Contact Centre. This Committee defines, within the limits of its competence, guidelines relative to management of its corresponding area of action, as well as their articulation with the remaining functional Bank areas.

In 2008, the Committee included ActivoBank7 in its structure.

COORDINATION COMMITTEE OF PRIVATE BANKING AND ASSET MANAGEMENT, composed by 7 members, includes, in addition to the Directors with related functions, Luís Pereira Coutinho and Nelson Machado, the Heads of the Private Banking

Department, Commercial Areas Management and Information Department, Millennium Banque Privée, Asset Management and Wealth Management Unit (WMU).

This Committee has the mission of monitoring areas responsible for Private Banking and Asset Management. As part of its competences, this committee evaluates management aspects relative to the areas within its action scope, especially business analysis, entrusted asset value increase and performance, results obtained and sales analysis for investment funds. This Committee also includes the Heads of subsidiaries whose activities fall within the Committee's acting scope, both on domestic and multi-domestic levels.

In 2008, the Private Banking and Asset Management Committee no longer included ActivoBank7 within its structure, having been subsequently included in Retail.

COMPANIES AND CORPORATE COORDINATION COMMITTEE, composed by 10 members, includes, in addition to the Directors with related functions, Armando Vara and José João Guilherme, the Heads of Corporate, Companies, International Department, Factoring, Leasing, Commercial Areas Management Information Department, Companies Marketing and a representative of Investment Banking.

Its mission is to serve Companies and Corporate Segment Customers in Portugal, providing personalised follow-up, as well as capture potential Customers, by developing competences on the levels of conception, management and sales support for products and services, and acting proactively in the creation of tools allowing Customer management optimisation, with the objectives of maximising added value and satisfaction levels. Its responsibilities also include, in a transversal way relatively to the Group, the follow-up and management of the international area, Leasing, Renting and Factoring product offer.

In 2008, the Corporate and Companies Committee no longer includes the Credit Recovery Department within its structure, which was subsequently included in Banking Services.

EUROPEAN BUSINESSES COORDINATION COMMITTEE, composed by 6 members, includes, in addition to the Directors with related functions, Luís Pereira Coutinho and Nelson Machado, the Heads of the Group's Banks in Poland, Romania, Greece and Turkey.

This Committee has the mission to monitor, coordinate and articulate management of subsidiaries in Europe, implementing activity reporting and financial development procedures, which will enable a systematic and harmonised approach to various operations follow-up, both on a budgetary, activity and financial evolution control level, and in terms of decision-making support and subsequent implementation of restructuring, investment and disinvestment deliberations.

BANKING SERVICES COORDINATION COMMITTEE, composed by 12 members, includes, in addition to the Directors with related functions, Armando Vara, Paulo Macedo and Vítor Fernandes, the Heads of Planning and Control of Banking Services

Department, Operations Department, Procurement Department, Premises and Security Department, Credit Recovery Department, IT Department and Banking Services Department of the Banks in Greece, Romania and Poland.

Its mission is to serve Business Units in Portugal and other geographic areas, contributing to cost reductions and to an improved service quality in a sustained manner, ensuring the existence of a compatible degree of innovation with Group growth aspirations. This Committee analyses proposals presented and submits proposals for decision on themes relative to the management of the following Departments: Credit, Credit Recovery, Operations, Procurement, Premises and Security, Planning and Control of Banking Services and IT.

During 2007, the Banking Services Committee no longer included the Operational Transformation Department, which was subsequently incorporated in the Quality and Procedures Department included in the group of Corporate Areas. In 2008, the Banking Services Committee included the Credit Recovery Department within its structure.

COMMISSIONS

The Executive Board of Directors appoints 4 Commissions, whose attributions are essentially global and transversal, including the study and evolution of policies and principles that should guide Bank and Group actions. In February 2008, a rationalization and adaptation of the Commissions appointed by the Executive Board of Directors (EBD) was performed, with the following consequences:

- Extinction of the Training and Professional Development Commission, whose responsibility has been assumed by the EBD;
- Extinction of the Social Responsibility Commission, whose responsibility was assumed by the EBD;
- Extinction of the Sub-commission of Social Relations, whose responsibility was assumed by the EBD;
- Extinction of the Sub-commission of Grants and Donations, whose responsibility is assumed by the Communication Department/General Secretariat;
- Extinction of the Audit Commission, Security and AML, whose matters will be assumed by other structures, within the scope of the new organisational principles of Management and Risk Control;
- Alteration of the Risk Commission and respective Sub-commissions, within the scope of the new organisational principles of Management and Risk Control;
- Transformation of the Pension Fund Monitoring Sub-commission into Commission;
- Creation of the Capital, Assets and Liabilities Management Committee (CALCO).

CAPITAL, ASSETS AND LIABILITIES MANAGEMENT COMMITTEE (CALCO): CALCO is responsible for the global monitoring and management of assets and liabilities and the allocation of capital, establishing the adequate policies of liquidity and market risk management, relative to the Group’s consolidated balance.

This Commission includes all the members of the Executive Board of Directors, and in addition: the Head of Treasury, Acácio Piloto; the Head of DIGAC, Diogo Campello; the

Head of Corporate Centre, Filipe Abecasis; the Head of Risk Office, Miguel Pessanha; and the Chief Economist, Gonçalo Pascoal.

RISK COMMISSION: This commission is responsible for analysing global risk levels incurred (credit, market, liquidity, operational), ensuring these levels are compatible with the objectives and strategies approved for the Group's activity development.

This Commission has the following members: All the members of the Executive Board of Directors; and in addition, the Head of Treasury, Acácio Piloto; the Head of Corporate Centre, Filipe Abecasis; the Head of Risk Office, Miguel Pessanha; and the Head of Audit Department, Rui Lopes.

PENSION FUND MONITORING COMMISSION: This Commission is responsible for the monitoring and risk management of the Group's Pension Funds, establishing hedging strategies and adequate investment policies.

In addition to Directors Carlos Santos Ferreira, Paulo Macedo and Nelson Machado, this Commission has the following members: the Head of Corporate Centre, Filipe Abecasis; the Head of Risk Office, Miguel Pessanha; the General Manager responsible for Pensões Gere (Pension Fund management company), Francisco Lino; Head of Training and Professional Development Department, Fernando Maia; and F&C (fund management company, Advisor to the Pension Funds management company), represented by Fernando Ribeiro.

STAKEHOLDERS COMMISSION: This Commission establishes relations with stakeholders, functioning as privileged internal company information disclosure channel, as well as a strategic advice forum for the Executive Board of Directors. Its members are elected through stakeholder panels (Employees and Shareholders) or by invitation issued to individuals of recognised merit and prestige.

This Commission has the following members: Carlos Santos Ferreira; Armando Vara; the Chairman of the General Meeting; the Ombudsman Offier; the representative of the Workers' Committee; Luís Mota Freitas (Representative of the Millennium bcp Foundation); Jorge Morgado (DECO, representing the Clients); José Joaquim Oliveira (IBM, representing the Suppliers); Luís Campos e Cunha (Universidade Nova, representing the Universities); and the Head of the EBD Chairman's Office, Miguel Maya.

CORPORATE AREAS

The main objective of these areas is to support and follow current management relatively to analysis and decision making, on Bank and Group levels. The existing corporate areas are the following: Corporate Centre, Compliance Office, Staff Administrative Support Department, Legal Department, Audit Department, Communication Department, Accounting Department, Asset Divestment Department, Training and Professional Training Department, Quality and Processes Department, Investors Relations Department, Millennium bcp Foundation, Risk Office and General Secretariat.

During 2007, the Corporate Areas included the Operational Transformation Department, which was included in the Quality and Processes Department.

For not having been previously referred to in this Report and given their corresponding scope, the following should be highlighted: The Compliance Office, the Risk Office and the Audit Department.

COMPLIANCE OFFICE: Its main attributions are ensuring compliance with current legislation, as well as internal and external regulations applicable to the activity of the Bank and associated entities, ensuring that internal procedures and regulations comply with current legislation and ensuring compliance with the best international in matters of "Know your Counterpart", "Know your Transactions", "Know your Process" and Due Diligence. The Compliance Office has representatives for the various businesses for the various business areas in Portugal, as well as for the Bank's operations abroad.

During 2007, Carlos Picoito held the position of Compliance Officer; following his retirement in 2008, Isabel Raposo became the current interim Head.

RISK OFFICE:

Its main function is to support the Executive Board of Directors in developing and implementing risk management and control processes: The mission, organisation and activity report for this Office are presented in more detail in the Executive Board of Directors Report (volume I, chapter "Risk Management", page 106).

Risk Officer: Miguel Pessanha.

AUDIT DEPARTMENT: The Department is responsible for the Bank and Group internal audits. The Audit Department has the mission of contributing to the achievement of the objectives pursued by Banco Comercial Português Group, ensuring its Stakeholders, Supervisory Board and the Executive Board of Directors of Banco Comercial Português of the efficiency and appropriateness of internal control systems, risk management and the adequacy of corporate procedures.

The Group's Audit Department directs its conduct according to guidelines, approved by the Supervisory Board and by the Executive Board of Directors, establishing a constant search for the best practices, the adoption of a superior standard of rigour and quality, consistently applied in the activities performed in its entire structure, the development of human resources related to the function, namely through training and qualification of its staff, and the implementation of initiatives aimed at incrementing a productive and efficient use of resources.

The Audit Department performs its mission in an objective and impartial manner, applying systematic methodologies with the aim of establishing:

- The effectiveness and efficiency of internal controls, namely by verifying if those controls work appropriately and in proportion with the risk perceived, if the institution activities are processed and registered correctly, and if their organisation and the information it produces is consistent and reliable;

- the adequacy of risk management systems;
- the compliance with legislation, regulation, policies and procedures; and the protection and security of the Group's assets and interests or those entrusted to it.

In order to achieve these objectives the Audit Department carries out the following activities: elaboration of the plan and operations of auditing actions of the Group's different areas, reporting to the Executive Board of Directors on the result of the auditing actions carried out, coordination and follow-up of the examination of the accounts of all of the Group's companies, to be undertaken by external auditors, proposing actions in accordance with the respective results and follow-up and coordination of the inspection actions carried out by the Supervisory Entities.

Head: Rui Alexandre Lopes.

MAIN EVENTS IN 2007

From a perspective of greater transparency and access to information by Shareholders and other interested parties, it is considered convenient to include at this point of the Report a summary of the highlights related with Corporate Governance that we consider marked the year of 2007.

Thus:

On March 16, 2007, the Competition Authority informed Banco Comercial Português, S.A of its final decision of non-opposition to the merger of Millennium BCP/BPI through a Public Tender Offer launched by Millennium bcp.

On March 28, 2007, Standard & Poor's Rating Services revised the outlook of Banco Comercial Português, S.A. from "stable" to "positive".

On April 5, 2007, CMVM registered the general and voluntary Public Tender Offer for Banco BPI, S.A. shares, a process that started in 2006.

On April, 24, 2007, Banco Comercial Português, S.A. and BCP Investment B.V. ("Tenders") deliberated on revising the compensation of the General and Voluntary Public Tender Offer for Shares representing Banco BPI, S.A.'s Share Capital, to 7 euros per share representing Banco BPI, S.A.'s Share Capital, to be paid in cash.

On May 7, 2007, following the result of the general and voluntary Public Tender Offer for Banco BPI, S.A., disclosed by Euronext Lisbon, the two conditions for the tender's success were not met, thus ending the Public Tender Offer for Banco BPI, S.A..

On May 28, 2007, Banco Comercial Português, S.A. held its Annual General Meeting, with 64% of share capital represented, and approved the following resolutions: (i) Election of Germano Marques da Silva and Ângelo Ludgero Marques as Chairman and Deputy-Chairman, respectively, of the Board of the General Meeting, in order to complete the current mandate (2005/2007), following the resignation of the previous members; (ii) Approval of the Annual Accounts Report for 2006, both on a individual and consolidated basis; (iii) Approval of a gross interim dividend of 0,048 euros per share to be paid in cash, regarding 2006 profits. Given that a gross interim dividend of 0.037 euros per share had previously been paid out in November 2006, the amount of dividend paid out totals 0.085 euros per share, representing an increase of 21.4% per share regarding 2005; (iv) Approval of the confidence votes to the Board of Directors and Supervisory Board, and to each of the respective members; (v) All the remaining issues on the agenda were approved in General Meeting of Shareholders, except for the proposal to alter the Articles of Association, point no. 8 of the agenda, which was withdrawn during the General Meeting by the Supervisory Board.

On June 1, 2007, Investor Day was carried out; aimed at institutional investors and financial analysts, it brought together more than 50 representatives of the most important investment houses that analyse BCP Share. During this event, the Bank presented the Programme Millennium 2010, with its key initiatives and respective financial objectives, which express the organic growth plan for improving financial efficiency and increasing returns and earnings per share.

On June 27, 2007, the Chairman of the Board of the General Meeting received a call request for a General Meeting, subscribed by a group of Shareholders owning than 5% of share capital, with the aim of altering the Bank's Articles of Association, namely the respective Directive and Supervisory structure and subsequent election of new governing bodies.

On July 2, 2007, the Supervisory Board of Banco Comercial Português, S.A., met, having considered the proposal for the alteration of the Articles of Association, submitted by a group of shareholders on June 27, 2007, as inopportune and not serving the interests of the Bank, the Shareholders and other institution's Stakeholders.

On July 3, 2007, a General Meeting was called, to be held on August 6, 2007.

On July 4, 2007, following the analysis carried out by CMVM, regarding the compliance of the provisions of the Companies Code, with respect to the independence and incompatibilities of the members of the Bank's Supervisory Board, the existence of 'signs' related to all the members of the Supervisory Board falling under article 414-A of the Companies Code was confirmed, given that in view of the total number of full members of the Supervisory Board (11), the majority of the respective members was qualified as Independent.

On July 10, 2007, the Supervisory Board reaffirmed the position previously expressed, that the Executive Board of Directors had at its disposal the necessary conditions for its regular functioning, both as collegiate body and in full compliance with the legal requirements, as well as to ensure a good management of the Bank through its structures and hierarchies, namely in complying with the objectives assumed by that body within the scope of the Programme Millennium 2010.

On July 11, 2007 the Chairman of the Board of the General Meeting received two requests for the inclusion of issues on the agenda of the General Meeting to be held on 6

August, subscribed by two groups of Shareholders bearing, each one, more than 5% of the share capital, regarding the Corporate Governance Model and the election of new governing bodies, which were accepted.

On July 23, 2007, the Supervisory Board reaffirmed the position previously expressed, regarding the proposal of alteration to the Bank's Articles of Association, submitted by a set of Shareholders on 27 June 2007, and reaffirmed its conclusion that the Executive Board of Directors had at its disposal the necessary conditions to its regular functioning, both as collegiate body and in full compliance with the legal requirements, as well as to ensure a good management of the Bank through its structures and hierarchies, namely in complying with the objectives assumed by that body within the scope of the Programme Millennium 2010.

On August 6, 2007, the Bank's General Meeting was suspended, to be resumed on 27 August 2007.

On August 27, 2007, the General Meeting of Shareholders was concluded, with 71,88% of share capital represented and with the all the issues on the agenda withdrawn by the respective proponents.

On August 31, 2007, Paulo Teixeira Pinto submitted his resignation with immediate effects, as Chairman of the Board of Directors, as well as all the functions he held in the Group or in its representation, having Filipe de Jesus Pinhal, the Bank's Deputy-Chairman of the Board of Directors, assumed his functions as Chairman of the Executive Board of Directors.

In a Meeting held on September 3, 2007, the Executive Board of Directors approved a set of decisions, comprehending the readjustment of business areas, redesignation of the Executive Coordination Commissions into Coordination Commissions, as well as the distribution, among its members, of the responsibilities for the management of the business and support areas. The main changes to the corporate governance model consisted of: (i) Redesignation of the Executive Coordination Committees into Coordination Committees; (ii) Change of name and compositions of the Coordination Committees of Corporate and Investment Banking and Companies Banking; (iii) Creation of a Coordination Committee of External Businesses, integrating the banking operations of the previous Committees of European Banking and Overseas Banking; (iv) Distribution of responsibilities for the management of business and support areas, with the appointment of the following coordinators: Retail: Filipe Pinhal; Private Banking and Asset Management: Alexandre Bastos Gomes; Companies: Alípio Dias; Corporate and Investment Banking: Alípio Dias; Foreign Businesses: Christopher de Beck; Banking Services: Christopher de Beck; Corporate Areas: Filipe Pinhal.

On September 17, 2007, Pedro Alexandre Ramos Velho Esperança Martins was appointed Investor Relations.

On 24 September 2007, the Supervisory Board resolved to change the configuration of the Sustainability and Corporate Governance Committee, to deal exclusively with matters related with corporate governance, having adopted the name of Corporate Governance Committee.

On October 25, 2007, the Bank received from BPI, S.A. a business proposal with the aim of an eventual merger between the two Banks.

On October 30, 2007, the Executive Board of Directors of Banco Comercial Português S.A. resolved to consider inadequate and unacceptable the terms of the proposal presented by Banco BPI, S.A., having expressed, however, availability to negotiate with the aim of reaching a merger agreement, provided that such a process would be initiated without preset conditions of any nature, and subject to the ultimate goal of a fair solution, which would originate an institution with full strategic autonomy.

On November 13, 2007, Banco Comercial Português announced the interim dividend pay out, relating to 2007, beginning on November 29, with the gross unit value of 0.037 euros per share, corresponding to a net dividend of 0.0296 euros per share.

On November 16, 2007, following the approval by the managing bodies of the companies involved, the project of merger by incorporation of the companies BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda. and Banco Millennium bcp Investimento, S.A. in the company Banco Comercial Português S.A. was registered in the respective Commercial Registry Offices.

On November 25, 2007, Banco Comercial Português S.A. informed the unsuccessful end of negotiations initiated on November 6, 2007, with Banco BPI, S.A., with the aim of a possible merger operation between the two Banks.

On November 28, 2007, Standard & Poor's Rating Services revised the outlook of Banco Comercial Português, S.A. from "positive" to "stable". Simultaneously the long-term and short-term ratings "A/A-1" were confirmed.

On December 3, 2007, the Chairman of the Board of the General Meeting received two autonomous calls for a General Meeting to be held, one subscribed by a group of Shareholders bearing more than 5% of the share capital, and the other one by its Executive Board of Directors, both regarding the election of the members of the corporate boards for the three-year period of 2008/2010.

On December 4, 2007, the Bank informed the market of the resignation submitted by Jorge Jardim Gonçalves from its functions as Chairman of the Supervisory Board and the Senior Board of Banco Comercial Português, with effect from 31 December 2007. As a result, Gijsbert J. Swalef assumed the Chairman of the Supervisory Board and António Gonçalves the Chairman of the Senior Board.

On December 6, 2007, a General Meeting of shareholders was called to be held on January 15, 2008, with the following agenda: First - Resolve on the election of the Board of the General Meeting for the three-year period of 2008/2010; Second – Resolve on the election of the Executive Board of Directors for the three-year period of 2008/2010; Three – Resolve on the election of the Remuneration and Welfare Committee for the three-year period of 2008/2010; Four – Resolve on the election of the Single Auditor and its substitute for the three-year period of 2008/2010; Five – fulfilling of the vacancies for full members and substitutes, occurred in the Supervisory Board until the end of the three-year period of 2008/2010; Six – Enlargement of the Supervisory Board to 21 full members until the end of the three-year period of 2008/2010; Seven – Depending on the approval of the aforementioned issue, the election of the members of the Supervisory Board for the fulfilment of vacancies occurred until the end of the three-year period of 2008/2010; Eight – Approval of the co-optation of two members for the Senior Board within the current mandate of 2005/2008.

On December 23, 2007, Banco Comercial Português, S.A., reserved itself the adequate procedural moment to take a stand regarding the official letter it received from the Securities Market Commission stating what it considers are preliminary conclusions regarding investigations still unfolding, related with the nature of activities established in off-shore jurisdictions, with regards to which Banco Comercial Português informed it had not been heard regarding the preliminary conclusions of the mentioned official letter, and whose reasons it ignored.

On December 27, 2007, Standard & Poor's Rating Services revised the outlook of Banco Comercial Português, S.A. from "stable" to "negative". Simultaneously the long-term and short-term ratings "A/A-1" were confirmed.

On January 9, 2008, Fitch Ratings confirmed the ratings attributed to Banco Comercial Português' long-term responsibilities "A+" with a stable outlook, and the short-term responsibilities "F1". The ratings of the EMTN Programme were also confirmed in Senior Debt " A+" and "F1" and subordinated debt "A". The programmes of Commercial Paper "F1" and the issuance of preference shares "A".

On January 15, 2008, Banco Comercial Português held its General Meeting of Shareholders, with 71.21% of the share capital represented. During the meeting the Board of the General Meeting and the Executive Board of Directors were elected and two vacancies in the Supervisory Board fulfilled.

On January 29, 2008, the Executive Board of Directors carried out changes in the Coordination Committees, proceeding from the Executive Board of Directors, all in the aforementioned terms.

On February 18 and 19, 2008, the Executive Board of Directors, having as objectives the reinforcement of capital levels and the organic growth financing plans occurring in different countries, proposed to the Supervisory Board and the Senior Board, an increase in share capital reserved for Shareholders, which earned the approval of both bodies, and whose subscription was ensured through an underwriting contract celebrated with the investment banks Merrill Lynch and Morgan Stanley.

Regarding the year of 2007, the Executive Board of Directors approved a proposal of application of results to be submitted to the Annual General Meeting, foreseeing the non payment of additional dividends, in addition to the advance of interim dividend, paid out from 29 November 2007, and the allocation of reserves to the account of retained earnings, with the aim of enabling improved conditions for future distribution.

On February 20, 2008, Standard & Poor's Rating Services confirmed Banco Comercial Português, S.A.'s long-term and short-term ratings "A/A-1". The outlook was also confirmed as "negative".

CORPORATE ACTIVITY RISK CONTROL

The risk control system implemented by the Bank, where the Audit and the Risk Committee of the Supervisory Board, the body in the double tier model which substituted the Audit Board, the Risk Officer and the Risk Commission, at a management level, assume particular relevance, are described in more detail in the Management Report, of which the present Report constitutes an annex. More detailed information on this matter may be found in the "Risk Management" Chapter of the aforementioned Management Report (Volume I, pag. 106)

BCP SHARES

Share Price Evolution

In the period between December 29, 2006, and the December 31, 2007, BCP share prices increased by 4.3%, having reached 2.92 euros per share at the end of the year. Considering income from dividend distribution, BCP shares yielded a 7.0% return for its Shareholders in 2007.

	Share price
Share price on December 29, 2006	2.80 euros
Share price on December 31, 2007	2.92 euros
Average Annual Share Price	3.14 euros
Minimum share price (March 16, 2007)	2.57 euros
Maximum share price (June 26, 2007)	4.30 euros
Share price increase between 29 de December 29, 2006 and December 31, 2007	4.3%
Stock Market Capital on December 31, 2007	10.5 billion euros

Source: Bloomberg; Euronext

The performance of the BCP share in 2007 largely surpassed that of the index BEBANKS (-16.5%), having also been higher than 1 percentage point in relation to the Euronext index 100 (+3.4%). However, it was inferior to that reached by the Portuguese PSI20 index, which had one of the best performances of European indices, only surpassed by DAX. It should be noted that the BCP share was influenced by a climate of internal and Shareholder instability but also, and especially, by the sub-prime crisis, which negatively affected all the European banking sector.

Comparative performance against the benchmark indices

Índex	Share price variation 2007	Total return including dividends
BCP Share	+4.29%	+6.98%
PSI20	+16.27%	+19.79%
Bloomberg European Banks Index (BEBANKS)	-16.46%	-13.13%
Euronext 100	+3.36%	+6.32%

The market capitalisation of BCP on December 31, 2007 amounted to 10.5 billion euros, which is equivalent to an increase of 4.3% in relation to the end of the previous year.

Liquidity

The BCP share continues to present one of the highest levels within the national market, with 6,879 million BCP shares having been object of transactions in 2007, corresponding to an average daily volume of 26.8 million shares and a 96% increase in total number of share transactions related to the previous year, reflecting growing interest by institutional investors. The annual BCP share turnover is equivalent to 2 times the average annual market capitalisation, when compared to 98% registered in 2006 and 80% in 2005. In terms of volumes, BCP shares represented 23.2% (22.9 billion euros) of the global transaction volumes in the Lisbon regulated stock market.

Main events in 2007 and corresponding impact on share prices

Date	Event	Price variation in the following day	Price variation in the 5 following days
31/Dec	Announcement of an additional list proposal for the election of the Executive Board of Directors.	-4.11%	-5.82%
28/Dec	Announcement of the withdrawal of the list led by Filipe Pinhal. Announcement of the list for the EBD to be submitted to the General Meeting of Shareholders subscribed by several Shareholders and members of the governing body members, including Filipe Pinhal	-0.68%	-7.82%
04/Dec	Announcement of a list proposal for the Executive Board of Directors led by Filipe Pinhal to be submitted to the General Meeting of Shareholders Announcement of the resignation of Jorge Jardim Gonçalves from the functions of chairman of the Supervisory Board and chairman of the Senior Board	+0.66%	-3.31%
03/Dec	Announcement of the calling requests for a General Meeting	+0.00%	-1.99%
25/Nov	Announcement of the unsuccessful end of negotiations with BPI	-3.79%	-5.68%
23/Nov	Last day of transactions, where the shares had the right to an interim dividend, becoming ex-dividend from the 26 November.	-3.79%	-5.68%
05/Nov	Announcement of the beginning of conversations with BPI regarding a possible merger	+1.88%	-1.88%
30/Oct	Disclosure of the position held by BCP regarding the merger proposal of BPI Disclosure of 3rd quarter of 2007 earnings	-2.62%	-5.25%

25/Oct	Announcement of the reception of the merger proposal of BPI	+7.21%	2.51%
31/Aug	Announcement of the resignation of Paulo Teixeira Pinto from the functions of Chairman of the Executive Board of Directors and the appointment of Filiipe Pinhal as his substitute	+1.46%	-4:66%
06/Aug	Announcement of the suspension of the General Meeting of the 6 August rescheduled to be resumed on the 27 August	-1.09%	0.82%
24/Jul	Disclosure of the 1st quarter of 2007 earnings	+1.90%	2.17%
27/Jun	Announcement of the calling of a General Meeting of Shareholders	2.24%	3.73%
11/Jun	Last day of transactions, where the shares had the right to an interim dividend, becoming ex-dividend from the 12 June.	-0.84%	+4.52%
01/Jun	Investor Day 2007	-2.47%	-3.57%
28/May	Annual General Meeting of Shareholders	+2.29%	+1.43%
07/May	Announcement of the end of the Public Tender Offer for BPI	+0.00%	0.33%
24/Apr	Announcement of the final conditions of the Public Tender Offer for BPI Disclosure of 1st quarter of 2007 earnings	+5.23%	+6.97%
16/Mar	Disclosure of the final decision of the Competition Authority regarding the Offer for BPI	+1.56%	+5.06%
30/Jan	Disclosure of 2006 annual earnings	-2.07%	-0.69%

Dividend Distribution Policy

BCP maintained its policy of judicious distribution of income, in keeping with rules of prudence and seeking to provide adequate remuneration for its shareholders. Thus, in line with the practice adopted during the two preceding years, the Bank paid out an interim dividend in November 2007 in the sum of 0.037 euros per share (gross). The dividend paid out by BCP since 2000 is detailed in the following table:

Financial Year	Payment Year	Gross dividend per share (euros)	Net Dividend per Share (euros)		*Payout Ratio* (1)	*Dividend Yield* (2)
			Resident	Non Resident		
2000 (3)	2001	0.15	n.d.	n.d.	62.4%	2.65%
2001	2002	0.15	0.12	0.105	61.1%	3.30%
2002	2003	0.10	0.08	0.07	49.2% (4)	4.39%
2003	2004	0.06	0.051	0.045	44.7%	3.39%
2004						
Anticipated Dividend	2004	0.03	0.0255	0.0225		
Final Dividend	2005	0.035	0.02975	0.02625		
Total Dividend		0.065	0.05525	0.04875	41.3%	3.44%
2005						
Antecipated Dividend	2005	0.033	0.02805	0.02475		
Final Dividend	2006	0.037	0.03145	0.02775		
Total Dividend		0.070	0.05950	0.05250	31.9%	3.00%
2006						
Antecipated Dividend	2006	0.037	0.0296	0.0296		
Final Dividend	2007	0.048	0.0384	0.0384		
Total Dividend		0.085	0.068	0.068	39.0%	3.04%
2007						
Antecipated Dividend	2007	0.037	0.0296	0.0296		
Final Dividend (5)	2008	0.0	0.0	0.0		
Total Dividend (5)		0.037	0.0296	0.0296	23.7%	1.27%

1) The Payout ratio represents the net profit percentage (in accordance with the account plan of the Portuguese banking system until 2004, and IFRS from 2005) distributed by Shareholders as dividends;

2) Dividend yield represents the annual percent yield, calculated by dividing gross dividend amounts by share price in the corresponding year;

3) Paid as scrip dividend through issuing of new shares and proportionate distribution by Shareholders bearing shares representing the Bank's share capital;

4) Based on net profits calculated before constitution of a 200 million euros provision fund, aimed at covering general banking risks in the amount of 200 million euros;

5) Proposal to be submitted to the General Meeting of Shareholders.

Capital Increases

No capital increases were carried out during the year of 2007.

Plans for the Attribution of Shares

No share attribution or share acquisition option plans whatsoever were approved during the year of 2007; at the present date, there are no plans whatsoever with these features.

Communication of Transactions

In compliance with internal Regulations relative to Group companies with financial intermediation activities, any transactions made in regulated markets by the employees for own account purposes relative to securities issued by BCP or any company it controls are communicated to the Company Secretary by the Corporate Bodies and to the Compliance Office by the employees of the financial intermediation area.

Capital Structure

All the shares issued by Banco Comercial Português are admitted to trading and have a unique category, all of them having, consequently, the same rights and duties. There are no Shareholders with special rights.

Qualified participations

From December 31, 2007, the qualified participations in the share capital of Banco Comercial Português, calculated according to the terms of article 20 of the Securities Code and in accordance with the information held by the Bank, are detailed in the Management Report (Volume I, ch. "Qualified Shareholdings", page 143).

Investor Relations

The Investor Relations area (IR) establishes a permanent dialogue with the financial community – Shareholders, Investors and Analysts, as well as with the financial markets in general and corresponding regulatory entities. Its main objective is to inform, promote and reinforce trust in the Bank to the various market agents, through financial information disclosure and relevant facts, enabling for accurate evaluation of BCP shares and the Bank.

In 2007, the Bang developed an intense communication activity with the market, adopting the Securities Market Regulator (CMVM) recommendations and the best financial and institutional communication.

All the public and relevant information of institutional nature is available at the Bank's website, in its institutional area. Thus, the Bank has as principle, immediately after the disclosure to the market of information related with Privileged Information, General Meeting of Shareholder, Results Announcement and other communications, to make the documents available at its website's institutional area.

For each of the three General Meeting of Shareholders held in 2007, specific pages were created including the agenda, proposals and documents discussed and all remaining information and necessary documents to participate in the Meeting. On the other hand, IR has monitored the Shareholders (via telephone or e-mail) with doubts and questions about their participation in the Meeting.

All the information related to the 4th investor Day, held in June, including the presentation of the Programme Millennium 2010, which defined the Group's main strategic guidelines and objectives, was made available at the website, simultaneously with its delivery to the event's participants.

Investor Relations Department contacts

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More detailed information on the Investor Relations Department and BCP shares is presented in chapter "BCP shares on the stock market" of the Management Report (volume I, page 127).

BUSINESS AND OPERATIONS BETWEEN THE COMPANY, AS ONE PARTY, AND MANAGEMENT AND SUPERVISORY BOARDS, QUALIFIED PARTICIPATIONS HOLDERS OR COMPANIES WITH DOMINANCE OR GROUP RELATIONSHIPS, AS THE OTHER, THAT HAVE NOT BEEN CARRIED OUT UNDER NORMAL MARKET CONDITIONS FOR SIMILAR OPERATIONS OR ARE NOT INCLUDED IN NORMAL BANK ACTIVITY

No businesses or operations corresponding to the aforementioned characteristics were undertaken involving the aforementioned entities.

ANNUAL REMUNERATION PAID TO THE AUDITOR AND THE REGIME ESTABLISHED IN ORDER TO SAFEGUARD ITS INDEPENDENCE

Activity Monitoring

Monitoring of the activity of the Group Auditor, KPMG & Associados, SROC, S.A. ('KPMG') is ensured by the Supervisory Board, through the Audit and Risk Committee, which is also responsible for proposing the election and appointment of the Group Auditor to the General Meeting of Shareholders, as well as issuing its opinion on Auditor independence conditions and other relations between the Auditor and the Group.

The aforementioned monitoring is achieved through regular contact with KPMG, allowing the Supervisory Board and the Audit and Risk Committee to discuss solutions and criteria resulting from audit activities in a timely manner.

Remuneration

During the financial year of 2007, o Banco Comercial Português and/or corporate entities controlled by the Bank or part of the same group contracted services from KPMG (in Portugal and Abroad) whose corresponding fees totalled 9,913 thousand euros, distributed by the various types of services provided, as follows:

	KPMG Network			
	Portugal	**Estrangeiro**	**Total**	**%**
Legal accounts review services	2,278	1,522	3,800	38%
Other guarantee and reliability services	1,652	182	1,834	19%
Fiscal consultancy services	721	117	838	8%
Other services than legal review	1,798	1,643	3,441	35%
	6,449	**3,464**	**9,913**	**100%**

A description of the main services included in each category of services provided by KPMG, presented, relative to December 31, 2007

<u>Legal accounts review services</u>
Includes fees charged by KPMG within the scope of auditing and legal revision of consolidated accounts for the Group and its various companies, on an individual basis, auditing of subsidiaries for consolidation purposes and other services associated to legal accounts revision.

<u>Other guarantee and reliability services</u>

Includes fees charged by KPMG within the scope of provision of services that, considering their characteristics, are associated to the auditing activity and should in most cases, be provided by statutory auditors, namely: issuing of comfort letters and opinions on specific themes (internal control and economic provisions within the scope of Bank of Portugal legislation and services associated to security operations and other accounting services).

Fiscal consultancy services

Includes fees charged by KPMG within the scope of fiscal support provided to the Group relative to review of the fiscal obligations of the various existing companies, in Portugal and abroad.

Other services than legal revision

Includes fees charged by KPMG within the scope of services that do not fall into the category of legal revision, allowed in accordance with the independence rules defined. Amongst others, these include technical support within the scope of Basel II.

Approval of services

With the objective of safeguarding Auditor independence and taking into account good practices, as well as national and international rulings, namely the Sarbanes-Oxley Act, a series of regulatory principles was approved by the Supervisory Board, through the Bank's Audit and Risk Committee, and KPMG, as described below:

- KPMG, companies or corporate entities belonging to the same ("Network") will not be able to provide services that are considered prohibited, according to paragraph 201 of the Sarbanes-Oxley Act, to the Bank or Group;

- Contracting of remaining non-prohibited services by any Organic Unit of the Bank or company controlled by the Bank entails previous approval by the Bank's Audit and Risk Committee. The approval referred is issued for a pre-defined series of services, for a renewable 12-month period. For remaining services, specific approval by the Audit and Risk Committee is required.

KPMG Risk Management and Quality Control Process

Risk management

KPMG implemented a system on its intranet, at an international level, designated "Sentinel", which conditions service provision by any office of the KPMG network to authorisation by the Global Lead Partner responsible for the customer. This procedure implies that the KPMG Units from which the service in question is requested must obtain previous authorisation from the Global Lead Partner referred. Service requests must include presentation of a rationale for the activities requested, namely factors allowing evaluation of compliance with applicable risk management rules and, consequently, KPMG independence.

The Global Lead Partner is also responsible for verifying that service proposals presented through "Sentinel" comply with service pre-approval rules and, when applicable, proceeds with any necessary diligences before the Audit and Risk Committee, with a view to strict compliance with applicable independence rulings.

All KPMG employees must comply with the independence rules described in the KPMG International Risk Management Manual, besides being obliged to fully comply with the rules established by the Auditors Order and, when applicable, the Independence Standards Board, SEC and other regulatory entities.

KPMG professionals are responsible for maintaining their independence, being obliged to periodically review their financial interests, as well as their personal and professional relationships, to ensure strict compliance with KPMG and professional independence requirements. It is forbidden for KPMG employees to collaborate with any other entities or organisations (customers or not), as managers, executive members, independent professionals or employees.

In order to guarantee its independence and that of its professionals, in reality and appearance, KPMG developed an application – the KPMG Independence Compliance System (KICS) – that includes information relative to independence rules, a search engine allowing Access to the list of restricted entities where KPMG professionals are not allowed to hold financial interests and an employee financial investment reporting system, where professionals record the names of the entities where they hold financial interests, without mentioning values or quantities. In this way, this application fulfils AICPA independence demands without compromising privacy policies.

An annual independence statement is required from all KPMG professionals, signed by occasion of their joining and renewed on an annual basis, where these commit not to acquire financial interests, directly or indirectly, in KPMG customers, keep all information they may Access coinfidential and avoid any relationships with customer employees that may compromise KPMG's independence and objectiveness.

<u>Quality control</u>

Quality control by national Office internal teams

With a view to guarantee service quality to its customers, KPMG annually performs quality control of the activities performed, which essentially consists of the following aspects:

- Revision of each activity by the team involved, allowing identification of areas requiring additional work on a particular component of the customer's financial statements, before the work in question is concluded;
- Annual revision, by a team consisting of KPMG's most experienced professionals, of a representative sample of customer's documents, with a view to ensuring that work planning and associated internal control were performed in the most effective manner, as well as ensuring that the information collected at this stage ensure structuring and design of adequate tests and that these ensure analysis of all risk areas identified in work planning stages and, eventually, in subsequent stages.

Quality control by international office internal teams

In addition to quality control activities continuously carried out by professionals at offices in Portugal, KPMG annually performs quality audits of general and risk evaluation procedures and the quality of the work executed; these audits are performed by KPMG international office staff with adequate training to carry out these control activities.

The aforementioned control activities allow sharing and harmonisation of KPMG knowledge ar a world level, allowing risk identification and use of particular risk analysis and minimisation tools already developed in other countries. Evaluation and quality control procedures performed by professionals at offices in Portugal and abroad are supported by an IT tool especially developed for this purpose – the Risk Compliance Checklist (RCC).

CHAPTER II

EXERCISE OF VOTING RIGHTS AND SHAREHOLDER REPRESENTATION

The Bank established a series of mechanisms that ensure effective exercise of shareholder rights, of which the rights to participate in General Meetings and be able to vote in these meetings should be emphasised.

By occasion of each General Meeting of Shareholders, the Bank proceeds to disclose the event, in an extensive and timely fashion, not only by sending copies of the corresponding call notice, but also the letter from the Chairman of the General Meeting of Shareholders Board explaining the several possible ways of participating in the General Meeting (presentially, by proxy, by postal vote or via electronic means). The Bank also sends forms to be used in relation to each situation, to which a postage paid envelope addressed to the Bank is annexed. All relevant information is also provided on its website (www.millenniumbcp.pt): the agenda, proposals and documents to be submitted to the General Meeting, minute of the letter requesting blocking of shares for participation in the General Meeting, minute of the representation letter, ballot papers for postal voting and via electronic means, etc.

In this way, and at least during the month prior to the Meeting's date, a page is opened on the Group's website with information on the General Assembly from where, with respect for the legal deadlines, not only can all documentation that is meant to be submitted to Shareholders be downloaded, but also an explanatory note of how to participate in the General Meeting, as well as minutes of all the documents that the Shareholders have to send or acts that they have to carry out to ensure their presence at the General Meeting and the exercising of their voting rights.

The call notice, elaborated according to the law and the Bank's Articles of Association, not only indicates the the date, time and location of the General Meeting of Shareholders, in a clear and unequivocal fashion, but also the following:

(i) The agenda;

(ii) Mechanisms used to verify the quality of Shareholder – letter sent by the entity that registered the shares, consisting of a certificate relative to the number of shares held and corresponding blocking on the 5th working day before the date of the General Meeting of Shareholders, sent to the Bank by 17:00 of the second last working day before the assembly date;

(iii) The number of shares corresponding to one vote – 1,000 shares correspond to one vote; Shareholders holding a number of shares below 1,000 may form groups to attain the minimum required and be represented by any group member;

(iv) Any Shareholder may be represented by any individual of their choice, provided they possess full legal capacity. Representation letter minutes are sent by post to all Shareholders and are also available at the Bank website. Shareholders should communicate the name of their representatives to the Chairman of the General Meeting of Shareholders Board by 17:00 of the second last working day before the Meeting's date;

(v) The possibility exists for Shareholders to exercise their voting by correspondence – voting forms are available at the bank's headquarters and on the Internet;

(vi) The possibility exists for Shareholders to exercise their voting rights electronically – the necessary document to request a voting code is available on the Internet.

Methodologies adopted for the exercise of voting rights by correspondence or electronically are described both in the General Meeting of Shareholders call notice and the Bank website.

It should be referred that the established deadline for reception of votes by correspondence has coincided with the reception deadline for all other documents relative to the General Meeting of Shareholders.

Electronic voting by Shareholders requesting it on a timely fashion may take place between the 4th and the 2nd last working days before date scheduled for the General Meeting of Shareholders.

Legitimacy to exercise voting rights is confirmed by letter sent by the entity that registered the shares, consisting of a certificate relative to the number of shares held by the shareholder on the 5th working day before the date of the General Meeting of Shareholders. Such letter, to be received by the bank by 17:00 of the second last working day before the assembly date, should also certify that shares are blocked.

If the General Meeting is suspended until continuance at a later date, and since the blocking of shares by the financial institutions in which they are registered is only valid until the end of the day set for each General Meeting, the Shareholders must hand in a new document to the bank confirming their quality as Shareholder on the 5th working day prior to the date set for the continuance of the General Meeting.

CHAPTER III

COMPANY RULES

The activities of the Bank and the Group follow the rules of conduct established by the Bank of Portugal, applicable to credit institutions and corresponding company bodies members, as well as a set of own regulations that ensure that management is based on the principle of risk diversification and application safety, with the interests of deposit holders, Investors and other Shareholders in mind. In this respect, a professional secrecy regime is adhered to, applicable to management and supervisory bodies members, employees, representatives, committed or any service providers, who may not reveal or use any information relative to facts or elements involving the institution or its relationship with its Customers.

The approved Code of Conduct, Internal Regulations Relative to Financial Intermediation Activities and the Supervisory Board Terms of Reference, Executive Board of Directors Regulations, Executive Committees Regulations and the Compliance Manuel describe the duties and obligations applicable not only to the activities of Banco Comercial Português, as a cohesive entity, but also to the individual behaviour of each employee and Bank and Group management and supervisory bodies members, in the exercise of their corresponding functions.

The **Code of Conduct** enumerates the principles and rules to be observed in banking practice, regarding financial and insurance activities, as well as operations involving securities and related assets traded in organised markets, namely in what concerns matters regarding conflict of interests, secrecy and incompatibilities. This code is disclosed to all Employees, a copy being handed to each Employee by occasion of their contracting; continuous access is also ensured by the internal portal (Intranet).

Internal Regulations Relative to Financial Intermediation Activities establishes fundamental rules and procedures, as well as general conduct rule, to be observed in activities developed by the bank as financial intermediary; these are disclosed to Employees via the internal portal (intranet).

The **Regulations Relative to Management and Supervisory Bodies** and the various Executive Committees establish their competences and acting scope, as well as regulating their functioning and establishing conduct rules of the corresponding members, complementing the Bank's Articles of Association, the Group's Code of Conduct and the Internal Regulations Relative to Financial Intermediation Activities. These documents are handed to the members of the corresponding bodies by occasion of their election or appointment.

The **Compliance Manual** enumerates a set of principles whose objective is to ensure that all management and supervisory bodies' members and remaining Group Employees guide their actions by the applicable legislation and regulations, both in wording and spirit, in addition to the business standards set by the Bank and its associates, in order to prevent financial loss risks and damage to the Group's images and reputation, In all companies where the Group is present through a controlled entity, compliance with country legislation is ensured, the local Compliance Officer being responsible for this compliance. This Manual is disclosed to all Employees via the internal portal (Intranet).

DESCRIPTION OF INTERNAL RISK CONTROL PROCEDURES IN COMPANY ACTIVITIES

During the exercise of its functions, the Executive Board of Directors is responsible for defining risk levels that may be assumed by the Group, as well the corresponding management process, being assisted by the Risk Commission in this latter function.

The **Risk Commission** is responsible for analysing global risk levels incurred, ensuring these levels are compatible with the objectives and strategies approved for activity development. This Commission proposes the risk control policy to be adopted by the Executive Board of Directors and ensures global management and control of risks assumed by the Group, in line with the general risk levels and management strategy defined. The Risk Officer assists the Risk Commission in its functions.

In addition to a hierarchical structure allowing correct function segregation, adequacy and reliability of automated support systems for all activities and management information quality, implemented internal control procedures and systems are also formally defined, in appropriate systematised regulations.

Established control systems ensure effective execution capacity, in an adequate fashion to activity volume and nature, conciliating commercial demands and established rules.

At this level it is also important to emphasize the existence of the Pension Fund Monitoring Commission, responsible for risk monitoring and management of the Group's Pension Funds, as well as the establishment of hedging strategies and adequate investment policies, and of the Assets and Liabilities Management and Capital Planning and Allocation Committee (CALCO), responsible for assets and liabilities monitoring and management and for the allocation of capital, as well as establishing adequate policies for liquidity risk and market risk management in terms of the Group's consolidated balance sheet.

The **Audit Department** continuously evaluates implemented control system adequacy, using appropriate methodologies, as well as correct compliance with current regulations, these systems are also evaluated by external Auditors.

Regular measurement of service levels are also carried out in each area, allowing a continuous improvement in the adequacy of structures and procedures to work volume, as well as verification and monitoring of established objectives and controls.

Thus **Compliance Office** also assumes particular relevance in this Area.

One of the main functions of the **Supervisory Board**, performed by the appointed **Audit and Risk Committee**, is Risk supervision and assessment.

More detailed information on this matter is present in the "Risk Management" chapter of the Management Report (volume I).

LIMITS TO THE EXERCISE OF VOTING RIGHTS, SPECIAL RIGHTS OR EXISTENCE OF SHAREHOLDERS AGREEMENTS

The Shareholders of Banco Comercial Português are not subject to any limits regarding free share transferability or exercise of voting rights, with the exception of the quantitative limit described in paragraph 10 of article 16 of the company's articles of association, which limits the number of votes cast by individual shareholder or Group of related Shareholders to 10% of the capital present or represented in the General Meeting of Shareholders. To each 1,000 shares corresponds 1 vote.

No special of other voting rights exist; shares representing the bank's share capital fall under a single category.

The Bank has no knowledge of any existing Shareholders agreements.

There are no share transferability restrictions nor has the Bank any knowledge of any existing shareholders agreements that may lead to restrictions in terms of transmission of securities and voting rights.

CAPTER IV – MANAGEMENT BODY

EXECUTIVE BOARD OF DIRECTORS

According to the already described governance model adopted by the Bank, the Executive Board of Directors includes executive members only. During the financial year of 2007, this board included the following members

Chaiman – Paulo Jorge de Assunção Rodrigues Teixeira Pinto (who resigned from the position on July 31, 2007) (47 years old);

Deputy-Chairman – Presidente Filipe de Jesus Pinhal, (who occupied the position of Chairman on August 1, 2007) (61 years old);

Deputy-Chaiman – Christopher de Beck (61 years old);

Voting Member – António Manuel de Seabra e Melo Rodrigues (52 years old);

Voting Member – António Manuel Pereira Caldas de Castro Henriques (50 years old);

Voting Member – Alípio Barrosa Pereira Dias (64 years old);

Voting Member – Alexandre Alberto Bastos Gomes (52 years old);

Voting Member – Francisco José Queiroz de Barros de Lacerda (47 years old);

Voting Member – Boguslaw Jerzy Kott (60 years old).

CV's and responsibility areas for all members of the Executive Board of Directors, as well as Bank securities held by each until December 31st 2007, are presented in annexed documents to this report.

According to the Bank´s Articles of Association, the position of Members of the Executive Boards of Directors is not compatible with the exercise of functions of any nature, by appointment to corporate position or employment contract, at any other credit institution with headquarters in Portugal, branches or subsidiaries in Portugal or with a dominating or group relationship with any of the former, direct or indirect ownership of a participation exceeding 2% of the share capital of voting rights of any other credit institution with headquarters in Portugal or branches or subsidiaries in Portugal, and appointments to governing body positions by competitor corporate entities.

The liabilities of the members of the Executive Board of Directors are guaranteed by an insurance policy each member subscribes to, covering eventual non-compliance with

Director's obligation to the company or obligations described in the law, contract or convention and subject to guarantees, up to 25,000.00 euros per year. Additionally, Banco Comercial Português has subscribed an insurance policy that ensures the coverage of losses or damages requested with basis on liabilities claims legally demanded from company Directors, involving social responsibility when these result from illicit actions by these Directors, or for which they may be accountable, during the exercise of their functions, up to a total amount of 50,280,000.00 euros per liability, aggregate and annuity.

As previously mentioned, at the General Meeting held on January 15, 2008 a new Executive Board of Directors was elected for the mandate corresponding to 2008/2010, entirely composed of members that are occupying their position for the first time, and which are identified below:

Chairman: Carlos Jorge Ramalho dos Santos Ferreira (58 years old);

Deputy Chairmen: Armando António Martins Vara (53 years old)

Paulo José de Ribeiro Moita de Macedo (44 years old)

Voting Members: José João Guilherme (50 years old)

Nelson Ricardo Bessa Machado (48 years old)

Luís Maria França de Castro Pereira Coutinho (45 years old)

Vítor Manuel Lopes Fernandes (44 years old).

The respective professional qualifications and areas of responsibility are indicated in the annex to the present report.

EXECUTIVE COMMISSION AND OTHER COMMISSIONS WITH MANAGEMENT COMPETENCES

As a consequence of the adopted governance model, there are no Executive or other Commissions with management competences, composed exclusively by members of the Executive Board of Directors.

DESCRIPTION OF THE FUNCTIONING OF THE MANAGEMENT BODY

Each member of the Executive Board of Directors has the special responsibility of following the management issues described in the annex to this report; as a general rule, the Board meets every week, with the exception of the month of August, one meeting being compulsory. The Board met on 67 occasions during the year of 2007

Board meetings are called by its Chairman or 2 other Board members. In order for a Board meeting to be valid, the majority of its members should be present. Directors resorting to videoconferencing techniques are considered as present. Board resolutions should be taken by the majority of members present; in case of a voting, the Chairman or his alternate has the casting vote. Directors may be represented in meetings by another Director.

The Chairman of the Executive Board of Directors is a member of the Senior Board, as part of his functions, and also participates in Supervisory Board meetings. The Chairman of the Executive Board of Directors participates also, as a Guest, in the meetings of the Audit and Risk Committee, and the Corporate Governance Committee of the Supervisory Board.

The CFO participates in Supervisory Board meetings and, as a Guest, in Audit and Risk Committee meetings.

COMPANY BODIES REMUNERATION POLICY

The remunerations of the members of the Executive Board of Directors are established by and independent Board, the already mentioned Remunerations and Welfare Board, elected in the General Meeting of Shareholders from among Shareholders of the Bank.

At the end of 2005, the Remunerations and Welfare Board approved the remuneration, which was submitted, on a consulting basis, to the Annual General Meeting of May 28, 2007.

Breakdown of total remuneration:

- Fixed Annual Remuneration: the Remuneration and Welfare Board establishes the remuneration of the Chairman based on best international practices, while those of the Deputy-Chairman vary between 85% and 60% and that of the other members between 60% and 40% of the Chairman's remuneration in both cases:
- Variable Annual Remuneration: up to 350% of the Fixed Annual Remuneration (depends on the extent to which the annual targets are met);
- Multi-year Variable Annual Remuneration: up to 250% of the Fixed Annual Remuneration (depends on the extent to which the medium -terms targets determined for the variable annual remuneration are met)

The Variable Remuneration is established in the basis of the bank's performance compared to the benchmark for the following indicators:

- Total Shareholder Return
- Return on Equity
- Cost-to-income ratio
- Revenues and Net Income Growth

In addition to this common component, an individual appraisal is performed, which includes the performance of the business areas managed, when compared to the previous year. There is also a qualitative assessment of leadership skills and of the contribution to the Bank's image and representation.

The members of the Executive Board of Directors receive no compensation other than that communicated by the Bank.

Retirement scheme

As deliberated by the Remuneration and Welfare Board, the Directors of Banco Comercial Português with a contributive career mainly in Portugal are entitled to a pension in reaching the age of 65 or on completing 30 years of professional activity, or those who become permanently disabled for work.

REMUNERATION OF THE EXECUTIVE BOARD OF DIRECTORS

Fixed remuneration paid to members of the Executive Board of Directors for functions performed during the financial year 2007, directly or through companies with which Banco Comercial Português has a controlling or group relationship, amounted to 4,710 thousand euros, with no amount relative to variable remuneration having been paid.

Expenses relating to pension funds and complementary retirement policies for members of the Executive Board of Directors during the same financial year amounted to 6,518 thousand euros.

On August 31, 2007, the Chairman of the Executive Board of Directors retired. Subsequently, the General Meeting on January 15, 2008 elected an Executive Board of Directors which is not composed of any of the previous members of the executive body whose mandate ended on December 31, 2007. Consequently, the Directors that had a right to retire went into retirement, having the remaining directors, all employed by the Bank, reached an agreement regarding the termination of their respective contracts.

The costs supported by the company for pension liabilities associated with retirement of members of the Executive Board of Directors were 78,864 thousand euros.

In compensation for the conditions contracted in relation to the contractual termination agreed upon with members of the Executive Board of Directors, the Bank had costs of 28,432 thousand euros, which were paid in 2007 and early 2008, but had impact on 2007 accounts.

Associated with retirement and the contract termination of the members of the previous Executive Board of Directors, curtailment costs in the amount of 16,663 thousand euros were registered.

COMMUNICATION OF IRREGULARITIES POLICY

Following the alterations made to the bank's corporate governance model, competence relative to reception and processing of irregularity communications, no longer circumscribed to communications received from Bank employees since 2006, was attributed to the Supervisory Board, which delegated this responsibility on one of its specialised commissions, the Audit and Risk Committee.

Internal Communications

An e-mail address was created for internal communications (comunicar.irregularidade@millenniumbcp.pt), accessible from the Millenium bcp portal. This e-mail is exclusively dedicated to receiving communications relative to alleged irregularities occurring inside the Group. The Supervisory Board is chiefly responsible for the management and processing of these communications, having delegated this responsibility on the Audit and Risk Committee, which ensures author confidentiality. Communication authors should, on their part, assume their identity, by using their internal e-mail addresses for sending communications.

Within 30 (thirty) days after receiving a communication, the Audit and Risk Committee will elaborate a preliminary report evaluating communication facts, accompanied by an action proposal and eventual measures to correct the anomalies or irregularities found, which should be presented to the Chairman of the Supervisory Board.

If the communication in question involves any member of the Supervisory Board or any of its socialised commissions, it should be sent to the Chairman of the Supervisory Board using a different e-mail address, especially created for this purpose.

Appendix to the Corporate Governance Report

Curricula Vitae of the members of the Supervisory Board of Banco Comercial Português, S.A., and of the Expert Members of its Specialised Commissions.

Curricula Vitae of the members of the Executive Board of Directors of Banco Comercial Português, S.A.

The Supervisory Board of Banco Comercial Português, S.A., and the Expert Members of its Specialised Commissions.

Gijsbert J. Swalef

Age: 67 years old.

Current position in the Group: Deputy-Chairman of the Supervisory Board of Banco Comercial Português, S.A. since March 2006, having taken up the position of Chairman from January 1, 2008 onwards, following the resignation of Jorge Jardim Gonçalves.

Qualifications: several diplomas from Management Schools in The Netherlands, where he was born, and abroad.

Professional Experience: initiated his professional activity in the insurance sector in 1957 having, in 1970, participated in the incorporation of the company Equity & Law in The Netherlands, of which he was a Director. In 1989 he was elected Chairman of the Board of Directors of Centraal Beheer and Chairman of the Board of Directors of the Achmea Group, a company that was born from the merger of Centraal Beheer with several other institutions, a position he held until April 2000. Between December 2002 and October 2005 he was Chairman of the Board of Directors of Eureko B.V.. His former positions are, among others: vice-president and president of Comité Européen des Assurances (CEA), Paris; Chairman Supervisory Board Conyplex B.V.; Chairman Supervisory Board N.V. Bank voor de Bouwnijverheid B.V.; Member of the Board Stichting Queen Juliana tot Steun; and Member of the Supervisory Board of Yura International Holding B.V.. Currently, he presides to the Achmea Association and to the Management body of the Stichting Administratiekantoor Achmea, Zeist.

António Manuel Ferreira da Costa Gonçalves

Age: 67 years old.

Current position in the Group: Deputy-Chairman of the Supervisory Board of Banco Comercial Português, S.A. since March 2006.

Qualifications: Economics Degree by Columbia University in 1964 and in Textile Engineering by Pennsylvania Textile Institute in 1966.

Professional Experience: was a promotor and founding member of Sociedade Portuguesa de Investimentos, of which he was Deputy-Chairman of the General Board, Chairman of the Senior Board of Banco Comercial Português, S.A from 1996 until March 2005, and founding member of COTEC Portugal, of the Fundação de Serralves and Casa da Música. He is currently Chairman of the Board of Directors of companies that make up the Têxtil Manuel Gonçalves Group and Deputy-Chairman of the Board of Directors of Tecnoholding, SGPS, S.A..

António Luís Guerra Nunes Mexia

Age: 50 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since the General Meeting of January 15, 2008, to occupy an existing vacant post.

Training and Qualifications: Economics Degree in 1979 by the University of Genéve. Between 1979 and 1981, he was a lecturer at Economics Department at the University of Genéve. Between 1985 and 1989, he was professor on the Post- graduation course in European Studies at Universidade Católica and Lecturer at Universidade Nova and at Universidade Católica where he lectured between 1982 and 1995.

Professional Experience: Between 1989 and 1991, he was Assistant Deputy State Secretary for Foreign Trade. In 1991, he took up the position of Deputy-Chairman of the Board of Directors of ICEP – Instituto do Comércio Externo, responsible for Foreign Investment. From 1992 to 1998, he was director of Banco Espírito Santo de Investimento, responsible for the areas of Capital Markets, Brokerage and Project Finance. In 1998, he was nominated Chairman of the Boards of Directors of GDP – Gás de Portugal and Transgás. In 2000, he was Deputy-Chairman of the Board of Directors of Galp Energia, having been Executive Chairman from 2001 to 2004. From 2001 to 2004, he was also Chairman of the Boards of Directors of Petrogal – Petróleos de Portugal, GDP – Gás de Portugal, Trangás and Trangás-Atlântico. In 2004, he was nominated Minister for Public Works, Transport and Communications in the XVI Constitutional Government. He was also Chairman of APE – Associação Industrial Portuguesa de Energia between 1999 and 2002, member of the Trilateral Commission between 1992 and 1998, deputy-chairman of AIP – Associação Industrial Portuguesa and Chairman of the General Council of Ambelis, as well as Representative of the Portuguese Government at the European Union in the work group for the development of trans-European networks. He is currently Chairman of the Executive Board of Directors EDP – Energias de Portugal, of EDP – Energias do Brasil, of EDP – Estudos e Consultadoria, and non-executive Director of Aquapura – Hotels Resort & SPA.

Francisco de la Fuente Sánchez

Age: 65 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since March 2006.

Qualifications: Electronic Engineering Degree in 1965 by the Instituto Superior Técnico.

Professional Experience: initiated his activity at the Companhias Reunidas de Gás e Electricidade. Since 1994 he has been Director of companies of the EDP Group, from 1997 to 2000 he was Voting Member of the Board of Directors of EDP, and was also non-executive director at the Companhia Electricidade do Rio de Janeiro, S.A. (Brazil) and at EBE – Empresa Bandeirante de Energia, S.A. (Brazil). From 2000 to 2003 he was Chairman of the Executive Commission of EDP, from 2002 to 2005 he was Director of Hidroeléctica del Cantábrico, S.A. and between 2003 and 2005 he was Manager of the Entrepreunerial Council for Sustainable Development (Portugal) and Manager of the Forum for Competitiveness. From 2000 to 2006, he was Chairman of the Board of Directors of EDP, currently holding the post of Consultant to the Board of Directors. He is member of the Consulting Board of the Portuguese Association for the Development of Communications, Chairman of the Corporate Council for Sustainable Development (Portugal), member of the Council of Curators of the Luso-Brazilian Foundation, member of the Consulting Council of the Portuguese Institute of Corporate Governance, member of the Consulting Council of the Forum for Competitiveness, Honorary Chairman of Hidroeléctica del Cantábrico, S.A. and of the Board of Directors of EFACEC.

João Alberto Ferreira Pinto Basto

Age: 76 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since March 2006.

Qualifications: Degree in Medicine in 1958 by the Universidade de Lisboa.

Professional Experience: Chairman of the Board of Directors of the companies of the Vista Alegre Group from 1980 to 1997. From 1997 to 2005, he was also Director of Pinto Basto, SGPS, S.A..

José Eduardo de Faria Neiva Santos

Age: 70 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since March 2006. He is a Voting Member of the Board of Auditors of Banco Millennium bcp Investimento, S.A..

Qualifications: Economics Degree in 1963, by the Universidade de Economia do Porto, and, in 1964 he became Chartered Accountant and in 1974 he became Statutory Auditor.

Professional Experience: he held the position of Voting Member of the Board of Auditors and of Statutory Auditor in several companies, namely Banco Comercial Português (1985-2006), Banco Português do Atlântico (1995-2000), Salvador Caetano – Comércio de Automóveis, S.A., L.J. Carregosa and Sociedade Financeira de Corretagem, S.A. (1994-2005), among others. He is Voting Member of the Board of Auditors and Statutory Auditor of several companies.

Keith Satchell

Age: 56 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since March 2006.

Qualifications: Bachelor of Science Degree from Aston University in Birmingham in 1972.

Professional Experience: initiated his activity at Duncan C. Fraser (currently integrated in Mercers) where he worked from 1972 to 1975, from 1975 to 1986 he worked at UK Provident. In 1986 he took up management functions at Friends Provident plc.. Since 1997, he has been Chief Executive of Friends Provident plc, having become a member of the Supervisory Board of Swiss Mobiliar in 1999, and, since 2005, President of the Association of British Insurers.

Luís Francisco Valente de Oliveira

Age: 70 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since March 2006.

Training and Qualifications: Civil Engineering Degree, in 1961, by the Universidade do Porto, where he completed his PhD in the same area in 1973. He became a Professor at the Universidade do Porto in 1980 where he lectured until 1997.

Professional Experience: from 1973 to 1975 he was Manager of the Technical Cabinet of the Planning Commission for the North Region. In 1977 and 1978 he took up governing functions as Minister for Education and Scientific Research and between 1985 and 1995 as Minister for Planning and Territorial Administration. He returned to the Government in 2002/2003 as Minister of Public Works, Transportation and Housing. Between 1985 and 2002 he held the post of Chairman of the Board of Directors of Banco Comercial Português, S.A., between 1995 and 2002 he was a Member of the Board of Directors of the Fundação D. Manuel II and between 1998 and 2000 he was a Member of the Board of Directors of the Fundação de Serralves. He is currently Deputy-Chairman of the Associação Empresarial Portuguesa, Member of the Executive Board of the Luso-American Foundation, Chairman of the Board of the General Meeting of Shareholders of Mesquita & Filhos, S.A. and Independent Member of the Board of Directors of Mota Engil.

Luís de Melo Champalimaud

Age: 55 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since March 2006.

Qualifications: Economics Degree by the Instituto Superior de Economia e Sociologia at Évora.

Professional Experience: Business Manager at Soeicom, S.A., between 1975 and 1982, the year in which he became Executive Manager of the company and rose to Deputy-Chairman of the Board of Directors, with non-executive functions in 1992, position he held until 2000. Between 1992 and 1993 he also held the position of Director of Companhia de Seguros Mundial-Confiança, S.A., having been Chairman of the company between 1993 and 1995. Between 1995 and 2000 he was Chairman of Banco Pinto & Sotto Mayor, position he accumulated, between 1996 and 2000 with that of Chairman of Banco Chemical and between 1997 and 2000, with that of Chairman of the Banks Totta & Açores and Crédito Predial Português. He has been Chairman of the Advisory Board of Soeicom, S.A. since 2005 and in the three year period 2004/2006 he took up the post of non-executive Director of Portugal Telecom, SGPS, S.A.. He is currently Chairman of the Board of Directors of Confiança Participações, SGPS, of Sétimos Participações, SGPS, Chairman of the Advisory Board of Soeicom, S.A. and Sole Director of 3 Z – Sociedade Administração de Imóveis, S.A..

Manuel Domingos Vicente

Age: 51 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since the General Meeting of January 15, 2008, to occupy an existing vacant post.

Qualifications: Electronic Engineering Degree, specialized in power systems, by the Universidade Agostinho Neto.

Professional Experience: he held positions of responsibility as Chief Engineer of the Projects Division of SONEFE from 1981 to 1987, and was Head of the Technical Department of the Ministry of Energy and Oils from 1987 to 1991, having been appointed, in 1991, to the position of Deputy General Manager of Sonangol U.E.E.. He is currently Chairman of Sonangol, Chairman of the Board of the General Meeting of Shareholders of UNITEL, consultant of GAMEK, Chairman of the Management Committee of the Base of Luanda and Deputy-Chairman of the Fundação Eduardo dos Santos (FESA).

Mário Branco Trindade

Age: 71 years old.

Current position in the Group: Voting Member of the Supervisory Board of Banco Comercial Português. He is currently a Voting Member of the Supervisory Board, a member of the Board of Auditors of Banco Millennium bcp Investimento, S.A., and Statutory Auditor in several companies.

Qualifications: Economics Degree in 1962, by the Universidade de Economia do Porto, in 1965 he became Chartered Accountant and in 1974 he became Statutory Auditor.

Professional Experience: he held the positions of Voting Member of the Supervisory Board and of Statutory Auditor in several companies of which the following are worthy of mention: Banco Comercial Português (1985-2006), Banco Português do Atlântico (1995-2000), Salvador Caetano – Comércio de Automóveis, S.A., Cofipsa – SGPS, S.A. (1989-1996) and Sociedade Portuguesa de Leasing, S.A. (1989-1996), among others.

Ângelo Ludgero da Silva Marques

Age: 69 years old.

Current position in the Group: Deputy Voting Member of the Supervisory Board of Banco Comercial Português, S.A. since the General Meting of January 15, 2008, to occupy an existing vacant post, and Expert Member of the Selection Committee.

Qualifications: Mechanical Engineering Degree, in 1986, by the Universidade do Porto.

Professional Experience: Chairman of the Board of Directors of LUDAMARK, SGPS, Director of ENERVENTO – Energias Renováveis and Manager of Earth Life. He is currently Chairman of the Boards of Directors of CIFIAL SGPS, of CIFIAL – Centro Industrial de Ferragens, of CIFIAL – Fundição e Tecnologia, CIFIAL Torneiras, CIFIAL – Indústria Cerâmica, and Manager of CIFIAL SI – Serviços de Consultadoria e Informação, and Chairman of AEP – Associação Empresarial de Portugal.

Executive Board of Directors as at 31 December 2007

Filipe de Jesus Pinhal

Personal Information:

- Date of birth: November 7, 1946
- Place of birth: Sesimbra
- Nationality: Portuguese
- Position: Chairman of the Executive Board of Directors, since August 32, 2007
    - Start of functions as a Member of the Executive Board of Directors: March of 1998
    - Deputy-Chairman of the Executive Board of Directors: February 1998 – August 2007
    - Current Mandate: 2005/2007

Management positions occupied in Group companies

In Portugal:

- Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.
- Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- Chairman of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- Manager of BII Internacional, SGPS, Lda.
- Chairman of the Board of Directors of Seguros & Pensões Gere, SGPS, S.A.
- Chairman of the Board of Directors of Millenium bcp Foundation

Outside Portugal:

- Chairman of the "Conseil de Surveillance do Banque BCP, S.A.S. (France)

Current positions outside the Group

- Member of the National Consumers Council
- Member of the Economic and Social Council

Functions within the scope of the Group's Organisation Model:

- Retail Executive Committee
- Audit, Security and AML Commission
- Training and Professional Development Commission
- Social Responsability Commission (Social Relations Sub-Commission)
- Risk Commission (Credit Risk, Market and Liquidity, Operational Risk and Pension Fund Monitoring Sub-Commissions)
- Stakeholders' Commission

Direct responsabilities

- Institutional Relations and with Subsidiaries: Bank of Portugal; C.M.V.M (Securities Market Regulator); Portuguese Bank Association; Unions
- Areas: Retail Network
- Departments: Risk Office; Compliance Office; Corporate Centre; Accounting; Investor Relations; Audit; Legal Department; Training and Professional Development; Administrative

Staff Support Department; Quality and Procedures; General Secretariat; Millennium bcp Foundation; Asset Divestment Department; Communication

Training and Qualifications

- 1970 – Finance Degree by Instituto Superior de Ciências Económicas e Finaceiras (ISCEF)
- 1970/1973 – Lecturer at ISCEF

Professional Experience:

- 1973 – Initiated his banking career in Banco da Agricultura, having subsequently joined Montepio Geral and Caixa geral de Depósitos, where he performed managing functions until 1985.
- 1985 – Joined Banco Comercial Português, where he performed management functions in the Research and Planning area.

Shares representing BCP's share capital held as at December 31, 2007:

- 3,700,000 shares

Christopher de Beck

Personal Information

- Date of birth: March 7, 1946
- Place of birth: Lisbon
- Nationality: Portuguese
- Position: COO and Deputy-Chairman of the Executive Board of Directors sunce 1998
- Start of functions: November of 1988
    - Current Mandate: 2005/2007

Management positions occupied in Group companies:

In Portugal:

- Deputy-Chairman of the Board of Directors of Banco Millennium bcp Investimento, S.A.
- Voting Members of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- Deputy-Chairman of the Board of Directors of Millenium bcp Foundation
-

Ouside Portugal:

- Voting Member of the Senior Board of Millennium Bank, S.A. (Grécia)
- Member of the Supervisory Board do Bank Millennium, S.A. (Polónia)
- Chairman of the Board of Directors of Millennium bcpbank, NA (USA)
- Chairman of the Board of Directors of Banca Millennium, S.A. (Romania)

Functions within the scope of the Group's Organisation Model:

- Foreign Business Coordination Committee
- Banking Services Coordination Committee
- Risks Commission (Credit Risk, Markets and Liquidity and Operational Risk Sub-Commission)
- Audit, Security and AML Commission

Direct Responsabilities:

- Departments: Foreign Businesses (Bank Millennium, S.A. (Poland); Millennium Bank, S.A. (Greece); Millennium Bank, AS (Poland); Banca Millennium, S.A. (Romania); Millennium BIM (Mozambique); Millennium bcpbank (USA); Millennium Angola)
- Departments: IT; Planning and Management Control; Operations; Quality and Procedures; Credit

Qualifications:

- 1968 – Economic Degree by University of Geneve
- 1970 – MBA by INSEAD European Institute of Business Administration em Fontainebleau – France

Professional Experience:

- 1971 – Joined Banco Português do Atlântico, where he developed his activity essentially in the international and informarion systems areas
- 1985 – Joined Banco Comercial Português, where he performed management funstions in the Operations and Systems areas

Shares representing BCP's share capital held as at December 31, 2007:

- 1,344,415 shares

António Manuel de Seabra e Melo Rodrigues

Personal Information:

- Date of birth: September 3, 1955
- Place of birth: Angola
- Nationality: Portuguese
- Position: CFO and Voting member of the Executive Board of Directors
  - Start of functions: June of 1995
  - Current Mandate: 2005/2007

Management positions occupied in Group companies:

In Portugal:

- Deputy-Chairman of the Board of Directors do Millennium bcp – Prestação de Serviços, ACE
- Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- Voting member of the Board of Directors of Banco ActivoBank (Portugal), S.A.
- Deputy-Chairman of the Board of Directors of Millennium bcp Fortis Grupo Segurador, SGPS, S.A.
- Deputy-Chairman of the Board of Directors of Ocidental – Companhia Portuguesa de Seguros de Vida, S.A.
- Deputy-Chairman of the Board of Directors of Ocidental – Companhia Portuguesa de Seguros, S.A.
- Deputy-Chairman of the Board of Directors of Médis – Companhia Portuguesa de Seguros de Saúde, S.A.
- Deputy-Chairman of the Board of Directors of Pensões Gere – Sociedade Gestora de Fundos de Pensões, S.A.
- Voting Members of the Board of Directors of Seguros e Pensões Gere, SGPS, S.A.
- Voting member of the Board of Directors of the Millennium bcp Foundation.

Outside Portugal:

- Member of the Board of Directors of BCP Holdings (USA), Inc. (USA)

Current positions outside the Group:

- Member do Supervisory Board of Euronext, NV

Functions within the scope of the Group's Organsation Model:

- Corporate and Investment Banking Coordination Committee
- Risks Commission (Credit Risk, Markets and Liquidity and Operational Risk Sub-Commission)
- Audit, Security and AML Commission

Direct responsabilities:

- Institutional Relations and with Subsidiaries: Auditors and Consultants; Fortis; Banco Sabadell; Eureko
- Treasury and Research; Middle Office, Planning, Control and MIB Group
- Departments: Risk Office; Corporate Centre; Accounting and Investor Relations

Qualifications:

- 1980 – Degree in Business Management and Organisation by pelo Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE)

Professional Experience:

- 1980 – Initiated his professional career in KPMG, in Spain, and subsequently in London and Lisbon, having been promoted to Manager in 1985.
- 1989 – Joined Banco Comercial Português, where he performed management functions in the áreas of Audit, Recruitment and Training, Research and Planning and Reporting to the SEC (US)

Shares representing BCP's share capital held as at December 31, 2007:

- 2,287,647 shares

António Manuel Pereira Caldas de Castro Henriques

Personal Information:

- Date of birth: September 2,1957
- Place of birth: Lisbon
- Nationality: Portuguese
- Position: Voting Member of the Executive Board of Directors
    - Start of functions: June of 1995
    - Current mandate: 2005/2007

Management positions occupied in Group companies:

In Portugal:

- Voting member of the Board of Directors of Banco ActivoBank (Portugal), S.A.
- Voting members of the Board of Directors of Millennium bcp Foundation
- Voting members of the Board of Directors of Millenniumbcp – Prestação de Serviços, ACE

Function within the scope of the Group's Organisation Model:

- Private Banking e Asset Management Coordination Committee
- Banking Services Coordination Committee
- Risks Commission (Credit Risk, Operational Risk Sub-Commission)
- Audit, Security and AML Commission

Direct responsabilities

- Departments: Legal; Asset Divestment; Operations; Credit; Procurement, Premises and Security
- Areas: Asset Management

Current positions outside the Group

- Chairman of the Senior Board of AAMBA – Associação dos Antigos Alunos do MBA da Universidade Nova de Lisboa
- Deputy-Chairman of the Audit Board of the Portuguese Federation of Food Banks Against Hunger
- Member of the Board of Directors of Associação de Amizade Portugal – USA

Training and qualifications:

- 1979 – Management Degree by Université de Paris IX-Dauphine
- 1981 – MBA by Universidade Nova de Lisboa
- 1979/1986 – Lecturer at the Economics Faculty of Universidade Nova

Professional Experience:

- 1980/1983 – Technical functions in the Financial Department of EPSI – Empresa de Polímeros de Sines
- 1983/1988 – Technical function at the RAR Group

- 1988 – Joined Banco Comercial Português, where he performed management functions in the areas of companies marketing, asset management, international, financial and Nova Rede coordination

Shares representing BCP's share capital held as at December 31, 2007:

- 1,710,000 shares

Alípio Barrosa Pereira Dias

Personal Information :

- Date of birth: March 10, 1943
- Place of birth: Porto
- Nationality: Portuguese
- Position: Voting Member of the Executive Board of Directors
    - Start of functions: February of 1998
    - Current mandate: 2005/2007

Management positions occupied in Group companies:

In Portugal:

- Voting member of the Board of Directors of Banco Millennium bcp Investimento, S.A.
- Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- Voting member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- Voting member of the Board of Directors of Seguros & Pensões Gere, SGPS, S.A.
- Voting member of the Board of Directors of Millennium bcp Foundation

Current positions outside the Group:

- Chairman of the Board of Directors of CVP – Sociedade de Gestão Hospitalar, S.A.
- Chairman of the Audit Board of the Orient Foundation
- Chairman of the Audit Board of the Association of Navy Reserve Officers
- Member of the General Board of the Portuguese Cardiology Foundation
- Curator of the City Lisbon Foundation
- Curator of the "O Século" Foundation
- Chairman of the Audit Board of the Management School of the Universidade do Porto
- Chairman of the Audit Board of the Former Parliament Members Association
- Curator of the Manuel Cargaleiro Foundation
- Voting Member of the Managing Board of Casa de Bragança
- Member of the General Board of the Portuguese Fiscal Association
- Member of the Consulting Board of the Porto School of Economics
- Chairman of the Consulting Board of the Porto Football Club
- Voting Member of the managing Board of ELO – Portuguese Association for Economic Development and Cooperation, representing Banco Comercial Português

Functions within the scope of the Group's Organisation Model:

- Companies Coordination Committee
- Investment Banking and Corporate Coordination Committee
- Risks Commission, including the Credit Risk Sub-Commission
- Audit, Security and AML Commission

Direct responsabilities::

- Areas: Corporate and Companies Networks, Investment Banking; Venture Capital.

- Departments: Communication; Legal; International; Companies Marketing; Credit Recovery, Project Finance; Investment Banking; Equities and Fixed Income and Sale of Treasury Products

Training and qualifications:

- 1969 – Economics Degree by Universidade do Porto
- 1965/1980 – Lecturer at Universidade do Porto

Professional Experience:

- 1974 – Initiated his banking career in Banco Borges & Irmão, where he was the Manager of the Economic Studies Office between 1974 and 1977
- 1977/1978 – Elected Director of Banco Totta & Açores and, subsequently Deputy-Chairman
- 1978/1980 – Appointed State Secretary of Finance (4th and 6th Constitutional Governments)
- 1981/1985 – State Secretary of Budget (7th,8th and 9th Constitutional Governments)
- 1986/1988 – Deputy Governor of Banco de Portugal
- 1988/1995 – Chairman of the Board of Directors of Banco Totta & Açores
- 1993/1997 – Chairman at Crédito Predial Português, compounded with function in the Consulting Board of the Bank Association and as Deputy-Chairman of the Portuguese Banks Association, the Porto Industrial Association and the Portuguese Association for Stock Market Development
- 1993/1997 – Functions in the Consulting Board of the Bank of Portugal, Deputy-Chairman of the Portuguese Banks Associations, the Porto Industrial Association and the Portuguese Association for Stock Market Development
- 1997 – Joined Banco Comercial Português as Senior Manager Assistant to the Board.

Shares representing BCP's share capital held as at December 31, 2007:

- 200,000 shares

Alexandre Alberto Bastos Gomes

Personal Information:

- Date of birth: August 7, 1955.
- Place of birth: Porto
- Nationality: Portuguese
- Position: Chief Talent Officer and Voting Member of the Executive Board of Directors
  - Start of functions: March of 2000
  - Current Mandate: 2005/2007

Management position occupied in Group companies:

In Portugal:

- Voting Member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- Voting Member of the Board of Directors of Banco ActivoBank (Portugal), S.A.
- Voting Member of the Board of Directors of Millennium bcp Foundation
- Manager of VSC – Aluguer de Veículos sem Condutor, Lda.

Outside Portugal:

- Voting Member of the Board of Directors of Banque Privée BCP (Suisse) S.A.

Current position outside the Group::

- Voting Member of the Board of Directors of da SIBS – Sociedade Interbancária de Serviços, S.A.
- Non-permanent Member of CISP – Comissão de Coordenação Interbancária for payment systems, in representation of Banco Comercial Português

Functions within the scope of the Group's Organisation Model:

- Private Banking and Asset Management Coordination Committee
- Training and Professional Development Commission
- Social Responsibility Commission (Social Relations Sub-Commission)
- Risks Commission (Credit Risk and Operational Risk Sub-Commissions)
- Audit, Security and AML Commission

Direct Responsabilities:

- Institutional Relations and with Subsidiaries: SIBS/UNICRE/CISP; Classis
- Areas: Companies; Private Banking; Millennium Banque Privée (Switzerland); ActivoBank 7
- Departments: Audit; Training and Professional Development; Staff Administrative Support; General Secretariat; Millennium bcp Foundation

Qualifications

- 1977 – Economics Degree by Universidade do Porto

Professional Experience:

- 1980 – initiated functions in Banco Português do Atlântico
- 1986 – Joined Banco Comercial Português, where he performed management functions in the Companies Marketing, NovaRede and IT areas
- 1995 – Elected Voting member of the Board of Directors of Banco Português do Atlântico

Shares representing BCP's share capital held as at December 31, 2007:

- 755,045 shares

Francisco José Queiroz de Barros de Lacerda

Personal Information:

- Date of birth: September 24, 1960
- Place of birth: Lisbon
- Nationality: Portuguese
- Position: Voting Member of the Executive Board of Directors
    - Start of funtions: Mach of 2000
    - Current Mandate: 2005/2007

Management positions occupied in Group companies

In Portugal:

- Voting member of the Board of Directors Millennium bcp Investimento, S.A.
- Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- Voting member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- Voting member of the Board of Directors of Seguros & Pensões Gere, SGPS, S.A.
- Voting member of the Board of Directors of Millennium bcp Foundation

Outside Portugal:

- Member of Supervisory Board do Bank Millennium S.A. (Poland)

Current positions outside the Group

- Voting member of the General Board of Cascais Naval Club
- Chairman of the Board of Auditors of DRAGOPOR, Associação de Classe Internacional Dragão de Portugal

Functions within the scope of the Group's Organsation Model:

- Retail Coordination Committee
- Risks Commission (Credit Risk, Market and Liquidity Sub-Commissions)

Direct Responsabilities:

- Departments: Compliance Office, Contact Centre ; DIPC; DIGAC

Training and qualifications:

- 1982 – Degree in Business Management and Administration by Universidade Católica Portuguesa
- 1984/1985 – Assistant lecturer at Universidade Católica Portuguesa

Professional Experience:

- 1982/1990 – Techician and Manager at Locapor (leasing), CISF and Hispano Americano – Sociedade de Investimentos

- 1990/2000 – Joined the financial area management team of the José de Mello Group as Director of UIF, SGPS
- 1991/2000 – Director of Banco Mello
- 1993/2000 – Chairman of the Executive Committee of Banco Mello
- 1997/2000 – Deputy-Chairman of the Board of Director of Banco Mello
- Until 2000 – Director of Companhia de Seguros Império and Chairman or Director of several banks and financial companies affiliated to Banco Mello, in Portugal and abroad
- 2001/2003 – 1st Deputy-Chairman of the Board of Directors of Bank Millennium, in Poland and Deputy-Chairman of the Supervisory Board of the respective subsidiaries financial companies 2003/2007 – Voting Member of the Senior Board of Millennium Bank, S.A. (Greece)
- 2003/2007 – Deputy-Chairman of the Board of Directors of Millennium Bank, A. S. (Turkey)
- 2006/2007 – Chairman of the Board of Directors of Banca Millennium, S.A. (Romania)

Shares representing BCP's share capital held as at December 31, 2007:

- 800,000 shares

Boguslaw Jerzy Kott

Personal Information:

- Date of birth: September 16, 1947
- Place of birth: Wielbark, Poland
- Nationality: Polish
- Position: Voting member of the Executive Board of Directors
  - Start of Functions: February of 2003
  - Current mandate: 2005/2007

Management positions occupied in Group companies:

In Portugal:

- Voting member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- Voting member of the Board of Directors of Millennium bcp Foundation

Ouside Portugal:

- Chairman of the Board of Directors of Bank Millennium, S.A. (Poland)
- Chairman of the Supervisory Board of Millennium Dom Maklerski S.A. (Poland)
- Chairman of the Supervisory Board of Millennium Leasing Sp. z.o.o. (Poland)
- Chairman of the Supervisory Board of Millennium Lease Sp z.o.o.
- Voting member of the Board of Directors of bcp holding (usa), inc (USA)
- Voting member of the Board of Directors of Banca Millennium, S.A. (Romania)

Functions within the scope of the Group's Organisation Model:

- Foreign Business Coordination Committee (Bank Millennium)
- Risks Commission (Credit Risks Sub-Commission)

Qualifications:

- 1971 – Masters Degree in Economics by Main School of Planning and Statistics (Warsaw School of Economics)

Professional Experience:

- 1971/1974 – Responsible for the Accounting area at Olsztynskie Fabryki Mebli
- 1974/1989 – Manager of the External Commerce and Communications department of the Polish Finance Ministry
- 1988/1989 – Member of the Board of Directors of the Polish Sailing Association
- Since 1989 – Chairman of the Board of Directors of Bank Millennium (formerly designated Big Bank Gdansk)

Shares representing BCP's share capital held as at December 31, 2007:

- 17,500 shares

Executive Board of Directors elected on January 15, 2008 (data reported to that date)

Carlos Jorge Ramalho dos Santos Ferreira

Personal Information:

- Date of Birth: February 23, 1949
- Place of Birth: Lisbon
- Nationality: Portuguese
- Position: Chairman of the Board of Directors
  - Start of Functions: 16 de Janeiro de 2008
  - Current Mandate: 2008/2010

Current positions occupied in Group companies:

In Portugal:

- Chairman of the Board of Directors of the Millennium bcp Foundation

Direct Responsibilities:

- Relations with Authorities
- Departments: General Secretariat; Communication; Audit and Administrative Staff, Training and Professional Development
- Millennium Angola
- Millennium 2010

Training and Qualifications:

- 1971 – Law Degree by the Law Faculty of the Universidade Clássica de Lisboa
- 1977/1988 – Assistant Lecturer in charge of the courses of Public Finances, Financial Law, International Economic Law and Currency and Credit at the Law Faculty of the Universidade Clássica de Lisboa, at the Law Faculty of the Universidade Católica Portuguesa and at the Economics Faculty of Universidade Nova

Professional Experience:

- 1972/1974 – Technician of the Collective Contracting Division of the Development and Labour Fund, and Assistant at the Centre for Social and Corporate Studies of the Ministry of Corporations and Social Welfare
- 1976/1977 – Member of the Portuguese Parliament for the Socialist Party and Deputy-Chairman of the Parliamentary Commission for Social Security and Health
- 1977/1987 – Voting Member of the Management Board of the State-owned Corporation Aeroportos e Navegação Aérea (ANA)
- 1984/1988 – Member of the Fiscal Reform Commission
- 1987/1989 – Chairman of the Board of Directors of the Fundição de Oeiras
- 1989/1991 – Chairman of the Board of Directors of the Companhia do Aeroporto de Macau
- 1992/1999 – In the Champalimaud Group, Director and subsequently Chairman of the Board of Directors of Companhia de Seguros Mundial Confiança and Chairman of the General Meeting of Shareholders of Banco Pinto & Sotto Mayor
- 1992/2001 – Deputy-Chairman of the General Meeting of Shareholders of Estoril-Sol

- 1999/2003 – In Banco Comercial Português Group, Director of Millennium bcp Prestação de Serviços, ACE, Deputy-Chairman and Voting Member of the Board of Directors of Seguros & Pensões Gere, SGPS, S.A., Director and Chairman of the Board of Directors of Império Bonança, of Pensõesgere – Sociedade Gestora de Fundos de Pensões, S.A., of Companhia de Seguros Ocidental and Companhia de Seguros Ocidental Vida, of Seguro Directo, of ICI – Império Comércio Indústria, of Companhia Portuguesa de Seguros de Saúde, of Autogere Companhia Portuguesa de Seguros, S.A., of Corretoresgest, S.A. and Director of Eureko B.V.
- 2003/2005 – Deputy-Chairman of Estoril-Sol SGPS, S.A., Deputy-Chairman of Finansol SGPS, S.A. and non-executive Chairman of Willis Portugal – Corretores de Seguros, S.A.
- 2005 – Director of the Seng Heng Bank
- 2005/2008 – Chairman of the Board of Directors of Caixa Geral de Depósitos, of Banco Nacional Ultramarino, S.A. (Macau), of Caixa – Banco de Investimento, S.A., of Caixa Seguros, SGPS, S.A., and Member of the Supervisory Board of EDP – Energias de Portugal, S.A.
- Member of the Monitoring and Strategy Commission Council of Foment Invest, SGPS, S.A.

Shares representing BCP's share capital held as at December 31, 2007:

- does not hold any shares

Armando António Martins Vara

Personal Information:

- Date of Birth: March 27, 1954
- Place of Birth: Vinhais – Bragança
- Nationality: Portuguese
- Position: Deputy-Chairman of the Executive Board of Directors
    - Start of Functions: January 16, 2008
    - Current Mandate: 2008/2010

Current positions occupied in Group companies:

In Portugal:

- Deputy-Chairman of the Board of Directors of the Millennium bcp Foundation

Functions within the scope of the Group's Organisational Model:

- Coordination Committee of Corporate and Companies
- Coordination Committee of Banking Services

Direct Responsibilities:

- Areas: Corporate Network and Companies Network
- Departments: Leasing and Factoring; Company Marketing; Procurement, Premises and Security and Asset Divestment
- Millennium bcp Foundation
- Millennium bim in Mozambique

Qualifications:

- 2004 – Post-Graduation in Business Management by the Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE)
- 2005 – International Relations Degree by Universidade Independente (UnI)

Professional Experience:

- Member of the corporate bodies of Instituto Luso – Árabe para a Cooperação
- Member of the Executive Board of Instituto de Imprensa Democrática
- Deputy Mayor of the Municipal Council of Amadora
- 1992/1996 – Chairman of the Board of Directors of the José Fontana Foundation
- 1989/1991- Member of the UEO Parliamentary Assembly
- 1987/1991- Member of the Council of Europe Parliamentary Assembly
- Deputy-Chairman of the Social Equipment and Youth Parliamentary Commissions.
- Member of the Portuguese Parliament during the 4^{th}, 5^{th}, 6^{th} and 7^{th} Legislatures
- 1995/1997 – Secretary of State for Internal Administration, 13^{th} Constitutional Government
- 1997/1999 – Assistant Secretary of State for Internal Administration, 13^{th} Constitutional Government
- Oct.1999/Sep.2000 – Deputy Minister to the Prime Minister of the 14^{th} Constitutional Government
- Sep.2000/Dec.2000 – Minister for Youth and Sport of the 14^{th} Constitutional Government
- 2001/2005 – Manager and Coordinating Manager at Caixa Geral de Depósitos, S.A.

- 2006/2008 – Voting Member of the Board of Directors of Portugal Telecom, S.G.P.S., S.A.
- 2005/2008 – Voting Member of the Board of Directors of CAIXATEC – Tecnologias de Comunicação, S..A.
- 2005/2008 – Voting Member of the Board of Directors of CAIXA PARTICIPAÇÕES, S.G.P.S., S.A.
- 2005/2008 – Chairman of the Board of Directors of SOGRUPO, IV - Gestão de Imóveis, S.A.
- 2005/2008 – Chairman of the Board of Directors of IMOCAIXA, S.A.
- 2005/2008 – Director of Caixa Geral de Depósitos, S.A.

Shares representing BCP's share capital held as at December 31, 2007:

- does not hold any shares

Paulo José de Ribeiro Moita de Macedo

Personal Information:

- Date of Birth: July 14, 1963
- Place of Birth: Lisbon
- Nationality: Portuguese
- Position: Deputy-Chairman of the Executive Board of Directors
  - Start of Functions: January 16, 2008
  - Current Mandate: 2008/2010

Current positions occupied in Group companies:

In Portugal:

- Deputy-Chairman of the Board of Directors of the Millennium bcp Foundation

Functions within the scope of the Group's Organisational Model:

- Coordination Committee of Banking Services

Direct Responsibilities:

- Departments: Corporate Centre; Accounts and Consolidation; Investor Relations; Risk Office; Compliance Office; Credit Recovery and Legal Department

Training and Qualifications:

- 1986 – Business Organisation and Management Degree by the Instituto Superior de Economia of the Universidade Técnica de Lisboa
- 1986/1991 – Trainee Lecturer at the Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa, Management Department
- 1991/1999 – Guest Assistant Lecturer at the Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa, Management Department
- Lecturer on the Post-Graduation in Taxation at the Instituto de Estudos Superiores Financeiros e Fiscais
- Lecturer on the Post-Graduation in Fiscal Management at the Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa
- Lecturer on the Post-Graduation in Bank and Insurance Company Management at the Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa
- Lecturer on the MBA of AESE
- 2001 – High Corporate Management Program by AESE – Escola de Direcção de Negócios

Professional Experience:

- Sep.1986/ Sep.1993 – Joined Arthur Andersen (which, in August 2002, merged its activities in Portugal with Deloitte in Portugal), in the Fiscal Consultancy Division, where he held the post of Assistant, Senior and Director
- Sep.1993/1998 – Joined Banco Comercial Português, S.A., where he held the following positions:
  - Manager of the Strategic Marketing Unit
  - Manager of the Credit Card Commercial Department
  - Marketing Manager of the Trade and Entrepreneurs Network

    - Manager at the Corporate Centre
    - Manager of the Euro Office
- 1998/2000 – Director of Comercial Leasing, S.A.
- 2000/2001 – Director of Interbanco, S.A.
- 2001/2004 – Director of Companhia Portuguesa de Seguros de Saúde, S.A. (Médis)
- 2003/2004 – Member of the Executive Commission of Seguros e Pensões, S.G.P.S., S.A.
- May 2004/July 2007 – Tax General Director of the Directorate-General for Tax Administration and Chairman of the Tax Admnistration Board
- 2007 – Senior Manager of Banco Comercial Português, S.A., since August, responsible for the implementation of the Millennium 2010 Program

Other Activities:

- 1994/1996 – Voting Member of the Commission for the Development of Tax Reform
- 1997 – Voting Member of the Work Group for the Revaluation of Tax Benefits
- Member of the Corporate Consulting Council of the MBA of the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, accredited by the Association of MBAs
- Member of the Jury "Award for best book in Economics and Management in 2006", Deloitte/Exame
- Member of the Informal Economics Strategic Orientation Council of Universidade Católica in Porto

Other:

- Grand Officer of the Ordem do Infante Dom Henrique
- Commendation from the State and Finance Minister on July 26, 2007
- Expresso-Gente Award in 2006
- Rotary Club of Lisbon Award – Professional of the Year of 2006

Shares representing BCP's share capital held as at December 31, 2007:

- 200,001 shares

José João Guilherme

Personal Information:

- Date of Birth: July 16, 1957
- Place of Birth: Coruche
- Nationality: Portuguese
- Position: Voting Member of the Executive Board of Directors
    - Start of Functions: January 16, 2008
    - Current Mandate: 2008/2010

Current positions occupied in Group companies:

In Portugal:

- Chairman of the Board of Directors Presidente of Millennium bcp Teleserviços – Serviços de Comércio Electrónico, S.A.
- Voting Member of the Board of Directors of Millennium bcp Gestão de Fundos de Investimento, S.A.
- Manager of AF Internacional, SGPS, Sociedade Unipessoal, Lda.
- Voting Member of the Board of Directors of the Millennium bcp Foundation

Functions within the scope of the Group's Organisational Model:

- Retail Coordination Committee
- Corporate and Companies Coordination Committee

Direct Responsibilities:

- Investment Banking
- Departments: International; Innovation and Commercial Promotion and DIGAC
- ActivoBank7

Qualifications:

- 1981 – Economics Degree by the Human Sciences Faculty of the Universidade Católica Portuguesa

Professional Experience:

- 1990/1994 – Manager of Banco Comercial Português de Investimento, S.A.
- 1991/1994 – Non-executive Director of CISF Risco, Companhia de Capital de Risco, S.A.
- 1995 – Coordination Department - South of NovaRede
- 1998/2001 – Voting Member of the Board of Directors of Big bank Gdansk, S.A.
- 2000/2001 – Member of the *Supervisory Board* of Polcard (Poland) – credit card company
- 2003/2005 – Voting Member of the Board of Directors of Seguros & Pensões Gere SGPS, S.A.
- 2001/2005 – Voting Member of the Board of Directors of Ocidental Companhia de Seguros, S.A.
- 2001/2005 – Voting Member of Board of Directors of Ocidental Vida Companhia de Seguros, S.A.
- 2002/2005 – Voting Member of Board of Directors of Seguro Directo Companhia de Seguros, S.A.
- 2005/2006 – Senior Manager of Banco Comercial Português, S.A.

Shares representing BCP's share capital held as at December 31, 2007:

- 50,500 shares

Nelson Ricardo Bessa Machado

Personal Information:

- Date of Birth: September 15, 1959
- Place of Birth: Porto
- Nationality: Portuguese
- Position: Voting Member of the Executive Board of Directors
    - Start of Functions: January 16, 2008
    - Current Mandate: 2008/2010

Current positions occupied in Group companies:

In Portugal:

- Voting Member of the Board of Directors of the Millennium bcp Foundation

Functions within the scope of the Group's Organisational Model:

- Retail Coordination Committee
- Private Banking and Asset Management Coordination Committee
- Business in Europe Coordination Committee

Direct Responsibilities:

- Areas: Retail Network (Portugal)
- Departments: Contact Centre
- Insurance

Training and Qualifications:

- 1982 – Economics Degree by Universidade de Economia do Porto
- 1982/1987 – Assistant Lecturer at the Economics Faculty in Porto
- 1987/1988 – Guest Assistant Lecturer at the Engineering Faculty

Professional Experience:

- Sep.1982/Jun.1983 – 9 months working at the Economic and Marketing Studies Department (DEMP) of Banco Português do Atlântico, S.A. (BPA), of which 6 were in the Studies and Marketing Centre
- Jun.1984/Feb.1987 – Joined the Economic Studies Department of the Industrial Association of Porto, having held the post of Deputy Secretary-General from January to October 1986
- Mar.1987 – Returned to BPA, Department of Company Studies of DEMP
- Jan.1988 – Joined PRAEMIUM – Sociedade Gestora de Fundos de Pensões, date of start of activities, as Responsible for the Commercial Area, involving the launch of Pension Funds
- Mar.1989 – Is promoted to CEO of PRAEMIUM in March 1989
- 1991 – Joined the Board of Directors of BPAVIDA, S.A.
- 1996 – Is promoted to Manager of the Direct Banking Department at BPA, is responsible for the "In Store Banking" Project that will result in Banco Expresso Atlântico, and is promoted to Coordinating Manager of NovaRede – North
- Oct.1997/Oct.2000 – becomes, alongside his previously mentioned positions, Responsible for the NovaRede Século XXI Project

- Dec.2000/Feb.2000 – Voting Member of the Board of Directors of Crédibanco – Banco de Crédito Pessoal, S.A.
- Out.2001/Fev.2002 – Voting Member of the Board of Directors of Leasefactor, SGPS, S.A.
- Mar.2002/Jun.2003 – Director of the Interamerican Life Insurance Company – largest life and health insurance company in Greece
- Jul.2003/Jul.2006 – Director and General Manager of NovaBank in Grécia (currently Millennium Bank)
- Jul.2003/Jul.2006 – Non-executive Director of Bank Europa in Turkey (currently Millennium Bank)
- Aug.2006 – Senior Manager of Millennium bcp with the functions of Coordinating Manager of one of the Retail Coordination areas

Shares representing BCP's share capital held as at December 31, 2007:

- 200,000 shares

Luís Maria França de Castro Pereira Coutinho

Personal Information:

- Date of Birth: March 2, 1962
- Place of Birth: Lisbon
- Nationality: Portuguese
- Position: Voting Member of the Executive Board of Directors
  - Start of Functions: January 16, 2008
  - Current Mandate: 2008/2010

Current positions occupied in Group companies:

In Portugal:

- Voting Member of the Executive Board of Directors of the Millennium bcp Foundation

Outside of Portugal:

- Deputy-Chairman of the Executive Board of Directors of Bank Millennium, S.A. (Poland)
- Voting Member of the *Supervisory Board* of Millennium Leasing Sp. Z.o.o. (Poland)
- Voting Member of the *Supervisory Board* of Millennium Dom Maklerski S.A. (Poland)
- Voting Member of the *Supervisory Board* of Millennium Lease Sp. Z.o.o. (Poland)
- Chairman of the Board of Directors of Banque Privée BCP (Switzerland), S.A.

Functions within the scope of the Group's Organisational Model:

- Private Banking and Asset Management Coordination Committee
- Business in Europe Coordination Committee

Direct Responsibilities:

- Bank Millennium
- Millennium Bank in Grécia
- Millennium Bank in Romania
- Millennium Bank in Turkey
- Millennium bcpbank (U.S.A.)
- Banque Privée BCP (Switzerland)
- Department: Private Banking
- Areas: Asset Management and WMU London

Qualifications:

- 1984 – Economics Degree by the Human Sciences Faculty at Universidade Católica Portuguesa

Professional Experience:

- 1985/1988 – Responsible for the Treasury Department of Credit Lyonnais (Portugal)
- 1988/1991 – General Manager of Treasury and Capital Markets of Banco Central Hispano
- 1991/1993 – Chairman of the Board of Directors of Geofinança – Sociedade de Investimentos
- 1993/1998 – Member of the Executive Committee and of the Board of Directors of Banco Mello, S.A.

- 1998/2000 – Deputy-Chairman of the Executive Committee and Member of the Board of Directors of Banco Mello, S.A.
- 2000/2001 – Senior Manager of Banco Comercial Português, S.A.
- 2001/2003 – Head of the Chairman's Office of the Board of Directors of Banco Comercial Português, S.A.

Shares representing BCP's share capital held as at December 31, 2007:

- 190,228 shares

Vítor Manuel Lopes Fernandes

Personal Information:

- Date of Birth: November 13, 1963
- Place of Birth: Lisbon
- Nationality: Portuguese
- Position: Voting Member of the Executive Board of Directors
    - Start of Functions: January 2008
    - Current Mandate: 2008/2010

Current positions occupied in Group companies:

In Portugal:

- Voting Member of the Board of Directors of the Millennium bcp Foundation

Current positions outside the Group:

- Voting Member of the Board of Directors of SIBS – Sociedade Interbancária de Serviços, S.A.

Functions within the scope of the Group's Organisational Model:

- Banking Services Coordination Committee

Direct Responsibilities:

- Departments: I.T; Planning and Management Control (IT); Operations; Credit; Quality and Processes and Taxation

Qualifications:

- 1986 – Business Administration and Management Degree by the Human Sciences Faculty of Universidade Católica Portuguesa
- 1992 – Chartered Accountant, registered at the Portuguese Association of Chartered Accounts

Professional Experience:

- 1986/1992 – Joined Arthur Andersen, SA, having taken up the position of Manager from 1990 to 1992
- 1992/Sep.2002 – Joined the Companhia de Seguros Mundial – Confiança
    - Jul./Oct.1992 – Consultant to the Board of Directors
    - Oct.1992/Jun.1993 – Audit Manager
    - Jun.1993/Mar.1995 – Technical General Manager
    - Mar.1995/Jun.1999 – Director
    - Jun.1999/Jun.2000 – Chairman
    - Jun.2000 – Deputy-Chairman
    - Apr.2001/Sep.2002 – Chairman
- Apr.2000/Mar.2001 – Director of Companhia de Seguros Fidelidade
- Apr.2001/Sep.2002 – Chairman of Companhia de Seguros Fidelidade
- Jun.2000/Dec.2007 – Voting Member the Board of Directors of Caixa Geral de Depósitos, S.A.
- 2002/2007 – Chairman of Companhia de Seguros FidelAge Mundial, S.A.
- Jan.2005/Dez.2007 – Chairman of Império Bonança- Companhia de Seguros, S.A.

- Jul.2005/Dez.2007 – Deputy-Chairman of Caixa Seguros, SGPS, S.A.
- Jan.2005/Dez.2007 – Chairman of Império Bonança, SGPS, S.A.
- Fev.2006/Dez.2007 – Chairman of SOGRUPO, Sistemas de Informação, ACE

Shares representing BCP's share capital held as at December 31, 2007:

- does not hold any shares

Shareholder and Bondholder Position of the Executive Board of Directors and Supervisory Bodies

Shareholders / Bondholders	Security	Number of securities at 31/12/2007	Number of securities at 31/12/2006	Changes during 2007 Acquisitions	Changes during 2007 Disposals	Changes during 2007 Date	Changes during 2007 Unit Price Euros
Members of Corporate Boards							
Filipe de Jesus Pinhal	BCP shares	3,700,000	3,100,000	25,000		07-Sep-07	3.43
				25,000		10-Sep-07	3.42
				25,000		10-Sep-07	3.26
				25,000		11-Sep-07	3.23
				25,000		12-Sep-07	3.20
				25,000		13-Sep-07	3.19
				25,000		14-Sep-07	3.16
				25,000		17-Sep-07	3.04
				25,000		19-Sep-07	3.09
				25,000		19-Sep-07	3.15
				25,000		20-Sep-07	3.11
				25,000		21-Sep-07	3.04
				25,000		24-Sep-07	3.00
				25,000		25-Sep-07	2.90
				250,000		27-Sep-07	2.82
	Pref. Shares Perp. S. C - BCP Fin. Company	3,500	3,500				
Christopher de Beck	BCP shares	1,344,415	1,344,415				
	Bank Millennium shares (Poland)	95,000	95,000				
António Manuel de Seabra e Melo Rodrigues	BCP shares	2,287,647	2,187,647	100,000		28-Sep-07	2.79
António Manuel P. C. de Castro Henriques	BCP shares	1,710,000	1,414,276	20,074		14-Mar-07	2.70
				20,000		15-Mar-07	2.65
				45,650		15-Mar-07	2.65
				50,000		25-Jul-07	3.58
				100,000		13-Aug-07	3.70
				30,000		27-Sep-07	2.77
				10,000		27-Nov-07	2.98
				10,000		12-Dec-07	2.90
				5,000		14-Dec-07	2.77
				5,000		14-Dec-07	2.78
	Bonds BCP Finance Perp 4,239 eur	400	400				
	BCP Ob Cx Inv.Especial 2007/2009 4ª Em	1,000	0	1.000 (a)		26-Dec-07	50
Alípio Barrosa Pereira Dias	BCP shares	200,000	200,000				
Alexandre Alberto Bastos Gomes	BCP shares	755,045	755,045				
Francisco José Queiroz de Barros de Lacerda	BCP shares	800,000	800,000				
	Bonds BCP F. Bk Altern. World (01/09)	0	25		25	31-Dec-07	127.04
Boguslaw Jerzy Kott	BCP shares	17,500	17,500				
	Bank Millennium shares (Poland)	3,023,174	3,023,174				
	BCP Bonds Cx European Prd Perf Nov/06 08	100	100				
	BCP Ob Cx Inv. Especial 2007/2009 2ª Em	1,600	0	1.600 (a)		04-Dec-07	50
Members of Supervisory Board							
Jorge Manuel Jardim Gonçalves	BCP shares	10,300,000	10,000,000	50,000		10-May-07	3.04
				50,000		11-May-07	3.03
				50,000		14-May-07	2.97
				50,000		15-May-07	3.01
				100,000		27-Sep-07	2.80
	Bonds BCP F. Bk C. Step-Up N. (06/15)	244	244				
	Bonds BCP Finance Perp 4,239 Eur	1,000	1,000				
	Bank Millennium shares (Poland)	10,000	10,000				

Shareholders / Bondholders	Security	Number of securities at		Changes during 2007			Unit Price Euros
		31/12/2007	31/12/2006	Acquisitions	Disposals	Date	
Gijsbert Swalef	BCP shares	217,416	215,871		350	16-Jan-07	2.83
					280	19-Jan-07	2.82
				2,175		29-Jun-07	4.14
António Manuel Ferreira da Costa Gonçalves	BCP shares	4,015,577	4,015,577				
	Bcp bonds Cx Sup Inv Mill II 12/10	2,000	2,000				
Francisco de La Fuente Sánchez	BCP shares	1,780	1,780				
	BCP Bonds Cx Rend. Cresc. Feb 06/08	900	900				
	BCP Bonds Cx TOP 6 May 06/08	1,000	1,000				
	Bonds Cx Aforro Cresct 6% Sep 2006/08	1,600	1,600				
	BCP Bonds Cx Top 10 November 2006/2008	400	400				
	BCP Ob Cx Millennium Cresc Agosto 2010	500	0	500 (a)		13-Sep-07	50
	BCP Ob Cx Multi-Rend Europa Out. 2010	1,500	0	1.500 (a)		16-Oct-07	50
	BCP Obg Cx Inv. Selec. Mundial Nov 07/09	2,000	0	2.000 (a)		27-Nov-07	50
	BCP Obg Cx Inv. Especial 2007/2009 3ª Em	300	0	300 (a)		31-Dec-07	50
João Alberto Pinto Basto	BCP shares	125,186	125,186				
José Eduardo Faria Neiva dos Santos	BCP shares	1,000	0	100		25-May-07	3.51
				900		25-Jul-07	3.62
Keith Satchell	BCP shares	2,900	2,900				
Luís Francisco Valente de Oliveira	BCP shares	62,659	62,659				
Luís de Melo Champalimaud	BCP shares	5,000	5,000				
Mário Branco Trindade	BCP shares	41,085	41,085				
Spouse and Dependent Children							
Teresa Maria A. Moreira Rato Beck	BCP shares	2,433	2,418	15		19-Jul-07	3.98
Rita S.G. Castro Henriques	BCP shares	1,230	1,230				
	Bonds BCP Super Invt. Millen. II /12/10	77	77				
Rosa Amélia Moutinho Martins Barbosa	BCP shares	1,533	1,533				
Maria Ferreira R Teixeira Lacerda	BCP shares	1,000	0	1,000		16-Jul-07	3.98
Maria D'Assunção Jardim Gonçalves	BCP shares	1,221,208	1,221,208				
	Bonds BCP F. CO 5,543 PCT Eur	0	5,000		5.000 (b)	29-Oct-07	
Alexandra Maria Ferreira C. Gonçalves	BCP shares	170,000	170,000				
	BCP Ob Cx Inv. Especial 2007/2009 2ª Em	1,000	0	1.000 (a)		04-Dec-07	50
	BCP Fin Ilin Wr Bask Enhanc X Eur Dec/10	80	0	80 (a)		14-Dec-07	1,000

(a) Subscription.
(b) Internal Deposit / Internal Transfer.

Property: Millennium bcp

www.millenniumbcp.pt

Banco Comercial Português, S.A., company open to public investment
Head Office: Praça D. João I, 289 – 4000-295 Oporto
Share capital: 3.611.329.567 euros
Public deed registered in the Oporto Commercial Registry,
with the single registry and tax number: 501 525 882